

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2016

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**FINANCIAL STATEMENTS
AND
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GADSDEN COUNTY, FLORIDA
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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2016

ELECTED OFFICIALS

Commissioner – District 1, Chairperson	Brenda Holt
Commissioner – District 4, Vice-Chairperson	Eric Hinson
Commissioner – District 2	Anthony Viegbesie
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, 2016, 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.

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, 2016, 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.

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

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 are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2017, 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.


March 31, 2017
Tallahassee, 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, 2016. 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 2015-16 fiscal year by \$50,211,489 (*net position*). There was a deficit of (\$5,888,124) in *unrestricted net position*, \$5,135,629 is restricted for specific purposes (*restricted net position*), and \$50,963,984 is *net investment in capital assets*.

Fund Statements

At September 30, 2016, the County's governmental funds reported combined ending fund balances of \$16,206,265, a decrease of \$4,296,120 in comparison with the restated \$20,502,385 ending fund balances on September 30, 2015. Of this decrease approximately \$3,801,114 is attributable to the spending down of the debt proceeds of \$6,400,000, received in 2014-15 for the purpose of road paving.

The general fund's unassigned fund balance at September 30, 2016, was \$4,588,838 or 25% of total general fund expenditures excluding transfers. This indicates a less than 1% increase from the prior fiscal year which was 24.2% of the total general fund expenditures.

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)

Government-wide Financial Statements (Concluded)

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 27-57 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 2015 and 2016.

The largest portion of the County's net position, 99%, 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.

Gadsden County Florida
Summary of Net Position
September 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Current and Other Assets	\$ 19,907,539	\$ 23,912,484
Capital Assets	66,097,095	65,560,340
Total Assets	86,004,634	89,472,824
Deferred Outflows of Resources		
Pension Related	8,885,821	3,319,405
Current Liabilities	4,488,216	4,239,354
Non-Current Liabilities	39,371,822	32,110,534
Total Liabilities	43,860,038	36,349,888
Deferred Inflows of Resources		
Pension Related	818,928	2,776,791
Net Position		
Invested in Capital Assets,		
Net of Related Debt	50,963,984	52,866,071
Restricted	5,135,629	5,225,999
Unrestricted	(5,888,124)	(4,426,520)
Total Net Assets	\$ 50,211,489	\$ 53,665,550

(Fiscal year 2015 net position has not been restated on this schedule.)

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	
	2016	2015
Program Revenues:		
Charges for Services	\$ 4,848,226	\$ 5,005,453
Operating Grants and Contributions	2,246,098	2,583,222
Capital Grants and Contributions	688,938	684,708
Total Program Revenues	<u>7,783,262</u>	<u>8,273,383</u>
General Revenues:		
Property Taxes	11,296,767	11,225,408
Sales Tax and State Shared Revenue	6,329,252	6,128,373
Local Option Taxes	5,483,891	5,341,921
Motor Fuel Tax	2,419,575	2,336,615
Other	1,309,048	908,002
Total General Revenues	<u>26,838,533</u>	<u>25,940,319</u>
Total Revenues	<u>34,621,795</u>	<u>34,213,702</u>
Expenses:		
Program Expenses:		
General Government	8,391,955	7,529,366
Public Safety	13,243,845	12,229,331
Physical Environment	374,828	208,371
Transportation	8,196,449	7,587,560
Economic Environment	813,968	953,716
Human Services	3,240,768	2,977,011
Court Related	1,908,712	1,836,602
Culture/Recreation	1,274,173	1,150,115
Interest on Long-term Debt	577,486	504,284
Total Expenses	<u>38,022,184</u>	<u>34,976,356</u>
(Decrease) in Net Position	(3,400,389)	(762,654)
Net Position, Beginning of Year	53,665,550	54,428,204
Restatement	<u>(53,672)</u>	<u>0</u>
Net Position, End of Year	<u><u>\$ 50,211,489</u></u>	<u><u>\$ 53,665,550</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

Government-wide revenues were consistent with that of the prior year with an overall increase of 1.2%. The most significant variance is from the increase in Other Revenues. This resulted from a \$308,000 gain from the trade of six dump trucks on newer models that occurred during 2016.

Government-wide expenses increased by \$3.0 million from the prior year. This primarily resulted from the impact of the increase in the net pension liability and related deferred inflows and outflows to the financial statements. These entries resulted in an expense of \$1.2 million in 2016 compared to a reduction to expense of \$683 thousand in 2015, or a \$1.9 million swing. Other increases in expenses resulted from additional road maintenance projects of approximately \$300 thousand and an increase in payroll and related benefits County-wide of approximately \$728 thousand.

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 2016, the County's governmental funds reported combined ending fund balances of \$16,206,265, a decrease of \$4,296,120 in comparison with the prior year. Of the approximately \$16.2 million total fund balance, unassigned fund balance is \$4.5 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had a decrease in fund balance of \$879,917. The total general fund balance was \$6,136,210, of which \$4,588,838 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 25% of total general fund expenditures excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's budget increased during fiscal year 2015-2016 in the amount of \$715,310 from the original budget. This amount was recognized fund balance used to offset cash flow shortage and revenues that were not received before the close of fiscal year in Emergency Medical Services and Fine and Forfeiture Fund. The largest amount of \$422,000 was used for the Emergency Medical Services department's cash flow to avoid negative cash. The amount of \$268,310 had to be used for the shortage of revenue from the Gadsden School Board's resource officer contract with the Sheriff's office in Fine and Forfeiture Fund. These funds did come in but not until after the close of fiscal year 2016.

Actual General Fund revenues were more than the final revenue budget by \$668,072. The largest portion of this increase came from Taxes and Intergovernmental Revenue collections in the amounts of \$417,406 and \$228,285, respectively. Charges for services showed an increase in the amount of \$32,285, while miscellaneous revenue collections decreased over the final budget amount by \$33,120.

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, 2016, amounts to \$66 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:

The Board of County Commissioners purchased the Fantana Trail property, in the amount of \$51,402, for the purpose of building a park in the St. Hebron community.

Repairs and upgrades to the radio tower at the jail were completed in the amount of \$40,500. This repair was long overdue as the tower was in no condition for anyone to climb to repair. Only one company bid on the project.

Building maintenance purchased a zero turn mower to assist with the ever growing amount of grass to keep cut in the county. The additions of parks bring about more grass to maintain and the County has added several in the past two years.

The addition of seven new trucks in the Public Works department incurred a \$203,062 capital expense. Public Works traded-in six (2003-2005 Mack Dump Trucks) for six 2016 Mack Dump Trucks for a net capital expense of \$577,000.

Digital image scanning voting equipment purchased by the Supervisor of Elections incurred a capital expense of \$199,219. A grant from the State will reimburse the County for this equipment over a period of five years with annual payment of \$39,844.

Building Inspection purchased a new truck in the amount of \$28,498.

The Property Appraiser bought ten new computers and a drone at a cost of \$13,892.

The Sheriff's Office entered into a lease-purchase agreement for 51 mobile data computers installed in the patrol vehicles in the amount of \$216,555.

The Clerk's Office purchased two servers and software in the amount of \$35,968 to replace the outdated servers which had been in place for seven years.

Additional information regarding the County's capital assets is contained in Note 6 of the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets (Concluded)

Gadsden County, Florida
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 2,054,225	\$ 1,997,104
Buildings	24,478,843	25,188,680
Improvements Other than Buildings	4,203,083	4,153,257
Machinery and Equipment	7,001,512	6,467,952
Construction in Progress	379,272	18,253
Infrastructure	27,980,160	27,735,094
Total	\$ 66,097,095	\$ 65,560,340

Debt Management

During fiscal year 2016, the County refinanced two of its revenue bonds. The first was a refinance of the Hospital Revenue Bond. The bond holder, BB & T stayed the same, however the interest rate of 2.00%, was slightly lower than the previous rate of 2.43%, resulting in a savings of \$431,827 over the life of the bond. The current bond was issued in August, 2016 and will extend over fourteen more years, through March, 2030. This is the third time this bond has been refinanced, originally issued in 2010, refinanced in 2013, and again in 2016. The original use of this bond was for hospital renovations. The revenue from the county half-cent indigent surtax, voted in during 2009, is pledged to secure the bond.

The second bond refinanced was the Library Construction, Revenue Series 2006B bond. Originally financed for the purpose of constructing library facilities within the County, this is the first time this bond has been available for refinancing. Previously financed at an interest rate of 4.46%, the refinanced bond now has an interest rate of 1.53%, resulting in a savings of \$72,912 for the County. The current bond was refinanced through BB & T, in August, 2016 and continuing through October, 2022.

As stated in last year's management's discussion and analysis, the current Gas Tax Revenue Refunding Bond was refinanced in 2015. This is the third refinancing of this bond, which was originally issued in 2003, refinanced in 2013, and again with additional funds of \$6,400,000 in 2015. The current bond holder is Pinnacle Public Finance. The bond was issued to provide for road construction and improvements to roads. The 2015 Gas Tax Revenue Refunding Bond was issued at an interest rate of 2.43%, commencing June, 2015 through April, 2030. For the purpose of historical information: The County began the road improvement projects with the initial Gas Tax Bond issued in 2003, refinanced for better interest rates in 2013, and now for additional funding in 2015. Once again, the Constitutional fuel tax levied and received pursuant to Article XII, Section 9 (c) of the Florida Constitution and Sections 206.41 and 206.60, Florida Statutes have been pledged to secure the bond.

Other debts, less significant, are the loan issued in 2013 to purchase ten new ambulances and the loan to renovate the Tax Collector and Property Appraiser's office. Both of these loans are set to pay out in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Debt Management (Concluded)

The most significant increase in the County's debt position, \$8,682,383, is due to the increase in the Net Pension Liability, the County's proportionate share of the unfunded liability of the Florida Retirement System (FRS). This increase resulted from lower than expected investment returns for the year for the plan. The differences between expected and actual investment returns will be amortized to pension expense over five years. The plan went from having a funded ratio of 92.0% at June 30, 2015, to a funded ratio of 84.9% as of June 30, 2016. The County has no control over the plan or the funding level of the plan other than to make the County's annual required contributions.

Gadsden County, Florida Outstanding Debt

	2016	2015	Increase (Decrease)
Revenue Bonds	\$ 17,247,457	\$ 18,292,561	\$ (1,045,104)
Notes and Loans Payable	569,800	780,006	(210,206)
Compensated Absences	1,485,606	1,624,431	(138,825)
Other Postemployment Benefits	1,539,900	1,479,200	60,700
Landfill Post-closure Costs	24,377	36,239	(11,862)
Net Pension Liability	20,761,610	12,079,227	8,682,383
Total	<u>\$ 41,628,750</u>	<u>\$ 34,291,664</u>	<u>\$ 7,337,086</u>

Additional information regarding the County's Long-term Debt is contained in Note 7 to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Gadsden County is Florida's 43rd most populous County, home to 2% of Florida's population. The percentage of the labor force 18 and older at the end of 2016 is 49.1%. (Information provided by the Florida Legislature Office of Economic and Demographic Research.) The unemployment rate at September 30, 2016, was 6.1 % as compared to the State's percentage of 4.9%.

Gadsden County continues to be designated as a fiscally constrained County in the State of Florida and is included in the governor's designated Northwest Florida Rural Area of Opportunity.

Gadsden County millage rate for the 2017 budget was adopted at 8.9064 mills, which is -1.21% less than the rolled back rate of 9.0156 mills from the 2016 budget. The total adopted budget of \$48,535,075 is a decrease over 2016's budget in the amount of \$5,647,313, due in part to using bond proceeds for road paving in the amount of \$6,400,000. During the current fiscal year, the County appropriated \$1,154,342 out of \$5,743,180 in available fund balance in the General Fund for spending in fiscal year 2017. With aging infrastructure, it is necessary to replace equipment, resurface and pave roads, and repair buildings while providing a continuation of normal services to citizens.

From a 2017 Real Estate perspective, the heaviest activity of qualified single-family residence and undeveloped land sales is still occurring in the eastern portion of the county. Property values for the 2017 year are declining slightly in the western portion of the county, stagnant in the middle, and increasing slightly in the eastern portion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Concluded)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Concluded)

We are seeing increased activity and prices in the commercial office park located at the I-10 and U.S. 90 interchange and the waterfront areas of Lake Talquin, Lake Tallavana, and Lake Yvette. Agricultural properties have remained steady in price, but we are seeing some new development and subdivision of some of those areas for conversion to residential use.

While it is still early in the year, it appears that Ad Valorem taxes from real estate will decrease slightly. The depreciation of existing improvements is negating the effect of new construction activity. Tax returns for Tangible Personal Property are currently being filed at this time and our estimate is that their taxable values will be less than last year's reported values, because of asset depreciation and the lack of any significant expansion or large equipment purchases.

To summarize, we believe that taxable values for 2017 will remain close to last year's values and any increase or decrease will be minimal.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GADSDEN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities
Assets	
Current Assets:	
Cash	\$ 12,275,145
Investments	4,124,389
Accounts Receivables, Net	290,808
Due from Agency Funds	72,839
Due from Other Governments	2,866,736
Prepaid Items	156,360
Inventories	121,263
Total Current Assets	<u>19,907,540</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	2,433,497
Depreciable, Net	63,663,598
Total Noncurrent Assets	<u>66,097,095</u>
Total Assets	<u><u>86,004,635</u></u>
Deferred Outflows of Resources	
Pension Related	<u>8,885,821</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,370,737
Due to Agency Funds	62,008
Due to Other Governments	147,300
Accrued Wages Payable	212,845
Unearned Revenue	438,399
Bonds and Notes Payable	1,662,020
Accrued Compensated Absences	582,828
Estimated Landfill Postclosure Costs	12,080
Total Current Liabilities	<u>4,488,217</u>
Noncurrent Liabilities:	
Accrued Compensated Absences	902,778
Other Postemployment Benefits Obligation	1,539,900
Bonds and Notes Payable	16,155,237
Estimated Landfill Postclosure Costs	12,297
Net Pension Liability	20,761,610
Total Noncurrent Liabilities	<u>39,371,822</u>
Total Liabilities	<u><u>43,860,039</u></u>
Pension Related	<u>818,928</u>
Net Position	
Net Investment in Capital Assets	50,963,984
Restricted	5,135,629
Unrestricted	(5,888,124)
Total Net Position	<u><u>\$ 50,211,489</u></u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 8,391,955	\$ 1,681,544	\$ 73,089	\$ 199,220	\$ (6,438,102)
Public Safety	13,243,845	2,149,565	886,503	0	(10,207,777)
Physical Environment	374,828	0	69,775	0	(305,053)
Transportation	8,196,449	129,684	46,440	392,383	(7,627,942)
Economic Environment	813,968	0	152,974	0	(660,994)
Human Services	3,240,768	10,580	82,190	0	(3,147,998)
Court-related	1,908,712	824,536	463,716	0	(620,460)
Culture and Recreation	1,274,173	52,317	471,411	97,335	(653,110)
Interest on Long-term Debt	577,486	0	0	0	(577,486)
Total Primary Government	\$ 38,022,184	\$ 4,848,226	\$ 2,246,098	\$ 688,938	(30,238,922)
General Revenues					
Taxes:					
Property Taxes					11,296,767
Franchise and Utility Taxes					128,216
Discretionary Sales Surtax					4,067,500
Local Option Gas Tax					1,416,391
Motor Fuel Tax					2,419,575
Other Taxes					325,408
Sales Tax and Other Shared Revenues					6,329,252
Investment Earnings					58,051
Miscellaneous					797,373
Total General Revenues					26,838,533
Change in Net Position					(3,400,389)
Net Position Beginning of Year (As Restated)					53,611,878
Net Position End of Year					\$ 50,211,489

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

GADSDEN COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	County Transportation	SHIP
Assets			
Cash	\$ 5,760,245	\$ 460,670	\$ 294,935
Investments	90,004	148	0
Accounts Receivables (Net of Allowance for Uncollectibles)	40,160	1,431	0
Due from Other Funds	227,066	0	0
Due from Other Governments	921,706	446,938	0
Prepaid Expenses	156,360	0	0
Inventories, at Cost	61,926	59,337	0
Total Assets	<u>7,257,467</u>	<u>968,524</u>	<u>294,935</u>
Liabilities			
Accounts Payable and Accrued Expenses	487,585	58,655	0
Due to Other Funds	6,221	0	0
Due to Other Governments	31,390	0	0
Accrued Wages Payable	129,097	33,281	244
Unearned Revenues	1,550	0	294,691
Total Liabilities	<u>655,843</u>	<u>91,936</u>	<u>294,935</u>
Deferred Inflows of Resources	<u>465,414</u>	<u>253,906</u>	<u>0</u>
Fund Balances			
Nonspendable	218,286	59,337	0
Restricted	85,104	563,345	0
Committed	0	0	0
Assigned	1,243,982	0	0
Unassigned	4,588,838	0	0
Total Fund Balances	<u>6,136,210</u>	<u>622,682</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 7,257,467</u>	<u>\$ 968,524</u>	<u>\$ 294,935</u>

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

Indigent Surtax	Capital Project Public Works	Other Governmental Funds	Total Governmental Funds
\$ 125,715	\$ 264,190	\$ 5,369,390	\$ 12,275,145
0	2,882,907	1,151,330	4,124,389
0	0	249,217	290,808
0	0	182,985	410,051
311,085	130,428	1,056,579	2,866,736
0	0	0	156,360
0	0	0	121,263
<u>436,800</u>	<u>3,277,525</u>	<u>8,009,501</u>	<u>20,244,752</u>
47,966	593,379	183,152	1,370,737
0	0	392,999	399,220
80,405	0	35,505	147,300
0	0	50,223	212,845
0	0	142,158	438,399
<u>128,371</u>	<u>593,379</u>	<u>804,037</u>	<u>2,568,501</u>
<u>209,502</u>	<u>0</u>	<u>541,164</u>	<u>1,469,986</u>
0	0	0	277,623
98,927	2,684,146	4,388,253	7,819,775
0	0	211	211
0	0	2,275,099	3,519,081
0	0	737	4,589,575
<u>98,927</u>	<u>2,684,146</u>	<u>6,664,300</u>	<u>16,206,265</u>
<u>\$ 436,800</u>	<u>\$ 3,277,525</u>	<u>\$ 8,009,501</u>	<u>\$ 20,244,752</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, 2016

Total Fund Balances of Governmental Funds	\$ 16,206,265
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**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.	66,097,095
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Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.	1,469,986
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Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:

Deferred Outflows Related to Pensions	\$ 8,885,821	
Deferred Inflows Related to Pensions	(818,928)	8,066,893

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	(17,817,257)	
Accrued Compensated Absences	(1,485,606)	
Accrued Other Postemployment Benefits Obligation	(1,539,900)	
Estimated Landfill Postclosure Costs	(24,377)	
Net Pension Liability	(20,761,610)	(41,628,750)

Total Net Position of Governmental Activities	\$ 50,211,489
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The notes to the financial statements are an integral part of this statement.

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	County Transportation	SHIP
Revenues			
Taxes	\$ 11,500,211	\$ 3,391,071	\$ 0
Licenses and Permits	128,216	0	0
Intergovernmental Revenues	5,492,430	1,700	150,474
Charges for Services	1,194,935	104,683	0
Fines and Forfeitures	0	0	0
Miscellaneous Revenues	164,100	381,462	206
Total Revenues	18,479,892	3,878,916	150,680
Expenditures			
Current:			
General Government	7,558,974	0	0
Public Safety	7,303,196	0	0
Physical Environment	246,020	0	0
Transportation	0	3,972,193	0
Economic Environment	445,800	0	150,736
Human Services	1,642,814	0	0
Court-related	224,359	0	0
Culture and Recreation	172,319	0	0
Debt Service:			
Principal	80,574	0	0
Interest	6,720	0	0
Other	0	0	0
Capital Outlay:			
General Government	405,375	0	0
Public Safety	113,960	0	0
Transportation	0	1,110,019	0
Human Services	5,975	0	0
Court-related	1,023	0	0
Culture and Recreation	50,000	0	0
(Total Expenditures)	(18,257,109)	(5,082,212)	(150,736)
Excess (Deficiency) of Revenues Over (Under) Expenditures	222,783	(1,203,296)	(56)
Other Financing Sources (Uses)			
Transfers in	8,259,482	362,910	56
Transfers (out)	(9,362,182)	0	0
Excess Fees Due to State	0	0	0
Debt Proceeds	0	0	0
Debt Refunding	0	0	0
Installment Purchases	0	0	0
Total Other Financing Sources (Uses)	(1,102,700)	362,910	56
Net Change in Fund Balances	(879,917)	(840,386)	0
Fund Balances at Beginning of Year (As Restated)	7,016,127	1,463,068	0
Fund Balances at End of Year	\$ 6,136,210	\$ 622,682	\$ 0

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

Indigent Surtax	Capital Projects Public Works	Other Governmental Funds	Total Governmental Funds
\$ 1,676,718	\$ 0	\$ 1,293,002	\$ 17,861,002
0	0	228,873	357,089
0	392,382	4,659,119	10,696,105
0	25,000	3,049,369	4,373,987
0	0	332,501	332,501
0	28,521	281,135	855,424
<u>1,676,718</u>	<u>445,903</u>	<u>9,843,999</u>	<u>34,476,108</u>
0	0	167,694	7,726,668
0	0	4,755,050	12,058,246
0	0	104,055	350,075
0	0	92,880	4,065,073
0	0	204,795	801,331
1,015,524	0	0	2,658,338
0	0	1,393,635	1,617,994
0	0	1,000,253	1,172,572
0	0	1,488,286	1,568,860
0	0	509,469	516,189
0	0	87,393	87,393
0	0	35,152	440,527
0	0	343,290	457,250
0	4,193,496	0	5,303,515
0	0	14,703	20,678
0	0	0	1,023
0	0	139,478	189,478
<u>(1,015,524)</u>	<u>(4,193,496)</u>	<u>(10,336,133)</u>	<u>(39,035,210)</u>
<u>661,194</u>	<u>(3,747,593)</u>	<u>(492,134)</u>	<u>(4,559,102)</u>
0	0	10,270,300	18,892,748
(619,095)	0	(8,911,471)	(18,892,748)
0	0	(50,568)	(50,568)
0	0	8,948,141	8,948,141
0	0	(8,851,146)	(8,851,146)
0	0	216,555	216,555
<u>(619,095)</u>	<u>0</u>	<u>1,621,811</u>	<u>262,982</u>
42,099	(3,747,593)	1,129,677	(4,296,120)
<u>56,828</u>	<u>6,431,739</u>	<u>5,534,623</u>	<u>20,502,385</u>
<u>\$ 98,927</u>	<u>\$ 2,684,146</u>	<u>\$ 6,664,300</u>	<u>\$ 16,206,265</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (4,296,120)

**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	\$ 6,415,851	
Contributions and Gain/(Loss) on Disposal	(182,071)	
(Current Year Depreciation)	(5,697,025)	536,755

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.		10,420,006
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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.		(9,164,696)
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Certain pension related amounts are being deferred and amortized over
a period of years or are being deferred as contributions to the pension
plans made after the measurement date:

Deferred Inflows Related to Pensions	5,566,416	
Deferred Outflows Related to Pensions	1,957,863	7,524,279

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	138,825	
Other Postemployment Benefits	(60,700)	
Landfill Postclosure Costs	11,862	
Unamortized Bond Premium	26,096	
Net Pension Liability	(8,682,383)	(8,566,300)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in the governmental funds.

145,687

Change in Net Position - Governmental Activities **\$ (3,400,389)**

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 11,082,805	\$ 11,082,805	\$ 11,500,211	\$ 417,406
Licenses and Permits	100,000	100,000	128,216	28,216
Intergovernmental Revenues	5,249,600	5,264,145	5,492,430	228,285
Charges for Services	1,144,190	1,162,650	1,194,935	32,285
Fines and Forfeitures	5,000	5,000	0	(5,000)
Miscellaneous Revenues	194,941	197,220	164,100	(33,120)
Total Revenues	17,776,536	17,811,820	18,479,892	668,072
Expenditures				
Current:				
General Government	7,856,077	7,936,645	7,558,974	377,671
Public Safety	7,414,870	7,414,370	7,303,196	111,174
Physical Environment	301,404	301,404	246,020	55,384
Economic Environment	1,215,254	1,215,754	445,800	769,954
Human Services	1,824,922	1,824,922	1,642,814	182,108
Court-related	260,766	260,766	224,359	36,407
Culture and Recreation	191,201	191,201	172,319	18,882
Debt Service:				
Principal	80,881	80,881	80,574	307
Interest	6,749	6,749	6,720	29
Capital Outlay:				
General Government	226,074	428,392	405,375	23,017
Public Safety	140,494	140,494	113,960	26,534
Physical Environment	5,000	5,000	0	5,000
Human Services	7,000	7,000	5,975	1,025
Court Related	0	0	1,023	(1,023)
Culture and Recreation	75,000	75,000	50,000	25,000
Contingency	67,737	45,482	0	45,482
(Total Expenditures)	(19,673,429)	(19,934,060)	(18,257,109)	1,676,951
Excess of Revenues Over Expenditures	(1,896,893)	(2,122,240)	222,783	2,345,023
Other Financing Sources (Uses)				
Transfers in	8,090,309	8,315,656	8,259,482	(56,174)
Transfers (out)	(8,360,470)	(9,375,780)	(9,362,182)	13,598
Total Other Financing Sources (Uses)	(270,161)	(1,060,124)	(1,102,700)	(42,576)
Net Change in Fund Balance	(2,167,054)	(3,182,364)	(879,917)	2,302,447
Fund Balance, Beginning of Year	2,167,054	3,182,364	7,016,127	3,833,763
Fund Balance, End of Year	\$ 0	\$ 0	\$ 6,136,210	\$ 6,136,210

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 2,940,289	\$ 2,940,289	\$ 3,391,071	\$ 450,782
Intergovernmental Revenues	2,000	2,000	1,700	(300)
Charges for Services	180,000	180,000	104,683	(75,317)
Miscellaneous Revenues	688,400	1,052,400	381,462	(670,938)
Total Revenues	<u>3,810,689</u>	<u>4,174,689</u>	<u>3,878,916</u>	<u>(295,773)</u>
Expenditures				
Current:				
Transportation	4,326,714	4,154,728	3,972,193	182,535
Capital Outlay:				
Transportation	396,014	1,453,000	1,110,019	342,981
(Total Expenditures)	<u>(4,722,728)</u>	<u>(5,607,728)</u>	<u>(5,082,212)</u>	<u>525,516</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(912,039)</u>	<u>(1,433,039)</u>	<u>(1,203,296)</u>	<u>229,743</u>
Other Financing Sources (Uses)				
Transfers in	710,232	710,232	362,910	(347,322)
Transfers (out)	(150,000)	0	0	0
Total Other Financing Sources (Uses)	<u>560,232</u>	<u>710,232</u>	<u>362,910</u>	<u>(347,322)</u>
Net Change in Fund Balance	(351,807)	(722,807)	(840,386)	(117,579)
Fund Balance, Beginning of Year	<u>351,807</u>	<u>722,807</u>	<u>1,463,068</u>	<u>740,261</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 622,682</u>	<u>\$ 622,682</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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental Revenues	\$ 0	\$ 445,165	\$ 150,474	\$ (294,691)
Miscellaneous Revenues	0	0	206	206
Total Revenues	<u>0</u>	<u>445,165</u>	<u>150,680</u>	<u>(294,485)</u>
Expenditures				
Current:				
Economic Environment	0	445,165	150,736	294,429
(Total Expenditures)	<u>0</u>	<u>(445,165)</u>	<u>(150,736)</u>	<u>294,429</u>
(Deficiency) of Revenues (Under)				
Expenditures	0	0	(56)	(56)
Other Financing Sources (Uses)				
Transfers in	0	0	56	56
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>56</u>	<u>56</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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,567,500	\$ 1,586,854	\$ 1,676,718	\$ 89,864
Total Revenues	<u>1,567,500</u>	<u>1,586,854</u>	<u>1,676,718</u>	<u>89,864</u>
Expenditures				
Current:				
Human Services	885,558	904,912	1,015,524	(110,612)
(Total Expenditures)	<u>(885,558)</u>	<u>(904,912)</u>	<u>(1,015,524)</u>	<u>(110,612)</u>
Excess of Revenues Over Expenditures	<u>681,942</u>	<u>681,942</u>	<u>661,194</u>	<u>(20,748)</u>
Other Financing Sources (Uses)				
Transfers out	(681,942)	(681,942)	(619,095)	62,847
Total Other Financing Sources (Uses)	<u>(681,942)</u>	<u>(681,942)</u>	<u>(619,095)</u>	<u>62,847</u>
Net Change in Fund Balance	0	0	42,099	42,099
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>56,828</u>	<u>56,828</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,927</u>	<u>\$ 98,927</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

	Private Purpose Trust Fund	Agency Funds	Total
Assets			
Cash	\$ 834,907	\$ 989,466	\$ 1,824,373
Investments	8,327,519	0	8,327,519
Accounts Receivable	1,215	35,347	36,562
Due from Other Funds	0	62,008	62,008
Total Assets	<u>9,163,641</u>	<u>1,086,821</u>	<u>10,250,462</u>
Liabilities			
Accounts Payable	0	64,889	64,889
Due to Other Funds	0	72,839	72,839
Due to Individuals	0	247	247
Due to Other Governments	0	96,135	96,135
Assets Held for Others	0	82,434	82,434
Installment Tax Deposits	0	229,969	229,969
Deposits	0	531,287	531,287
Unearned Revenues	0	9,021	9,021
Total Liabilities	<u>0</u>	<u>1,086,821</u>	<u>1,086,821</u>
Net Position			
Held in Trust	<u>\$ 9,163,641</u>	<u>\$ 0</u>	<u>\$ 9,163,641</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, 2016

	Private Purpose Trust Fund
Additions	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 430,383
Interest and Dividends	183,577
Total Additions	<u>613,960</u>
Deductions	
Administrative Fees	22,404
Total Deductions	<u>(22,404)</u>
Net Increase	591,556
Net Position Held in Trust, Beginning of Year	<u>8,572,085</u>
Net Position Held in Trust, End of Year	<u><u>\$ 9,163,641</u></u>

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016
(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 2016.
- **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.

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Concluded)

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within thirty days of the end of the current fiscal period 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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

- Budgets are generally prepared for the governmental funds on a basis consistent with generally accepted accounting principles.
- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental 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.”

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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

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.

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.

Pension Related—Pension Related Deferred Inflows and Outflows represent the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, and changes in the County's proportionate share of pension contributions. These amounts are reported as deferred inflows or outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 9 for more information on Pension Related Deferred Inflows and Outflows.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Inflows/Outflows of Resources (Concluded)

Unavailable Revenues—Unavailable revenues are revenues which are measureable, but not available because they have not been received within the County's period of availability. These revenues are deferred and recorded as deferred outflows of resources in governmental funds financial statements.

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, 2016
(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

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* in response to the Securities and Exchange Commission’s amendments in 2014 to regulations that apply to money market funds. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool’s participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Concluded)

Adoption of New Accounting Standards (Concluded)

During fiscal year 2015-16, the County also implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. This Statement also defines an investment as a security or other asset that (a) a government holds primarily to generate income or profit and (b) has a present service capacity based solely on that asset's ability to generate cash or to generate cash when sold. Governmental entities are required to record investments at fair value, unless an exception applies, and disclose the fair value measurement and hierarchy.

Future GASB Pronouncement Implementations

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows or resources, deferred inflows of resources and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. The County is currently evaluating the impact that adoption of this statement will have on its financial statements. This statement is effective in fiscal year 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, provides disclosure requirements for governments that enter into tax abatement agreements. This Statement indicates how disclosures for tax abatements should be organized and what descriptive information, including commitments made by the entity should be presented. The County is currently evaluating the impact that adoption of this Statement will have on its financial statements. This standard will be adopted in fiscal year 2017.

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, 2016, the County's public purpose programs had the following in cash and investments:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 3 - Cash and Investments (Continued)

Public Purpose (Concluded)

	Carrying Amount
Cash on Hand	\$ 3,981
Deposits in Qualified Public Depositories	8,977,329
Money Market	4,283,301
SBA Florida PRIME	4,124,389
Total Cash and Investments	<u>\$ 17,389,000</u>

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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 3 - Cash and Investments (Continued)

Credit Risk—Public Purpose Funds (Concluded)

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 SBA's interpretation of GASB 79 is that the Florida PRIME investment pool currently meets all necessary criteria to measure its investments at amortized cost. Therefore, as a participant in the SBA's Florida PRIME investment pool, the County's investments in Florida PRIME were also measured at amortized cost for fiscal year 2015-16. There were no limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2016, consist primarily of treasury notes and agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The agency securities are not fully rated.

Custodial Credit Risk—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 and money market balances at September 30, 2016, were \$14,760,577.

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, 2016, the Hospital Endowment Trust Fund had the following balances in investments:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 3 - Cash and Investments (Continued)

Hospital Endowment Trust Fund (Concluded)

Investments at Capital City Trust Company:

	Fair Value
Cash	\$ 561,801
Repurchase Agreement	273,106
Corporate Bonds	1,018,722
Mutual Funds - (Fixed)	3,007,438
Equities	4,301,359
Total Cash and Investments	\$ 9,162,426

As of September 30, 2016, the Hospital Endowment Trust Fund had cash deposits of \$561,801 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.

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:

Investment Type	Fair Value	Less Than One Year	1-5 Years
Corporate Bonds	\$ 1,018,722	\$ 402,142	\$ 616,580
Mutual Funds - Fixed	3,007,438	934,728	2,072,710
Equities	4,301,359	4,301,359	0
Total	\$ 8,327,519	\$ 5,638,229	\$ 2,689,290

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 3 - Cash and Investments (Concluded)

Fair Value Measurements

Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Fair value measurements for the Hospital Endowment Trust are as follows at September 30, 2016:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Amount			
Corporate Bonds	\$ 1,018,722	\$ 0	\$ 1,018,722	\$ 0
Equities	4,301,359	4,301,359	0	0
Total Investments Measured at Fair Value	<u>\$ 5,320,081</u>	<u>\$ 4,301,359</u>	<u>\$ 1,018,722</u>	<u>\$ 0</u>
		Unfunded	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)	Amount	Commitments		
Mutual Funds - Fixed	\$ 3,007,438	\$ 0	Daily	None
Total Investments	<u>\$ 8,327,519</u>			

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 4 - Receivables

Receivables at September 30, 2016, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 40,160	\$ 0	\$ 40,160
County Transportation	1,431	0	1,431
Other Governmental Funds:			
Emergency Medical Services	6,881,122	(6,631,925)	249,197
Library Services	20	0	20
Fiduciary Funds:			
Private Purpose Trust Fund	1,215	0	1,215
Agency Fund—Tax	35,347	0	35,347
Total Receivables	<u>\$ 6,959,295</u>	<u>\$ (6,631,925)</u>	<u>\$ 327,370</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2016, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 227,066	\$ 6,221
Other Governmental Funds	182,985	392,999
Fiduciary Funds:		
Agency Funds	62,008	72,839
Total	<u>\$ 472,059</u>	<u>\$ 472,059</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, 2016, consisted of the following:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,259,482	\$ 9,362,182
County Transportation	362,910	0
SHIP	56	0
Indigent Surtax	0	619,095
Other Governmental Funds	10,270,300	8,911,471
Total Interfund Transfers	<u>\$ 18,892,748</u>	<u>\$ 18,892,748</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, 2016
(Continued)

Note 6 - Capital Assets

Capital asset activity for the year ended September 20, 2016, was as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,997,104	\$ 57,121	\$ 0	\$ 2,054,225
Construction Work in Progress	18,253	361,019	0	379,272
Total Capital Assets Not Being Depreciated	2,015,357	418,140	0	2,433,497
Capital Assets Being Depreciated:				
Buildings	36,803,382	25,777	0	36,829,159
Improvements Other Than Buildings	5,122,099	164,983	0	5,287,082
Machinery and Equipment:				
Board and Clerk	15,038,726	1,542,244	(1,008,899)	15,572,071
Sheriff	3,864,563	350,558	(929,821)	3,285,300
Total Machinery and Equipment	18,903,289	1,892,802	(1,938,720)	18,857,371
Infrastructure	62,285,889	3,914,149	0	66,200,038
Total Capital Assets Being Depreciated	123,114,659	5,997,711	(1,938,720)	127,173,650
Less Accumulated Depreciation:				
Buildings	(11,614,702)	(735,614)	0	(12,350,316)
Improvements Other Than Buildings	(968,842)	(115,157)	0	(1,083,999)
Machinery and Equipment	(12,435,337)	(1,177,171)	1,756,649	(11,855,859)
Infrastructure	(34,550,795)	(3,669,083)	0	(38,219,878)
Total Accumulated Depreciation	(59,569,676)	(5,697,025)	1,756,649	(63,510,052)
Total Capital Assets Being Depreciated, Net	63,544,983	300,686	(182,071)	63,663,598
Total Governmental Activities				
Capital Assets, Net	\$ 65,560,340	\$ 718,826	\$ (182,071)	\$ 66,097,095

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 6 - Capital Assets (Concluded)

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

General Government	\$ 263,857
Public Safety	567,692
Physical Environment	33,591
Transportation	4,025,669
Economic Environment	11,737
Human Services	561,408
Court-related	165,355
Culture and Recreation	67,716
Total Depreciation Expense	
Governmental Activities	<u><u>\$ 5,697,025</u></u>

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, 2016:

	Balance 10/1/15	Additions	Deductions	Balance 9/30/16	Due Within One Year
Estimated Landfill Postclosure Costs	\$ 36,239	\$ 0	\$ (11,862)	\$ 24,377	\$ 12,080
Employee Compensated Absences Payable	1,624,431	1,277,985	(1,416,810)	1,485,606	582,828
Other Postemployment Benefits	1,479,200	60,700	0	1,539,900	0
Net Pension Liability	12,079,227	8,682,383	0	20,761,610	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	1,335,000	0	(1,335,000)	0	0
Loan with BB&T for 2016 Sales Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$53,819, Commencing August 2016 Through March 2030, Interest at 2.00%, Funds Used for Refunding of 2013 Hospital Bond	0	7,724,195	(88,838)	7,635,357	497,674

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 7 - Long-term Debt (Continued)

Summary of Changes in Long-term Debt (Continued)

	Balance 10/1/15	Additions	Deductions	Balance 9/30/16	Due Within One Year
Gas Tax Revenue and Refunding Bond, Series 2015, Monthly Principal and Interest Payments of \$60,588, Commencing June 2015, Interest at 2.43%, Funds used for Refunding the 2013 Gas Tax Revenue Refunding Bond and for Construction and Improvement of Certain Roads in Gadsden County	\$ 8,920,284	\$ 0	\$ (516,018)	\$ 8,404,266	\$ 528,698
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	8,037,277	0	(8,037,277)	0	0
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	16,881	0	(16,881)	0	0
Loan with BB&T for 2016 Local Gov't Half Cent Revenue Bonds, Semiannual Interest and Principal Payments of \$105,728 in April and October, Interest Rate of 1.53% Funds Used for Refinancing the 2006B Revenue Bonds - Library	0	1,223,946	(16,112)	1,207,834	193,714
Purchase of 10 Ambulances, Payable in 5 Annual Installments of \$189,173 Including Interest at 1.68%, Commencing March 2013	369,020	0	(182,973)	186,047	186,047
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	164,009	0	(81,321)	82,688	82,688
Purchase of Equipment for the Sheriff, Payable in 11 Quarterly Installments of \$12,469 Including Interest at 6.32%	82,019	0	(45,763)	36,256	36,256

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 7 - Long-term Debt (Concluded)

Summary of Changes in Long-term Debt (Concluded)

	<u>Balance</u> <u>10/1/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/16</u>	<u>Due Within</u> <u>One Year</u>
Purchase of Vehicles for the Sheriff, Payable in 12 Quarterly Installments of \$17,541 Including Interest at 5.2%	\$ 148,077	\$ 0	\$ (63,693)	\$ 84,384	\$ 67,070
Purchase of Mobile Data Computers for the Sheriff, Payable in 12 Quarterly Installments of \$19,122 Including Interest of 4.27%	0	216,555	(36,130)	180,425	69,873
Total	<u>\$ 34,291,664</u>	<u>\$ 19,185,764</u>	<u>\$ (11,848,678)</u>	<u>\$ 41,628,750</u>	<u>\$ 2,256,928</u>

Interest expense and other debt related charges during 2016 on long-term debt totaled \$577,486, 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>
2017	\$ 1,662,020	\$ 379,638
2018	1,336,325	342,053
2019	1,310,315	312,278
2020	1,299,836	284,513
2021	1,327,589	256,761
2022-2026	6,207,129	868,797
2027-2030	4,674,043	191,676
Other Years (Including Compensated Absences, Other Postemployment Benefits, Estimated Landfill Postclosure Costs, and Net Pension Liability)	23,811,493	0
Total	<u>\$ 41,628,750</u>	<u>\$ 2,635,716</u>

During the year, the County issued the Local Half Cent Sales Tax Revenue Refunding Bond, Series 2016. The purpose of this issue was to refund the Florida Municipal Loan Council 2006B Revenue Bonds. The refunding resulted in a savings of interest cost of \$82,369 and a net present value cost of \$ 72,912. The County also issued the Discretionary Health Sales Tax Revenue Refunding Bond Series 2016. The purpose of this issue was to refund the 2013 Series Bond in obtaining a lower interest rate. The refunding resulted in a savings of interest of \$493,448 and a net present value cost of \$431,827.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2016. 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, 2016.

<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 2015	<u>\$ 1,561,328</u>	<u>\$ 727,059</u>	46.57%	<u>\$ 9,875,880</u>	2030
Local Half-cent Tax	Revenue Bond for Library Revenue Bond, Series 2016	<u>\$ 1,285,494</u>	<u>\$ 223,801</u>	17.41%	<u>\$ 1,268,732</u>	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2016	<u>\$ 1,676,718</u>	<u>\$ 685,870</u>	40.91%	<u>\$ 8,718,781</u>	2030

Note 9 - Employee Retirement Plan

General Information about the Florida Retirement System

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the County are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2015-16 fiscal year were as follows:

Class	Year Ended June 30, 2016		Year Ended June 30, 2017	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
FRS, Special Risk Regular	3.00	20.34	3.00	20.85
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Contributions. (Concluded)

The County's contributions (employer) to the FRS Plan totaled \$1,606,989 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2016, the County reported a liability of \$15,891,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the County's proportion was .062937069%, which was an increase of .00226347 from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$2,575,134 related to the Plan.

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.60% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Actuarial Assumptions. (Concluded)

<u>Asset Class</u>	<u>Annual Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

Note: (1) As outlined in the Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.60%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.65% in the July 1, 2015 valuation.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

FRS – County:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 29,257,621	\$ 15,891,659	\$ 4,766,262

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$221,017 for the fiscal year ended September 30, 2016.

Pension Liabilities and Pension Expense. At September 30, 2016, the County reported a net pension liability of \$4,869,951 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the County's proportionate share was .041785712%, which was an increase of .000186968 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$410,978 related to the HIS Plan.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2015, and recalculated as of June 30, 2016, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	2.85% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2016, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85%) or 1-percentage-point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
County's Proportionate Share of the Net Pension Liability	\$ 5,586,941	\$ 4,869,951	\$ 4,274,890

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

Additional Disclosures – Defined Benefit Plans

Net Pension Liability

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 15,891,659	\$ 4,869,951	\$ 20,761,610

Deferred Outflows of Resources

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Employer Contributions After Measurement Date	\$ 442,928	\$ 58,018	\$ 500,946
Difference Between Expected and Actual Experience	1,216,788	0	1,216,788
Changes in Assumptions	961,398	764,219	1,725,617
Changes in Proportion	1,236,317	95,890	1,332,207
Net Difference Between Projected and Actual Earnings on Investments	4,107,801	2,462	4,110,263
Total Deferred Outflows of Resources	<u>\$ 7,965,232</u>	<u>\$ 920,589</u>	<u>\$ 8,885,821</u>

Deferred Inflows of Resources

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Difference Between Expected and Actual Experience	\$ 147,962	\$ 11,092	\$ 159,054
Changes in Proportion	600,745	59,129	659,874
Total Deferred Inflows of Resources	<u>\$ 748,707</u>	<u>\$ 70,221</u>	<u>\$ 818,928</u>

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$500,946 will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year				
Ending	<u>FRS</u>	<u>HIS</u>	<u>Total</u>	
2017	\$ 997,476	\$ 141,648	\$ 1,139,124	
2018	997,476	141,648	1,139,124	
2019	2,598,952	141,180	2,740,132	
2020	1,775,714	140,954	1,916,668	
2021	304,954	123,855	428,809	
2022	99,025	103,066	202,091	
Total	<u>\$ 6,773,597</u>	<u>\$ 792,351</u>	<u>\$ 7,565,948</u>	

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Continued)

Additional Disclosures – Defined Benefit Plans (Concluded)

Pension Expense

For the year ended September 30, 2016, the County recognized pension expense from the defined benefit pension plans as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Board of County Commissioners,			
Supervisor of Elections, Property			
Appraiser	\$ 1,330,276	\$ 236,732	\$ 1,567,008
Clerk of the Circuit Court/Comptroller	377,279	42,184	419,463
Tax Collector	149,373	14,146	163,519
Sheriff	718,206	117,916	836,122
Total Pension Expense	<u><u>\$ 2,575,134</u></u>	<u><u>\$ 410,978</u></u>	<u><u>\$ 2,986,112</u></u>

There were certain changes in assumptions from the previous valuation related to the two plans described above. The assumption changes include the following:

- **FRS**—In the July 1, 2016 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.65% to 7.60%.
- **HIS**—In the July 1, 2016 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

FRS – Defined Contribution Pension Plan

The County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts (employer and employee) during the 2015-16 fiscal year were as follows:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 9 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's Investment Plan pension expense totaled \$46,257 for the fiscal year ended September 30, 2016.

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, 2016
(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, 2016, 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.

Construction Commitments

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2016:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

Note 13 - Commitments and Contingencies (Concluded)

Construction Commitments (Concluded)

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of September 30, 2016</u>
Road Resurfacing – Phase II	Capital Projects Public Works	\$ 2,941,383	\$ 2,460,651
Road Resurfacing – Howell Rd	Capital Projects - SCRAP	11,863	8,304
Road Resurfacing – Brickyard	Capital Projects - SCRAP	116,449	48,523
Road Resurfacing – Telogia Crk	Capital Projects - CIGP	81,474	48,345
Road Resurfacing – Bettstown	Capital Projects - SCOP	134,141	82,690
Road Resurfacing – McPhaul	Capital Projects - SCOP	54,626	38,237
Road Resurfacing – Peck Betts	Capital Projects - SCOP	195,063	64,733
Total		<u>\$ 3,534,999</u>	<u>\$ 2,751,483</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	\$ 22,900	\$ 6,800	\$ 1,200	\$ 56,000	\$ 1,300	\$ 400	\$ 88,600
Interest on Net OPEB Obligation	22,600	3,500	1,300	30,300	1,000	500	59,200
Adjustment to the ARC	(22,800)	(3,500)	(1,300)	(30,500)	(1,000)	(500)	(59,600)
Annual OPEB Cost (Employer Contributions)	22,700	6,800	1,200	55,800	1,300	400	88,200
	5,600	0	1,800	20,100	0	0	27,500
Increase in Net OPEB Obligation	17,100	6,800	(600)	35,700	1,300	400	60,700
Net OPEB Obligation, Beginning of Year	<u>565,600</u>	<u>88,100</u>	<u>31,200</u>	<u>756,300</u>	<u>25,600</u>	<u>12,400</u>	<u>1,479,200</u>
Net OPEB Obligation End of Year	<u>\$ 582,700</u>	<u>\$ 94,900</u>	<u>\$ 30,600</u>	<u>\$ 792,000</u>	<u>\$ 26,900</u>	<u>\$ 12,800</u>	<u>\$ 1,539,900</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(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, 2014), the unfunded actuarial accrued liability for benefits was \$863,300, all of which was unfunded. The County's covered payroll (annual payroll of active employees covered by the plan) was \$10,696,600. The ratio of the County's actuarial accrued liability to the County's covered payroll was 8.07%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the 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, 2014 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; initial healthcare cost increase of 20.87% for Pre-Medicare coverage for the fiscal year beginning on October 1, 2014, with an increase of 8% for the fiscal year beginning October 1, 2015, 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 with a 2.75% increase over a 30-year open amortization period.

Note 15 - Other Disclosures

Budget Over-Expenditure

Expenditures exceeded the budget by \$110,612 in the Indigent Surtax Fund. This resulted from receiving higher revenues resulting in higher expenditures than originally anticipated.

Restatement

Beginning Fund Balance in the Clerk of the Circuit Court, Court Fund inclusive of the Public Records Trust Fund was restated to properly reflect costs that should have been paid by the Public Records Trust Fund in the previous fiscal year but were paid from the Court Fund. The restatement was also necessary to properly reflect deferred revenues in the Court Fund in accordance with the Clerk of Court Operations Corporation (CCOC) requirements. Beginning fund balance in the Clerk of Circuit Court, Court Fund inclusive of the Public Records Trust Fund was reduced by \$53,672.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Concluded)

Note 15 - Other Disclosures (Concluded)

Fund Balance Classifications

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2016:

Nonspendable Fund Balance

Prepaid Expenses	\$ 156,360
Inventory	121,263

Total Nonspendable Fund Balance	<u>\$ 277,623</u>
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Restricted Fund Balance

Transportation	\$ 1,617,188
Public Safety	1,755,861
Capital Projects - Roads	2,684,146
Federal and State Grants	4,865
Indigent Surtax	808,069
Court Facilities	188,285
Landfill Escrow	50,668
Judicial Services	223,226
Tourist Development	230,334
Boating Improvements	85,104
Building Inspection	83,807
Public Records Modernization	88,222

Total Restricted Fund Balance	<u>\$ 7,819,775</u>
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Committed Fund Balance

Teen Court	\$ 211
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Total Committed Fund Balance	<u>\$ 211</u>
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Assigned Fund Balance

Capital Projects	\$ 408,301
Subsequent Year's Budget	1,154,342
Public Safety	811,969
Landfill	275,848
Library Services	195,173
Debt Service	673,448

Total Assigned Fund Balance	<u>\$ 3,519,081</u>
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(Deficit) Unrestricted Net Position

At September 30, 2016, there was a deficit in unrestricted net position of (\$5,888,124).

REQUIRED SUPPLEMENTARY INFORMATION

GADSDEN COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
AS OF SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
County's Proportion of the Net Pension Liability	0.062937069%	0.060673599%
County's Proportionate Share of the Net Pension Liability	\$ 15,891,659	\$ 7,836,809
County's Covered-Employee Payroll (FYE 09/30)	\$ 13,324,993	\$ 12,856,299
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	119.26%	60.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	92.00%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.

The Covered-Employee Payroll is for the fiscal year shown.

This schedule will build to 10 years as information becomes available.

**GADSDEN COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	September 30, 2016	September 30, 2015
Contractually Required Contributions	\$ 1,606,989	\$ 1,493,376
Contributions in Relation to the Contractually Required Contribution	<u>(1,606,989)</u>	<u>(1,493,376)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 13,324,993	\$ 12,856,299
Contributions as a Percentage of Covered-Employee Payroll	12.06%	11.62%

Note to Schedule:

This schedule will build to 10 years as information becomes available.

**GADSDEN COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
AS OF SEPTEMBER 30, 2016**

	September 30, 2016	September 30, 2015
County's Proportion of the Net Pension Liability	0.0417857%	0.0415987%
County's Proportionate Share of the Net Pension Liability	\$ 4,869,952	\$ 4,242,418
County's Covered-Employee Payroll (FYE 09/30)	\$ 13,324,993	\$ 12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	36.55%	33.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.97%	0.50%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.

The Covered-Employee Payroll is for the fiscal year shown.

This schedule will build to 10 years as information becomes available.

**GADSDEN COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Contractually Required Contributions	\$ 221,017	\$ 172,438
Contributions in Relation to the Contractually Required Contribution	<u>(221,017)</u>	<u>(172,438)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 13,324,993	\$ 12,856,299
Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.34%

Note to Schedule:

This Schedule will build to 10 years as information becomes available.

**GADSDEN COUNTY, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
10/1/2010	\$ 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%
10/1/2014	0	795,800	795,800	0.0%	10,696,600	7.44%
10/1/2015*	0	863,300	863,300	0.00%	10,696,600	8.07%

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.

Certain actuarial assumptions were changed with the October 1, 2014 valuation. The medical trend rate has been set to start at a 20.87% rate increase for 2014/15 to be in line with actual premium increases. The trend will continue with an 8% increase for 2015/16 with a decrease of .5% per year until a rate of 5% is reached. The claim costs have been updated to reflect the most recent premium rates. The mortality table has been updated to the RP-2014 Mortality Tables with Generational Improvement Scale MP-2014. The retirement tables have been updated to be consistent with the July 1, 2014 FRS Pension Plan valuation. Since recent experience shows that participant coverage election at retirement is significantly lower than 60%, the election percentage has been reduced to 50% and will be monitored going forward.

*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, 2016**

	Special Revenue		
	Landfill	Fines and Forfeitures	Emergency Medical Services
Assets			
Cash	\$ 187,886	\$ 710,602	\$ 181,596
Investments	50,668	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	249,197
Due from Other Funds	0	1,516	0
Due from Other Governments	0	180,477	1,925
Total Assets	238,554	892,595	432,718
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	571	0	8,604
Due to Other Funds	0	0	0
Due to Other Governments	0	0	0
Accrued Wages	1,107	0	22,949
Unearned Revenue	0	0	0
Total Liabilities	1,678	0	31,553
Deferred Inflows of Resources	0	0	151,999
Fund Balances			
Restricted	50,668	329,792	0
Committed	0	0	0
Assigned	186,208	562,803	249,166
Unassigned	0	0	0
Total Fund Balances	236,876	892,595	249,166
Total Liabilities and Fund Balances (Deficits)	\$ 238,554	\$ 892,595	\$ 432,718

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Tourist Development	General Grants
\$ 239,665	\$ 227,373	\$ 1,006,848	\$ 188,786	\$ 225,315	\$ 82,246
0	0	0	0	0	0
20	0	0	0	0	0
0	0	0	0	0	0
0	0	217,360	0	20,739	80,130
<u>239,685</u>	<u>227,373</u>	<u>1,224,208</u>	<u>188,786</u>	<u>246,054</u>	<u>162,376</u>
6,239	4,147	73,867	501	3,740	10,680
0	0	0	0	0	145,680
0	0	0	0	0	0
8,512	0	1,251	0	99	414
29,761	0	0	0	0	0
<u>44,512</u>	<u>4,147</u>	<u>75,118</u>	<u>501</u>	<u>3,839</u>	<u>156,774</u>
0	0	146,384	0	11,881	0
0	223,226	1,002,706	188,285	230,334	4,865
0	0	0	0	0	0
195,173	0	0	0	0	0
0	0	0	0	0	737
<u>195,173</u>	<u>223,226</u>	<u>1,002,706</u>	<u>188,285</u>	<u>230,334</u>	<u>5,602</u>
<u>\$ 239,685</u>	<u>\$ 227,373</u>	<u>\$ 1,224,208</u>	<u>\$ 188,786</u>	<u>\$ 246,054</u>	<u>\$ 162,376</u>

GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(Continued)

	Special Revenue		
	E-911	Building Insp. Fund	CDBG
Assets			
Cash	\$ 48,767	\$ 74,730	\$ 32
Investments	0	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	0
Due from Other Funds	0	0	0
Due from Other Governments	15,297	12,810	0
Total Assets	64,064	87,540	32
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	4,098	673	32
Due to Other Funds	25,437	0	0
Due to Other Governments	0	0	0
Accrued Wages	0	3,060	0
Unearned Revenue	0	0	0
Total Liabilities	29,535	3,733	32
Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted	34,529	83,807	0
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	34,529	83,807	0
Total Liabilities and Fund Balances (Deficits)	\$ 64,064	\$ 87,540	\$ 32

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General
\$ 161,562	\$ 558,956	\$ 449,284	\$ 0	\$ 331,101
547,580	0	473,082	0	80,000
0	0	0	0	0
0	0	0	0	0
0	221,163	255,706	0	0
709,142	780,119	1,178,072	0	411,101
0	0	0	0	2,800
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	2,800
0	106,671	124,229	0	0
709,142	0	1,053,843	0	0
0	0	0	0	0
0	673,448	0	0	408,301
0	0	0	0	0
709,142	673,448	1,053,843	0	408,301
\$ 709,142	\$ 780,119	\$ 1,178,072	\$ 0	\$ 411,101

GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(Concluded)

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 401,316	\$ 293,325	\$ 5,369,390
Investments	0	0	1,151,330
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	249,217
Due from Other Funds	181,383	86	182,985
Due from Other Governments	50,562	410	1,056,579
Total Assets	633,261	293,821	8,009,501
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	0	67,200	183,152
Due to Other Funds	221,882	0	392,999
Due to Other Governments	0	35,505	35,505
Accrued Wages	0	12,831	50,223
Unearned Revenue	22,334	90,063	142,158
Total Liabilities	244,216	205,599	804,037
Deferred Inflows of Resources	0	0	541,164
Fund Balances			
Restricted	388,834	88,222	4,388,253
Committed	211	0	211
Assigned	0	0	2,275,099
Unassigned	0	0	737
Total Fund Balances	389,045	88,222	6,664,300
Total Liabilities and Fund Balances (Deficits)	\$ 633,261	\$ 293,821	\$ 8,009,501

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue		
	Landfill	Fine and Forfeitures	Emergency Medical Services
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental	31,540	270,861	0
Charges for Services	0	37,229	1,774,380
Fines and Forfeitures	0	14,083	0
Miscellaneous	274	3,600	5,056
Total Revenues	31,814	325,773	1,779,436
Expenditures			
Current:			
General Government	0	0	0
Public Safety	0	129,503	2,816,935
Physical Environment	67,060	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	0
Human Services	0	0	0
Culture and Recreation	0	0	0
(Total Expenditures)	(67,060)	(129,503)	(2,816,935)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(35,246)	196,270	(1,037,499)
Other Financing Sources (Uses)			
Transfers in	34,467	7,457,974	982,426
Transfers (out)	0	(7,343,564)	0
Excess Fees Due to State	0	0	0
Debt Proceeds	0	0	0
Debt Refunding	0	0	0
Installment Purchases	0	0	0
Total Other Financing Sources (Uses)	34,467	114,410	982,426
Net Change in Fund Balances	(779)	310,680	(55,073)
Fund Balances, Beginning of Year (As Restated)	237,655	581,915	304,239
Fund Balances, End of Year	\$ 236,876	\$ 892,595	\$ 249,166

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Tourist Development	General Grants
\$ 0	\$ 0	\$ 1,173,084	\$ 0	\$ 119,918	\$ 0
0	0	0	0	0	0
471,411	0	0	0	2,500	441,591
16,433	99,252	0	268,783	0	0
0	0	0	0	0	232
17,271	0	2,250	65	186	8
<u>505,115</u>	<u>99,252</u>	<u>1,175,334</u>	<u>268,848</u>	<u>122,604</u>	<u>441,831</u>
0	0	0	0	0	60,000
0	0	852,367	0	0	18,092
0	0	0	0	0	36,995
0	0	0	0	0	92,880
0	0	0	0	204,795	0
0	175,831	0	160,679	0	0
993,168	0	0	0	0	7,085
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	27,834	0	0	1,841
0	0	0	0	0	0
29,763	0	0	0	0	97,335
<u>(1,022,931)</u>	<u>(175,831)</u>	<u>(880,201)</u>	<u>(160,679)</u>	<u>(204,795)</u>	<u>(314,228)</u>
<u>(517,816)</u>	<u>(76,579)</u>	<u>295,133</u>	<u>108,169</u>	<u>(82,191)</u>	<u>127,603</u>
395,676	120,446	0	0	0	71,023
0	0	0	0	0	(189,523)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>395,676</u>	<u>120,446</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(118,500)</u>
(122,140)	43,867	295,133	108,169	(82,191)	9,103
317,313	179,359	707,573	80,116	312,525	(3,501)
<u>\$ 195,173</u>	<u>\$ 223,226</u>	<u>\$ 1,002,706</u>	<u>\$ 188,285</u>	<u>\$ 230,334</u>	<u>\$ 5,602</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(Continued)

	Special Revenue		
	E-911	Building Insp. Fund	CDBG
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	228,873	0
Intergovernmental	281,145	0	0
Charges for Services	0	52,268	0
Fines and Forfeitures	0	0	0
Miscellaneous	26	1,600	0
Total Revenues	<u>281,171</u>	<u>282,741</u>	<u>0</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	114,353	251,946	0
Physical Environment	0	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	48,519	28,498	0
Human Services	0	0	0
Culture and Recreation	0	0	0
(Total Expenditures)	<u>(162,872)</u>	<u>(280,444)</u>	<u>0</u>
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	<u>118,299</u>	<u>2,297</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers in	0	0	0
Transfers (out)	(99,555)	0	0
Excess Fees Due to State	0	0	0
Debt Proceeds	0	0	0
Debt Refunding	0	0	0
Installment Purchases	0	0	0
Total Other Financing Sources (Uses)	<u>(99,555)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>18,744</u>	<u>2,297</u>	<u>0</u>
Fund Balances, Beginning of Year (As Restated)	<u>15,785</u>	<u>81,510</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 34,529</u>	<u>\$ 83,807</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	1,285,494	1,561,328	0	0
0	0	0	0	0
0	0	0	0	0
3,423	566	3,636	0	218
3,423	1,286,060	1,564,964	0	218
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
463,667	162,414	516,018	264,294	0
222,304	60,942	211,041	8,955	0
51,700	35,693	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	14,703
0	0	0	0	12,380
(737,671)	(259,049)	(727,059)	(273,249)	(27,083)
(734,248)	1,027,011	837,905	(273,249)	(26,865)
619,096	0	0	273,249	26,865
0	(915,919)	(362,910)	0	0
0	0	0	0	0
7,724,195	1,223,946	0	0	0
(7,662,448)	(1,188,698)	0	0	0
0	0	0	0	0
680,843	(880,671)	(362,910)	273,249	26,865
(53,405)	146,340	474,995	0	0
762,547	527,108	578,848	0	408,301
\$ 709,142	\$ 673,448	\$ 1,053,843	\$ 0	\$ 408,301

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(Concluded)

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 0	\$ 0	\$ 1,293,002
Licenses and Permits	0	0	228,873
Intergovernmental	81,985	231,264	4,659,119
Charges for Services	123,760	677,264	3,049,369
Fines and Forfeitures	0	318,186	332,501
Miscellaneous	242,741	215	281,135
Total Revenues	<u>448,486</u>	<u>1,226,929</u>	<u>9,843,999</u>
Expenditures			
Current:			
General Government	0	107,694	167,694
Public Safety	571,854	0	4,755,050
Physical Environment	0	0	104,055
Transportation	0	0	92,880
Economic Environment	0	0	204,795
Court-related	0	1,057,125	1,393,635
Culture and Recreation	0	0	1,000,253
Debt Service:			
Principal Payments	81,893	0	1,488,286
Interest	6,227	0	509,469
Other	0	0	87,393
Capital Outlay:			
General Government	0	35,152	35,152
Public Safety	236,598	0	343,290
Human Services	0	0	14,703
Culture and Recreation	0	0	139,478
(Total Expenditures)	<u>(896,572)</u>	<u>(1,199,971)</u>	<u>(10,336,133)</u>
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	<u>(448,086)</u>	<u>26,958</u>	<u>(492,134)</u>
Other Financing Sources (Uses)			
Transfers in	289,078	0	10,270,300
Transfers (out)	0	0	(8,911,471)
Excess Fees Due to State	0	(50,568)	(50,568)
Debt Proceeds	0	0	8,948,141
Debt Refunding	0	0	(8,851,146)
Installment Purchases	216,555	0	216,555
Total Other Financing Sources (Uses)	<u>505,633</u>	<u>(50,568)</u>	<u>1,621,811</u>
Net Change in Fund Balances	57,547	(23,610)	1,129,677
Fund Balances, Beginning of Year (As Restated)	331,498	111,832	5,534,623
Fund Balances, End of Year	<u>\$ 389,045</u>	<u>\$ 88,222</u>	<u>\$ 6,664,300</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
SEPTEMBER 30, 2016

	Agency Funds Clerk of the Courts		
	Trust Funds	Cash Bond	Child Support
Assets			
Cash	\$ 368,024	\$ 199,279	\$ 211
Accounts Receivable	0	0	0
Due from Other Funds	0	0	0
Total Assets	<u>368,024</u>	<u>199,279</u>	<u>211</u>
Liabilities			
Accounts Payable	0	0	0
Due to Other Funds	36	86	0
Due to Individuals	36	0	211
Due to Other Governments	35,858	0	0
Installment Tax Deposits	0	0	0
Assets Held for Others	0	0	0
Deposits	332,094	199,193	0
Unearned Revenue	0	0	0
Total Liabilities	<u>\$ 368,024</u>	<u>\$ 199,279</u>	<u>\$ 211</u>

Civil Account	Agency Funds Sheriff	Inmate Commissary	Agency Funds Tax Collector	Totals
	Confiscated Funds		Tax	
\$ 10,913	\$ 23,441	\$ 59,928	\$ 327,670	\$ 989,466
0	0	0	35,347	35,347
0	0	57,753	4,255	62,008
10,913	23,441	117,681	367,272	1,086,821
0	0	0	64,889	64,889
0	0	68,431	4,286	72,839
0	0	0	0	247
1,170	0	0	59,107	96,135
0	0	0	229,969	229,969
9,743	23,441	49,250	0	82,434
0	0	0	0	531,287
0	0	0	9,021	9,021
\$ 10,913	\$ 23,441	\$ 117,681	\$ 367,272	\$ 1,086,821

OTHER INFORMATION

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES;
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, 2016**

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Justice			
Passed Through the State of Florida Office of the Attorney General: Victims of Crime Act	16.575	V14227	\$ 44,978
Passed Through the State of Florida Department of Law Enforcement: SCAPP - State Criminal Alien Assistance Program	16.606	2015-H1811-FL-AP	2,485
Edward Byrne Memorial Justice Assistance Grant	16.738	2016-JAGC-GADS-1-H3-197	37,519
Edward Byrne Memorial Justice Assistance Grant	16.738	2016-JAGD-GADS-1-H4-095	3,657
Subtotal Expenditures - CFDA No. 16.738			<u>41,176</u>
Total United States Department of Justice			<u>88,639</u>
U.S. Election Assistance Commission			
Passed Through the State of Florida Department of State: HAVA Voting Systems Assistance - Digital Image Scanner	90.401	MOA 2015-2016-0003-PGAD	<u>199,219</u>
U.S. Department of Transportation/Federal Highway Administration			
Passed Through Florida Department of Transportation: Local Agency Program Agreement - Gateway Signage and Landscape	20.205	435252-1-38-01	2,224
Passed Through City of Tallahassee, Florida: Federal Transit - Formula Grants	20.507	FL-90-X-900	<u>46,440</u>
Total U.S. Department of Transportation			<u>48,664</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2016
(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	CCST20	\$ 5,894
Child Support Reimbursement Payments	93.563	CD320	232,456
Subtotal Expenditures - CFDA No. 93.563			<u>238,350</u>
Passed Through State of Florida Department of State:			
2011 HHS Polling Place Accessibility	93.617	MOA 2015-2016-0003-PGAD	13,089
Total U.S. Department of Health and Human Services			<u>251,439</u>
U.S. Department of Homeland Security			
Passed Through State of Florida Division of Emergency Management:			
Emergency Management Preparedness Grant	97.042	16-FG-5A-02-30-01-086	34,046
Emergency Management Preparedness Grant	97.042	17-BG-P9-02-30-01-093	21,474
Subtotal Expenditures - CFDA No. 97.042			<u>55,520</u>
Homeland Security Grant	97.067	15-DS-P4-02-30-01-349	12,307
Total U.S. Department of Homeland Security			<u>67,827</u>
Total Federal Expenditures			<u><u>\$ 655,788</u></u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2016
(Continued)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Office of the Governor			
Emergency Management Preparedness Grant	31.063	16-BG-83-02-30-01-019	\$ 53,147
Emergency Management Preparedness Grant	31.063	17-BG-83-02-30-01-026	23,875
Total Florida Division of Emergency Management			<u>77,022</u>
Florida Department of Environmental Protection			
Small County Solid Waste	37.012	509SC	37,821
Rosedale Park	37.017	A5090	50,000
Scott Town Park	37.017	A6090	47,335
Subtotal Expenditures - CSFA No. 37.017			<u>97,335</u>
Total Florida Department of Environmental Protection			<u>135,156</u>
Florida Department of Agriculture and Consumer Services			
Arthropod Control/Mosquito Control	42.003	22285	<u>31,540</u>
Florida Department of Economic Opportunity			
Technical Assistance Grant - Study of Industrial Sites	40.024	P0174	40,000
Technical Assistance Grant - US-90 Corridor	40.024	P0141	20,000
Total Florida Department of Economic Opportunity			<u>60,000</u>
Florida Department of State			
Division of Library and Information Systems:			
State Aid to Libraries	45.030	16-ST-11	<u>449,981</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Grant	40.901	Unknown	<u>150,474</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2016
(Concluded)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Department of Transportation			
SCRAP - Hogan Lane	55.016	435197-1-58-01	\$ 93,007
SCRAP - Brickyard Road	55.016	431227-1-54-01	50,992
SCRAP - Howell Road	55.016	436725-1-54-01	8,811
Subtotal Expenditures - CSFA No. 55.016			<u>152,810</u>
CIGP - Telogia Creek Road	55.008	433556-1-54-01	48,344
SCOP - Bettstown Road	55.009	420100-2-54-01	84,158
SCOP - McPhaul Road	55.009	436827-1-54-01	40,114
SCOP - Peck Betts Road	55.009	433461-1-54-01	64,733
Subtotal Expenditures - CSFA No. 55.009			<u>189,005</u>
Total Florida Department of Transportation			<u>390,159</u>
Florida Department of Health			
EMS County Grant 15-16	64.005	C4020	<u>7,626</u>
Florida Department of Management Services			
E911 Maintenance	72.001	15-10-6	46,399
Map Maintenance	72.001	Part B	1,950
Special Training	72.001	Special Training	1,000
E911 Maintenance	72.001	15-4-8	1,516
Selective Router Upgrade	72.001	Part B	48,519
2016 Spring E911 Meeting	72.001	2016 Spring E911 Meeting	1,200
Subtotal Expenditures - CSFA No. 72.001			<u>100,584</u>
Total Florida Department of Management Services			<u>100,584</u>
Total State Financial Assistance			<u>1,402,542</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 2,058,330</u></u>

GADSDEN COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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.

Note 2 - De Minimis Indirect Cost Rate Election

The County did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, Indirect (F&A) costs, of the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

We have audited the compliance of Gadsden County, Florida, (the County) with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, which could have a direct and material effect on the County's major state projects for the year ended September 30, 2016. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and Chapter 10.550, *Rules of the Auditor General*. Those standards, 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 state 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 on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2016.

Certified Public Accountants

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

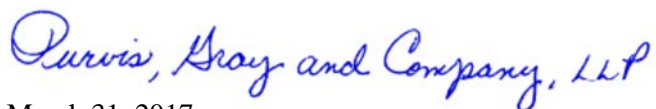
Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state projects and to test and report on internal control over compliance in accordance with 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 state 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 state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



March 31, 2017
Tallahassee, Florida

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of Auditors' Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies)	None reported
Noncompliance Material to Financial Statements Noted?	No

State Financial Assistance

Internal Control over Major Projects:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	No
Type of Auditors' Report Issued on Compliance for Major Projects	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i> ?	No

Identification of Major Projects:

CFDA Number	Name of State Project
40.901	State Housing Initiative Partnership
55.009	Small County Outreach Program
45.030	State Aid to Libraries

Dollar Threshold Used to Distinguish Between Type A and Type B Projects	\$ 300,000
--	------------

Section II - Financial Statement Findings

Financial statement findings, if any, are reported in the individual reports of the Constitutional Officers.

Section III - Findings and Questioned Costs - State Projects

No matters were reported.

GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Concluded)

Summary Schedule of Prior Audit Findings

State Project Finding Number 2015-01

State Agency:	Florida Housing Finance Corporation
CSFA Number:	40.901
Program Title:	State Housing Initiative Partnership Program (SHIP)
Compliance Requirement:	Allowable Costs
Finding Type:	Noncompliance and Significant Deficiency
Questioned Costs:	None

For the fiscal year 2014-15, the County reported expenditures of \$417,897, for the SHIP program. A significant portion of these SHIP funds were used to provide rehabilitation of homes owned by eligible participants. During fiscal year 2014-15, only one cost estimate was received from contractors for each SHIP rehabilitation project approved. Each of these rehabilitation projects exceeded \$5,001 in total costs.

The County's procurement policy requires competitive sealed bids for purchases over \$5,001. Prior to April of 2016, formal sealed bids were not obtained for SHIP rehabilitation projects that were approved.

Status: SHIP expenditures incurred during the fiscal year 2015-16 were incurred prior to the County being made aware of the non-compliance with their procurement policy. No new SHIP contracts were entered into between April of 2016 when the County became aware of the issue and September 30, 2016. The County properly bid the first SHIP rehabilitation project in October of 2016 in accordance with its procurement policy. This finding is considered to be resolved.

**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, 2016, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 31, 2017. 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*.

This report is intended solely for the information and use of the County's management, the Florida Auditor General, and applicable federal and state agencies providing assistance and is not intended to be and should not be used by anyone other than these specified parties.



March 31, 2017
Tallahassee, 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, 2016, 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, 2016.

This report 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, the Board of County Commissioners of Gadsden County, Florida, and its 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 31, 2017
Tallahassee, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH SECTION 365.172(10)
AND SECTION 365.173(2)(d), 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 365.172(10), and Section 365.173(2)(d) Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(b), *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, 2016.

This report 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, the Board of County Commissioners of Gadsden County, Florida, and its 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 31, 2017
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 31, 2017.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Reports on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 31, 2017, should be considered in conjunction with this management letter. This management letter applies to the County as a whole. Other management letter comments are described in the audit reports of the constitutional officers.

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 the findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County 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.
- Pursuant to Sections 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

- Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2016, 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, 2016. 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

- Sections 10.554(1)(i)2., *Rules of the Auditor General*, require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of 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.

Purpose of this Letter

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.



March 31, 2017
Tallahassee, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clerk'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 Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2016, and the respective changes in financial position and budgetary comparison for the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information of Gadsden County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2016, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

Other Reporting Required by Government Auditing Standards

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



March 31, 2017
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total
	General Fund	Court Fund	Public Records Trust Fund	Governmental Funds
Assets				
Cash	\$ 13,632	\$ 175,388	\$ 117,937	\$ 306,957
Due from Other Funds	36	86	0	122
Due from Other Governments	55,158	410	0	55,568
Total Assets	<u>68,826</u>	<u>175,884</u>	<u>117,937</u>	<u>362,647</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	34,178	37,485	29,715	101,378
Due to Other Governments	21,873	35,505	0	57,378
Accrued Wages and Benefits	12,775	12,831	0	25,606
Unearned Revenue	0	90,063	0	90,063
Total Liabilities	<u>68,826</u>	<u>175,884</u>	<u>29,715</u>	<u>274,425</u>
Fund Balances				
Restricted for Records Modernization	<u>0</u>	<u>0</u>	<u>88,222</u>	<u>88,222</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>88,222</u>	<u>88,222</u>
Total Liabilities and Fund Equity	<u>\$ 68,826</u>	<u>\$ 175,884</u>	<u>\$ 117,937</u>	<u>\$ 362,647</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total
	General Fund	Court Fund	Public Records Trust Fund	Governmental Funds
Revenues				
Intergovernmental Revenues	\$ 232,456	\$ 231,264	\$ 0	\$ 463,720
Charges for Services	149,310	625,525	51,739	826,574
Fines and Forfeitures	0	250,768	67,418	318,186
Interest	207	136	79	422
Miscellaneous	16,537	0	0	16,537
Total Revenues	<u>398,510</u>	<u>1,107,693</u>	<u>119,236</u>	<u>1,625,439</u>
Expenditures				
General Government:				
Personal Services	988,022	0	102,123	1,090,145
Operating Expenditures	211,456	0	5,571	217,027
Capital Outlay	16,618	0	35,152	51,770
Court Related:				
Personal Services	0	963,550	0	963,550
Operating Expenditures	0	93,575	0	93,575
(Total Expenditures)	<u>1,216,096</u>	<u>1,057,125</u>	<u>142,846</u>	<u>2,416,067</u>
(Deficiency) Excess of Expenditures (Under) Over Revenues	<u>(817,586)</u>	<u>50,568</u>	<u>(23,610)</u>	<u>(790,628)</u>
Other Financing Sources				
Transfers from Board of County Commissioners	817,586	0	0	817,586
Excess Fees Due to State	0	(50,568)	0	(50,568)
Total Other Financing Sources (Uses)	<u>817,586</u>	<u>(50,568)</u>	<u>0</u>	<u>767,018</u>
Net Change in Fund Balances	0	0	(23,610)	(23,610)
Fund Balances, Beginning of Year (As Restated)	<u>0</u>	<u>0</u>	<u>111,832</u>	<u>111,832</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 88,222</u>	<u>\$ 88,222</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 231,000	\$ 232,456	\$ 232,456	\$ 0
Charges for Services	130,850	149,310	149,310	0
Interest	230	207	207	0
Miscellaneous	14,235	16,537	16,537	0
Total Revenues	<u>376,315</u>	<u>398,510</u>	<u>398,510</u>	<u>0</u>
Expenditures				
General Government:				
Personal Services	960,155	988,022	988,022	0
Operating Expenditures	220,246	211,456	211,456	0
Capital Outlay	13,500	16,618	16,618	0
(Total Expenditures)	<u>(1,193,901)</u>	<u>(1,216,096)</u>	<u>(1,216,096)</u>	<u>0</u>
(Deficiency) of Expenditures				
(Under) Revenues	<u>(817,586)</u>	<u>(817,586)</u>	<u>(817,586)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners	817,586	817,586	817,586	0
Total Other Financing Sources (Uses)	<u>817,586</u>	<u>817,586</u>	<u>817,586</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT
(Continued)**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 171,729	\$ 231,264	\$ 231,264	\$ 0
Charges for Services	699,510	625,525	625,525	0
Fines and Forfeitures	304,602	250,768	250,768	0
Interest	110	136	136	0
Total Revenues	<u>1,175,951</u>	<u>1,107,693</u>	<u>1,107,693</u>	<u>0</u>
Expenditures				
Court Related:				
Personal Services	1,068,005	963,550	963,550	0
Operating Expenditures	<u>107,946</u>	<u>93,575</u>	<u>93,575</u>	<u>0</u>
(Total Expenditures)	<u>(1,175,951)</u>	<u>(1,057,125)</u>	<u>(1,057,125)</u>	<u>0</u>
Excess of Expenditures Over Revenues	0	50,568	50,568	0
Other Financing Sources (Uses)				
Excess Fees Due to State	0	(50,568)	(50,568)	0
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT
(Concluded)**

	Public Records Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$ 0	\$ 51,739	\$ 51,739	\$ 0
Fines and Forfeitures	0	67,418	67,418	0
Interest	0	79	79	0
Total Revenues	0	119,236	119,236	0
Expenditures				
General Government:				
Personal Services	0	102,123	102,123	0
Operating Expenditures	0	13,022	5,571	7,451
Capital Outlay	0	27,701	35,152	(7,451)
(Total Expenditures)	0	(142,846)	(142,846)	0
Net Change in Fund Balances	0	(23,610)	(23,610)	0
Fund Balances, Beginning of Year (As Restated)	165,504	165,504	111,832	(53,672)
Fund Balances, End of Year	\$ 165,504	\$ 141,894	\$ 88,222	\$ (53,672)

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

Assets

Cash	\$ 567,514
Total Assets	<u>567,514</u>

Liabilities

Due to Other Funds	122
Due to Other Governments	35,858
Deposits	531,287
Due to Individuals	247
Total Liabilities	<u>\$ 567,514</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129, and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. The receipts from the County General Fund are recorded as other financing sources on the Clerk's general fund financial statements. Any excess of revenues and other financing sources received over expenditures of the general fund are remitted to the County General Fund at year-end. The court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida and are reported in the Court Fund. At year-end, any excess of revenues over court-related expenditures of the Court fund are remitted to the State of Florida pursuant to Florida Statute 28.37.

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General—Local Governmental Audits*.

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

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

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

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

▶ **Public Records Trust Fund**

The Public Records Trust Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the public records system of the Clerk's office and additional court-related operational needs and program enhancements.

■ **Fiduciary Fund Type**

● **Agency Funds**

The Agency Funds are used to account for assets held by the Clerk in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

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

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

Measurement Focus

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund and the Public Records Trust Fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. A budget was adopted for the Court Fund and approved by the Florida Clerk of Courts Operations Corporation. Budgets are prepared on the modified accrual basis of accounting.

The Clerk's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

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

Compensated Absences

Employees accrue vacation leave based on their length of employment. They may accrue from 13 to 20 days of vacation leave per year. A minimum of five consecutive days of vacation leave must be taken by each employee every year. Vacation leave in excess of 240 hours is transferred to sick leave on December 31 following the end of the fiscal year. Employees are not paid for vacation leave in lieu of taking vacation. An employee is paid for earned vacation leave only upon separation or by authorization of the Clerk. Upon retirement or resignation, employees may be paid a cash benefit equal to the number of vacation hours accumulated, based upon the employee's current wage rate.

Employees earn four hours of sick leave for each two weeks of employment. Upon separation, employees of the Clerk, with three years or more of consecutive service, are paid twenty-five percent of their sick leave balance.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*, the Clerk uses the vesting method to calculate the liability for compensated absences. The Clerk does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the statement of net position in the government-wide financial statements of the County.

Unearned Revenue

In accordance with requirements of the Clerk of Court Operations Corporation (CCOC), the Clerk reports unearned revenue for court related fines and fees collected in September of 2016, which are to be used as advance funding for the Clerk's Court operations in the following fiscal year.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Transfers In and Out

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

In accordance with Section 218.36, Florida Statutes, all General Fund noncourt-related revenues in excess of noncourt-related expenditures during the fiscal year are distributed to the Board within 31 days following the end of the fiscal year. In accordance with Section 28.37, Florida Statutes, the excess of court-related fees, service charges, court costs, and fines retained by the Clerk in excess of approved court-related expenditures, are distributed to the Florida Department of Revenue by January 1 following the Clerk's fiscal year-end. Accordingly, such amounts are recorded as liabilities due to other County units and other governments and as transfers out to the Board and the Florida Department of Revenue on the financial statements of the Clerk. The Clerk's transfers to the Board are recognized as transfers in on the financial statements of the Board.

Fund Balance Reporting

The Clerk has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. 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. The Clerk does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, 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 or resolution) of the County's governing body. 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 or resolution) it employed previously to constrain those amounts.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- **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. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **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.

When both restricted and unrestricted resources are available for use, it is the Clerk'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, it is the Clerk's policy to use committed resources first, then assigned, and then unassigned as needed.

Note 2 - Cash

As of September 30, 2016, the Clerk had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,600
Deposits in Qualified Public Depositories	872,871
Total Cash	\$ 874,471

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2016, were \$1,049,038.

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

Note 3 - Employees' Retirement and Benefit Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, *Florida Administrative Code*; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Clerk are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

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

Note 3 - Employees' Retirement and Benefit Plans (Continued)

FRS Pension Plan (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011</i>	
Retirement up to Age 62 or up to 30 Years of Service	1.60
Retirement at Age 63 or with 31 Years of Service	1.63
Retirement at Age 64 or with 32 Years of Service	1.65
Retirement at Age 65 or with 33 or more Years of Service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011</i>	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement at Age 66 or with 34 Years of Service	1.63
Retirement at Age 67 or with 35 Years of Service	1.65
Retirement at Age 68 or with 36 or more Years of Service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

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

Note 3 - Employees' Retirement and Benefit Plans (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

	Year Ended June 30, 2016		Year Ended June 30, 2017	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP - Applicable to Members				
from all of the Above Classes	0	11.22	0	11.33
FRS Employed Retired	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Clerk's contributions (employer) to the FRS Plan totaled \$196,118 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2016, the Clerk's proportionate share of the FRS net pension liability was \$1,969,462. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Clerk's proportion was 0.007799827%, which was an increase of 0.000531738% from its proportion measured as of June 30, 2015.

Further details of the FRS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems Florida in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

Note 3 - Employees' Retirement and Benefit Plans (Continued)

HIS Pension Plan (Concluded)

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates was 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate Trust Fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Clerk's contributions to the HIS Plan totaled \$24,782 for the fiscal year ended September 30, 2016.

Pension Liabilities. At September 30, 2016, the Clerk's proportionate share of the HIS net pension liability was \$550,010. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Clerk's proportion was 0.004719262%, which was a decrease of 0.000278414% from its proportion measured as of June 30, 2015.

Further details of the HIS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS - Defined Contribution Pension Plan

The Clerk contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan.

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

Note 3 - Employees' Retirement and Benefit Plans (Concluded)

FRS - Defined Contribution Pension Plan (Concluded)

Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Clerk's contributions to the Investment Plan totaled \$0 for the fiscal year ended September 30, 2016.

Note 4 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Liability for Compensated Absences	\$ 183,655	\$ 206,936	\$ (211,851)	\$ 178,740
Other Postemployment Benefits	88,100	6,800	0	94,900
Net Pension Liabilities	1,585,817	933,655	0	2,519,472
Total	<u>\$ 1,857,572</u>	<u>\$ 1,147,391</u>	<u>\$ (211,851)</u>	<u>\$ 2,793,112</u>

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

Note 4 - Long-term Liabilities (Concluded)

Of the \$178,740 liability for accrued compensated absences, management estimates that \$94,256 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since it is not payable from available resources at September 30, 2016. As discussed in Note 1, they are reported in the statement of net position in the government-wide financial statements of the County.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Clerk's office. See Note 7 for a description of other postemployment benefits.

See Note 3 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Note 5 - Operating Leases

The Clerk has non-cancellable operating leases for copiers and a postage meter, which expire in May 2017, September 2017, January 2018, and September 2018, respectively. The Clerk also has an operating lease for copiers, which is on a 90-day renewal period. For the year ended September 30, 2016, the equipment lease expense was \$26,225.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 21,088
2018	<u>4,676</u>
Total	<u><u>\$ 25,764</u></u>

Note 6 - Risk Management

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

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

Note 7 - Other Postemployment Benefits

Plan Description—The Clerk participates in an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program (the Program). A stand-alone financial report is not issued for the Program.

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

Note 7 - Other Postemployment Benefits (Concluded)

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

Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation—The Clerk's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by 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 20 years.

The Clerk's portion of the OPEB liability as of September 30, 2016, totaled \$94,900. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

Note 8 - Restatement

Beginning Fund Balance in the Public Records Trust fund was restated to properly reflect costs that should have been paid from the Public Records Trust Fund in the previous fiscal year but were actually paid from the Court Fund. The restatement was also necessary to properly reflect unearned revenues in the Court Fund in accordance with the Clerk of Court Operations Corporation (CCOC) requirements. Beginning fund balance in the Records Modernization Trust fund was reduced by \$53,672.

OTHER FINANCIAL INFORMATION

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

	<u>General Trust</u>	<u>Cash Bonds</u>	<u>Child Support</u>	<u>Total of All Agency Funds</u>
Assets				
Cash	\$ 368,024	\$ 199,279	\$ 211	\$ 567,514
Total Assets	<u>368,024</u>	<u>199,279</u>	<u>211</u>	<u>567,514</u>
Liabilities				
Due to Other Funds	36	86	0	122
Due to Other Governments	35,858	0	0	35,858
Deposits	332,094	199,193	0	531,287
Due to Individuals	36	0	211	247
Total Liabilities	<u>\$ 368,024</u>	<u>\$ 199,279</u>	<u>\$ 211</u>	<u>\$ 567,514</u>

OTHER REPORTS

**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**

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

We have audited, 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, the financial statements of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control Over Financial Reporting

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

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

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

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The Honorable Nicholas Thomas
Gadsden County Clerk of the Circuit Court
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 Clerk'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 31, 2017
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 31, 2017
Tallahassee, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES**

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 31, 2017
Tallahassee, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 61.181, FLORIDA STATUTES**

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 31, 2017
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 31, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 31, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we address in the management letter whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report. There were no such recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Clerk was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Clerk.

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

MANAGEMENT LETTER
(Concluded)

Other Matters

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

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

Purpose of this Letter

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, the Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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



March 31, 2017
Tallahassee, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sheriff'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 Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2016, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information of Gadsden County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2016, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



March 31, 2017
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	Major Funds			Other	Total
	General	Radio	Inmate	Governmental	Governmental
	Fund	Communi-	Welfare	Funds	Funds
		cations			
Assets					
Cash	\$ 73,483	\$ 252,949	\$ 125,822	\$ 22,545	\$ 474,799
Prepaid Expenses	23,368	0	0	0	23,368
Due from Other Funds	164,129	450	68,431	0	233,010
Due from Board of County					
Commissioners	0	0	0	112,502	112,502
Due from Other Governments	0	0	0	50,562	50,562
Total Assets	260,980	253,399	194,253	185,609	894,241
Liabilities and Fund Balance					
Liabilities					
Accounts Payable and Accrued					
Expenses	251,985	0	0	0	251,985
Due to Board of County					
Commissioners	8,545	0	0	0	8,545
Due to Other Funds	450	1,065	57,753	163,064	222,332
Unearned Revenues	0	0	0	22,334	22,334
Total Liabilities	260,980	1,065	57,753	185,398	505,196
Fund Balances					
Restricted:					
Radio Communications	0	252,334	0	0	252,334
Inmate Welfare	0	0	136,500	0	136,500
Committed:					
Teen Court	0	0	0	211	211
Total Fund Balances	0	252,334	136,500	211	389,045
Total Liabilities and					
Fund Balances	\$ 260,980	\$ 253,399	\$ 194,253	\$ 185,609	\$ 894,241

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	Major Funds			Other	Total
	General Fund	Radio Communi- cations	Inmate Welfare	Governmental Funds	Governmental Funds
Revenues					
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 81,985	\$ 81,985
Charges for Services	26,233	98,273	0	25,487	149,993
Miscellaneous Revenue	0	0	203,277	39,464	242,741
Total Revenues	<u>26,233</u>	<u>98,273</u>	<u>203,277</u>	<u>146,936</u>	<u>474,719</u>
Expenditures					
Public Safety:					
Personal Services	5,515,558	0	65,269	279,676	5,860,503
Operating	1,663,085	22,406	67,381	136,797	1,889,669
Capital Outlay	113,960	216,555	0	20,368	350,883
Debt Service:					
Principal	63,693	36,130	45,763	0	145,586
Interest	6,471	2,114	4,113	0	12,698
(Total Expenditures)	<u>(7,362,767)</u>	<u>(277,205)</u>	<u>(182,526)</u>	<u>(436,841)</u>	<u>(8,259,339)</u>
(Deficiency) Excess of Expenditures (Under) Over Revenues	<u>(7,336,534)</u>	<u>(178,932)</u>	<u>20,751</u>	<u>(289,905)</u>	<u>(7,784,620)</u>
Other Financing Sources (Uses)					
Transfers from Board of County Commissioners	7,343,564	0	0	289,078	7,632,642
Transfers to Board of County Commissioners	(7,030)	0	0	0	(7,030)
Installment Purchases	0	216,555	0	0	216,555
Total Other Financing Sources (Uses)	<u>7,336,534</u>	<u>216,555</u>	<u>0</u>	<u>289,078</u>	<u>7,842,167</u>
Net Change in Fund Balances	0	37,623	20,751	(827)	57,547
Fund Balances, Beginning of Year	<u>0</u>	<u>214,711</u>	<u>115,749</u>	<u>1,038</u>	<u>331,498</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 252,334</u>	<u>\$ 136,500</u>	<u>\$ 211</u>	<u>\$ 389,045</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	General Fund			Variance with Final Budget
	Budgeted Amounts		Actual Amounts	Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 26,175	\$ 26,175	\$ 26,233	\$ 58
Total Revenues	26,175	26,175	26,233	58
Expenditures				
Public Safety:				
Personal Services	5,504,833	5,504,833	5,515,558	(10,725)
Operating	1,655,412	1,655,412	1,663,085	(7,673)
Capital Outlay	138,994	138,994	113,960	25,034
Debt Service:				
Principal	64,000	64,000	63,693	307
Interest	6,500	6,500	6,471	29
(Total Expenditures)	(7,369,739)	(7,369,739)	(7,362,767)	6,972
(Deficiency) of Revenues				
(Under) Expenditures	(7,343,564)	(7,343,564)	(7,336,534)	7,030
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners	7,343,564	7,343,564	7,343,564	0
Transfers to Board of County Commissioners	0	0	(7,030)	(7,030)
Total Other Financing Sources (Uses)	7,343,564	7,343,564	7,336,534	(7,030)
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 98,300	\$ 98,300	\$ 98,273	\$ (27)
Total Revenues	98,300	98,300	98,273	(27)
Expenditures				
Public Safety:				
Operating	22,550	22,550	22,406	144
Debt Service:				
Principal	0	36,130	36,130	0
Interest	0	2,114	2,114	0
Capital Outlay	75,750	254,061	216,555	37,506
(Total Expenditures)	(98,300)	(314,855)	(277,205)	(37,650)
(Deficiency) of Revenues				
(Under) Expenditures	0	(216,555)	(178,932)	(37,677)
Other Financing Sources (Uses)				
Installment Purchases	0	216,555	216,555	0
Total Other Financing Sources (Uses)	0	216,555	216,555	0
Net Change in Fund Balances	0	0	37,623	(37,677)
Fund Balances, Beginning of Year	214,711	214,711	214,711	0
Fund Balances, End of Year	\$ 214,711	\$ 214,711	\$ 252,334	\$ (37,677)

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE WELFARE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	Inmate Welfare			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 203,258	\$ 203,258	\$ 203,277	\$ 19
Total Revenues	<u>203,258</u>	<u>203,258</u>	<u>203,277</u>	<u>19</u>
Expenditures				
Public Safety:				
Personal Services	65,276	65,276	65,269	7
Operating	137,982	137,982	67,381	70,601
Debt Service:				
Principal	0	0	45,763	(45,763)
Interest	0	0	4,113	(4,113)
(Total Expenditures)	<u>(203,258)</u>	<u>(203,258)</u>	<u>(182,526)</u>	<u>20,732</u>
Net Change in Fund Balances	0	0	20,751	20,751
Fund Balances, Beginning of Year	<u>115,749</u>	<u>115,749</u>	<u>115,749</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 115,749</u>	<u>\$ 115,749</u>	<u>\$ 136,500</u>	<u>\$ 20,751</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF

Assets

Cash	\$ 94,282
Due from Other Funds	57,753
Total Assets	<u>152,035</u>

Liabilities

Due to Other Funds	68,431
Due to Other Governments	1,170
Assets Held for Others	82,434
Total Liabilities	<u>\$ 152,035</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS GADSDEN COUNTY SHERIFF

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Sheriff's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures of each fund category) for the determination of major funds. Major funds are reported separately in the basic financial statements of the Sheriff.

Fund Accounting

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

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

■ **Nonmajor Governmental Funds**

- **Special Revenue Funds**—Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title “Other Governmental Funds:”
 - ▶ **VOCA**—Accounts for the activities related to funds received from the Florida Attorney General for use related to the *Victims Crime Act*.
 - ▶ **E-911**—Accounts for the activities related to funds received from the Florida Department of Management Services for the prorated share of E-911 cell phone tax.
 - ▶ **Justice Assistance**—These two funds account for the activities related to funds received from the Florida Department of Law Enforcement for the Justice Assistance Grant and the related program income.
 - ▶ **Teen Court**—Accounts for the activities related to establishing and maintaining a teen court pursuant to the County ordinance Section 26-1.
 - ▶ **Victims Special**—Accounts for the activities related to funds received from the State of Florida for the Victim Advocates’ Assistance Emergency Fund.
 - ▶ **SCAAP**—Accounts for the activities related to funds received from the Department of Justice Assistance for State Criminal Alien Assistance Program.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

- ▶ **LEEF Training**—Accounts for the activities related to law enforcement training.
- ▶ **DEM Federal**—Accounts for the activities related to the emergency management preparedness grant funded by the U.S. Department of Homeland Security passed through the Gadsden County Board of County Commissioners.
- ▶ **Towing and Impound**—Accounts for the activities related to funds received from program generated income for narcotic-related activities from the Justice Assistance Grant.
- ▶ **Emergency Management**—Accounts for the activities related to establishing and maintaining disaster assistance services.
- ▶ **JAG**—Accounts for the activities related to funds for narcotics investigations through a grant received from the Florida Department of Law Enforcement.

■ **Fiduciary Funds**

- **Agency Funds**—The Agency Funds account for the assets held by the Sheriff in a trustee capacity as an agent for individuals, private organizations, and/or governmental units. These are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

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

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

The Sheriff considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenues are considered susceptible to accrual: intergovernmental revenue, charges for services, and interest earned. However, intergovernmental revenue, consisting of a cost reimbursement grant, is recognized as revenue as the related expenditures are incurred.

Measurement Focus

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

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

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

Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Liability for Compensated Absences

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

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

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

Transfers In and Out

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

Related Organizations - Service Fees and Common Expenses

Certain expenses, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff. These expenses paid by the Board relating to the Sheriff's operations are:

- Occupancy Costs
- Property and Workers' Compensation Insurance
- Employees' Health and Life Insurance

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting

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. The Sheriff does not have any nonspendable funds.
- **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 or resolution) of the County's Governing 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 or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year's budget deficit.
- **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.

When both restricted and unrestricted resources are available for use, it is the Sheriff'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, it is the Sheriff's policy to use committed resources first, then assigned, and then unassigned as needed.

Note 2 - Cash

As of September 30, 2016, the Sheriff had the following in cash:

	Carrying Amount
Deposits in Qualified Public Depositories	\$ 569,081
Total Cash	\$ 569,081

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 2 - Cash (Concluded)

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are all held in a qualified public depository and are therefore considered fully insured or collateralized. Bank balances at September 30, 2016, were \$728,944.

Note 3 - Capital Assets

A summary of the changes in capital assets for the year ended September 30, 2016, follows:

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Vehicles, Furniture, and Equipment	\$ 3,864,562	\$ 350,558	\$ (929,821)	\$ 3,285,299
(Accumulated Depreciation)	(3,299,466)	(198,836)	926,223	(2,572,079)
Capital Assets, Net	<u>\$ 565,096</u>	<u>\$ 151,722</u>	<u>\$ (3,598)</u>	<u>\$ 713,220</u>

Depreciation expense for the Sheriff's assets was recorded in the County's government-wide financial statements in the amount of \$198,836.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 4 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Capital Leases	\$ 230,096	\$ 216,555	\$ (145,586)	\$ 301,065
Liability for Compensated Absences	563,320	477,887	(496,221)	544,986
Other Postemployment Benefits	756,300	86,300	(50,600)	792,000
Net Pension Liabilities	<u>3,910,845</u>	<u>3,052,761</u>	<u>0</u>	<u>6,963,606</u>
Total	<u>\$ 5,460,561</u>	<u>\$ 3,833,503</u>	<u>\$ (692,407)</u>	<u>\$ 8,601,657</u>

Of the \$544,986 liability for accrued compensated absences, management estimates that \$210,146 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from expendable available resources at September 30, 2016.

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

See Note 7 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

The long-term liabilities shown above are reported in the statement of net position in the government-wide financial statements of the County.

Note 5 - Lease Obligations

Capital Leases

The Sheriff has commitments under three capital lease agreements as described below. Annual payments under the leases are reported as debt service principal and interest expenditures.

The capital lease agreement for the purchase of vehicles provides for 12 quarterly payments of \$17,541, including interest, beginning April 2015 and ending January 2018. The net present value of the capital lease was computed utilizing an interest rate of 5.2%, which was the rate provided in the terms of the lease agreement.

The capital lease agreement for the purchase of the body security screening system provides for an upfront payment of \$60,000 and then 11 quarterly payments of \$12,469, including interest, beginning August 2014 and ending May 2017. The net present value of the capital lease was computed utilizing an interest rate of 6.32%, which was the rate imputed from the terms of the lease agreement.

The capital lease agreement for the purchase of mobile data computers provides for 12 quarterly payments of \$19,121, including interest, beginning April 2016 and ending March 2019. The net present value of the capital lease was computed utilizing an interest rate of 4.27%, which was the rate imputed from the terms of the lease agreement.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 5 - Lease Obligations (Concluded)

Capital Leases (Concluded)

At September 30, 2016, aggregate future minimum lease payments are as follows:

<u>September 30, 2016</u>	<u>Amount</u>
2017	\$ 184,058
2018	94,028
2019	<u>38,244</u>
Total Future Minimum Lease Payments	316,330
(Less Amount Representing Interest)	<u>(15,265)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 301,065</u></u>

Operating Lease

The Sheriff leases office equipment under various operating leases. The future minimum lease payments for these leases are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 9,443
2018	3,935
2019	<u>0</u>
Total	<u><u>\$ 13,378</u></u>

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2016, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 164,129	\$ 450
Special Revenue Funds		
Radio Communications	450	1,065
Inmate Welfare	68,431	57,753
VOCA	0	9,074
Emergency Management	0	23,875
Justice Assistance	0	8,920
Justice Assistance Program Income	0	3,200
SCAAP	0	0
LEEF Training Fund	0	37,007
DEM Federal	0	54,270
E-911	0	25,437
Teen Court	0	1,281
Agency Funds		
Inmate Commissary	<u>57,753</u>	<u>68,431</u>
Total	<u><u>\$ 290,763</u></u>	<u><u>\$ 290,763</u></u>

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Sheriff are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Special Risk Class*—Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service except for members classified as special risk, who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Benefits Provided. (Concluded)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2016</u>		<u>Year Ended June 30, 2017</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.57	3.00	20.05
FRS, Special Risk Regular	3.00	20.34	3.00	20.85
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Sheriff contributions (employer), to the FRS Plan totaled \$528,999 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities. At September 30, 2016, the Sheriff's proportionate share of the FRS net pension liability was \$5,477,300. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Sheriff's proportion was .0216922%, which was an increase of .0014580% from its proportion measured as of June 30, 2015.

Further details of the FRS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Sheriff's contributions to the HIS Plan totaled \$65,367 for the fiscal year ended September 30, 2016, (modified accrual basis).

Pension Liabilities. At September 30, 2016, the Sheriff's proportionate share of the HIS net pension liability was \$1,486,306. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Sheriff's pension expense proportion was 0.01275297%, which was an increase of 0.00000032 from its proportion measured as of June 30, 2015.

Further details of the HIS net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and the other required disclosures can be found in the County-wide annual financial report.

FRS – Defined Contribution Pension Plan

The Sheriff contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Sheriff's Investment Plan pension expense totaled \$36,873 for the fiscal year ended September 30, 2016.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 8 - Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriff's Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2016, was \$87,337.

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

Automobile Coverage

The Sheriff participates in the Florida Municipal Insurance Trust, which is sponsored by the Florida League of Cities for automobile coverage. The contribution required for the year ended September 30, 2016, was \$32,038.

Workers' Compensation

The Sheriff participates in the Florida Municipal Insurance Trust for workers' compensation coverage, which provides for coverage of risks of loss related to workers' compensation claims. The Sheriff makes payments to the fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The net amount paid for the year ended September 30, 2016, was \$118,020.

Note 9 - Contingencies

Various claims and legal actions arising in the normal course of the Sheriff's operations were pending against the Sheriff at September 30, 2016. These claims are covered through the Sheriff's participation in the Florida Sheriff's Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities, which may arise from such actions, would be adequately covered by the Self-Insurance Fund. Accordingly, no provision has been made in the financial statements for such contingencies.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description—The Sheriff participates in an agent single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program (the Program). A stand-alone financial report is not issued for the Program.

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Concluded)

Note 10 - Other Postemployment Benefits (OPEB) *(Concluded)*

Annual OPEB Cost and Net OPEB Obligation—The Sheriff's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by 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 20 years.

The Sheriff's portion of the OPEB liability as of September 30, 2016, totaled \$792,000. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

OTHER FINANCIAL INFORMATION

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	<u>VOCA</u>	<u>E-911</u>	<u>Justice Assistance</u>	<u>Justice Asst. Prog Income</u>	<u>Teen Court</u>	<u>Victims Special</u>
Assets						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 211	\$ 17,688
Due from Board of County Commissioners	0	25,437	8,920	0	0	0
Due from Other Governments	9,074	0	0	3,200	1,281	0
Total Assets	<u>9,074</u>	<u>25,437</u>	<u>8,920</u>	<u>3,200</u>	<u>1,492</u>	<u>17,688</u>
Liabilities and Fund Balances						
Liabilities						
Due to Other Funds	9,074	25,437	8,920	3,200	1,281	0
Unearned Revenues	0	0	0	0	0	17,688
Total Liabilities	<u>9,074</u>	<u>25,437</u>	<u>8,920</u>	<u>3,200</u>	<u>1,281</u>	<u>17,688</u>
Fund Balances						
Committed:						
Teen Court	0	0	0	0	211	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>211</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 9,074</u>	<u>\$ 25,437</u>	<u>\$ 8,920</u>	<u>\$ 3,200</u>	<u>\$ 1,492</u>	<u>\$ 17,688</u>

SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Emergency Management	JAG	Total Other Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 4,646	\$ 0	\$ 0	\$ 22,545
0	0	54,270	0	23,875	0	112,502
0	37,007	0	0	0	0	50,562
<u>0</u>	<u>37,007</u>	<u>54,270</u>	<u>4,646</u>	<u>23,875</u>	<u>0</u>	<u>185,609</u>
0	37,007	54,270	0	23,875	0	163,064
0	0	0	4,646	0	0	22,334
<u>0</u>	<u>37,007</u>	<u>54,270</u>	<u>4,646</u>	<u>23,875</u>	<u>0</u>	<u>185,398</u>
0	0	0	0	0	0	211
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>211</u>
<u>\$ 0</u>	<u>\$ 37,007</u>	<u>\$ 54,270</u>	<u>\$ 4,646</u>	<u>\$ 23,875</u>	<u>\$ 0</u>	<u>\$ 185,609</u>

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	VOCA	E-911	Justice Assistance	Justice Asst. Prog Income	Teen Court	Victims Special
Revenues						
Intergovernmental Revenue	\$ 44,978	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	25,487	0
Miscellaneous Revenue	0	0	0	0	39,464	0
Total Revenues	<u>44,978</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,951</u>	<u>0</u>
Expenditures						
Public Safety:						
Personal Services	44,978	93,303	37,519	0	24,923	0
Operating	0	6,252	0	0	40,855	0
Capital Outlay	0	0	0	0	0	0
(Total Expenditures)	<u>(44,978)</u>	<u>(99,555)</u>	<u>(37,519)</u>	<u>0</u>	<u>(65,778)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>0</u>	<u>(99,555)</u>	<u>(37,519)</u>	<u>0</u>	<u>(827)</u>	<u>0</u>
Other Financing Sources						
Transfers from Board of County Commissioners	0	99,555	37,519	0	0	0
Total Other Financing Sources	<u>0</u>	<u>99,555</u>	<u>37,519</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0	(827)	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,038</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 211</u>	<u>\$ 0</u>

SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Emergency Management	JAG	Total Other Governmental Funds
\$ 0	\$ 37,007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,985
0	0	0	0	0	0	25,487
0	0	0	0	0	0	39,464
0	37,007	0	0	0	0	146,936
2,485	0	0	0	76,468	0	279,676
0	37,007	35,152	0	13,874	3,657	136,797
0	0	20,368	0	0	0	20,368
(2,485)	(37,007)	(55,520)	0	(90,342)	(3,657)	(436,841)
(2,485)	0	(55,520)	0	(90,342)	(3,657)	(289,905)
2,485	0	55,520	0	90,342	3,657	289,078
2,485	0	55,520	0	90,342	3,657	289,078
0	0	0	0	0	0	(827)
0	0	0	0	0	0	1,038
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 211

**COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2016
GADSDEN COUNTY SHERIFF**

	<u>Confiscated Funds</u>	<u>Civil Account</u>	<u>Suspense</u>	<u>Inmate Commissary</u>	<u>Totals</u>
Assets					
Cash	\$ 23,441	\$ 10,913	\$ 0	\$ 59,928	\$ 94,282
Due From Other Funds	0	0	0	57,753	57,753
Total Assets	<u>23,441</u>	<u>10,913</u>	<u>0</u>	<u>117,681</u>	<u>152,035</u>
Liabilities					
Due to Other Funds	0	0	0	68,431	68,431
Due to Other Governmental Units	0	1,170	0	0	1,170
Assets Held for Others	23,441	9,743	0	49,250	82,434
Total Liabilities	<u>\$ 23,441</u>	<u>\$ 10,913</u>	<u>\$ 0</u>	<u>\$ 117,681</u>	<u>\$ 152,035</u>

OTHER REPORTS

**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***

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

We have audited, 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, the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Gadsden County, Florida, (the Sheriff) as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable Morris A. Young
Gadsden County Sheriff
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 Sheriff'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 31, 2017
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Sheriff and its management, and the Board of Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 31, 2017
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 31, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our 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*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 31, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)(4)., *Rules of the Auditor General*, requires 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 note of the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Sheriff.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we offer the following recommendation.

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

■ **2016-1 Financial Statement Close**

Pursuant to Florida Statutes, Section 218.36, each County officer is required to make an annual report of revenues and expenditures within thirty-one days of the close of the fiscal year. While this report was submitted to the County by October 31st as required, the report was based on preliminary estimates. Upon our arrival to begin audit fieldwork in January 2017, the books and records of the Sheriff's office were not ready for audit. The Sheriff's accounting department currently consists of two employees and one outside consultant. This lack of sufficient staffing appears to be the cause of the delay in the financial closing process. We recommend the Sheriff's office evaluate the need to hire additional accounting staff (internal or external) to assist with the monthly and year-end closing process. We further recommend a detailed plan be established including scheduled completion dates for each step required in the closing process.

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

Purpose of this Letter

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, the Sheriff and its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

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



March 31, 2017
Tallahassee, Florida



March 31, 2016

Ms. Sherrill F. Norman, CPA
Auditor General of the State of Florida
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company, LLP for the fiscal year end September 30, 2016, we would like to respond as follows:

Current Year Findings and Recommendations

▪ 2016-01 – Financial Statement Close

Pursuant to Florida Statutes, Section 218.36, each County officer is required to make an annual report of revenues and expenditures within thirty-one days of the close of the fiscal year. While this report was submitted to the County by October 31st as required, the report was based on preliminary estimates. Upon our arrival to begin fieldwork in January 2017, the books and records of the Sheriff's office were not ready for audit. The Sheriff's accounting department currently consists of two employees and one outside consultant. This lack of sufficient staffing appears to be the cause of the delay in the financial closing process. We recommend the Sheriff's office evaluate the need to hire additional accounting staff (internal or external) to assist with the monthly and year-end closing process. We further recommend a detailed plan be established including scheduled completion dates for each step required in the closing process.

Management's Response

All efforts are being made to correct finding 2016-01 in the current fiscal year. The Sheriff's Office has hired an outside Consultant to lead an internal Reacquisition Team through the reorganization process to address the critical staffing shortages, the cost and benefits of services provided and to identify cost saving to promote greater efficiency and responsibility throughout the agency. I have enclosed a copy of our yearend closing process as presented to Purvis Gray & Company.

Sincerely,

Morris A. Young
Gadsden County Sheriff
MAY: kp

A handwritten signature in blue ink, appearing to read "MAY: kp", written over a large, stylized blue ink flourish or signature.

Financial Statement Close Process
9/30/16
GCSO

PGC discussed the financial statement close process with the Finance Director. The GCSO has hired an outside consultant to assist with the financial statement close process.

The year-end close process is generally completed by October 31st of each year in order to meet the requirement to remit excess fees to the Board. The financial statement close process is not formally documented but is summarized as follows:

- Reconcile all bank accounts by the 15th (approx.) of each month
- Review September invoices received in October for recording of additional Accounts Payable. Call various agencies (including BCC) that bill the GCSO monthly and get an advance copy of invoice.
- Complete grant billings and record related receivables
- Balance Due to/Due from's across funds
- Prepare deposit analysis to ensure proper posting and recording of deposits.
- Ensure Civil Liabilities are paid to BCC.
- Run budget vs. actual reports and compute excess funds Due to BCC.
- Reconcile quarterly 941's to salaries expense per g/l.

The financial statements and note disclosures are prepared by the external auditing firm. These financial statements are reviewed by the Finance Director and the outside consultant for accuracy and agreement with the internal financial statements.

PGC reviewed the closing procedures described above.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Tax Collector's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2016, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida, as of September 30, 2016, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tax Collector's internal control over financial reporting and compliance.



March 24, 2017
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2016
GADSDEN COUNTY TAX COLLECTOR**

Assets

Cash	\$ 10,510
Due from Others	291
Due from Other Funds	4,286
Total Assets	<u>15,087</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	1,696
Due to Other Funds	4,255
Due to Board of County Commissioners	9,116
Due to Other Governments	20
Total Liabilities	<u>15,087</u>

Fund Balance	<u>0</u>
---------------------	----------

Total Liabilities and Fund Equity	<u>\$ 15,087</u>
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See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY TAX COLLECTOR**

Revenues

Charges for Services	\$ 819,079
Miscellaneous	3,835
Total Revenues	<u>822,914</u>

Expenditures

Current:	
General Government:	
Personal Services	616,734
Operating	197,064
(Total Expenditures)	<u>(813,798)</u>

Excess of Revenues Over Expenditures	<u>9,116</u>
---	--------------

Other Financing (Uses)

Transfers (out) to Board of County Commissioners	(9,116)
Total Other Financing (Uses)	<u>(9,116)</u>

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
--	----------

Fund Balance, End of Year	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY TAX COLLECTOR**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 789,890	\$ 789,890	\$ 819,079	\$ 29,189
Miscellaneous	2,800	2,800	3,835	1,035
Total Revenues	<u>792,690</u>	<u>792,690</u>	<u>822,914</u>	<u>30,224</u>
Expenditures				
Current:				
General Government:				
Personal Services	632,891	620,583	616,734	3,849
Operating	184,942	197,250	197,064	186
Capital Outlay	2,804	2,804	0	2,804
(Total Expenditures)	<u>(820,637)</u>	<u>(820,637)</u>	<u>(813,798)</u>	<u>6,839</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	<u>(27,947)</u>	<u>(27,947)</u>	<u>9,116</u>	<u>37,063</u>
Other Financing (Uses)				
Budget Deficiency - Transfer from				
Board of County Commissioners	27,947	27,947	0	(27,947)
Transfers (out) to Board of				
County Commissioners	0	0	(9,116)	(9,116)
Total Other Financing Sources (Uses)	<u>27,947</u>	<u>27,947</u>	<u>(9,116)</u>	<u>(37,063)</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>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2016
GADSDEN COUNTY TAX COLLECTOR

Assets

Cash	\$ 327,670
Due from Others	35,347
Due from Other Funds	<u>4,255</u>

Total Assets	<u><u>367,272</u></u>
---------------------	-----------------------

Liabilities

Accounts Payable	64,889
Due to Other Funds	4,286
Due to Other Governments	59,107
Tag Renewal Deposits	9,021
Installment Tax Deposits	<u>229,969</u>

Total Liabilities	<u><u>\$ 367,272</u></u>
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See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS GADSDEN COUNTY TAX COLLECTOR

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Tax Collector's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

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

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Fiduciary Fund Type**

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Tax Collector considers revenues to be available if they are collected within thirty days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

The revenues and expenditures accounted for in the budgetary fund are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

The Tax Collector's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

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

Accrued Compensated Absences

It is the Tax Collector's policy to grant all full-time employees annual and sick leave. Annual leave can be accumulated, but it is limited to an accumulation of 240 hours at the end of each calendar year. Excess annual leave at December 31 is converted to sick leave. There is no limitation on the accumulation of sick leave. Upon termination of employment, the employee can receive a cash benefit for certain balances of their annual and sick leave based upon the employee's current wage rate. After one year of employment upon termination, annual leave up to the maximum of 240 hours will be paid. After five years of employment upon termination, sick leave up to the maximum of 240 hours will be paid.

The liability for compensated absences is not reported in the Tax Collector's financial statements, but is included in the statement of net position in the County-wide financial statements.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

- *Current Taxes*—All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.
- *Unpaid Taxes - Sale of Tax Certificates*—The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *Tax Deeds*—The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Excess Revenues

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

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services included approximately \$450,966 received from the Board as fees for real and tangible property tax collections.

Certain expenses, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector.

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

- | | |
|--------------------------------|--|
| ■ Occupancy Costs | ■ Property and Workers' Compensation Insurance |
| ■ Janitorial Service | ■ Employees' Health and Life Insurance |
| ■ Utilities (Except Telephone) | |

Note 2 - Cash

As of September 30, 2016, the Tax Collector had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,899
Deposits in Qualified Public Depositories	<u>336,281</u>
Total Cash	<u><u>\$ 338,180</u></u>

Credit Risk

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 2 - Cash (Concluded)

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2016, were \$320,974.

Tax Collector funds are maintained in an interest-bearing demand deposit account, which is collateralized pursuant to Section 280.04, Florida Statutes.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Tax Collector are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Regular Class Retirees Reemployed*—Retired members who are reemployed after July 1, 2010.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

Class	Year Ended June 30, 2016 Percent of Gross Salary		Year Ended June 30, 2017 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

The Tax Collector contributions (employer) to the FRS Plan totaled \$72,991 for the fiscal year ended September 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2016, the Tax Collector's proportionate share of the FRS net pension liability was \$755,757. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Tax Collector's proportion was .00002993086%, which was a decrease of .00000095002 from its proportion measured as of June 30, 2015.

Further details of the FRS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Tax Collector contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Tax Collector's contributions to the HIS Plan totaled \$8,345 for the fiscal year ended September 30, 2016.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Pension Liabilities and Pension Expense. At September 30, 2016, the Tax Collector's proportionate share of the HIS net pension liability was \$189,752. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Tax Collector's proportion was .00001628131%, which was a decrease of .00000004714 from its proportion measured as of June 30, 2015.

Further details of the HIS Plan net pension liability, annual pension expense, actuarial assumptions, sensitivity analysis, and other required disclosures can be found in the County-wide annual financial report.

FRS – Defined Contribution Pension Plan

The Tax Collector contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts (employer and employee) during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Tax Collector's contributions to the Investment Plan totaled \$5,892 for the fiscal year ended September 30, 2016.

Note 4 - Risk Management

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

The Board obtained commercial insurance against losses for the following types of risk:

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

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

Note 5 - Long-term Liabilities

A summary of the Tax Collector's long-term liabilities is as follows:

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Liability for Compensated Absences	\$ 55,255	\$ 19,453	\$ (21,405)	\$ 53,303
Net Pension Liabilities	565,393	380,116	0	945,509
Other Postemployment Benefits	25,600	1,300	0	26,900
Total	<u>\$ 646,248</u>	<u>\$ 400,869</u>	<u>\$ (21,405)</u>	<u>\$ 1,025,712</u>

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 5 - Long-term Liabilities (Concluded)

Of the \$53,303 liability for accrued compensated absences, management estimates that \$15,231 will be due and payable within one year. The liability is not reported in the financial statements of the Tax Collector since it is not payable from available resources at September 30, 2016. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

See Note 3 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Tax Collector. See Note 7 for a description of the other postemployment benefits.

Note 6 - Interfund Receivables and Payables

The General Fund due to the Agency Fund of \$4,255 consists of an amount to cover bank service charges in excess of interest earned. The Agency Fund due to the General Fund of \$4,286 consists of fees on transactions collected by the Agency Fund. These payments were made shortly after the fiscal year-end.

Note 7 - Other Postemployment Benefits

Plan Description—The Tax Collector participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in health, dental, vision, and life insurance benefits program (the Program). A stand-alone financial report is not issued for the Program.

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

The Tax Collector's portion of the other postemployment benefits liability at September 30, 2016, totaled \$26,900. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Concluded)

Note 8 - Operating Leases

The Tax Collector is leasing a postage machine under an operating lease that concluded during the fiscal year ending September 30, 2016. The Tax Collector is also leasing a copier under an operating lease that concludes during the fiscal year ending September 30, 2018. During fiscal year 2016 the Tax Collector entered into a new lease for a Folder/Inserter machine.

During the fiscal year ended September 30, 2016, the lease payments on all operating leases amounted to \$5,377. Total subsequent lease payments payable during 2017, 2018, 2019, 2020, and 2021 are \$4,056, 3,498, 2,940, 2,940, and \$735, respectively.

OTHER REPORTS

**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***

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2016, and the related notes to the financial statements and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable W. Dale Summerford
Gadsden County Tax Collector
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 Tax Collector'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 24, 2017
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector'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 Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Tax Collector, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 24, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Tax Collector.

Other Matters

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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

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

Purpose of this Letter

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, the Tax Collector, its management, and the Board of County Commissioners of Gadsden County, Florida; and is not intended to be and should not be used by anyone other than these specified parties.

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



March 24, 2017
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY PROPERTY APPRAISER
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY PROPERTY APPRAISER
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Property Appraiser'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 Property Appraiser'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

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The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2016, and the respective changes in financial position and budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2016, the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

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



March 24, 2017
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2016
GADSDEN COUNTY PROPERTY APPRAISER**

Assets

Cash	\$ 6,738
Due From Other Government	452
Total Assets	<u>7,190</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	518
Accrued Wages Payable	6,672
Total Liabilities	<u>7,190</u>

Fund Balance	<u>0</u>
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Total Liabilities and Fund Balance	<u>\$ 7,190</u>
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See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY PROPERTY APPRAISER**

Revenues

Charges for Services	\$ 1,841
Miscellaneous	9,664
Total Revenues	<u>11,505</u>

Expenditures

Current:	
General Government:	
Personal Services	618,635
Operating	160,586
Capital Outlay	14,092
(Total Expenditures)	<u>(793,313)</u>

(Deficiency) of Revenues

(Under) Expenditures	<u>(781,808)</u>
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Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	820,807
Transfers (out) to Board of County Commissioners	(38,999)
Total Other Financing Sources (Uses)	<u>781,808</u>

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
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Fund Balance, End of Year	<u><u>\$ 0</u></u>
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See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY PROPERTY APPRAISER**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$ 0	\$ 0	\$ 1,841	\$ 1,841
Miscellaneous	0	0	9,664	9,664
Total Revenues	<u>0</u>	<u>0</u>	<u>11,505</u>	<u>11,505</u>
Expenditures				
Current:				
General Government:				
Personal Services	657,102	638,804	618,635	20,169
Operating	145,968	162,268	160,586	1,682
Capital Outlay	0	14,200	14,092	108
Non Operating	17,737	5,882	0	5,882
(Total Expenditures)	<u>(820,807)</u>	<u>(821,154)</u>	<u>(793,313)</u>	<u>27,841</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(820,807)</u>	<u>(821,154)</u>	<u>(781,808)</u>	<u>39,346</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	820,807	821,154	820,807	(347)
Transfers (out) to Board of County Commissioners	0	0	(38,999)	(38,999)
Total Other Financing Sources (Uses)	<u>820,807</u>	<u>821,154</u>	<u>781,808</u>	<u>(39,346)</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>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Gadsden County, Florida Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, and effective June 2011, the Clerk of Court was responsible for accounting for the Property Appraiser's transactions. The Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County. There were no component units related to the Property Appraiser.

The operations of the Property Appraiser are funded by the Board and the Northwest Florida Water Management District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements.

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

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Property Appraiser's office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

■ **Governmental Fund Type**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which is not recorded until paid.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual basis of accounting.

The Property Appraiser's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

Permanent full-time employees of the Property Appraiser are entitled to accrue annual leave time. At the time of termination, employees will be compensated for 100% of their accrued annual leave hours.

Sick leave is accumulated at the rate of four hours for each full calendar month of continuous employment during the first year and eight hours during each subsequent year. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees will be compensated for 50% of their accrued sick leave hours.

The liability for compensated absences is not reported in the Property Appraiser's financial statements, but is included in the statement of net position in the County-wide financial statements.

Transfers In and Out

The Board funds primarily all the operating budget of the Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with Florida Statutes, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year.

Related Organizations - Common Expenses

Certain expenses, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Property Appraiser. These expenses paid by the Board relating to the Property Appraiser's operations are:

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)

Note 2 - Cash

As of September 30, 2016, the carrying amount of the Property Appraiser's deposits was \$6,738.

Credit Risk

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 2 - Cash (Concluded)

Credit Risk (Concluded)

The Property Appraiser does not have an investment policy that would further limit its investment choices.

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Property Appraiser's deposits are therefore considered fully insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The Property Appraiser's contributions paid for the years ended September 30, 2016, 2015, and 2014, were \$43,677, \$49,047, and \$46,498, respectively, which is equal to the required contribution for each year. The net pension liability for the Property Appraiser is not calculated separately but is reported as part of the County's total net pension liability and shown in the county-wide statement of net position for Gadsden County, Florida.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Property Appraiser are as follows:

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Benefits Provided. (Concluded)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2016 Percent of Gross Salary</u>		<u>Year Ended June 30, 2017 Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Property Appraiser contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

FRS – Defined Contribution Pension Plan

The Property Appraiser contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Note 4 - Risk Management

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

The Board obtained commercial insurance against losses for the following types of risk:

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 5 - Long-term Liabilities

A summary of the Property Appraiser's long-term liabilities is as follows:

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Liability for Compensated				
Absences	\$ 64,038	\$ 39,900	\$ (86,773)	\$ 17,165
Other Postemployment				
Benefits	31,200	1,200	(1,800)	30,600
Total	<u>\$ 95,238</u>	<u>\$ 41,100</u>	<u>\$ (88,573)</u>	<u>\$ 47,765</u>

Of the \$17,165 liability for accrued compensated absences, management estimates that \$7,572 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since they are not payable from available resources at September 30, 2016. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Property Appraiser (see Note 6 for a description of other postemployment benefits).

Note 6 - Other Postemployment Benefits

Plan Description—The Property Appraiser participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in health, dental, vision, and life insurance benefits program (the Program). A stand-alone financial report is not issued for the Program.

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

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

The Property Appraiser's portion of the other postemployment benefits liability at September 30, 2016, totaled \$30,600. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Concluded)

Note 7 - Operating Leases

The Property Appraiser entered into lease agreements for three vehicles effective in May 2016. The monthly lease payments were \$252, \$254, and \$255, respectively and the lease agreements were for a thirty-six month period. During fiscal year 2016 lease payments on these vehicles amounted to \$3,807. The remaining lease payments on these vehicles are as follows:

<u>Year Ending September 30</u>	<u>Payments</u>
2017	\$ 9,137
2018	9,137
2019	<u>5,330</u>
Total	<u><u>\$ 23,604</u></u>

OTHER REPORTS

**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***

The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2016, and the related notes to the financial statements we have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
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 Property Appraiser'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 24, 2017
Gainesville, Florida

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

The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

We have examined Gadsden County, Florida, Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser'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 Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Property Appraiser, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.


March 24, 2017
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 24, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Property Appraiser.

Other Matters

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

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The Honorable Reginald A. Cunningham
Gadsden County Property Appraiser
Gadsden County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

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

Purpose of this Letter

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, the Property Appraiser, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

Durvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2016, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2016, and the changes in its financial position, budgetary comparisons, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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



March 24, 2017
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2016
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Assets	
Cash	\$ 8,442
Total Assets	<u>8,442</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	4,527
Accrued Wages and Benefits	<u>3,915</u>
Total Liabilities	<u>8,442</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 8,442</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Revenues

Intergovernmental	\$ 13,089
Miscellaneous	<u>1</u>
Total Revenues	<u>13,090</u>

Expenditures

General Government:	
Personal Services	440,213
Operating Expenditures	230,370
Capital Outlay	<u>202,418</u>
(Total Expenditures)	<u>(873,001)</u>

(Deficiency) of Expenditures (Under) Revenues	<u>(859,911)</u>
--	------------------

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	866,888
Transfers (out) to Board of County Commissioners	<u>(6,977)</u>
Total Other Financing Sources (Uses)	<u>859,911</u>

Net Change in Fund Balance	0
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Fund Balance, Beginning of Year	<u>0</u>
--	----------

Fund Balance, End of Year	<u><u>\$ 0</u></u>
----------------------------------	--------------------

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 0	\$ 13,089	\$ 13,089	\$ 0
Miscellaneous	0	0	1	1
Total Revenues	<u>0</u>	<u>13,089</u>	<u>13,090</u>	<u>1</u>
Expenditures				
General Government:				
Personal Services	410,501	412,501	440,213	(27,712)
Operating Expenditures	225,918	262,007	230,370	31,637
Capital Outlay	5,470	205,470	202,418	3,052
(Total Expenditures)	<u>(641,889)</u>	<u>(879,978)</u>	<u>(873,001)</u>	<u>6,977</u>
(Deficiency) of Expenditures (Under)				
Revenues	<u>(641,889)</u>	<u>(866,889)</u>	<u>(859,911)</u>	<u>6,978</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	641,889	866,889	866,888	(1)
Transfers (out) to Board of County				
Commissioners	0	0	(6,977)	(6,977)
Total Other Financing Sources (Uses)	<u>641,889</u>	<u>866,889</u>	<u>859,911</u>	<u>(6,978)</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>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) is an elected official of the County, pursuant to the *Constitution of the State of Florida*, Article VIII, Section 1(d) and is a part of the primary government of the County. The Board approves the Supervisor of Elections' total operating budget and the Clerk of Court is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County. There were no component units related to the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

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

Basis of Presentation

The accompanying financial statements include all funds and accounts of the Supervisor of Elections' office, but are not a complete presentation of the County as a whole. Except for this matter, they are otherwise in conformity with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(4), *Rules of the Auditor General—Local Governmental Entity Audits*.

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they are received in cash or when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenue is considered susceptible to accrual - intergovernmental revenue.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the Board. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time. Upon termination, employees can be paid up to 240 hours of vacation time and up to one-fourth of unused sick time, with the payment of one-fourth of unused sick time being subject to three years of consecutive employment.

The Supervisor of Elections' accrued compensated absences are reported in the statement of net position in the County-wide financial statements.

Transfers In and Out

The Board funds primarily the entire operating budget of the Supervisor of Elections. The payments by the Board to fund the operations of the Supervisor of Elections are recorded as transfers in on the financial statements of the Supervisor of Elections. In accordance with Florida Statutes, the Supervisor of Elections distributes all general fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year.

Related Organizations—Common Expenses

Certain expenses, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Supervisor of Elections. These expenses paid by the Board relating to the Supervisor of Elections operations are:

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property Insurance

Note 2 - Cash

As of September 30, 2016, the carrying amount of the Supervisor of Elections' deposits was \$8,442.

Credit Risk

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

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

The Supervisor of Elections does not have an investment policy that would further limit its investment choices.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 2 - Cash (Concluded)

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Supervisor of Elections' deposits are therefore considered fully insured or collateralized.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The Supervisor of Elections' contributions to the System for the years ended September 30, 2016, 2015, and 2014, were \$49,565, \$47,254, and \$40,986, respectively, equal to the required contributions for each year. The net pension liability for the Supervisor of Elections is not calculated separately but is reported as part of the County's total net pension liability and shown in the countywide statement of net position for Gadsden County, Florida.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Supervisor of Elections are as follows:

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Benefits Provided. (Concluded)

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-2016 fiscal year were as follows:

Class	Year Ended June 30, 2016 Percent of Gross Salary		Year Ended June 30, 2017 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	5.56	3.00	5.80
FRS, Elected County Officers	3.00	40.57	3.00	40.75
FRS, Senior Management Service	3.00	19.73	3.00	20.05
DROP – Applicable to Members from All of the Above Classes	0.00	11.22	0.00	11.33
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2017 and 2016, the contribution rates were 1.66% and 1.66% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Supervisor of Elections contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

FRS – Defined Contribution Pension Plan

The Supervisor of Elections contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Supervisor of Elections employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Note 4 - Risk Management

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

The Board obtained commercial insurance against losses for the following types of risk:

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Concluded)

Note 5 - Long-term Liabilities

The following is a summary of the changes in long-term liabilities of the Supervisor of Elections for the year ended September 30, 2016:

	<u>Balance</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>
Liability for Compensated				
Absences	\$ 13,130	\$ 10,297	\$ (15,168)	\$ 8,259
Other Postemployment				
Benefits	12,400	400	0	12,800
Total	<u>\$ 25,530</u>	<u>\$ 10,697</u>	<u>\$ (15,168)</u>	<u>\$ 21,059</u>

Of the \$8,259 liability for accrued compensated absences, management estimates that \$2,575 will be due and payable within one year. The liability is not reported in the financial statements of the Supervisor of Elections since they are not payable from available resources at September 30, 2016. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Supervisor of Elections (see Note 6 for a description of other postemployment benefits).

Note 6 - Other Postemployment Benefits (OPEB)

Plan Description—The Supervisor of Elections participates and administers an agent single-employer plan under which qualified retired employees are permitted to participate in health, dental, vision, and life insurance benefits program (the Program). A stand-alone financial report is not issued for the Program.

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

Annual OPEB Cost and Net OPEB Obligation—The Supervisor of Elections' 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 Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The Supervisor of Elections' portion of the other postemployment benefits liability at September 30, 2016, totaled \$12,800. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

OTHER REPORTS

**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***

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2016, and the related notes to the financial statements have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
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 Supervisor of Elections' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 24, 2017
Gainesville, Florida

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

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

We have examined Gadsden County, Florida, Supervisor of Election's (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2016, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' 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 Supervision of Elections' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervision of Elections' compliance with specified requirements.

In our opinion, the Supervision of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report 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, the Supervisor of Elections, its management, and the Board of County Commissioners of Gadsden County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 24, 2017
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 24, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

Certified Public Accountants

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The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

MANAGEMENT LETTER
(Concluded)

Other Matters

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

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

Purpose of this Letter

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, the Supervisor of Elections, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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



March 24, 2017
Gainesville, Florida