

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2018**



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AND  
INDEPENDENT AUDITORS' REPORTS**

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GADSDEN COUNTY, FLORIDA  
SEPTEMBER 30, 2018**

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AND  
INDEPENDENT AUDITORS' REPORTS  
GADSDEN COUNTY, FLORIDA  
SEPTEMBER 30, 2018**

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## **INTRODUCTORY SECTION**

**GADSDEN COUNTY, FLORIDA**

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**SERVING AS OF SEPTEMBER 30, 2018**

**ELECTED OFFICIALS**

|  |                               |
|--|-------------------------------|
| <b>Commissioner – District 4, Chairperson</b>      | <b>Brenda Holt</b>            |
| <b>Commissioner – District 2, Vice-Chairperson</b> | <b>Anthony Viegbesie</b>      |
| <b>Commissioner – District 1</b>                   | <b>Eric Hinson</b>            |
| <b>Commissioner – District 3</b>                   | <b>Gene Morgan</b>            |
| <b>Commissioner – District 5</b>                   | <b>Sherrie Taylor</b>         |
| <b>Clerk of the Circuit Court/Comptroller</b>      | <b>Nicholas Thomas</b>        |
| <b>Tax Collector</b>                               | <b>W. Dale Summerford</b>     |
| <b>Sheriff</b>                                     | <b>Morris A. Young</b>        |
| <b>Property Appraiser</b>                          | <b>Reginald A. Cunningham</b> |
| <b>Supervisor of Elections</b>                     | <b>Shirley Green Knight</b>   |

**APPOINTED OFFICIALS**

|                             |                    |
|-----------------------------|--------------------|
| <b>County Administrator</b> | <b>Dee Jackson</b> |
| <b>County Attorney</b>      | <b>David Weiss</b> |

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Certified Public Accountants

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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**  
*(Continued)*

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2018, 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.

**Emphasis of Matter**

As discussed in Note 2 of the financial statements, in 2018 the County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

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

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

**Other Matters** *(Concluded)*

*Other Information (Concluded)*

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 May 9, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

May 9, 2019  
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, 2018. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

### ***FINANCIAL HIGHLIGHTS***

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

The County implemented GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year ended September 30, 2018. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred inflows of resources, deferred outflows of resources, and expenses. The implementation resulted in the restatement of the prior year net position balance (net increase of \$997,300).

The government-wide assets of the County exceeded liabilities at the close of the 2017-2018 fiscal year by \$48,234,266 (*net position*). Of this amount, (\$7,581,618) (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$6,281,769 is restricted for specific purposes (*restricted net position*), and \$49,534,115 is *net investment in capital assets*.

#### **Fund Statements**

At September 30, 2018, the County's governmental funds reported combined ending fund balances of \$15,939,022, an increase of \$493,358 in comparison with the \$15,445,664 ending fund balances on September 30, 2017. This increase came from various funds reporting more revenue than expenses and cannot be attributed to one or two funds in particular.

The general fund's unassigned fund balance at September 30, 2018, was \$4,047,676, or 21.18% of total general fund expenditures excluding transfers. This indicates a 3% decrease from the prior fiscal year, where unassigned fund balance was 24.14% 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities found on pages 14-15) 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 position are indicators of whether the County's financial health is improving or deteriorating.

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

### 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, to comply with legal requirements, or to 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

***Governmental Fund Financial Statements (Concluded)***

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 - 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 the balance sheet to the statement of net position and a reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities are presented on pages 18 and 21, respectively.

***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. Agency funds, the only type of fiduciary funds the County maintains, 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 28-58 of this report.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

The following schedule provides a summary of assets, liabilities, and net position of the County for fiscal years ending September 30, 2018 and 2017.

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)**

**Gadsden County Florida**  
**Summary of Net Position**

|                                  | <b>Governmental</b>  |                      |
|----------------------------------|----------------------|----------------------|
|                                  | <b>Activities</b>    |                      |
|                                  | <b>2018</b>          | <b>2017</b>          |
| Current and Other Assets         | \$ 20,158,053        | \$ 21,076,371        |
| Capital Assets                   | 63,554,384           | 67,048,359           |
| Total Assets                     | 83,712,437           | 88,124,730           |
| Deferred Outflows of Resources   |                      |                      |
| Pension Related                  | 9,163,955            | 10,131,871           |
| Current Liabilities              | 4,533,696            | 5,988,049            |
| Non-current Liabilities          | 37,108,439           | 40,390,281           |
| Total Liabilities                | 41,642,135           | 46,378,330           |
| Deferred Inflows of Resources    |                      |                      |
| Pension Related                  | 2,999,991            | 1,616,920            |
| Net Position                     |                      |                      |
| Net Investment in Capital Assets | 49,534,115           | 51,762,686           |
| Restricted                       | 6,281,769            | 5,995,668            |
| Unrestricted                     | (7,581,618)          | (7,497,003)          |
| <b>Total Net Position</b>        | <b>\$ 48,234,266</b> | <b>\$ 50,261,351</b> |

(Fiscal year 2017 net position is not restated above for the effects of GASB Statement No. 75)



**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**

|  | <b>Governmental<br/>Activities</b> |                      |
|--|------------------------------------|----------------------|
|  | <b>2018</b>                        | <b>2017</b>          |
| <b>Revenues</b>                                  |                                    |                      |
| Program Revenues:                                |                                    |                      |
| Charges for Services                             | \$ 4,922,205                       | \$ 5,006,533         |
| Operating Grants and Contributions               | 2,343,215                          | 2,203,215            |
| Capital Grants and Contributions                 | 1,297,988                          | 4,220,092            |
| <b>Total Program Revenues</b>                    | <b>8,563,408</b>                   | <b>11,429,840</b>    |
| <b>General Revenues</b>                          |                                    |                      |
| Property Taxes                                   | 11,679,328                         | 11,426,847           |
| Sales Tax and State Shared Revenue               | 6,722,617                          | 6,637,061            |
| Local Option Taxes                               | 5,902,363                          | 5,677,699            |
| Motor Fuel Tax                                   | 2,487,599                          | 2,448,365            |
| Other  | 904,743                            | 1,452,115            |
| <b>Total General Revenues</b>                    | <b>27,696,650</b>                  | <b>27,642,087</b>    |
| <b>Total Revenues</b>                            | <b>36,260,058</b>                  | <b>39,071,927</b>    |
| <b>Expenses</b>                                  |                                    |                      |
| Program Expenses:                                |                                    |                      |
| General Government                               | 8,765,038                          | 8,366,765            |
| Public Safety                                    | 14,053,872                         | 13,874,043           |
| Physical Environment                             | 498,609                            | 449,107              |
| Transportation                                   | 8,172,908                          | 8,219,894            |
| Economic Environment                             | 792,867                            | 906,216              |
| Human Services                                   | 3,538,304                          | 3,536,816            |
| Court Related                                    | 1,754,273                          | 1,826,503            |
| Culture/Recreation                               | 1,357,982                          | 1,457,567            |
| Interest on Long-term Debt                       | 350,590                            | 385,154              |
| <b>Total Expenses</b>                            | <b>39,284,443</b>                  | <b>39,022,065</b>    |
| <b>(Decrease) Increase in Net Position</b>       | <b>(3,024,385)</b>                 | <b>49,862</b>        |
| <b>Net Position Beginning of Year (Restated)</b> | <b>51,258,651</b>                  | <b>50,211,489</b>    |
| <b>Restatement</b>                               | <b>0</b>                           | <b>997,300</b>       |
| <b>Net Position End of Year</b>                  | <b>\$ 48,234,266</b>               | <b>\$ 51,258,651</b> |

As reflected above, the County increased net position by \$997,300, due to the implementation of GASB Statement No. 75.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

***FUND FINANCIAL ANALYSIS***

***Governmental Funds***

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

As of the end of fiscal year 2018, the County's governmental funds reported combined ending fund balances of \$15,939,022 an increase of \$493,358 in comparison with the prior year. Of the approximately \$15.9 million total fund balance, unassigned fund balance is \$4.0 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 \$819,929. The total general fund balance was \$5,494,339, of which \$4,047,676 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 21% of total general fund expenditures excluding transfers.

***GENERAL FUND BUDGETARY HIGHLIGHTS***

The General Fund's budget increased during fiscal year 2017-2018 in the amount of \$1,272,864 from the original budget. This was due mainly to the need to use reserves to fund transfers to the EMS fund.

Actual General Fund revenues exceeded the final revenue budget by \$495,703. The majority of this increase came from Taxes in the amounts of \$423,006. The majority of Special Revenue Funds and Constitutionals received an increase in funding from the General Fund, with the exception of the funding to EMS, which had a slight decrease, and was funded at a little under a million dollars of needed subsidy.

***CAPITAL ASSETS AND DEBT MANAGEMENT***

***Capital Assets***

The County's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$63.5 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 Public Works department bought a Knuckle Boom Truck for \$147,547 and a 2017 Ford F250 for \$25,696.

The Agriculture Extension Office bought a Ford 12 Passenger Van for \$27,052.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
*(Continued)*

***CAPITAL ASSETS AND DEBT MANAGEMENT***

**Capital Assets**

The Supervisor of Elections spent \$123,058 on computer equipment and voting equipment, \$67,272 of which was funded through grant awards.

The Sheriff’s Office entered into a lease-purchase agreement for four new vehicles at a cost of \$101,907.

Numerous roads which were paved with the County’s road paving bond proceeds, as well as roads receiving new stripping, were added to the County’s infrastructure in the amount of \$714,519.

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

Capital assets at September 30, 2018 and September 30, 2017 are as follows:

**Gadsden County Florida**  
**Capital Assets**  
**(Net of Depreciation)**

|                                   | <b>Governmental</b>  |                      |
|-----------------------------------|----------------------|----------------------|
|                                   | <b>Activities</b>    |                      |
|                                   | <b>2018</b>          | <b>2017</b>          |
| Land                              | \$ 2,054,225         | \$ 2,054,225         |
| Buildings                         | 23,324,651           | 23,866,965           |
| Improvements Other than Buildings | 4,245,943            | 4,260,007            |
| Machinery and Equipment           | 5,950,226            | 6,559,570            |
| Construction in Progress          | 858,920              | 1,691,830            |
| Infrastructure                    | 27,120,419           | 28,615,762           |
| <b>Total</b>                      | <b>\$ 63,554,384</b> | <b>\$ 67,048,359</b> |

**Debt Management**

During fiscal year 2018, the County incurred one new debt. The Sheriff’s Office entered into a lease purchase agreement to purchase four new vehicles for \$101,907.

There were a few significant decreases in the County’s debt position in addition to reductions resulting from regular scheduled debt payments. The first was due to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which produced a change in liability from \$1,596,700 to a restated prior year liability (below) of \$599,400, a reduction of \$997,300. Additionally, the Net Pension Liability decreased for the County by \$889,735 due to the actuarial computations, assumptions and census. Finally, in 2018, the Department of Revenue recomputed the indirect cost rate for the child support program again, which reduced the Clerk’s liability to this agency by \$63,985, before payments.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**CAPITAL ASSETS AND DEBT MANAGEMENT (Concluded)**

**Debt Management (Concluded)**

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

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

|                                | <u>2018</u>                 | <u>2017</u>                 | <u>Increase<br/>(Decrease)</u> |
|--------------------------------|-----------------------------|-----------------------------|--------------------------------|
| Revenue Bonds                  | \$ 14,781,274               | \$ 16,027,371               | \$ (1,246,097)                 |
| Notes and Loans Payable        | 255,640                     | 333,537                     | (77,897)                       |
| Compensated Absences           | 1,409,779                   | 1,398,621                   | 11,158                         |
| Other Post Employment Benefits | 657,800                     | 599,400                     | 58,400                         |
| Due to Other Government - DOR  | 37,686                      | 113,289                     | (75,603)                       |
| Landfill Post-closure Costs    | 0                           | 12,347                      | (12,347)                       |
| Net Pension Liability          | <u>22,033,663</u>           | <u>22,923,398</u>           | <u>(889,735)</u>               |
| <b>Total</b>                   | <u><u>\$ 39,175,842</u></u> | <u><u>\$ 41,407,963</u></u> | <u><u>\$ (2,232,121)</u></u>   |

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

Gadsden County is Florida's 43<sup>rd</sup> most populous County and is home to 2% of Florida's population. The percentage of the labor force 18 and older at the end of 2018 is 49.3%. (Information provided by the Florida Legislature Office of Economic and Demographic Research) The unemployment rate at September 30, 2018 was 4.6% as compared to the state's percentage of 3.6%.

Gadsden County is once again designated as a fiscally constrained County in the State of Florida and is included in the governor's designated Northwest Florida Rural Area of Economic Concern.

Gadsden County millage rate for the 2019 budget was adopted at 8.9064 mills, which has stayed the same since 2008. The total adopted budget for 2019 of \$47,951,195 is a decrease over 2018's budget in the amount of \$215,969. For 2019, the County did not appropriate funds from the General Fund for spending in the original approved budget for the first time in five years. One of the County's challenges is to update its aging infrastructure including resurfacing and paving roads while providing continuation of normal service to citizens.

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

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

On October 10, 2018, Hurricane Michael made landfall in the Florida Panhandle, which includes Gadsden County. The damage caused in this County by Hurricane Michael, a Category 5 storm (due to a post-storm upgrade based on assessed damage), is still being assessed. Many tree farms were almost entirely flattened to the ground. Gadsden County businesses' and residents' homes suffered widespread damage, losing their roofs and suffering major structural damage. The City of Chattahoochee was hit especially hard. In addition to addressing the physical damage caused by this storm - including the County's roads, right-of-ways, and ditches - the County has an ongoing problem due to actively trying to remove all resultant debris. The Florida Department of Transportation has picked up the cost of debris removal, but the County doesn't know how long this arrangement will last. The Agriculture losses and infrastructure damage will be reflected in the next year's tax assessments.

The County is optimistic that the increased economic activity in the commercial office park located at the I-10 and US 90 interchange and the waterfront areas of Lake Talquin, Lake Tallavanna, and Lake Yvette will help offset the loss in taxable values caused by the storm.

To summarize, we believe that taxable values for 2019 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, 2018**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets</b>                            |                                    |
| Current Assets:                          |                                    |
| Cash                                     | \$ 11,610,996                      |
| Investments                              | 4,080,949                          |
| Accounts Receivables, Net                | 673,442                            |
| Due from Agency Funds                    | 22,415                             |
| Due from Other Governments               | 2,963,068                          |
| Prepaid Items                            | 666,965                            |
| Inventories                              | 140,218                            |
| Total Current Assets                     | 20,158,053                         |
| Noncurrent Assets:                       |                                    |
| Capital Assets:                          |                                    |
| Nondepreciable                           | 2,913,145                          |
| Depreciable, Net                         | 60,641,239                         |
| Total Noncurrent Assets                  | 63,554,384                         |
| <b>Total Assets</b>                      | <b>83,712,437</b>                  |
| <b>Deferred Outflows of Resources</b>    |                                    |
| Pension Related                          | 9,163,955                          |
| <b>Liabilities</b>                       |                                    |
| Current Liabilities:                     |                                    |
| Accounts Payable and Accrued Expenses    | 1,159,287                          |
| Due to Agency Funds                      | 2,190                              |
| Due to Other Governments                 | 57,833                             |
| Accrued Wages Payable                    | 166,065                            |
| Unearned Revenue                         | 1,112,867                          |
| Bonds and Notes Payable                  | 1,405,015                          |
| Accrued Compensated Absences             | 630,439                            |
| Total Current Liabilities                | 4,533,696                          |
| Noncurrent Liabilities:                  |                                    |
| Accrued Compensated Absences             | 779,340                            |
| Other Postemployment Benefits Obligation | 657,800                            |
| Bonds and Notes Payable                  | 13,631,899                         |
| Due to Other Governments                 | 5,737                              |
| Net Pension Liability                    | 22,033,663                         |
| Total Noncurrent Liabilities             | 37,108,439                         |
| <b>Total Liabilities</b>                 | <b>41,642,135</b>                  |
| <b>Deferred Inflows of Resources</b>     |                                    |
| Pension Related                          | 2,999,991                          |
| <b>Net Position</b>                      |                                    |
| Net Investment in Capital Assets         | 49,534,115                         |
| Restricted                               | 6,281,769                          |
| Unrestricted                             | (7,581,618)                        |
| <b>Total Net Position</b>                | <b>\$ 48,234,266</b>               |

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, 2018**

| <u>Functions/Programs</u>       | <u>Expenses</u>      | <u>Program Revenues</u>             |   |   | <u>Net (Expense)<br/>Revenue<br/>and Changes<br/>in Net Position<br/>Governmental<br/>Activities</u> |
|---------------------------------|----------------------|-------------------------------------|---|---|--|
|                                 |                      | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |  |
| Governmental Activities:        |                      |                                     |   |   |  |
| General Government              | \$ 8,765,038         | \$ 1,662,620                        | \$ 94,092   | \$ 101,704                                      | \$ (6,906,622)   |
| Public Safety                   | 14,053,872           | 2,471,023                           | 939,124   | 0   | (10,643,725)   |
| Physical Environment            | 498,609              | 0                                   | 127,041   | 0   | (371,568)  |
| Transportation                  | 8,172,908            | 145,552                             | 46,440  | 1,100,992                                       | (6,879,924)  |
| Economic Environment            | 792,867              | 0                                   | 118,762   | 0   | (674,105)  |
| Human Services                  | 3,538,304            | 15,706                              | 42,935  | 0   | (3,479,663)  |
| Court-related                   | 1,754,273            | 576,586                             | 512,040   | 0   | (665,647)  |
| Culture and Recreation          | 1,357,982            | 50,718                              | 462,781   | 95,292  | (749,191)  |
| Interest on Long-term Debt      | 350,590              | 0                                   | 0   | 0   | (350,590)  |
| <b>Total Primary Government</b> | <b>\$ 39,284,443</b> | <b>\$ 4,922,205</b>                 | <b>\$ 2,343,215</b>                               | <b>\$ 1,297,988</b>                             | <b>(30,721,035)</b>  |
|                                 |                      | <b>General Revenues</b>             |   |   |  |
|                                 |                      | Taxes:                              |   |   |  |
|                                 |                      |                                     |   |   | 11,679,328   |
|                                 |                      |                                     |   |   | 141,985  |
|                                 |                      |                                     |   |   | 4,315,902  |
|                                 |                      |                                     |   |   | 1,444,476  |
|                                 |                      |                                     |   |   | 2,487,599  |
|                                 |                      |                                     |   |   | 292,496  |
|                                 |                      |                                     |   |   | 6,722,617  |
|                                 |                      |                                     |   |   | 218,555  |
|                                 |                      |                                     |   |   | 393,692  |
|                                 |                      |                                     |   |   | <u>27,696,650</u>  |
|                                 |                      |                                     |   |   | (3,024,385)  |
|                                 |                      |                                     |   |   | <u>51,258,651</u>  |
|                                 |                      |                                     |   |   | <u>\$ 48,234,266</u>   |

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



**GADSDEN COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

|   | <u>General<br/>Fund</u> | <u>County<br/>Transportation</u> | <u>SHIP</u>       |
|---|-------------------------|----------------------------------|-------------------|
| <b>Assets</b>   |                         |                                  |                   |
| Cash  | \$ 3,827,150            | \$ 1,019,749                     | \$ 652,434        |
| Investments   | 1,152,412               | 152                              | 0                 |
| Accounts Receivables (Net of Allowance<br>for Uncollectibles) | 52,557                  | 0                                | 0                 |
| Due from Other Funds  | 241,380                 | 0                                | 0                 |
| Due from Other Governments                                    | 884,496                 | 475,938                          | 0                 |
| Prepaid Expenses  | 367,009                 | 0                                | 0                 |
| Inventories, at Cost  | 79,202                  | 61,016                           | 0                 |
| <b>Total Assets</b>   | <u>6,604,206</u>        | <u>1,556,855</u>                 | <u>652,434</u>    |
| <b>Liabilities</b>  |                         |                                  |                   |
| Accounts Payable and Accrued<br>Expenses                      | 521,050                 | 74,476                           | 14,387            |
| Due to Other Funds  | 103,981                 | 0                                | 0                 |
| Due to Other Governments                                      | 1,084                   | 0                                | 0                 |
| Accrued Wages Payable   | 67,648                  | 32,970                           | 804               |
| Unearned Revenues   | 19,526                  | 0                                | 635,500           |
| <b>Total Liabilities</b>                                      | <u>713,289</u>          | <u>107,446</u>                   | <u>650,691</u>    |
| <b>Deferred Inflows of Resources</b>                          | <u>396,578</u>          | <u>270,322</u>                   | <u>0</u>          |
| <b>Fund Balances</b>  |                         |                                  |                   |
| Nonspendable  | 446,211                 | 61,016                           | 0                 |
| Restricted  | 149,914                 | 1,118,071                        | 1,743             |
| Committed   | 0                       | 0                                | 0                 |
| Assigned  | 850,538                 | 0                                | 0                 |
| Unassigned  | 4,047,676               | 0                                | 0                 |
| <b>Total Fund Balances</b>                                    | <u>5,494,339</u>        | <u>1,179,087</u>                 | <u>1,743</u>      |
| <b>Total Liabilities and Fund Balances</b>                    | <u>\$ 6,604,206</u>     | <u>\$ 1,556,855</u>              | <u>\$ 652,434</u> |

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

| <b>Indigent<br/>Surtax</b> | <b>Capital<br/>Project<br/>Public Works</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------|---|---|---|
| \$ 59,355                  | \$ 3,124                                    | \$ 6,049,184                            | \$ 11,610,996                           |
| 0                          | 1,013,520                                   | 1,914,865                               | 4,080,949                               |
| 0                          | 0   | 620,885                                 | 673,442                                 |
| 0                          | 0   | 247,095                                 | 488,475                                 |
| 326,917                    | 106,288                                     | 1,169,429                               | 2,963,068                               |
| 0                          | 0   | 299,956                                 | 666,965                                 |
| 0                          | 0   | 0                                       | 140,218                                 |
| <u>386,272</u>             | <u>1,122,932</u>                            | <u>10,301,414</u>                       | <u>20,624,113</u>                       |
| 88,986                     | 106,288                                     | 354,100                                 | 1,159,287                               |
| 0                          | 0   | 364,269                                 | 468,250                                 |
| 23,742                     | 0   | 1,058                                   | 25,884                                  |
| 0                          | 0   | 64,643                                  | 166,065                                 |
| 0                          | 0   | 457,841                                 | 1,112,867                               |
| <u>112,728</u>             | <u>106,288</u>                              | <u>1,241,911</u>                        | <u>2,932,353</u>                        |
| <u>219,058</u>             | <u>0</u>                                    | <u>866,780</u>                          | <u>1,752,738</u>                        |
| 0                          | 0   | 299,956                                 | 807,183                                 |
| 54,486                     | 1,016,644                                   | 4,957,556                               | 7,298,414                               |
| 0                          | 0   | 214                                     | 214                                     |
| 0                          | 0   | 2,938,437                               | 3,788,975                               |
| 0                          | 0   | (3,440)                                 | 4,044,236                               |
| <u>54,486</u>              | <u>1,016,644</u>                            | <u>8,192,723</u>                        | <u>15,939,022</u>                       |
| <u>\$ 386,272</u>          | <u>\$ 1,122,932</u>                         | <u>\$ 10,301,414</u>                    | <u>\$ 20,624,113</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, 2018**

|  |                     |                             |
|--|---------------------|-----------------------------|
| <b>Total Fund Balances of Governmental Funds</b>   |                     | \$ 15,939,022               |
| <br><b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>  |                     |                             |
| 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.           |                     | 63,554,384                  |
| Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.   |                     | 1,752,738                   |
| 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  | \$ 9,163,955        |                             |
| Deferred Inflows Related to Pensions   | <u>(2,999,991)</u>  | 6,163,964                   |
| 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  | (15,036,914)        |                             |
| Accrued Compensated Absences   | (1,409,779)         |                             |
| Accrued Other Postemployment Benefits Obligation   | (657,800)           |                             |
| Due to Other Governments - Clerk   | (37,686)            |                             |
| Net Pension Liability  | <u>(22,033,663)</u> | <u>(39,175,842)</u>         |
| <b>Total Net Position of Governmental Activities</b>   |                     | <u><u>\$ 48,234,266</u></u> |

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, 2018**

|  | <u>General<br/>Fund</u> | <u>County<br/>Transportation</u> | <u>SHIP</u>      |
|--|-------------------------|----------------------------------|------------------|
| <b>Revenues</b>  |                         |                                  |                  |
| Taxes  | \$ 11,843,611           | \$ 3,496,579                     | \$ 0             |
| Licenses and Permits   | 141,985                 | 0                                | 0                |
| Intergovernmental Revenues   | 5,929,079               | 1,993                            | 104,589          |
| Charges for Services   | 1,220,221               | 145,554                          | 0                |
| Fines and Forfeitures  | 0                       | 0                                | 0                |
| Miscellaneous Revenues   | 265,312                 | 15,698                           | 5,249            |
| <b>Total Revenues</b>  | <u>19,400,208</u>       | <u>3,659,824</u>                 | <u>109,838</u>   |
| <b>Expenditures</b>  |                         |                                  |                  |
| Current:   |                         |                                  |                  |
| General Government   | 7,838,140               | 0                                | 0                |
| Public Safety  | 7,598,818               | 0                                | 0                |
| Physical Environment   | 317,686                 | 0                                | 0                |
| Transportation   | 0                       | 3,976,659                        | 0                |
| Economic Environment   | 445,601                 | 0                                | 109,838          |
| Human Services   | 1,827,889               | 0                                | 0                |
| Court-related  | 222,243                 | 0                                | 0                |
| Culture and Recreation   | 168,669                 | 0                                | 0                |
| Debt Service:  |                         |                                  |                  |
| Principal  | 106,890                 | 0                                | 0                |
| Interest   | 8,764                   | 0                                | 0                |
| Capital Outlay:  |                         |                                  |                  |
| General Government   | 308,584                 | 0                                | 0                |
| Public Safety  | 192,900                 | 0                                | 0                |
| Transportation   | 0                       | 172,463                          | 0                |
| Physical Environment   | 38,990                  | 0                                | 0                |
| Economic Environment   | 25,033                  | 0                                | 0                |
| Court-related  | 0                       | 0                                | 0                |
| Culture and Recreation   | 12,763                  | 0                                | 0                |
| <b>(Total Expenditures)</b>  | <u>(19,112,970)</u>     | <u>(4,149,122)</u>               | <u>(109,838)</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>287,238</u>          | <u>(489,298)</u>                 | <u>0</u>         |
| <b>Other Financing Sources (Uses)</b>                                |                         |                                  |                  |
| Transfers in   | 8,791,474               | 798,412                          | 0                |
| Transfers (out)  | (10,000,548)            | 0                                | 0                |
| Installment Purchases  | 101,907                 | 0                                | 0                |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>(1,107,167)</u>      | <u>798,412</u>                   | <u>0</u>         |
| <b>Net Change in Fund Balances</b>                                   | (819,929)               | 309,114                          | 0                |
| <b>Fund Balances at Beginning of Year</b>                            | <u>6,314,268</u>        | <u>869,973</u>                   | <u>1,743</u>     |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 5,494,339</u>     | <u>\$ 1,179,087</u>              | <u>\$ 1,743</u>  |

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

| <b>Indigent<br/>Surtax</b> | <b>Capital<br/>Projects<br/>Public Works</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------|--|---|---|
| \$ 1,798,461               | \$ 0   | \$ 1,382,996                            | \$ 18,521,647                           |
| 0                          | 0  | 272,993                                 | 414,978                                 |
| 0                          | 1,100,992                                    | 4,927,059                               | 12,063,712                              |
| 0                          | 0  | 2,930,454                               | 4,296,229                               |
| 0                          | 0  | 256,147                                 | 256,147                                 |
| 0                          | 20,822                                       | 305,166                                 | 612,247                                 |
| <u>1,798,461</u>           | <u>1,121,814</u>                             | <u>10,074,815</u>                       | <u>36,164,960</u>                       |
| 0                          | 0  | 141,490                                 | 7,979,630                               |
| 0                          | 0  | 5,071,248                               | 12,670,066                              |
| 0                          | 0  | 140,329                                 | 458,015                                 |
| 0                          | 0  | 92,880                                  | 4,069,539                               |
| 0                          | 0  | 216,557                                 | 771,996                                 |
| 1,151,959                  | 0  | 0                                       | 2,979,848                               |
| 0                          | 0  | 1,411,730                               | 1,633,973                               |
| 0                          | 0  | 1,022,136                               | 1,190,805                               |
| 0                          | 0  | 1,319,011                               | 1,425,901                               |
| 0                          | 0  | 341,826                                 | 350,590                                 |
| 0                          | 0  | 31,069                                  | 339,653                                 |
| 0                          | 0  | 137,331                                 | 330,231                                 |
| 0                          | 1,180,405                                    | 0                                       | 1,352,868                               |
| 0                          | 0  | 0                                       | 38,990                                  |
| 0                          | 0  | 0                                       | 25,033                                  |
| 0                          | 0  | 23,090                                  | 23,090                                  |
| 0                          | 0  | 120,518                                 | 133,281                                 |
| <u>(1,151,959)</u>         | <u>(1,180,405)</u>                           | <u>(10,069,215)</u>                     | <u>(35,773,509)</u>                     |
| <u>646,502</u>             | <u>(58,591)</u>                              | <u>5,600</u>                            | <u>391,451</u>                          |
| 0                          | 0  | 10,899,488                              | 20,489,374                              |
| (645,836)                  | 0  | (9,842,990)                             | (20,489,374)                            |
| 0                          | 0  | 0                                       | 101,907                                 |
| <u>(645,836)</u>           | <u>0</u>                                     | <u>1,056,498</u>                        | <u>101,907</u>                          |
| 666                        | (58,591)                                     | 1,062,098                               | 493,358                                 |
| 53,820                     | 1,075,235                                    | 7,130,625                               | 15,445,664                              |
| <u>\$ 54,486</u>           | <u>\$ 1,016,644</u>                          | <u>\$ 8,192,723</u>                     | <u>\$ 15,939,022</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, 2018**

|  |                    |                              |
|--|--------------------|------------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  |                    | \$ 493,358                   |
| <br><b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>  |                    |                              |
| <p>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:</p> |                    |                              |
| Expenditures for Capital Outlays   | \$ 2,305,758       |                              |
| Contributions and (Loss)/Gain on Disposal  | (116,058)          |                              |
| (Current Year Depreciation)  | <u>(5,683,675)</u> | (3,493,975)                  |
| <p>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.</p>  |                    |                              |
|  |                    | 1,425,901                    |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.</p>   |                    |                              |
|  |                    | (101,907)                    |
| <p>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:</p>                              |                    |                              |
| Deferred Inflows Related to Pensions   | (967,916)          |                              |
| Deferred Outflows Related to Pensions  | <u>(1,383,071)</u> | (2,350,987)                  |
| <p>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:</p>                                    |                    |                              |
| Compensated Absences   | (11,158)           |                              |
| Other Postemployment Benefits  | (58,400)           |                              |
| Landfill Postclosure Costs   | 12,347             |                              |
| Due to Other Governments - Clerk   | 75,603             |                              |
| Net Pension Liability  | <u>889,735</u>     | 908,127                      |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>   |                    |                              |
|  |                    | <u>95,098</u>                |
| <b>Change in Net Position - Governmental Activities</b>  |                    | <u><u>\$ (3,024,385)</u></u> |

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, 2018**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance With</u> |
|---|-------------------------|---------------------|---------------------|----------------------|
|   | <u>Original</u>         | <u>Final</u>        |                     | <u>Final Budget</u>  |
|   |                         |                     |                     | <u>Positive</u>      |
|   |                         |                     |                     | <u>(Negative)</u>    |
| <b>Revenues</b>                             |                         |                     |                     |                      |
| Taxes                                       | \$ 11,420,605           | \$ 11,420,605       | \$ 11,843,611       | \$ 423,006           |
| Licenses and Permits                        | 130,000                 | 130,000             | 141,985             | 11,985               |
| Intergovernmental Revenues                  | 5,813,421               | 5,976,915           | 5,929,079           | (47,836)             |
| Charges for Services                        | 1,213,484               | 1,214,730           | 1,220,221           | 5,491                |
| Fines and Forfeitures                       | 3,000                   | 3,000               | 0                   | (3,000)              |
| Miscellaneous Revenues                      | 161,141                 | 159,255             | 265,312             | 106,057              |
| <b>Total Revenues</b>                       | <u>18,741,651</u>       | <u>18,904,505</u>   | <u>19,400,208</u>   | <u>495,703</u>       |
| <b>Expenditures</b>                         |                         |                     |                     |                      |
| Current:                                    |                         |                     |                     |                      |
| General Government                          | 8,228,393               | 8,353,517           | 7,838,140           | 515,377              |
| Public Safety                               | 7,603,062               | 7,664,875           | 7,598,818           | 66,057               |
| Physical Environment                        | 470,590                 | 470,590             | 317,686             | 152,904              |
| Economic Environment                        | 660,347                 | 660,347             | 445,601             | 214,746              |
| Human Services                              | 1,804,439               | 1,829,439           | 1,827,889           | 1,550                |
| Court-related                               | 220,679                 | 224,679             | 222,243             | 2,436                |
| Culture and Recreation                      | 312,984                 | 152,184             | 168,669             | (16,485)             |
| Debt Service:                               |                         |                     |                     |                      |
| Principal                                   | 104,000                 | 104,000             | 106,890             | (2,890)              |
| Interest                                    | 8,200                   | 8,200               | 8,764               | (564)                |
| Capital Outlay:                             |                         |                     |                     |                      |
| General Government                          | 246,470                 | 332,893             | 308,584             | 24,309               |
| Public Safety                               | 91,300                  | 193,207             | 192,900             | 307                  |
| Physical Environment                        | 27,000                  | 46,704              | 38,990              | 7,714                |
| Economic Environment                        | 50,000                  | 50,000              | 25,033              | 24,967               |
| Human Services                              | 6,500                   | 6,500               | 0                   | 6,500                |
| Culture and Recreation                      | 60,000                  | 200,800             | 12,763              | 188,037              |
| Contingency                                 | 10,000                  | 10,000              | 0                   | 10,000               |
| <b>(Total Expenditures)</b>                 | <u>(19,903,964)</u>     | <u>(20,307,935)</u> | <u>(19,112,970)</u> | <u>1,194,965</u>     |
| <b>Excess of Revenues Over</b>              |                         |                     |                     |                      |
| <b>  Expenditures</b>                       | <u>(1,162,313)</u>      | <u>(1,403,430)</u>  | <u>287,238</u>      | <u>1,690,668</u>     |
| <b>Other Financing Sources (Uses)</b>       |                         |                     |                     |                      |
| Transfers in                                | 10,234,669              | 9,074,084           | 8,791,474           | (282,610)            |
| Transfers (out)                             | (9,132,356)             | (10,001,249)        | (10,000,548)        | 701                  |
| Installment Purchases                       | 0                       | 101,907             | 101,907             | 0                    |
| <b>Total Other Financing Sources (Uses)</b> | <u>1,102,313</u>        | <u>(825,258)</u>    | <u>(1,107,167)</u>  | <u>(281,909)</u>     |
| <b>Net Change in Fund Balance</b>           | (60,000)                | (2,228,688)         | (819,929)           | 1,408,759            |
| <b>Fund Balance, Beginning of Year</b>      | 60,000                  | 2,228,688           | 6,314,268           | 4,085,580            |
| <b>Fund Balance, End of Year</b>            | <u>\$ 0</u>             | <u>\$ 0</u>         | <u>\$ 5,494,339</u> | <u>\$ 5,494,339</u>  |

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

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY TRANSPORTATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>       | <b>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|--------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                     |   |
| <b>Revenues</b>                             |                         |                    |                     |   |
| Taxes                                       | \$ 2,054,994            | \$ 3,344,818       | \$ 3,496,579        | \$ 151,761  |
| Intergovernmental Revenues                  | 2,000                   | 2,000              | 1,993               | (7)   |
| Charges for Services                        | 175,000                 | 175,000            | 145,554             | (29,446)  |
| Miscellaneous Revenues                      | 55,463                  | 55,463             | 15,698              | (39,765)  |
| <b>Total Revenues</b>                       | <u>2,287,457</u>        | <u>3,577,281</u>   | <u>3,659,824</u>    | <u>82,543</u>   |
| <b>Expenditures</b>                         |                         |                    |                     |   |
| Current:                                    |                         |                    |                     |   |
| Transportation                              | 4,021,324               | 4,052,324          | 3,976,659           | 75,665  |
| Capital Outlay:                             |                         |                    |                     |   |
| Transportation                              | 354,369                 | 372,369            | 172,463             | 199,906   |
| <b>(Total Expenditures)</b>                 | <u>(4,375,693)</u>      | <u>(4,424,693)</u> | <u>(4,149,122)</u>  | <u>275,571</u>  |
| <b>(Deficiency) of Revenues (Under)</b>     |                         |                    |                     |   |
| <b>Expenditures</b>                         | <u>(2,088,236)</u>      | <u>(847,412)</u>   | <u>(489,298)</u>    | <u>358,114</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                     |   |
| Transfers in                                | 2,088,236               | 798,412            | 798,412             | 0   |
| <b>Total Other Financing Sources (Uses)</b> | <u>2,088,236</u>        | <u>798,412</u>     | <u>798,412</u>      | <u>0</u>  |
| <b>Net Change in Fund Balance</b>           | 0                       | (49,000)           | 309,114             | 358,114   |
| <b>Fund Balance, Beginning of Year</b>      | <u>0</u>                | <u>49,000</u>      | <u>869,973</u>      | <u>820,973</u>  |
| <b>Fund Balance, End of Year</b>            | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 1,179,087</u> | <u>\$ 1,179,087</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, 2018**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues</b>                                 |                         |                  |                  |   |
| Intergovernmental Revenues                      | \$ 0                    | \$ 391,832       | \$ 104,589       | \$ (287,243)  |
| Miscellaneous Revenues                          | 0                       | 0                | 5,249            | 5,249   |
| <b>Total Revenues</b>                           | <u>0</u>                | <u>391,832</u>   | <u>109,838</u>   | <u>(281,994)</u>  |
| <b>Expenditures</b>                             |                         |                  |                  |   |
| Current:  |                         |                  |                  |   |
| Economic Environment                            | 0                       | 391,832          | 109,838          | 281,994   |
| <b>(Total Expenditures)</b>                     | <u>0</u>                | <u>(391,832)</u> | <u>(109,838)</u> | <u>281,994</u>  |
| <b>Excess of Revenues Over<br/>Expenditures</b> | <u>0</u>                | <u>0</u>         | <u>0</u>         | <u>0</u>  |
| <b>Net Change in Fund Balance</b>               | 0                       | 0                | 0                | 0   |
| <b>Fund Balance, Beginning of Year</b>          | <u>0</u>                | <u>0</u>         | <u>1,743</u>     | <u>1,743</u>  |
| <b>Fund Balance, End of Year</b>                | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 1,743</u>  | <u>\$ 1,743</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, 2018**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <u>Variance With<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues</b>                                 |                         |                    |                    |   |
| Taxes   | \$ 1,615,000            | \$ 1,823,248       | \$ 1,798,461       | \$ (24,787)   |
| <b>Total Revenues</b>                           | <u>1,615,000</u>        | <u>1,823,248</u>   | <u>1,798,461</u>   | <u>(24,787)</u>   |
| <b>Expenditures</b>                             |                         |                    |                    |   |
| Current:  |                         |                    |                    |   |
| Human Services                                  | 933,058                 | 1,141,306          | 1,151,959          | (10,653)  |
| <b>(Total Expenditures)</b>                     | <u>(933,058)</u>        | <u>(1,141,306)</u> | <u>(1,151,959)</u> | <u>(10,653)</u>   |
| <b>Excess of Revenues Over<br/>Expenditures</b> | <u>681,942</u>          | <u>681,942</u>     | <u>646,502</u>     | <u>(35,440)</u>   |
| <b>Other Financing (Uses)</b>                   |                         |                    |                    |   |
| Transfers (out)                                 | (681,942)               | (681,942)          | (645,836)          | 36,106  |
| <b>Total Other Financing (Uses)</b>             | <u>(681,942)</u>        | <u>(681,942)</u>   | <u>(645,836)</u>   | <u>36,106</u>   |
| <b>Net Change in Fund Balance</b>               | 0                       | 0                  | 666                | 666   |
| <b>Fund Balance, Beginning of Year</b>          | <u>0</u>                | <u>0</u>           | <u>53,820</u>      | <u>53,820</u>   |
| <b>Fund Balance, End of Year</b>                | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 54,486</u>   | <u>\$ 54,486</u>  |

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

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2018**

|                          | <b>Private<br/>Purpose<br/>Trust<br/>Fund</b> | <b>Agency<br/>Funds</b> | <b>Total</b>      |
|--------------------------|---|-------------------------|-------------------|
| <b>Assets</b>            |   |                         |                   |
| Cash                     | \$ 1,937,574                                  | \$ 973,243              | \$ 2,910,817      |
| Investments              | 8,412,192                                     | 0                       | 8,412,192         |
| Accounts Receivable      | 0   | 19,640                  | 19,640            |
| Due from Other Funds     | 0   | 2,190                   | 2,190             |
| <b>Total Assets</b>      | <b>10,349,766</b>                             | <b>995,073</b>          | <b>11,344,839</b> |
| <b>Liabilities</b>       |   |                         |                   |
| Accounts Payable         | 0   | 32,556                  | 32,556            |
| Due to Other Funds       | 0   | 22,415                  | 22,415            |
| Due to Individuals       | 0   | 2,860                   | 2,860             |
| Due to Other Governments | 0   | 75,131                  | 75,131            |
| Assets Held for Others   | 0   | 50,626                  | 50,626            |
| Installment Tax Deposits | 0   | 220,249                 | 220,249           |
| Deposits                 | 0   | 591,236                 | 591,236           |
| <b>Total Liabilities</b> | <b>0</b>                                      | <b>995,073</b>          | <b>995,073</b>    |
| <b>Net Position</b>      |   |                         |                   |
| Held in Trust            | \$ 10,349,766                                 | \$ 0                    | \$ 10,349,766     |

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, 2018**

|  | <b>Private<br/>Purpose<br/>Trust<br/>Fund</b> |
|--|---|
|  |   |
| <b>Additions</b>   |   |
| Investment Earnings:                                     |   |
| Net Appreciation in Fair Value of Investments            | \$ 314,491                                    |
| Interest and Dividends                                   | 223,837                                       |
| <b>Total Additions</b>                                   | <b>538,328</b>                                |
| <br><b>Deductions</b>                                    |   |
| Administrative Fees                                      | 30,893  |
| <b>Total Deductions</b>                                  | <b>(30,893)</b>                               |
| <br><b>Net Increase</b>                                  | <br>507,435                                   |
| <br><b>Net Position Held in Trust, Beginning of Year</b> | <br>9,842,331                                 |
| <br><b>Net Position Held in Trust, End of Year</b>       | <br>\$ 10,349,766                             |

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**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, 2018**  
*(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 2018.
- **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, 2018**  
*(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, 2018**  
*(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, 2018**  
*(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:

| <b>Assets</b>                     | <b>Years</b> |
|-----------------------------------|--------------|
| 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 measurable 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, 2018**  
*(Continued)*

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

**Deferred Inflows/Outflows of Resources (Concluded)**

**Unavailable Revenues**—Unavailable revenues are revenues which are measurable, 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 13.

**Property Taxes**

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

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

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

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

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(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 Pronouncement**

During the year ended September 30, 2018, the County implemented 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 Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for Other Post Employment Benefits (OPEB). This Statement establishes new accounting and

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

**Adoption of New Accounting Pronouncement (Concluded)**

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. As part of implementation this new accounting pronouncement the County restated net position as follows:

|  |                      |
|--|----------------------|
| <b>Net Position, Beginning of Year, As Originally Reported</b> | \$ 50,261,351        |
| Restatement of OPEB Liability                                  | <u>997,300</u>       |
| <b>Net Position, Beginning of Year, As Restated</b>            | <u>\$ 51,258,651</u> |

**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 Hospital.

**Public Purpose**

As of September 30, 2018, the County's public purpose programs had the following in cash and investments:

|   | <b>Carrying<br/>Amount</b> |
|---|----------------------------|
| Cash on Hand                              | \$ 3,385                   |
| Deposits in Qualified Public Depositories | 9,627,036                  |
| Money Market                              | 1,547,047                  |
| Certificate of Deposit                    | 503,141                    |
| SBA Florida PRIME                         | <u>4,984,579</u>           |
| <b>Total Cash and Investments</b>         | <u>\$ 16,665,188</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.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

**Credit Risk—Public Purpose Funds (Concluded)**

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). Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME.

Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. The County's fair value of their position in Florida PRIME approximates their value of the pool shares. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standards & Poor's.

The SBA's interpretation of GASB Statement No. 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 2017-18. 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, except in certain emergency situations.

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2018, consist primarily of treasury notes and agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The agency securities are not fully rated.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

**Custodial Credit Risk—Public Purpose Funds**

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

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

**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, 2018, the Hospital Endowment Trust Fund had the following balances in investments:

Investments at Capital City Trust Company:

|                                   | <b>Fair Value</b>    |
|-----------------------------------|----------------------|
| Cash in Bank                      | \$ 45,304            |
| Repurchase Agreement              | 988,639              |
| SBA Florida PRIME                 | 903,630              |
| U.S. Treasury Notes               | 547,186              |
| Corporate Bonds                   | 396,176              |
| Mutual Funds - (Fixed)            | 2,702,557            |
| Equities                          | 4,766,274            |
| <b>Total Cash and Investments</b> | <b>\$ 10,349,766</b> |

As of September 30, 2018, the Hospital Endowment Trust Fund had cash deposits of \$45,305 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 U.S. Treasury Bonds and Notes, and the U.S. Government Agency holdings of the Hospital Endowment Trust Fund are triple A-rated by a nationally recognized statistical rating organization.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

**Custodial Credit Risk—Hospital Endowment Trust Fund**

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

**Concentration of Credit Risk—Hospital Endowment Trust Fund**

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

**Interest Rate Risk—Hospital Endowment Trust Fund**

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

| <u>Investment Type</u> | <u>Fair Value</u>   | <u>Less Than One Year</u> | <u>1-5 Years</u>    |
|------------------------|---------------------|---------------------------|---------------------|
| SBA Florida Prime      | \$ 903,630          | \$ 903,630                | \$ 0                |
| U.S. Treasury Notes    | 547,186             | 0                         | 547,186             |
| Corporate Bonds        | 396,176             | 0                         | 396,176             |
| Mutual Funds - Fixed   | 2,702,557           | 1,548,735                 | 1,153,822           |
| Equities               | 4,766,274           | 4,766,274                 | 0                   |
| <b>Total</b>           | <u>\$ 9,315,823</u> | <u>\$ 7,218,639</u>       | <u>\$ 2,097,184</u> |

**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.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

**Fair Value Measurements (Concluded)**

Fair value measurements for the Hospital Endowment Trust are as follows at September 30, 2018:

|  | <u>Amount</u>       | <u>Fair Value Measurements Using</u>                                  |  |  |
|--|---------------------|---|--|--|
|  |                     | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| <b>Investments by Fair Value Level</b>                   |                     |   |  |  |
| U.S. Treasury Notes                                      | \$ 547,186          | \$ 0  | \$ 547,186   | \$ 0   |
| Corporate Bonds  | 396,176             | 0   | 396,176  | 0  |
| Equities   | 4,766,274           | 4,766,274   | 0  | 0  |
| <b>Total Investments Measured at Fair Value</b>          | <u>\$ 5,709,636</u> | <u>\$ 4,766,274</u>   | <u>\$ 943,362</u>                                    | <u>\$ 0</u>                                      |
| <b>Investments Measured at the Net Asset Value (NAV)</b> |                     | <b>Unfunded Commitments</b>   | <b>Redemption Frequency (if Currently Eligible)</b>  | <b>Redemption Notice Period</b>                  |
| Mutual Funds - Fixed                                     | <u>\$ 2,702,557</u> | <u>\$ 0</u>   | Daily  | None   |
| <b>Investments Measured at Amortized Cost</b>            |                     | <b>Unfunded Commitments</b>   | <b>Redemption Frequency (if Currently Eligible)</b>  | <b>Redemption Notice Period</b>                  |
| Mutual Funds - Fixed                                     | <u>\$ 903,630</u>   | <u>\$ 0</u>   | Daily  | None   |
| <b>Total Investments</b>                                 | <u>\$ 9,315,823</u> |   |  |  |

**Note 4 - Receivables**

Receivables at September 30, 2018, consist of the following:

|                            | <u>Gross Accounts Receivable</u> | <u>Allowance for Uncollectibles</u> | <u>Net Receivables</u> |
|----------------------------|----------------------------------|-------------------------------------|------------------------|
| General                    | \$ 52,557                        | \$ 0                                | \$ 52,557              |
| Other Governmental Funds:  |                                  |                                     |                        |
| Emergency Medical Services | 2,845,449                        | (2,224,564)                         | 620,885                |
| Fiduciary Funds:           |                                  |                                     |                        |
| Agency Funds - Tax         | 19,640                           | 0                                   | 19,640                 |
| <b>Total Receivables</b>   | <u>\$ 2,917,646</u>              | <u>\$ (2,224,564)</u>               | <u>\$ 693,082</u>      |

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

Interfund balances at September 30, 2018, consisted of the following:

|                          | <u>Due From</u>   | <u>Due To</u>     |
|--------------------------|-------------------|-------------------|
| General Fund             | \$ 241,380        | \$ 103,981        |
| Other Governmental Funds | 247,095           | 364,269           |
| Fiduciary Funds:         |                   |                   |
| Agency Funds             | 2,190             | 22,415            |
| <b>Total</b>             | <u>\$ 490,665</u> | <u>\$ 490,665</u> |



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

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, 2018, consisted of the following:

|                                  | <b>Interfund</b>     |                        |
|----------------------------------|----------------------|------------------------|
|                                  | <b>Transfers In</b>  | <b>Transfers (Out)</b> |
| General Fund                     | \$ 1,253,107         | \$ 2,462,181           |
| County Transportation            | 798,412              | 0                      |
| Indigent Surtax                  | 0                    | 645,836                |
| Other Governmental Funds         | 10,899,488           | 9,842,990              |
| <b>Total Interfund Transfers</b> | <b>\$ 12,951,007</b> | <b>\$ 12,951,007</b>   |

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.

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 20, 2018, was as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b>      | <b>(Decreases)</b>    | <b>Ending<br/>Balance</b> |
|--|------------------------------|-----------------------|-----------------------|---------------------------|
| <b>Governmental Activities</b>                           |                              |                       |                       |                           |
| Capital Assets Not Being Depreciated:                    |                              |                       |                       |                           |
| Land   | \$ 2,054,225                 | \$ 0                  | \$ 0                  | \$ 2,054,225              |
| Construction Work in Progress                            | 1,691,830                    | 712,082               | (1,544,992)           | 858,920                   |
| Total Capital Assets Not Being Depreciated               | 3,746,055                    | 712,082               | (1,544,992)           | 2,913,145                 |
| Capital Assets Being Depreciated:                        |                              |                       |                       |                           |
| Buildings  | 36,954,692                   | 196,999               | 0                     | 37,151,691                |
| Improvements Other Than Buildings                        | 5,463,445                    | 105,877               | 0                     | 5,569,322                 |
| Machinery and Equipment:                                 |                              |                       |                       |                           |
| Board and Clerk  | 15,858,489                   | 508,700               | (442,670)             | 15,924,519                |
| Sheriff  | 3,269,546                    | 215,188               | 0                     | 3,484,734                 |
| Total Machinery and Equipment                            | 19,128,035                   | 723,888               | (442,670)             | 19,409,253                |
| Infrastructure   | 70,510,631                   | 2,111,904             | 0                     | 72,622,535                |
| Total Capital Assets Being Depreciated                   | 132,056,803                  | 3,138,668             | (442,670)             | 134,752,801               |
| Less Accumulated Depreciation:                           |                              |                       |                       |                           |
| Buildings  | (13,087,727)                 | (739,313)             | 0                     | (13,827,040)              |
| Improvements Other Than Buildings                        | (1,203,438)                  | (119,941)             | 0                     | (1,323,379)               |
| Machinery and Equipment                                  | (12,568,465)                 | (1,217,174)           | 326,612               | (13,459,027)              |
| Infrastructure   | (41,894,869)                 | (3,607,247)           | 0                     | (45,502,116)              |
| Total Accumulated Depreciation                           | (68,754,499)                 | (5,683,675)           | 326,612               | (74,111,562)              |
| Total Capital Assets Being Depreciated, Net              | 63,302,304                   | (2,545,007)           | (116,058)             | 60,641,239                |
| <b>Total Governmental Activities Capital Assets, Net</b> | <b>\$ 67,048,359</b>         | <b>\$ (1,832,925)</b> | <b>\$ (1,661,050)</b> | <b>\$ 63,554,384</b>      |

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 6 - Capital Assets (Concluded)**

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

|                                   |                     |
|-----------------------------------|---------------------|
| General Government                | \$ 264,987          |
| Public Safety                     | 613,858             |
| Physical Environment              | 38,621              |
| Transportation                    | 3,978,706           |
| Economic Environment              | 11,737              |
| Human Services                    | 549,846             |
| Court-related                     | 103,047             |
| Culture and Recreation            | 122,873             |
| <b>Total Depreciation Expense</b> | <b>5,683,675</b>    |
| <b>Governmental Activities</b>    | <b>\$ 5,683,675</b> |

**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, 2018:

|   | Balance<br>10/1/17 | Additions | Deductions  | Balance<br>9/30/18 | Due Within<br>One Year |
|---|--------------------|-----------|-------------|--------------------|------------------------|
| Estimated Landfill Postclosure Costs  | \$ 12,347          | \$ 0      | \$ (12,347) | \$ 0               | \$ 0                   |
| Employee Compensated Absences Payable   | 1,398,621          | 1,186,966 | (1,175,808) | 1,409,779          | 630,439                |
| Other Postemployment Benefits   | 599,400            | 58,400    | 0           | 657,800            | 0                      |
| Net Pension Liability   | 22,923,398         | 0         | (889,735)   | 22,033,663         | 0                      |
| Due to Other Governments - Clerk  | 113,289            | 0         | (75,603)    | 37,686             | 31,949                 |
| 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   | 7,137,683          | 0         | (507,719)   | 6,629,964          | 517,967                |
| 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 | 7,875,568          | 0         | (541,689)   | 7,333,879          | 554,999                |
| 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 Costs of 2006 Library Bond   | 1,014,120          | 0         | (196,689)   | 817,431            | 199,710                |

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

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

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

|  | <u>Balance</u><br><u>10/1/17</u> | <u>Additions</u>    | <u>Deductions</u>     | <u>Balance</u><br><u>9/30/18</u> | <u>Due Within</u><br><u>One Year</u> |
|--|----------------------------------|---------------------|-----------------------|----------------------------------|--------------------------------------|
| Purchase of Vehicles for the Sheriff,<br>Payable in 12 Quarterly Installments of<br>\$17,541 Including Interest at 5.2%                  | \$ 13,377                        | \$ 0                | \$ (13,377)           | \$ 0                             | \$ 0                                 |
| Purchase of Mobile Data Computers<br>for the Sheriff, Payable in 12 Quarterly<br>Installments of \$19,122 Including Interest<br>of 4.27% | 110,552                          | 0                   | (72,917)              | 37,635                           | 37,635                               |
| Purchase of Vehicles for the Sheriff<br>Payable in 12 Quarterly Installments of<br>\$24,619 Including Interest of 4.5%                   | 209,608                          | 0                   | (90,559)              | 119,049                          | 94,704                               |
| Purchase of Vehicles for the Sheriff<br>Payable in 48 Monthly Installments of<br>\$2,356 Including Interest of 5.2%                      | 0                                | 101,907             | (2,951)               | 98,956                           | 23,687                               |
| <b>Total</b>   | <u>\$ 41,407,963</u>             | <u>\$ 1,347,273</u> | <u>\$ (3,579,394)</u> | <u>\$ 39,175,842</u>             | <u>\$ 2,091,090</u>                  |

Interest expense and other debt-related charges during 2018 on long-term debt totaled \$350,590, 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>     |
|---|----------------------|---------------------|
| 2019  | \$ 1,428,702         | \$ 320,638          |
| 2020  | 1,349,130            | 288,113             |
| 2021  | 1,353,866            | 258,758             |
| 2022  | 1,379,991            | 229,003             |
| 2023  | 1,172,664            | 200,230             |
| 2024-2028   | 6,270,787            | 593,688             |
| 2029-2030   | 2,081,774            | 38,154              |
| Other Years (Including Compensated<br>Absences, Other Postemployment Benefits,<br>Estimated Landfill Postclosure Costs, Due to<br>Other Governments, and Net Pension Liability) | 24,138,928           | 0                   |
| <b>Total</b>  | <u>\$ 39,175,842</u> | <u>\$ 1,928,584</u> |

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 8 - Pledged Revenues**

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2018. 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, 2018.

| <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<br>Revenue Bond, Series 2016 | \$ 1,626,687            | \$ 727,059                         | 0.00%                               | \$ 8,421,763                              | 2030                   |
| Local Half-cent Tax      | Revenue Bond for Library<br>Revenue Bond, Series 2017        | \$ 1,373,878            | \$ 211,455                         | 0.00%                               | \$ 845,821                                | 2022                   |
| Indigent Surtax Revenues | Sales Tax and Revenue Refund<br>Bond, Series 2017            | \$ 1,798,461            | \$ 645,835                         | 0.00%                               | \$ 7,427,110                              | 2030                   |

**Note 9 - 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 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](http://www.dms.myflorida.com)).

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Continued)**

**FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer qualified defined benefit pension plan, with a DROP available 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, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Benefits Provided. (Concluded)*

| <b>Class, Initial Enrollment, and<br/>Retirement Age/Years of Service</b>        | <b>Percent<br/>Value</b> |
|--|--------------------------|
| <b><i>Regular Class Members Initially Enrolled Before July 1, 2011:</i></b>      |                          |
| 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                     |
| <b><i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i></b> |                          |
| 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                     |
| <b><i>Elected County Officers</i></b>  | 3.00                     |
| <b><i>County Court Judges</i></b>  | 3.33                     |
| <b><i>Senior Management Service Class</i></b>                                    | 2.00                     |
| <b><i>Special Risk Regular</i></b>   |                          |
| 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 2017-18 fiscal year were as follows:

| <b>Class</b>                   | <b>Year Ended June 30, 2018</b> |                     | <b>Year Ended June 30, 2019</b> |                     |
|--------------------------------|---------------------------------|---------------------|---------------------------------|---------------------|
|                                | <b>Percent of Gross Salary</b>  |                     | <b>Percent of Gross Salary</b>  |                     |
|                                | <b>Employee</b>                 | <b>Employer (2)</b> | <b>Employee</b>                 | <b>Employer (2)</b> |
| FRS, Regular                   | 3.00                            | 6.20                | 3.00                            | 6.54                |
| FRS, Elected County Officers   | 3.00                            | 43.78               | 3.00                            | 46.78               |
| FRS, Senior Management Service | 3.00                            | 20.99               | 3.00                            | 22.34               |
| FRS, Special Risk Regular      | 3.00                            | 21.55               | 3.00                            | 22.78               |
| DROP – Applicable to Members   |                                 |                     |                                 |                     |
| from All of the Above Classes  | 0.00                            | 11.60               | 0.00                            | 12.37               |
| FRS, Reemployment Retiree      | (1)                             | (1)                 | (1)                             | (1)                 |

**Notes:** (1) Contribution rates are dependent upon retirement class in which reemployed.  
(2) These rates include the normal cost and unfunded actuarial liability contributions but do not include the contribution for Retiree Health Insurance Subsidy of 1.66% and the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools for both plans.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Continued)**

*Contributions. (Concluded)*

The County's contributions (employer) to the FRS Plan totaled \$1,728,562 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

*Pension Liabilities and Pension Expense.* At September 30, 2018, the County reported a liability of \$17,856,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's proportion was .059283048%, which was a decrease of .0329686 from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$3,113,860 related to the Plan.

*Actuarial Assumptions.* The total pension liability in the July 1, 2018 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 |
| Discount Rate                             | 7.00%                              |
| Long-term Expected Rate of                |                                    |
| Rate of Return, Net of Investment Expense | 7.00%                              |

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

The actuarial assumptions used in the July 1, 2018 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, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Continued)**

**FRS Pension Plan (Concluded)**

Actuarial Assumptions. (Concluded)

| <u>Asset Class</u>       | <u>Annual Target Allocation <sup>(1)</sup></u> | <u>Annual Arithmetic Return</u> | <u>Geometric Return</u> | <u>Standard Deviation</u> |
|--------------------------|--|---------------------------------|-------------------------|---------------------------|
| Cash                     | 1%   | 2.9%                            | 2.9%                    | 1.8%                      |
| Fixed Income             | 18%  | 4.4%                            | 4.3%                    | 4.0%                      |
| Global Equity            | 54%  | 7.6%                            | 6.3%                    | 17.0%                     |
| Real Estate              | 11%  | 6.6%                            | 6.0%                    | 11.3%                     |
| Private Equity           | 10%  | 10.7%                           | 7.8%                    | 26.5%                     |
| Strategic Investments    | 6%   | 6.0%                            | 5.7%                    | 8.6%                      |
| <b>Total</b>             | <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 7.00%. 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 7.10% in the July 1, 2017 valuation.

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

*FRS – County:*

|   | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|----------------------------|--------------------------------------|----------------------------|
| County’s Proportionate Share of the Net Pension Liability | \$ 32,588,608              | \$ 17,856,361                        | \$ 5,620,359               |

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, 2018**  
*(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 and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

*Benefits Provided.* For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the years of service credited at retirement multiplied by \$5. The minimum HIS payment is \$30 and a maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the 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, 2018 and 2017, the contribution rate was 1.66% of payroll, 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 \$215,157 for the fiscal year ended September 30, 2018.

*Pension Liabilities and Pension Expense.* At September 30, 2018, the County reported a net pension liability of \$4,177,302 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-2018 fiscal year contributions relative to the total 2017-2018 fiscal year contributions of all participating members. At June 30, 2018, the County's proportionate share was .039468584%, which was a decrease of .000018004 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$284,758 related to the HIS Plan.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(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, 2016, and recalculated as of June 30, 2018, 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 |
| Discount Rate                             | 3.87%                              |
| Long-term Expected Rate of                |                                    |
| Rate of Return, Net of Investment Expense | N/A                                |
| Municipal Bond Index                      | 3.87%                              |

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 July 1, 2018, 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 3.87%. 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 3.58%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

|  | <b>1%<br/>Decrease<br/>(2.87%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(3.87%)</b> | <b>1%<br/>Increase<br/>(4.87%)</b> |
|--|------------------------------------|--|------------------------------------|
| County's Proportionate Share<br>of the Net Pension Liability | \$ 4,757,813                       | \$ 4,177,302                                     | \$ 3,693,591                       |

*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, 2018**  
*(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 | \$ 17,856,361 | \$ 4,177,302 | \$ 22,033,633 |

*Deferred Outflows of Resources*

|  | <u>FRS</u>          | <u>HIS</u>        | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|
| Employer Contributions After<br>Measurement Date                       | \$ 483,413          | \$ 57,793         | \$ 541,206          |
| Difference Between Expected and<br>Actual Experience                   | 1,512,702           | 63,953            | 1,576,655           |
| Changes in Assumptions   | 5,834,590           | 464,568           | 6,299,158           |
| Changes in Proportion  | 664,838             | 79,577            | 744,415             |
| Net Difference Between Projected and<br>Actual Earnings on Investments | <u>0</u>            | <u>2,521</u>      | <u>2,521</u>        |
| <b>Total Deferred Outflows of Resources</b>                            | <u>\$ 8,495,543</u> | <u>\$ 668,412</u> | <u>\$ 9,163,955</u> |

*Deferred Inflows of Resources*

|  | <u>FRS</u>          | <u>HIS</u>        | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|
| Difference Between Expected and<br>Actual Experience                   | \$ 54,904           | \$ 7,097          | \$ 62,001           |
| Changes in Assumptions   | 0                   | 441,659           | 441,659             |
| Changes in Proportion  | 867,315             | 249,393           | 1,116,708           |
| Net Difference Between Projected and<br>Actual Earnings on Investments | <u>1,379,623</u>    | <u>0</u>          | <u>1,379,623</u>    |
| <b>Total Deferred Inflows of Resources</b>                             | <u>\$ 2,301,842</u> | <u>\$ 698,149</u> | <u>\$ 2,999,991</u> |

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$541,206 will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year</u><br><u>Ending</u> | <u>FRS</u>          | <u>HIS</u>         | <u>Total</u>        |
|-------------------------------------|---------------------|--------------------|---------------------|
| 2019                                | \$ 2,342,347        | \$ 31,408          | \$ 2,373,755        |
| 2020                                | 1,563,946           | 31,195             | 1,595,141           |
| 2021                                | 176,114             | 15,102             | 191,216             |
| 2022                                | 960,452             | (19,431)           | 941,021             |
| 2023                                | 600,779             | (89,748)           | 511,031             |
| Thereafter                          | <u>66,650</u>       | <u>(56,056)</u>    | <u>10,594</u>       |
| <b>Total</b>                        | <u>\$ 5,710,288</u> | <u>\$ (87,530)</u> | <u>\$ 5,622,758</u> |

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Continued)**

**Additional Disclosures – Defined Benefit Plans (Concluded)**

***Pension Expense***

For the year ended September 30, 2018, the County recognized pension expense from the defined benefit pension plans as follows:

|  | <b>FRS</b>          | <b>HIS</b>        | <b>Total</b>        |
|--|---------------------|-------------------|---------------------|
| Board of County Commissioners,         |                     |                   |                     |
| Supervisor of Elections, Property      |                     |                   |                     |
| Appraiser                              | \$ 1,695,060        | \$ 168,198        | \$ 1,863,258        |
| Clerk of the Circuit Court/Comptroller | 401,986             | 24,297            | 426,283             |
| Tax Collector                          | 160,011             | 11,770            | 171,781             |
| Sheriff                                | 856,803             | 80,493            | 937,296             |
| <b>Total Pension Expense</b>           | <b>\$ 3,113,860</b> | <b>\$ 284,758</b> | <b>\$ 3,398,618</b> |

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, 2018 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.10% to 7.00%.
- **HIS**—In the July 1, 2018 actuarial valuation, the municipal rate used to determine total pension liability increased from 3.58% to 3.87%.

**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 during the 2017-2018 fiscal year were as follows:

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 9 - Employee Retirement Plan (Concluded)**

**FRS – Defined Contribution Pension Plan (Concluded)**

| Class                                | Year Ended June 30, 2018      |          | Year Ended June 30, 2019      |          |
|--------------------------------------|-------------------------------|----------|-------------------------------|----------|
|                                      | Percent of Gross Compensation |          | Percent of Gross Compensation |          |
|                                      | Employee                      | Employer | Employee                      | Employer |
| FRS, Regular Class                   | 3.00                          | 3.30     | 3.00                          | 3.30     |
| FRS, Special Risk Class              | 3.00                          | 11.00    | 3.00                          | 11.00    |
| FRS, Senior Management Service Class | 3.00                          | 4.67     | 3.00                          | 4.67     |
| FRS, Elected County Officers, Judges | 3.00                          | 10.23    | 3.00                          | 10.23    |
| FRS, Elected County Officers         | 3.00                          | 8.34     | 3.00                          | 8.34     |

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, 2018, 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 \$280,562 for the fiscal year ended September 30, 2018.

**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:

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 10 - Risk Management (Concluded)**

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

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

**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 - 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, the County would be required to make up the difference from the investment earnings of the Hospital Endowment Trust Fund. The amount of the contribution shall be limited to the amount of income generated by the Trust during the same period for which the need for the contribution was determined.

**Due to Other Governments**

During 2017, the Gadsden County Clerk's office was notified by the Florida Department of Revenue (FDOR) that the indirect cost rate used by the Clerk's office in computing reimbursement of child support costs under the Child Support Enforcement grant for the last two fiscal years needed to be reduced. The Clerk was using a provisional indirect cost rate

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 12 - Commitments and Contingencies (Concluded)**

**Due to Other Governments (Concluded)**

provided by FDOR during the majority of that time period. The indirect cost rate for each Clerk in the state of Florida is computed by a third party consultant who is retained by FDOR. As a result of the change in the rate, it was determined the Clerk's office received excess reimbursements from FDOR during the fiscal years ending September 30, 2017 and 2018. FDOR computed the excess reimbursement to the Clerk's office to be \$115,838. In 2018, FDOR recomputed the indirect cost rate and reduced the original liability of \$115,838 to \$51,853, which was further reduced to \$37,686 after the 2017 and 2018 payments of \$2,549 and \$11,618 respectfully were accounted for. This liability will be repaid to FDOR over a period of 13 months in the form of credits against future reimbursements. Of the total liability, \$31,949 is considered to be due within one year. This liability has been recorded in the County's government-wide financial statements.

**Construction Commitments**

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2018:

| <u>Project</u>                | <u>Fund</u>              | <u>Contract<br/>Amount</u> | <u>Expended as of<br/>September 30,<br/>2018</u> |
|-------------------------------|--------------------------|----------------------------|--|
| Resurfacing – Little Sycamore | Capital Projects – SCRAP | \$ 1,352,214               | \$ 175,420                                       |
| Road Resurfacing – Bell Road  | Capital Projects – SCRAP | 52,542                     | 33,525   |
| <b>Total</b>                  |                          | <u>\$ 1,404,756</u>        | <u>\$ 208,945</u>                                |

**Note 13 - Postemployment Benefits Other than Pension Benefits (OPEB)**

**Plan Description**

The OPEB Plan is a single-employer defined benefit plan administered by the County. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees.

Retirees and their dependents (except for life insurance) are permitted to remain covered under the County's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The OPEB Plan does not issue a stand-alone report.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 13 - Postemployment Benefits Other than Pension Benefits (OPEB) (Concluded)**

**Plan Description (Concluded)**

Participant data as of the most recent actuarial valuation date of October 1, 2016 is shown below:

|  |            |
|--|------------|
| Retiree and Beneficiaries Currently Receiving Benefits | 0          |
| Active Employees                                       | 280        |
| <b>Total</b>   | <b>280</b> |

**Funding Policy**

For the OPEB Plan, contribution requirements of the County are established and may be amended through action from either the Board of County Commissioners or Constitutional Officers. Currently the County's OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate Trust Fund or equivalent arrangement into which the County would make contributions to advance-fund the obligation, as it does for its pension plan, the FRS. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the County, which are invested in very short-term income instruments.

**Actuarial Methods and Assumptions**

In any long-term actuarial valuation, certain demographic, economic, and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost.

Actuarial Assumptions:

|                             |  |
|-----------------------------|--|
| Salary Increases            | 2.75   |
| Discount Rate               | 3.50%  |
| Investment Rate of Return   | 0.0%   |
| Healthcare cost trend rates | 7.44% for 2017, 5.90% for 2018, reverting back to 6.50% for 2019 and decreasing 0.50% per year to an ultimate rate of 5.00%          |
| Mortality                   | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017 |
| Actuarial Cost Method       | Entry Age Actuarial Cost Method  |

The discount rate as of the actuarial measurement date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 13 - Postemployment Benefits Other than Pension Benefits (OPEB) (Concluded)**

**Total OPEB Liability**

The County's total OPEB liability was measured as of September 30, 2017, one year prior to the reporting date, and was determined by an actuarial valuation as of October 1, 2016.

Changes in the Total OPEB Liability include the following:

|                                      | <b>Total<br/>OPEB<br/>Liability</b> |
|--------------------------------------|-------------------------------------|
| <b>Balance at October 1, 2017</b>    | \$ 599,400                          |
| Changes for the Year:                |                                     |
| Service Cost                         | 40,500                              |
| Interest                             | 22,300                              |
| Benefit Payments                     | (4,400)                             |
| Net Changes                          | 58,400                              |
| <b>Balance at September 30, 2018</b> | <b>\$ 657,800</b>                   |

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

|                             | <b>1%<br/>Decrease<br/>(2.50%)</b> | <b>Discount<br/>Rate<br/>(3.50%)</b> | <b>1%<br/>Increase<br/>(4.50%)</b> |
|-----------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <b>Total OPEB Liability</b> | \$ 720,400                         | \$ 657,800                           | \$ 600,000                         |

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates:

The following presents the total OPEB liability for the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower (6.4% decreasing to 4.0%) or 1-percentage-point higher (8.4% decreasing to 6.0%) than the current healthcare cost trend rates:

|                             | <b>1%<br/>Decrease<br/>(6.4%<br/>Decreasing<br/>to 4.0%)</b> | <b>Healthcare<br/>Cost Trend<br/>Rates (7.4%<br/>Decreasing<br/>to 5.0%)</b> | <b>1%<br/>Increase<br/>(8.4%<br/>Decreasing<br/>to 6.0%)</b> |
|-----------------------------|--|--|--|
| <b>Total OPEB Liability</b> | \$ 570,100   | \$ 657,800   | \$ 763,000   |

There were no deferred inflows or outflows related to the OPEB plan at the measurement date and amounts contributed to the plan subsequent to the measurement date were not considered material.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

**Note 14 - Other Disclosures**

**Budget Over-expenditure**

Actual expenditures or transfers out exceeded the respective amounts budgeted in the following funds:

| <u>Fund</u>                          | <u>Transfers Out<br/>in Excess of<br/>Appropriations</u> | <u>Expenditures<br/>in Excess of<br/>Appropriations</u> |
|--------------------------------------|--|---|
| Indigent Surtax Fund                 | \$ 0   | \$ 10,653   |
| General Grants Fund – JAG Drug Abuse | 1,855  | 0   |

**Fund Balance Classifications**

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2018:

**Nonspendable Fund Balance**

|                  |            |
|------------------|------------|
| Prepaid Expenses | \$ 666,965 |
| Inventory        | 140,218    |

**Total Nonspendable Fund Balance** \$ 807,183

**Restricted Fund Balance**

|                              |              |
|------------------------------|--------------|
| Transportation               | \$ 2,134,715 |
| Public Safety                | 1,939,782    |
| Capital Projects - Roads     | 1,286,612    |
| Federal and State Grants     | 10,897       |
| Indigent Surtax              | 828,199      |
| Court Facilities             | 222,442      |
| Landfill Escrow              | 52,201       |
| Judicial Services            | 298,432      |
| Tourist Development          | 103,122      |
| Boating Improvements         | 105,850      |
| Building Inspection          | 160,037      |
| Public Records Modernization | 112,061      |
| Drivers Education            | 44,064       |

**Total Restricted Fund Balance** \$ 7,298,414

**Committed Fund Balance**

|            |        |
|------------|--------|
| Teen Court | \$ 214 |
|------------|--------|

**Total Committed Fund Balance** \$ 214

**Assigned Fund Balance**

|                          |            |
|--------------------------|------------|
| Capital Projects         | \$ 955,993 |
| Subsequent Year's Budget | 850,000    |
| Federal and State Grants | 50,538     |
| Public Safety            | 640,102    |
| Landfill                 | 150,488    |
| Library Services         | 154,450    |
| Debt Service             | 987,404    |

**Total Assigned Fund Balance** \$ 3,788,975

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**  
*(Concluded)*

**Note 14 - Other Disclosures (Concluded)**

**(Deficit) Unrestricted Net Position**

At September 30, 2018, there was a deficit in unrestricted net position of (\$7,581,618). This deficit primarily resulted from the recording of the unfunded pension liabilities related to the Florida Retirement System in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Note 15 - Tax Abatements**

In March of 2012, the County established a tax abatement program by adopting Ordinance 2012-003, which was later amended by Ordinance 2015-005. These ordinances allow the Board to grant ad valorem tax exemptions for new and expanding businesses within the unincorporated and incorporated area of the County if the businesses meet certain criteria. The ordinance provides for exemption of only those ad valorem taxes levied by the Board of County Commissioners. The authority to grant the tax exemptions under this ordinance expires ten years after it was adopted. For the fiscal year ended September 30, 2018, there were no businesses who had received tax abatements under the program.

**Note 16 - Subsequent Events**

In November 2017, the Board approved the purchase of a new County-wide radio communication system. The Sales Contract Agreement requires the County to make (10) ten annual payments of \$152,589.28 on November 15th of each year. The first payment was made on November 15, 2018. The total purchase price is \$1,295,000 at a 3.100% interest rate.

On October 2nd, 2018, the County entered into an additional contract with Motorola Solutions to purchase the additional equipment needed in the County-wide radio communication system. The terms of this purchase requires the County to make (11) eleven payments, (10) for \$47,410.72 with the final payment on November 15, 2028 for \$94,520.04. The total purchase price is \$455,730 at a 4.29% interest rate.

On October 10, 2018, Hurricane Michael struck Gadsden County causing extensive damage in and around the Gadsden County area. The County incurred costs related to the storm totaling \$890,042. A portion of the costs are expected to be reimbursed by the Federal Emergency Management Agency (FEMA), however, these amounts are not yet known.

On March 1, 2019, the County entered into a Master Equipment Lease Purchase agreement with GM Financial to lease sixteen vehicles. Terms of the lease require the County to make five annual payments of \$102,558 beginning on March 1, 2019, including interest of 4.58%. The County has the option to retain the vehicles at the end of the lease term.

On April 16, 2019, the Board approved to enter into a Lease-Purchase Agreement to purchase (4) Frazer Type 1 Chevy Diesel Ambulances. The County will make (5) five annual payments of \$166,885.44 on April 16th of each year. The first payment is due on April 16, 2020, with an interest rate of 3.94%.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GADSDEN COUNTY, FLORIDA**  
**FRS PENSION PLAN**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY**  
**AS OF SEPTEMBER 30, 2018**

|   | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| County's Proportion of the Net Pension Liability  | 0.059283048%                  | 0.062579916%                  | 0.062937069%                  | 0.060673599%                  |
| County's Proportionate Share of the Net Pension Liability   | \$ 17,856,359                 | \$ 18,510,719                 | \$ 15,891,659                 | \$ 7,836,809                  |
| County's Covered-employee Payroll (FYE 09/30)   | \$ 12,961,265                 | \$ 13,075,843                 | \$ 13,324,993                 | \$ 12,782,607                 |
| County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll | 137.77%                       | 141.56%                       | 119.26%                       | 61.31%                        |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>                         | 84.26%                        | 83.89%                        | 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  
FRS PENSION PLAN  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|   | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Contractually Required Contributions                                    | \$ 1,728,563                  | \$ 1,630,549                  | \$ 1,606,989                  | \$ 1,493,376                  |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(1,728,563)</u>            | <u>(1,630,549)</u>            | <u>(1,606,989)</u>            | <u>(1,493,376)</u>            |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>                   | <u>\$ 0</u>                   | <u>\$ 0</u>                   | <u>\$ 0</u>                   |
| County's Covered-employee Payroll                                       | \$ 12,961,265                 | \$ 13,075,873                 | \$ 13,324,993                 | \$ 12,782,607                 |
| <b>Contributions as a Percentage of<br/>Covered-employee Payroll</b>    | 13.34%                        | 12.47%                        | 12.06%                        | 11.68%                        |

**Note to Schedule:**

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

**GADSDEN COUNTY, FLORIDA  
HIS PENSION PLAN  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
AS OF SEPTEMBER 30, 2018**

|   | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| County's Proportion of the Net Pension Liability  | 0.0394677%                    | 0.0412691%                    | 0.0417857%                    | 0.0415987%                    |
| County's Proportionate Share of the Net Pension Liability   | \$ 4,177,302                  | \$ 4,412,678                  | \$ 4,869,952                  | \$ 4,242,418                  |
| County's Covered-employee Payroll (FYE 09/30)   | \$ 12,961,265                 | \$ 13,075,843                 | \$ 13,324,993                 | \$ 12,782,607                 |
| County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll | 32.23%                        | 33.75%                        | 36.55%                        | 33.19%                        |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>                         | 2.15%                         | 1.64%                         | 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  
 HIS PENSION PLAN  
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|   | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Contractually Required Contributions                                    | \$ 215,157                    | \$ 217,059                    | \$ 221,017                    | \$ 172,438                    |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(215,157)</u>              | <u>(217,059)</u>              | <u>(221,017)</u>              | <u>(172,438)</u>              |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>                   | <u>\$ 0</u>                   | <u>\$ 0</u>                   | <u>\$ 0</u>                   |
| County's Covered-employee Payroll                                       | \$ 12,961,265                 | \$ 13,075,843                 | \$ 13,324,993                 | \$ 12,782,607                 |
| Contributions as a Percentage of<br>Covered-employee Payroll            | 1.66%                         | 1.66%                         | 1.66%                         | 1.35%                         |

**Note to Schedule:**

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



**GADSDEN COUNTY, FLORIDA**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS**  
**AND RELATED RATIOS**  
**AS OF SEPTEMBER 30, 2018**

|  |                          |
|--|--------------------------|
| Actuarial Valuation Date   | 9/30/2016                |
| Measurement Date   | 9/30/2017                |
| Reporting Date   | 9/30/2018                |
| <br>   |                          |
| <b>Total OPEB Liability</b>  |                          |
| Service Cost   | \$ 40,500                |
| Interest on the Total OPEB Liability   | 22,300                   |
| Changes of Benefit Terms   | 0                        |
| Difference Between Expected and Actual<br>Experience of the Total OPEB Liability | 0                        |
| Changes in Assumptions and Other Inputs  | 0                        |
| Benefit Payments   | (4,400)                  |
| Net Change in Total OPEB Liability   | <u>58,400</u>            |
| <b>Total OPEB Liability - Beginning of Year</b>                                  | <u>599,400</u>           |
| <b>Total OPEB Liability - End of Year</b>  | <u><u>657,800</u></u>    |
| <br>   |                          |
| <b>Plan Fiduciary Net Position</b>   |                          |
| Contributions - Employer   | 4,400                    |
| Contributions - Employee   | 0                        |
| Net Investment Income  | 0                        |
| Benefit Payments   | (4,400)                  |
| Administrative Expenses  | 0                        |
| Other  | 0                        |
| Net Change in Plan Fiduciary Net Position  | <u>0</u>                 |
| <b>Plan Fiduciary Net Position - Beginning of Year</b>                           | <u>0</u>                 |
| <b>Plan Fiduciary Net Position - End of Year</b>                                 | <u><u>0</u></u>          |
| <br>   |                          |
| <b>Net OPEB Liability</b>  | <u><u>\$ 657,800</u></u> |
| <br>   |                          |
| <b>Estimated Covered-employee Payroll</b>  | \$ 10,505,400            |
| <br>   |                          |
| <b>Total OPEB Liability as a percentage of<br/>Covered-employee Payroll</b>      | 6.26%                    |

**Note to Schedule:**

10 years of data will be displayed as information becomes available.

**GADSDEN COUNTY, FLORIDA  
OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|   | <b>September 30,<br/>2018</b> |
|---|-------------------------------|
| Actuarially Determined Contribution                                     | \$ 4,400                      |
| Contributions in Relation to the<br>Actuarially Determined Contribution | (4,400)                       |
| Contribution Deficiency (Excess)  | \$ 0                          |
| Expected Covered-employee Payroll                                       | \$ 10,505,400                 |
| Contributions as a Percentage of<br>Covered-employee Payroll            | 0.04%                         |

**Notes to Schedule:**

The County has elected to make an annual contribution equal to the benefit payments. The County's share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go"

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending September 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the reported plan.

10 years of data will be displayed as information becomes available.

**COMBINING NONMAJOR FUND STATEMENTS**

**GADSDEN COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

|  | <u>Special Revenue</u> |                                      |   |
|--|------------------------|--------------------------------------|---|
|  | <u>Landfill</u>        | <u>Fines<br/>and<br/>Forfeitures</u> | <u>Emergency<br/>Medical<br/>Services</u> |
| <b>Assets</b>  |                        |                                      |   |
| Cash   | \$ 151,350             | \$ 806,186                           | \$ 73,847                                 |
| Investments  | 52,201                 | 0                                    | 0   |
| Accounts Receivables (Net of<br>Allowance for Uncollectible) | 0                      | 0                                    | 620,885                                   |
| Due from Other Funds   | 0                      | 6,371                                | 0   |
| Due from Other Governments                                   | 0                      | 264                                  | 0   |
| Prepaid Expenses   | 0                      | 0                                    | 0   |
| <b>Total Assets</b>  | <u>203,551</u>         | <u>812,821</u>                       | <u>694,732</u>                            |
| <b>Liabilities and Fund Balances</b>                         |                        |                                      |   |
| <b>Liabilities</b>   |                        |                                      |   |
| Accounts Payable and Accrued<br>Expenses                     | 62                     | 79,980                               | 6,201                                     |
| Due to Other Funds   | 0                      | 0                                    | 0   |
| Due to Other Governments                                     | 0                      | 0                                    | 0   |
| Accrued Wages  | 800                    | 0                                    | 35,873                                    |
| Unearned Revenue   | 0                      | 0                                    | 0   |
| <b>Total Liabilities</b>                                     | <u>862</u>             | <u>79,980</u>                        | <u>42,074</u>                             |
| <b>Deferred Inflows of Resources</b>                         | <u>0</u>               | <u>0</u>                             | <u>456,012</u>                            |
| <b>Fund Balances</b>   |                        |                                      |   |
| Nonspendable   | 0                      | 0                                    | 0   |
| Restricted   | 52,201                 | 289,385                              | 0   |
| Committed  | 0                      | 0                                    | 0   |
| Assigned   | 150,488                | 443,456                              | 196,646                                   |
| Unassigned   | 0                      | 0                                    | 0   |
| <b>Total Fund Balances</b>                                   | <u>202,689</u>         | <u>732,841</u>                       | <u>196,646</u>                            |
| <b>Total Liabilities and Fund<br/>Balances (Deficits)</b>    | <u>\$ 203,551</u>      | <u>\$ 812,821</u>                    | <u>\$ 694,732</u>                         |

**Special Revenue**

| <b>Library<br/>Services</b> | <b>Judicial<br/>Services<br/>Fund</b> | <b>Fire<br/>Assessment</b> | <b>Court<br/>Facilities</b> | <b>Tourist<br/>Development</b> | <b>General<br/>Grants</b> |
|-----------------------------|---------------------------------------|----------------------------|-----------------------------|--------------------------------|---------------------------|
| \$ 173,104                  | \$ 316,208                            | \$ 1,102,907               | \$ 241,720                  | \$ 105,348                     | \$ 251,289                |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 0                         |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 0                         |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 0                         |
| 0                           | 0                                     | 226,564                    | 0                           | 19,987                         | 104,358                   |
| 165                         | 0                                     | 299,487                    | 0                           | 0                              | 0                         |
| <u>173,269</u>              | <u>316,208</u>                        | <u>1,628,958</u>           | <u>241,720</u>              | <u>125,335</u>                 | <u>355,647</u>            |
| 9,580                       | 17,776                                | 107,478                    | 19,278                      | 13,519                         | 21,700                    |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 122,609                   |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 588                       |
| 9,074                       | 0                                     | 1,864                      | 0                           | 185                            | 0                         |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 123,472                   |
| <u>18,654</u>               | <u>17,776</u>                         | <u>109,342</u>             | <u>19,278</u>               | <u>13,704</u>                  | <u>268,369</u>            |
| 0                           | 0                                     | 151,815                    | 0                           | 8,509                          | 0                         |
| 165                         | 0                                     | 299,487                    | 0                           | 0                              | 0                         |
| 0                           | 298,432                               | 1,068,314                  | 222,442                     | 103,122                        | 40,718                    |
| 0                           | 0                                     | 0                          | 0                           | 0                              | 0                         |
| 154,450                     | 0                                     | 0                          | 0                           | 0                              | 50,000                    |
| 0                           | 0                                     | 0                          | 0                           | 0                              | (3,440)                   |
| <u>154,615</u>              | <u>298,432</u>                        | <u>1,367,801</u>           | <u>222,442</u>              | <u>103,122</u>                 | <u>87,278</u>             |
| <u>\$ 173,269</u>           | <u>\$ 316,208</u>                     | <u>\$ 1,628,958</u>        | <u>\$ 241,720</u>           | <u>\$ 125,335</u>              | <u>\$ 355,647</u>         |

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

|  | <b>Special Revenue</b> |   |                  |
|--|------------------------|---|------------------|
|  | <b>E-911</b>           | <b>Building<br/>Inspection<br/>Fund</b> | <b>CDBG</b>      |
| <b>Assets</b>  |                        |   |                  |
| Cash   | \$ 150,617             | \$ 149,755                              | \$ 0             |
| Investments  | 0                      | 0                                       | 0                |
| Accounts Receivables (Net of<br>Allowance for Uncollectible) | 0                      | 0                                       | 0                |
| Due from Other Funds   | 0                      | 0                                       | 0                |
| Due from Other Governments                                   | 14,725                 | 13,848                                  | 14,173           |
| Prepaid Expenses   | 0                      | 0                                       | 0                |
| <b>Total Assets</b>  | <b>165,342</b>         | <b>163,603</b>                          | <b>14,173</b>    |
| <b>Liabilities and Fund Balances</b>                         |                        |   |                  |
| <b>Liabilities</b>   |                        |   |                  |
| Accounts Payable and Accrued<br>Expenses                     | 4,144                  | 1,093                                   | 8,882            |
| Due to Other Funds   | 21,539                 | 0                                       | 5,291            |
| Due to Other Governments                                     | 0                      | 0                                       | 0                |
| Accrued Wages  | 0                      | 2,473                                   | 0                |
| Unearned Revenue   | 50,000                 | 0                                       | 0                |
| <b>Total Liabilities</b>                                     | <b>75,683</b>          | <b>3,566</b>                            | <b>14,173</b>    |
| <b>Deferred Inflows of Resources</b>                         | <b>0</b>               | <b>0</b>                                | <b>0</b>         |
| <b>Fund Balances</b>   |                        |   |                  |
| Nonspendable   | 0                      | 0                                       | 0                |
| Restricted   | 89,659                 | 160,037                                 | 0                |
| Committed  | 0                      | 0                                       | 0                |
| Assigned   | 0                      | 0                                       | 0                |
| Unassigned   | 0                      | 0                                       | 0                |
| <b>Total Fund Balances</b>                                   | <b>89,659</b>          | <b>160,037</b>                          | <b>0</b>         |
| <b>Total Liabilities and Fund<br/>Balances (Deficits)</b>    | <b>\$ 165,342</b>      | <b>\$ 163,603</b>                       | <b>\$ 14,173</b> |

| <b>Debt Service</b>          |                             |                                  |                             | <b>Capital Projects</b>               |
|------------------------------|-----------------------------|----------------------------------|-----------------------------|---------------------------------------|
| <b>Debt Service Hospital</b> | <b>Debt Service Library</b> | <b>Debt Service Public Works</b> | <b>Debt Service General</b> | <b>Capital Projects General/Parks</b> |
| \$ 55,448                    | \$ 735,282                  | \$ 83,315                        | \$ 140,000                  | \$ 853,609                            |
| 718,265                      | 0                           | 1,064,399                        | 0                           | 80,000                                |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 219,948                     | 281,516                          | 0                           | 22,764                                |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| <u>773,713</u>               | <u>955,230</u>              | <u>1,429,230</u>                 | <u>140,000</u>              | <u>956,373</u>                        |
| 0                            | 0                           | 0                                | 0                           | 380                                   |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 380                                   |
| 0                            | 107,826                     | 142,618                          | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 773,713                      | 0                           | 1,286,612                        | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 847,404                     | 0                                | 140,000                     | 955,993                               |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| <u>773,713</u>               | <u>847,404</u>              | <u>1,286,612</u>                 | <u>140,000</u>              | <u>955,993</u>                        |
| <u>\$ 773,713</u>            | <u>\$ 955,230</u>           | <u>\$ 1,429,230</u>              | <u>\$ 140,000</u>           | <u>\$ 956,373</u>                     |

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**  
*(Concluded)*

|  | <b>Constitutional<br/>Officer<br/>Sheriff<br/>Special<br/>Revenues</b> | <b>Constitutional<br/>Officer<br/>Clerk of the<br/>Circuit<br/>Court</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--|--|--|
| <b>Assets</b>  |  |  |  |
| Cash   | \$ 380,089   | \$ 279,110   | \$ 6,049,184   |
| Investments  | 0  | 0  | 1,914,865  |
| Accounts Receivables (Net of<br>Allowance for Uncollectible) | 0  | 0  | 620,885  |
| Due from Other Funds   | 240,724  | 0  | 247,095  |
| Due from Other Governments                                   | 77,726   | 173,556  | 1,169,429  |
| Prepaid Expenses   | 0  | 304  | 299,956  |
| <b>Total Assets</b>  | <b>698,539</b>   | <b>452,970</b>   | <b>10,301,414</b>                                    |
| <b>Liabilities and Fund Balances</b>                         |  |  |  |
| <b>Liabilities</b>   |  |  |  |
| Accounts Payable and Accrued<br>Expenses                     | 307  | 63,720   | 354,100  |
| Due to Other Funds   | 214,830  | 0  | 364,269  |
| Due to Other Governments                                     | 0  | 470  | 1,058  |
| Accrued Wages  | 0  | 14,374   | 64,643   |
| Unearned Revenue   | 22,328   | 262,041  | 457,841  |
| <b>Total Liabilities</b>                                     | <b>237,465</b>   | <b>340,605</b>   | <b>1,241,911</b>                                     |
| <b>Deferred Inflows of Resources</b>                         | <b>0</b>   | <b>0</b>   | <b>866,780</b>                                       |
| <b>Fund Balances</b>   |  |  |  |
| Nonspendable   | 0  | 304  | 299,956  |
| Restricted   | 460,860  | 112,061  | 4,957,556  |
| Committed  | 214  | 0  | 214  |
| Assigned   | 0  | 0  | 2,938,437  |
| Unassigned   | 0  | 0  | (3,440)  |
| <b>Total Fund Balances</b>                                   | <b>461,074</b>   | <b>112,365</b>   | <b>8,192,723</b>                                     |
| <b>Total Liabilities and Fund<br/>Balances (Deficits)</b>    | <b>\$ 698,539</b>  | <b>\$ 452,970</b>  | <b>\$ 10,301,414</b>                                 |



**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

|  | <b>Special Revenue</b> |                                     |   |
|--|------------------------|-------------------------------------|---|
|  | <b>Landfill</b>        | <b>Fine<br/>and<br/>Forfeitures</b> | <b>Emergency<br/>Medical<br/>Services</b> |
| <b>Revenues</b>                                |                        |                                     |   |
| Taxes  | \$ 0                   | \$ 0                                | \$ 0                                      |
| Licenses and Permits                           | 0                      | 0                                   | 0   |
| Intergovernmental                              | 32,468                 | 204,355                             | 0   |
| Charges for Services                           | 0                      | 41,144                              | 1,917,776                                 |
| Fines and Forfeitures                          | 0                      | 31,869                              | 0   |
| Miscellaneous                                  | 982                    | 28,209                              | 936                                       |
| <b>Total Revenues</b>                          | <b>33,450</b>          | <b>305,577</b>                      | <b>1,918,712</b>                          |
| <b>Expenditures</b>                            |                        |                                     |   |
| Current:                                       |                        |                                     |   |
| General Government                             | 0                      | 0                                   | 0   |
| Public Safety                                  | 0                      | 286,116                             | 2,908,771                                 |
| Physical Environment                           | 79,096                 | 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   |
| Capital Outlay:                                |                        |                                     |   |
| General Government                             | 0                      | 0                                   | 0   |
| Public Safety                                  | 0                      | 0                                   | 0   |
| Court Related                                  | 0                      | 0                                   | 0   |
| Culture and Recreation                         | 0                      | 0                                   | 0   |
| <b>(Total Expenditures)</b>                    | <b>(79,096)</b>        | <b>(286,116)</b>                    | <b>(2,908,771)</b>                        |
| <b>(Deficiency) Excess of Revenues (Under)</b> |                        |                                     |   |
| <b>Over Expenditures</b>                       | <b>(45,646)</b>        | <b>19,461</b>                       | <b>(990,059)</b>                          |
| <b>Other Financing Sources (Uses)</b>          |                        |                                     |   |
| Transfers in                                   | 6,629                  | 7,489,631                           | 959,985                                   |
| Transfers (out)                                | 0                      | (7,631,001)                         | 0   |
| <b>Total Other Financing Sources (Uses)</b>    | <b>6,629</b>           | <b>(141,370)</b>                    | <b>959,985</b>                            |
| <b>Net Change in Fund Balances</b>             | <b>(39,017)</b>        | <b>(121,909)</b>                    | <b>(30,074)</b>                           |
| <b>Fund Balances, Beginning of Year</b>        | <b>241,706</b>         | <b>854,750</b>                      | <b>226,720</b>                            |
| <b>Fund Balances, End of Year</b>              | <b>\$ 202,689</b>      | <b>\$ 732,841</b>                   | <b>\$ 196,646</b>                         |

**Special Revenue**

| <b>Library Services</b> | <b>Judicial Services Fund</b> | <b>Fire Assessment</b> | <b>Court Facilities</b> | <b>Tourist Development</b> | <b>General Grants</b> |
|-------------------------|-------------------------------|------------------------|-------------------------|----------------------------|-----------------------|
| \$ 0                    | \$ 0                          | \$ 1,048,393           | \$ 0                    | \$ 134,603                 | \$ 0                  |
| 0                       | 0                             | 0                      | 0                       | 0                          | 0                     |
| 432,781                 | 0                             | 0                      | 0                       | 0                          | 469,525               |
| 13,574                  | 79,802                        | 0                      | 149,451                 | 0                          | 0                     |
| 0                       | 0                             | 0                      | 0                       | 0                          | 29,863                |
| 25,901                  | 0                             | 1,000                  | 2,930                   | 1,644                      | 405                   |
| <u>472,256</u>          | <u>79,802</u>                 | <u>1,049,393</u>       | <u>152,381</u>          | <u>136,247</u>             | <u>499,793</u>        |
| 0                       | 0                             | 0                      | 0                       | 0                          | 101,582               |
| 0                       | 0                             | 893,766                | 0                       | 0                          | 9,695                 |
| 0                       | 0                             | 0                      | 0                       | 0                          | 61,233                |
| 0                       | 0                             | 0                      | 0                       | 0                          | 92,880                |
| 0                       | 0                             | 0                      | 0                       | 202,384                    | 0                     |
| 0                       | 187,675                       | 0                      | 151,206                 | 0                          | 0                     |
| 992,003                 | 0                             | 0                      | 0                       | 0                          | 30,133                |
| 0                       | 0                             | 0                      | 0                       | 0                          | 0                     |
| 0                       | 0                             | 0                      | 0                       | 0                          | 0                     |
| 0                       | 0                             | 0                      | 0                       | 0                          | 0                     |
| 0                       | 0                             | 109,104                | 0                       | 0                          | 0                     |
| 0                       | 9,134                         | 0                      | 13,956                  | 0                          | 0                     |
| 2,462                   | 0                             | 0                      | 0                       | 0                          | 72,528                |
| <u>(994,465)</u>        | <u>(196,809)</u>              | <u>(1,002,870)</u>     | <u>(165,162)</u>        | <u>(202,384)</u>           | <u>(368,051)</u>      |
| <u>(522,209)</u>        | <u>(117,007)</u>              | <u>46,523</u>          | <u>(12,781)</u>         | <u>(66,137)</u>            | <u>131,742</u>        |
| 639,834                 | 156,657                       | 0                      | 0                       | 0                          | 106,331               |
| 0                       | 0                             | 0                      | 0                       | 0                          | (158,727)             |
| <u>639,834</u>          | <u>156,657</u>                | <u>0</u>               | <u>0</u>                | <u>0</u>                   | <u>(52,396)</u>       |
| 117,625                 | 39,650                        | 46,523                 | (12,781)                | (66,137)                   | 79,346                |
| 36,990                  | 258,782                       | 1,321,278              | 235,223                 | 169,259                    | 7,932                 |
| <u>\$ 154,615</u>       | <u>\$ 298,432</u>             | <u>\$ 1,367,801</u>    | <u>\$ 222,442</u>       | <u>\$ 103,122</u>          | <u>\$ 87,278</u>      |

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**  
*(Continued)*

|  | <b>Special Revenue</b> |   |                 |
|--|------------------------|---|-----------------|
|  | <b>E-911</b>           | <b>Building<br/>Inspection<br/>Fund</b> | <b>CDBG</b>     |
| <b>Revenues</b>                                |                        |   |                 |
| Taxes  | \$ 0                   | \$ 0                                    | \$ 0            |
| Licenses and Permits                           | 0                      | 272,993                                 | 0               |
| Intergovernmental                              | 202,125                | 0                                       | 14,173          |
| Charges for Services                           | 0                      | 59,811                                  | 0               |
| Fines and Forfeitures                          | 0                      | 0                                       | 0               |
| Miscellaneous                                  | 1,577                  | 0                                       | 0               |
| <b>Total Revenues</b>                          | <b>203,702</b>         | <b>332,804</b>                          | <b>14,173</b>   |
| <b>Expenditures</b>                            |                        |   |                 |
| Current:                                       |                        |   |                 |
| General Government                             | 0                      | 0                                       | 0               |
| Public Safety                                  | 83,781                 | 279,558                                 | 0               |
| Physical Environment                           | 0                      | 0                                       | 0               |
| Transportation                                 | 0                      | 0                                       | 0               |
| Economic Environment                           | 0                      | 0                                       | 14,173          |
| Court-related                                  | 0                      | 0                                       | 0               |
| Culture and Recreation                         | 0                      | 0                                       | 0               |
| Debt Service:                                  |                        |   |                 |
| Principal Payments                             | 0                      | 0                                       | 0               |
| Interest                                       | 0                      | 0                                       | 0               |
| Capital Outlay:                                |                        |   |                 |
| General Government                             | 0                      | 0                                       | 0               |
| Public Safety                                  | 0                      | 5,939                                   | 0               |
| Court Related                                  | 0                      | 0                                       | 0               |
| Culture and Recreation                         | 0                      | 0                                       | 0               |
| <b>(Total Expenditures)</b>                    | <b>(83,781)</b>        | <b>(285,497)</b>                        | <b>(14,173)</b> |
| <b>(Deficiency) Excess of Revenues (Under)</b> |                        |   |                 |
| <b>Over Expenditures</b>                       | <b>119,921</b>         | <b>47,307</b>                           | <b>0</b>        |
| <b>Other Financing Sources (Uses)</b>          |                        |   |                 |
| Transfers in                                   | 0                      | 31                                      | 0               |
| Transfers (out)                                | (94,376)               | 0                                       | 0               |
| <b>Total Other Financing Sources (Uses)</b>    | <b>(94,376)</b>        | <b>31</b>                               | <b>0</b>        |
| <b>Net Change in Fund Balances</b>             | <b>25,545</b>          | <b>47,338</b>                           | <b>0</b>        |
| <b>Fund Balances, Beginning of Year</b>        | <b>64,114</b>          | <b>112,699</b>                          | <b>0</b>        |
| <b>Fund Balances, End of Year</b>              | <b>\$ 89,659</b>       | <b>\$ 160,037</b>                       | <b>\$ 0</b>     |

| <b>Debt Service</b>          |                             |                                  |                             | <b>Capital Projects</b>               |
|------------------------------|-----------------------------|----------------------------------|-----------------------------|---------------------------------------|
| <b>Debt Service Hospital</b> | <b>Debt Service Library</b> | <b>Debt Service Public Works</b> | <b>Debt Service General</b> | <b>Capital Projects General/Parks</b> |
| \$ 0                         | \$ 0                        | \$ 0                             | \$ 0                        | \$ 200,000                            |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 1,373,878                   | 1,626,689                        | 0                           | 22,764                                |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 13,804                       | 14,314                      | 17,775                           | 0                           | 3,933                                 |
| <u>13,804</u>                | <u>1,388,192</u>            | <u>1,644,464</u>                 | <u>0</u>                    | <u>226,697</u>                        |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 507,719                      | 196,689                     | 541,689                          | 0                           | 0                                     |
| 138,116                      | 14,766                      | 185,370                          | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 29,819                                |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 0                                     |
| 0                            | 0                           | 0                                | 0                           | 45,528                                |
| <u>(645,835)</u>             | <u>(211,455)</u>            | <u>(727,059)</u>                 | <u>0</u>                    | <u>(75,347)</u>                       |
| <u>(632,031)</u>             | <u>1,176,737</u>            | <u>917,405</u>                   | <u>0</u>                    | <u>151,350</u>                        |
| 645,836                      | 0                           | 0                                | 140,000                     | 476,975                               |
| 0                            | (1,160,474)                 | (798,412)                        | 0                           | 0                                     |
| <u>645,836</u>               | <u>(1,160,474)</u>          | <u>(798,412)</u>                 | <u>140,000</u>              | <u>476,975</u>                        |
| 13,805                       | 16,263                      | 118,993                          | 140,000                     | 628,325                               |
| 759,908                      | 831,141                     | 1,167,619                        | 0                           | 327,668                               |
| <u>\$ 773,713</u>            | <u>\$ 847,404</u>           | <u>\$ 1,286,612</u>              | <u>\$ 140,000</u>           | <u>\$ 955,993</u>                     |

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**  
*(Concluded)*

|  | <b>Constitutional<br/>Officer<br/>Sheriff<br/>Special</b> | <b>Constitutional<br/>Officer<br/>Clerk of the<br/>Circuit<br/>Court</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|--|--|
| <b>Revenues</b>                                |   |  |  |
| Taxes  | \$ 0  | \$ 0   | \$ 1,382,996   |
| Licenses and Permits                           | 0   | 0  | 272,993  |
| Intergovernmental                              | 221,025   | 327,276  | 4,927,059  |
| Charges for Services                           | 65,313  | 603,583  | 2,930,454  |
| Fines and Forfeitures                          | 0   | 194,415  | 256,147  |
| Miscellaneous                                  | 188,920   | 2,836  | 305,166  |
| <b>Total Revenues</b>                          | <b>475,258</b>  | <b>1,128,110</b>   | <b>10,074,815</b>                                    |
| <b>Expenditures</b>                            |   |  |  |
| Current:                                       |   |  |  |
| General Government                             | 0   | 39,908   | 141,490  |
| Public Safety                                  | 609,561   | 0  | 5,071,248  |
| Physical Environment                           | 0   | 0  | 140,329  |
| Transportation                                 | 0   | 0  | 92,880   |
| Economic Environment                           | 0   | 0  | 216,557  |
| Court-related                                  | 0   | 1,072,849  | 1,411,730  |
| Culture and Recreation                         | 0   | 0  | 1,022,136  |
| Debt Service:                                  |   |  |  |
| Principal Payments                             | 72,914  | 0  | 1,319,011  |
| Interest                                       | 3,574   | 0  | 341,826  |
| Capital Outlay:                                |   |  |  |
| General Government                             | 0   | 1,250  | 31,069   |
| Public Safety                                  | 22,288  | 0  | 137,331  |
| Court Related                                  | 0   | 0  | 23,090   |
| Culture and Recreation                         | 0   | 0  | 120,518  |
| <b>(Total Expenditures)</b>                    | <b>(708,337)</b>  | <b>(1,114,007)</b>   | <b>(10,069,215)</b>                                  |
| <b>(Deficiency) Excess of Revenues (Under)</b> |   |  |  |
| <b>Over Expenditures</b>                       | <b>(233,079)</b>  | <b>14,103</b>  | <b>5,600</b>   |
| <b>Other Financing Sources (Uses)</b>          |   |  |  |
| Transfers in                                   | 277,579   | 0  | 10,899,488   |
| Transfers (out)                                | 0   | 0  | (9,842,990)  |
| <b>Total Other Financing Sources (Uses)</b>    | <b>277,579</b>  | <b>0</b>   | <b>1,056,498</b>                                     |
| <b>Net Change in Fund Balances</b>             | <b>44,500</b>   | <b>14,103</b>  | <b>1,062,098</b>                                     |
| <b>Fund Balances, Beginning of Year</b>        | <b>416,574</b>  | <b>98,262</b>  | <b>7,130,625</b>                                     |
| <b>Fund Balances, End of Year</b>              | <b>\$ 461,074</b>   | <b>\$ 112,365</b>  | <b>\$ 8,192,723</b>                                  |

**GADSDEN COUNTY, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY ASSETS  
 AND LIABILITIES - AGENCY FUNDS  
 SEPTEMBER 30, 2018**

|                          | Agency Funds<br>Clerk of the Courts |                   |                  |
|--------------------------|-------------------------------------|-------------------|------------------|
|                          | Trust<br>Funds                      | Cash<br>Bond      | Child<br>Support |
| <b>Assets</b>            |                                     |                   |                  |
| Cash                     | \$ 409,646                          | \$ 175,208        | \$ 2,171         |
| Accounts Receivable      | 0                                   | 0                 | 0                |
| Due from Other Funds     | 0                                   | 0                 | 0                |
| <b>Total Assets</b>      | <b>409,646</b>                      | <b>175,208</b>    | <b>2,171</b>     |
| <b>Liabilities</b>       |                                     |                   |                  |
| Accounts Payable         | 0                                   | 0                 | 0                |
| Due to Other Funds       | 0                                   | 0                 | 918              |
| Due to Individuals       | 1,690                               | 0                 | 220              |
| Due to Other Governments | 2,916                               | 0                 | 1,033            |
| Installment Tax Deposits | 0                                   | 0                 | 0                |
| Assets Held for Others   | 0                                   | 0                 | 0                |
| Deposits                 | 405,040                             | 175,208           | 0                |
| <b>Total Liabilities</b> | <b>\$ 409,646</b>                   | <b>\$ 175,208</b> | <b>\$ 2,171</b>  |

| Civil<br>Account | Agency Funds<br>Sheriff |                      |                      | Agency Funds<br>Tax Collector |                   | Totals |
|------------------|-------------------------|----------------------|----------------------|-------------------------------|-------------------|--------|
|                  | Suspense                | Confiscated<br>Funds | Inmate<br>Commissary | Tax                           |                   |        |
| \$ 20,828        | \$ 0                    | \$ 23,575            | \$ 55,375            | \$ 286,440                    | \$ 973,243        |        |
| 0                | 0                       | 0                    | 0                    | 19,640                        | 19,640            |        |
| 0                | 0                       | 0                    | 0                    | 2,190                         | 2,190             |        |
| <u>20,828</u>    | <u>0</u>                | <u>23,575</u>        | <u>55,375</u>        | <u>308,270</u>                | <u>995,073</u>    |        |
| 0                | 0                       | 0                    | 32,556               | 0                             | 32,556            |        |
| 9,960            | 0                       | 0                    | 6,636                | 4,901                         | 22,415            |        |
| 0                | 0                       | 0                    | 0                    | 950                           | 2,860             |        |
| 0                | 0                       | 0                    | 0                    | 71,182                        | 75,131            |        |
| 0                | 0                       | 0                    | 0                    | 220,249                       | 220,249           |        |
| 10,868           | 0                       | 23,575               | 16,183               | 0                             | 50,626            |        |
| 0                | 0                       | 0                    | 0                    | 10,988                        | 591,236           |        |
| <u>\$ 20,828</u> | <u>\$ 0</u>             | <u>\$ 23,575</u>     | <u>\$ 55,375</u>     | <u>\$ 308,270</u>             | <u>\$ 995,073</u> |        |

## **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 THE YEAR ENDED SEPTEMBER 30, 2018**

| <b>Federal Grantor/Pass-Through Grantor/<br/>Grant Program</b>  | <b>Federal<br/>CFDA<br/>Number</b> | <b>Grant ID Number</b>  | <b>Federal<br/>Expenditures</b> |
|---|------------------------------------|-------------------------|---------------------------------|
| <b>U.S. Department of Housing and Urban Development</b>   |                                    |                         |                                 |
| Passed through the State of Florida Department of<br>Economic Opportunity:<br>Florida Small Cities CDBG                 | 14.228                             | 17DB-OL-02-30-01-H12    | \$ 14,173                       |
| <b>U.S. Department of Justice</b>   |                                    |                         |                                 |
| Passed Through the State of Florida Department<br>of Juvenile Justice:<br>Gadsden County Restoring Families Grant       | 16.540                             | 10522                   | 141,917                         |
| Passed Through the State of Florida Office of the<br>Attorney General:<br>Victims of Crime Act                          | 16.575                             | Grant # V12227          | 55,314                          |
| Passed Through the State of Florida Department<br>of Law Enforcement:<br>Edward Byrne Memorial Justice Assistance Grant | 16.738                             | 2017-JAGD-GADS-4-F8-017 | 1,855                           |
| <b>Total U.S. Department of Justice</b>   |                                    |                         | <u>199,086</u>                  |
| <b>U.S. Department of Transportation/Federal Highway<br/>Administration</b>   |                                    |                         |                                 |
| Passed Through State of Florida Department of<br>Environmental Protection:<br>RTP -St Hebron Park                       | 20.219                             | T1710                   | 22,764                          |
| Passed Through City of Tallahassee, Florida:<br>Federal Transit   | 20.507                             | FL-2016-02-01-00        | 46,440                          |
| <b>Total U.S. Department of Transportation/Federal<br/>Highway Administration</b>                                       |                                    |                         | <u>69,204</u>                   |

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
*(Continued)*

| <b>Federal Grantor/Pass-Through Grantor/<br/>Grant Program</b>          | <b>Federal<br/>CFDA<br/>Number</b> | <b>Grant ID Number</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------------------|------------------------|---------------------------------|
| <b>U.S. Department of Environmental Protection</b>                      |                                    |                        |                                 |
| Passed Through State of Florida Department of Environmental Protection: |                                    |                        |                                 |
| Brownfields Assessment and Cleanup                                      | 66.818                             | OOD58717               | \$ 1,362                        |
| <b>U.S. Election Assistance Commission</b>                              |                                    |                        |                                 |
| Passed Through State of Florida Department of State                     |                                    |                        |                                 |
| Elections Security Grant  | 90.401                             |                        | 65,568                          |
| Albert Network Monitoring Solution Grant                                | 90.401                             |                        | 8,523                           |
| Subtotal Expenditures-CFDA No. 90.401                                   |                                    |                        | <u>74,091</u>                   |
| <b>Total U.S. Election Assistance Commission</b>                        |                                    |                        | <u>74,091</u>                   |
| <b>U.S. Department of Health and Human Services</b>                     |                                    |                        |                                 |
| Passed Through State of Florida Department of Revenue:                  |                                    |                        |                                 |
| Child Support Reimbursement Payments                                    | 93.563                             | COC20                  | <u>184,764</u>                  |
| <b>U.S. Department of Homeland Security</b>                             |                                    |                        |                                 |
| Passed Through State of Florida Division of Emergency Management:       |                                    |                        |                                 |
| Emergency Management Preparedness Grant                                 | 97.042                             | 18-FG-9A-02-30-01-208  | <u>48,743</u>                   |
| Disaster Grants - Public Assistance                                     | 97.036                             |                        | <u>61,813</u>                   |
| <b>Total U.S. Department of Homeland Security</b>                       |                                    |                        | <u>110,556</u>                  |
| <b>Total Federal Expenditures</b>                                       |                                    |                        | <u>\$ 653,236</u>               |

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2018**  
*(Continued)*

| State Grantor/Pass-Through Grantor/<br>Program Title                     | CSFA<br>Number | Pass-Through/<br>Grantor<br>Number | State<br>Expenditures |
|--|----------------|------------------------------------|-----------------------|
| <b>Florida Office of the Governor</b>                                    |                |                                    |                       |
| Emergency Management Preparedness Grant                                  | 31.063         | 18-BG-W9-02-30-01-175              | \$ 67,294             |
| Emergency Management Preparedness Grant                                  | 31.063         | 19-BG-21-02-30-01-156              | 27,516                |
| Subtotal Expenditures - CSFA No. 31.063                                  |                |                                    | <u>94,810</u>         |
| <b>Total Florida Office of the Governor</b>                              |                |                                    | <u>94,810</u>         |
| <b>Florida Department of Environmental Protection</b>                    |                |                                    |                       |
| Small County Solid Waste   | 37.012         | SC809                              | <u>59,872</u>         |
| <b>Florida Department of Economic Opportunity</b>                        |                |                                    |                       |
| Project Breaker  | 40.012         | D0097                              | <u>101,571</u>        |
| <b>Florida Housing Finance Corporation</b>                               |                |                                    |                       |
| State Housing Initiatives Partnership Grant                              | 40.901         | Unknown                            | <u>109,838</u>        |
| <b>Florida Department of Agriculture and Consumer Services</b>           |                |                                    |                       |
| Arthropod Control/Mosquito Control                                       | 42.003         | 024777                             | 32,468                |
| Agriculture Center Renovations   | 42.030         | 21831                              | <u>72,528</u>         |
| <b>Total Florida Department of Agriculture and<br/>Consumer Services</b> |                |                                    | <u>104,996</u>        |
| <b>Florida Department of State</b>                                       |                |                                    |                       |
| Division of Library and Information Systems:                             |                |                                    |                       |
| State Aid to Libraries   | 45.030         | 18-ST-11                           | <u>417,984</u>        |
| Division of Historical Resources:  |                |                                    |                       |
| Gadsden Courthouse Grant   | 45.032         | SC731                              | 133                   |
| Utilizing Oral Accounts to Find Gadsden County                           | 45.032         |                                    | <u>30,000</u>         |
| Subtotal Expenditures- CSFA No. 45.032                                   |                |                                    | <u>30,133</u>         |
| <b>Total Florida Department of State</b>                                 |                |                                    | <u>448,117</u>        |
| <b>Florida Department of Transportation</b>                              |                |                                    |                       |
| CIGP - Howell Road - Widening  | 55.008         | 410401-2-54-01                     | <u>296,396</u>        |
| SCOP - Peck Betts Road   | 55.009         | 433461-1-54-01                     | 543,193               |
| SCOP - Cooks Landing Road  | 55.009         | 440638-1-34-01                     | <u>101,635</u>        |
| Subtotal Expenditures - CFDA No. 55.009                                  |                |                                    | <u>644,828</u>        |
| SCRAP - Brickyard Road   | 55.016         | 431227-1-54-01                     | 1,941                 |
| SCRAP - Little Sycamore Road   | 55.016         | 440860-1-54-01                     | 124,302               |
| SCRAP -Bell Road   | 55.016         | 436725-1-54-01                     | <u>33,525</u>         |
| Subtotal Expenditures - CSFA No. 55.016                                  |                |                                    | <u>159,768</u>        |
| <b>Total Florida Department of Transportation</b>                        |                |                                    | <u>1,100,992</u>      |

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2018**  
*(Concluded)*

| State Grantor/Pass-Through Grantor/<br>Program Title                           | CSFA<br>Number | Pass-Through/<br>Grantor<br>Number | State<br>Expenditures |
|--|----------------|------------------------------------|-----------------------|
| <b>Florida Department of Health</b>  |                |                                    |                       |
| EMS County Grant   | 64.005         | C6020                              | \$ 9,695              |
| <b>Florida Department of Management Services</b>                               |                |                                    |                       |
| E911 Maintenance   | 72.001         | Grant 17-11-06                     | 24,608                |
| <b>Total State Financial Assistance</b>  |                |                                    | 2,054,499             |
| <b>Total Expenditures of Federal Awards and<br/>State Financial Assistance</b> |                |                                    | <u>\$ 2,707,735</u>   |

**NOTES:**

- (1) The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the modified accrual basis of accounting.
- (2) Gadsden County did not elect to use the 10% de minimus indirect cost rate as covered in Section 200.414, Indirect (F & A ) costs, of the Uniform Guidance.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**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 OF THE STATE OF FLORIDA**

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 State of 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, 2018. 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 federal award programs and 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; Chapter 10.550, *Rules of the Auditor General* of the State of Florida. Those standards, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, 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, 2018.

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872  
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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 OF THE STATE OF FLORIDA**

*(Continued)*

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*, and which is described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2018-01. Our opinion on each major state project is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is included as management's response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

**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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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, we identified a certain deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2018-01 that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is included as management's response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



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 OF THE STATE OF FLORIDA  
(Concluded)**

**Report on Internal Control Over Compliance (Concluded)**

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.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, Constitutional Officers, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
May 9, 2019  
Tallahassee, Florida

**GADSDEN COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**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?   | Yes        |
| Type of Auditors' Report Issued on Compliance<br>for Major Projects   | Unmodified |
| Any Audit Findings Disclosed that are Required<br>to be Reported in Accordance with Chapter 10.550,<br><i>Rules of the Auditor General?</i> | Yes        |

Identification of Major Projects:

| <u>CFDA Number</u> | <u>Name of State Project</u>                 |
|--------------------|--|
| 40.901             | State Housing Initiative Partnership         |
| 55.009             | Small County Outreach Program (SCOP)         |
| 55.008             | County Incentive Grant Program (CIGP)        |
| 55.016             | Small County Road Assistance Program (SCRAP) |

|  |            |
|--|------------|
| Dollar Threshold Used to Distinguish Between Type A<br>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**

**State Project Finding Number 2018-01**

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

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
*(Continued)*

**Section III - Findings and Questioned Costs - State Projects (Concluded)**

During our review of the annual reports submitted to the Florida Housing Finance Corporation, we noted the amounts reported in the annual reports did not agree to the County's financial records contained in the accounting system. We recommend the differences be investigated and resolved, and the annual reports be corrected and re-submitted, if necessary. We further recommend that any future annual reports submitted to the Florida Housing Finance Corporation be reconciled to the County's financial records prior to submission to the Florida Housing Finance Corporation.

This finding was also present in the previous year and was reported as Finding 2017-03.

Management's Response: The annual reports for the 2014-2015, 2015-2016, and 2016-2017 were filed and have been accepted by the Florida Housing Finance Corporation. The County is in the process of reconciling the differences between the annual reports and the accounting records and will work with the Florida Housing Finance Corporation to amend them as deemed necessary. The County will implement procedures to ensure that grant expenditures reported on annual reports submitted are reconciled to the County's general ledger prior to submission to the Florida Housing Finance Corporation.

**Section IV - Summary Schedule of Prior Audit Findings**

**Prior Year State Project Finding Number 2017-01**

|                         |   |
|-------------------------|---|
| 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:       | \$44,400  |

During our review of SHIP participant files, we noted that one SHIP participant did not meet the income eligibility guidelines based on the Local Housing Assistance Plan (LHAP) that had been adopted by Gadsden County. The participant's income exceeded the income categories that were eligible to be served in the County's LHAP. This SHIP participant was also an employee of Gadsden County. The County did not have a written conflict of interest policy regarding whether or not employees are eligible to participate in the SHIP program. We recommend a review of all participant files be performed to determine proper eligibility under the SHIP program. We also recommend the County adopt a conflict of interest policy which addresses whether County employees are eligible to participate in the SHIP program.

Status: The County adopted a conflict of interest policy regarding applicants of the SHIP program on February 19, 2019. Also, the County amended its Local Housing Assistance Plan (LHAP) for fiscal years 2014-2015, 2015-2016, and 2016-2017 on February 20, 2018, to include moderate income households as eligible for owner occupied rehabilitation funds. The final resolution of the participant's eligibility under the amended LHAP agreement will be determined by the Florida Housing Finance Corporation.

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
*(Concluded)*

**Section IV - Summary Schedule of Prior Audit Findings** *(Concluded)*

**Prior Year State Project Finding Number 2017-02**

|                         |   |
|-------------------------|---|
| 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  |

During our review of contracts related to the SHIP program, we noted the contract for rehabilitation services was not awarded to the lowest bidder in two instances. There was no written documentation in the participant files to explain the reason the low bidder was not selected. Upon our inquiry, County personnel noted the reason in one instance was due to the low bidder not attending the pre-bid walk through. The reason given in the second instance was due to work overload and the timing of the work. We recommend that anytime the low bidder is not selected, that the reason for not selecting the low bidder be clearly documented in the SHIP files.

Status: No similar instances were noted in fiscal year 2018. This finding is considered resolved.

**Prior State Project Finding Number 2017-03**

See current year finding Number 2018-01.

**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, 2018, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 9, 2019. 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.

**Certified Public Accountants**

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

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.

*Purvis, Gray and Company, LLP*

May 9, 2019  
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 the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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*

May 9, 2019  
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 the requirements of Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of E911 Funds*, during the year ended September 30, 2018. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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*

May 9, 2019  
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, 2018, and have issued our report thereon dated May 9, 2019.

### 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; the audit requirements of Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

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 Report 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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 9, 2019, 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. See the Schedule of Findings and Questioned Costs for the status of the findings and recommendations made in the previous year related to State Financial Assistance. There were no findings reported in the management letter of the preceding 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 and Management**

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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 to identify the specific condition(s) 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.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. 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 review of financial information provided by the same.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Special District Component Units**

- Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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.



May 9, 2019  
Tallahassee, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

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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, 2018, 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.

### 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 Nicholas Thomas  
Gadsden County Clerk of the Circuit Court  
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 each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2018, 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.

**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 of each major fund, and budgetary comparisons of each major fund, and the aggregate remaining fund information, 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 of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons 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.

*Purvis, Gray and Company, LLP*  
April 22, 2019  
Tallahassee, Florida

## **FINANCIAL STATEMENTS**



**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**  
**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

|  | <b>Major</b>            |                       |  | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|-----------------------|--|---|
|  | <b>General<br/>Fund</b> | <b>Court<br/>Fund</b> | <b>Public<br/>Records<br/>Trust Fund</b> |   |
| <b>Assets</b>                            |                         |                       |  |   |
| Cash                                     | \$ 3,914                | \$ 166,109            | \$ 113,001                               | \$ 283,024                              |
| Due from Other Funds                     | 918                     | 0                     | 0  | 918                                     |
| Due from Other Governments               | 13,984                  | 173,556               | 0  | 187,540                                 |
| Prepaid Expense                          | 304                     | 304                   | 0  | 608                                     |
| <b>Total Assets</b>                      | <u>19,120</u>           | <u>339,969</u>        | <u>113,001</u>                           | <u>472,090</u>                          |
| <b>Liabilities and Fund Balance</b>      |                         |                       |  |   |
| Liabilities:                             |                         |                       |  |   |
| Accounts Payable                         | 5,061                   | 63,084                | 636                                      | 68,781                                  |
| Due to Other Governments                 | 0                       | 470                   | 0  | 470                                     |
| Accrued Wages and Benefits               | 14,059                  | 14,374                | 0  | 28,433                                  |
| Unearned Revenue                         | 0                       | 262,041               | 0  | 262,041                                 |
| <b>Total Liabilities</b>                 | <u>19,120</u>           | <u>339,969</u>        | <u>636</u>                               | <u>359,725</u>                          |
| <b>Fund Balances</b>                     |                         |                       |  |   |
| Restricted for Records Modernization     | <u>0</u>                | <u>0</u>              | <u>112,365</u>                           | <u>112,365</u>                          |
| <b>Total Fund Balances</b>               | <u>0</u>                | <u>0</u>              | <u>112,365</u>                           | <u>112,365</u>                          |
| <b>Total Liabilities and Fund Equity</b> | <u>\$ 19,120</u>        | <u>\$ 339,969</u>     | <u>\$ 113,001</u>                        | <u>\$ 472,090</u>                       |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

|  | <u>Major</u>            |                       |  | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-----------------------|--|---|
|  | <u>General<br/>Fund</u> | <u>Court<br/>Fund</u> | <u>Public<br/>Records<br/>Trust Fund</u> |   |
| <b>Revenues</b>  |                         |                       |  |   |
| Intergovernmental Revenues   | \$ 184,764              | \$ 327,276            | \$ 0                                     | \$ 512,040                              |
| Charges for Services   | 150,845                 | 549,345               | 54,238                                   | 754,428                                 |
| Fines and Forfeitures  | 0                       | 194,415               | 0  | 194,415                                 |
| Interest   | 4,823                   | 1,813                 | 1,023                                    | 7,659                                   |
| Miscellaneous  | 9,116                   | 0                     | 0  | 9,116                                   |
| <b>Total Revenues</b>  | <u>349,548</u>          | <u>1,072,849</u>      | <u>55,261</u>                            | <u>1,477,658</u>                        |
| <b>Expenditures</b>  |                         |                       |  |   |
| General Government:  |                         |                       |  |   |
| Personal Services  | 1,013,005               | 0                     | 2,916                                    | 1,015,921                               |
| Operating Expenditures   | 222,606                 | 0                     | 36,992                                   | 259,598                                 |
| Capital Outlay   | 5,331                   | 0                     | 1,250                                    | 6,581                                   |
| Court Related:   |                         |                       |  |   |
| Personal Services  | 0                       | 1,002,440             | 0  | 1,002,440                               |
| Operating Expenditures   | 0                       | 70,409                | 0  | 70,409                                  |
| <b>(Total Expenditures)</b>  | <u>1,240,942</u>        | <u>1,072,849</u>      | <u>41,158</u>                            | <u>2,354,949</u>                        |
| <b>(Deficiency) Excess of Expenditures<br/>(Under) Over Revenues</b> | <u>(891,394)</u>        | <u>0</u>              | <u>14,103</u>                            | <u>(877,291)</u>                        |
| <b>Other Financing Sources</b>                                       |                         |                       |  |   |
| Transfers from Board of County Commissioners                         | 891,394                 | 0                     | 0  | 891,394                                 |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>891,394</u>          | <u>0</u>              | <u>0</u>                                 | <u>891,394</u>                          |
| <b>Net Change in Fund Balances</b>                                   | 0                       | 0                     | 14,103                                   | 14,103                                  |
| <b>Fund Balances, Beginning of Year</b>                              | <u>0</u>                | <u>0</u>              | <u>98,262</u>                            | <u>98,262</u>                           |
| <b>Fund Balances, End of Year</b>                                    | <u>\$ 0</u>             | <u>\$ 0</u>           | <u>\$ 112,365</u>                        | <u>\$ 112,365</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, 2018  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

|  | General Fund       |                    |                    |                               |
|--|--------------------|--------------------|--------------------|-------------------------------|
|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance with<br>Final Budget |
|  | Original           | Final              |                    |                               |
| <b>Revenues</b>  |                    |                    |                    |                               |
| Intergovernmental Revenues                               | \$ 157,175         | \$ 184,764         | \$ 184,764         | \$ 0                          |
| Charges for Services                                     | 149,599            | 150,845            | 150,845            | 0                             |
| Interest   | 1,500              | 4,823              | 4,823              | 0                             |
| Miscellaneous  | 14,325             | 9,116              | 9,116              | 0                             |
| <b>Total Revenues</b>                                    | <u>322,599</u>     | <u>349,548</u>     | <u>349,548</u>     | <u>0</u>                      |
| <b>Expenditures</b>                                      |                    |                    |                    |                               |
| General Government:                                      |                    |                    |                    |                               |
| Personal Services  | 1,019,626          | 1,013,005          | 1,013,005          | 0                             |
| Operating Expenditures                                   | 194,367            | 222,606            | 222,606            | 0                             |
| Capital Outlay   | 0                  | 5,331              | 5,331              | 0                             |
| <b>(Total Expenditures)</b>                              | <u>(1,213,993)</u> | <u>(1,240,942)</u> | <u>(1,240,942)</u> | <u>0</u>                      |
| <b>(Deficiency) of Expenditures<br/>(Under) Revenues</b> | <u>(891,394)</u>   | <u>(891,394)</u>   | <u>(891,394)</u>   | <u>0</u>                      |
| <b>Other Financing Sources</b>                           |                    |                    |                    |                               |
| Transfers from Board of County<br>Commissioners          | 891,394            | 891,394            | 891,394            | 0                             |
| <b>Total Other Financing Sources</b>                     | <u>891,394</u>     | <u>891,394</u>     | <u>891,394</u>     | <u>0</u>                      |
| <b>Net Change in Fund Balances</b>                       | 0                  | 0                  | 0                  | 0                             |
| <b>Fund Balances, Beginning of Year</b>                  | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>                      |
| <b>Fund Balances, End of Year</b>                        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>                   |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

|   | <b>Court Fund</b>       |                    |                           |                                       |
|---|-------------------------|--------------------|---------------------------|---------------------------------------|
|   | <b>Budgeted Amounts</b> |                    | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget</b> |
|   | <b>Original</b>         | <b>Final</b>       |                           |                                       |
| <b>Revenues</b>                                 |                         |                    |                           |                                       |
| Intergovernmental Revenues                      | \$ 130,116              | \$ 328,110         | \$ 327,276                | \$ (834)                              |
| Charges for Services                            | 668,644                 | 552,294            | 549,345                   | (2,949)                               |
| Fines and Forfeitures                           | 287,326                 | 194,415            | 194,415                   | 0                                     |
| Interest  | 160                     | 1,813              | 1,813                     | 0                                     |
| <b>Total Revenues</b>                           | <u>1,086,246</u>        | <u>1,076,632</u>   | <u>1,072,849</u>          | <u>(3,783)</u>                        |
| <b>Expenditures</b>                             |                         |                    |                           |                                       |
| Court Related:                                  |                         |                    |                           |                                       |
| Personal Services                               | 1,024,650               | 1,002,440          | 1,002,440                 | 0                                     |
| Operating Expenditures                          | 61,596                  | 70,409             | 70,409                    | 0                                     |
| <b>(Total Expenditures)</b>                     | <u>(1,086,246)</u>      | <u>(1,072,849)</u> | <u>(1,072,849)</u>        | <u>0</u>                              |
| <b>Excess of Expenditures<br/>Over Revenues</b> | 0                       | 3,783              | 0                         | (3,783)                               |
| <b>Other Financing (Uses)</b>                   |                         |                    |                           |                                       |
| Excess Fees Due to State                        | 0                       | (3,783)            | 0                         | 3,783                                 |
| <b>Net Change in Fund Balances</b>              | 0                       | 0                  | 0                         | 0                                     |
| <b>Fund Balances, Beginning of Year</b>         | <u>0</u>                | <u>0</u>           | <u>0</u>                  | <u>0</u>                              |
| <b>Fund Balances, End of Year</b>               | <u>\$ 0</u>             | <u>\$ 0</u>        | <u>\$ 0</u>               | <u>\$ 0</u>                           |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Concluded)**

|   | <b>Public Records Trust Fund</b> |                   |                           |                                       |
|---|----------------------------------|-------------------|---------------------------|---------------------------------------|
|   | <b>Budgeted Amounts</b>          |                   | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget</b> |
|   | <b>Original</b>                  | <b>Final</b>      |                           |                                       |
| <b>Revenues</b>                         |                                  |                   |                           |                                       |
| Charges for Services                    | \$ 0                             | \$ 54,238         | \$ 54,238                 | \$ 0                                  |
| Interest                                | 0                                | 1,023             | 1,023                     | 0                                     |
| <b>Total Revenues</b>                   | <u>0</u>                         | <u>55,261</u>     | <u>55,261</u>             | <u>0</u>                              |
| <b>Expenditures</b>                     |                                  |                   |                           |                                       |
| General Government:                     |                                  |                   |                           |                                       |
| Personal Services                       | 0                                | 2,916             | 2,916                     | 0                                     |
| Operating Expenditures                  | 0                                | 36,992            | 36,992                    | 0                                     |
| Capital Outlay                          | 0                                | 1,250             | 1,250                     | 0                                     |
| <b>(Total Expenditures)</b>             | <u>0</u>                         | <u>(41,158)</u>   | <u>(41,158)</u>           | <u>0</u>                              |
| <b>Net Change in Fund Balances</b>      | 0                                | 14,103            | 14,103                    | 0                                     |
| <b>Fund Balances, Beginning of Year</b> | <u>98,262</u>                    | <u>98,262</u>     | <u>98,262</u>             | <u>0</u>                              |
| <b>Fund Balances, End of Year</b>       | <u>\$ 98,262</u>                 | <u>\$ 112,365</u> | <u>\$ 112,365</u>         | <u>\$ 0</u>                           |

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2018**  
**GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

|                          |                   |
|--------------------------|-------------------|
| <b>Assets</b>            |                   |
| Cash                     | \$ 587,025        |
| <b>Total Assets</b>      | <u>587,025</u>    |
| <b>Liabilities</b>       |                   |
| Due to Other Funds       | 918               |
| Due to Other Governments | 3,949             |
| Deposits                 | 580,248           |
| Due to Individuals       | 1,910             |
| <b>Total Liabilities</b> | <u>\$ 587,025</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 2018, 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.

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

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

**Fund Balance Reporting (Concluded)**

- **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.
- **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, 2018, the Clerk had the following in cash:

|   | <b>Carrying<br/>Amount</b> |
|---|----------------------------|
| Cash on Hand                              | \$ 1,600                   |
| Deposits in Qualified Public Depositories | 868,449                    |
| <b>Total Cash</b>                         | <b>\$ 870,049</b>          |

**Credit Risk**

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

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

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

**Custodial Credit Risk**

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

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

**Note 2 - Cash (Concluded)**

**Custodial Credit Risk (Concluded)**

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, 2018, were \$1,199,130.

**Note 3 - Pension and Postemployment Benefits Other Than Pension Benefits**

**Florida Retirement System (FRS) Pension Benefits**

The Clerk participates in the Florida Retirement System to provide benefits to his employees. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

**Postemployment Benefits Other than Pensions**

The Clerk participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

**Note 4 - Long-term Liabilities**

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

|                                      | <u>Balance</u>         |                   |                     |           | <u>Balance</u>            |
|--------------------------------------|------------------------|-------------------|---------------------|-----------|---------------------------|
|                                      | <u>October 1, 2017</u> | <u>Additions</u>  | <u>Retirements</u>  |           | <u>September 30, 2018</u> |
| Liability for Compensated Absences   | \$ 147,803             | \$ 180,007        | \$ (192,998)        | \$        | 134,812                   |
| Due to Florida Department of Revenue | 113,289                | 0                 | (75,603)            |           | 37,686                    |
| <b>Total</b>                         | <u>\$ 261,092</u>      | <u>\$ 180,007</u> | <u>\$ (268,601)</u> | <u>\$</u> | <u>172,498</u>            |

Of the \$134,812 liability for accrued compensated absences, management estimates that \$77,673 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, 2018. As discussed in Note 1, they are reported in the statement of net position in the government-wide financial statements of the County.

See Note 7 for a description of the amounts due to the Florida Department of Revenue which relates to excess reimbursements received from a Child Support grant.

**Note 5 - Operating Leases**

The Clerk has non-cancellable operating leases for copiers which expire in March of 2020 and a postage meter, which expired in September 2018. For the year ended September 30, 2018, the equipment lease expense was \$18,924.

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

**Note 5 - Operating Leases (Concluded)**

Future rental payments for the leases are as follows:

| <u>Year</u>  | <u>Amount</u>    |
|--------------|------------------|
| 2019         | \$ 16,188        |
| 2020         | 8,094            |
| <b>Total</b> | <u>\$ 24,282</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 - Commitments**

During 2017, the Gadsden County Clerk's office was notified by the Florida Department of Revenue (FDOR) that the indirect cost rate used by the Clerk's office in computing reimbursement of child support costs under the Child Support Enforcement grant for the last two fiscal years needed to be reduced. The Clerk was using a provisional indirect cost rate provided by FDOR during that time period. The indirect cost rate for each Clerk in the State of Florida is computed by a third party consultant who is retained by FDOR. As a result, the Clerk's office received excess reimbursements from FDOR during the fiscal years ended September 30, 2016 and 2017. FDOR computed the excess reimbursement to the Clerk's office to be \$115,838.

In 2018, FDOR recomputed the indirect cost rate and reduced the original liability of \$115,838 to \$51,853, which was further reduced to \$37,686 after the 2017 and 2018 payments of \$2,549 and \$11,618 respectively were accounted for. The remaining liability will be repaid to FDOR over a period of 13 months in the form of credits against future reimbursements. Of the total liability, \$31,949 is considered to be due within one year. This liability has been recorded in the County's government-wide financial statements.

## **OTHER FINANCIAL INFORMATION**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2018  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

|                          | <u>General<br/>Trust</u> | <u>Cash<br/>Bonds</u> | <u>Child<br/>Support</u> | <u>Total of<br/>All Agency<br/>Funds</u> |
|--------------------------|--------------------------|-----------------------|--------------------------|--|
| <b>Assets</b>            |                          |                       |                          |  |
| Cash                     | \$ 409,646               | \$ 175,208            | \$ 2,171                 | \$ 587,025                               |
| <b>Total Assets</b>      | <u>409,646</u>           | <u>175,208</u>        | <u>2,171</u>             | <u>587,025</u>                           |
| <b>Liabilities</b>       |                          |                       |                          |  |
| Due to Other Funds       | 0                        | 0                     | 918                      | 918                                      |
| Due to Other Governments | 2,916                    | 0                     | 1,033                    | 3,949                                    |
| Deposits                 | 405,040                  | 175,208               | 0                        | 580,248                                  |
| Due to Individuals       | 1,690                    | 0                     | 220                      | 1,910                                    |
| <b>Total Liabilities</b> | <u>\$ 409,646</u>        | <u>\$ 175,208</u>     | <u>\$ 2,171</u>          | <u>\$ 587,025</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, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2019.

**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.

**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 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.

  
April 22, 2019  
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, 2018, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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*

April 22, 2019  
Tallahassee, Florida

**Certified Public Accountants**

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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, 2018, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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*

April 22, 2019  
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, 2018, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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*

April 22, 2019  
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, 2018, and have issued our report thereon dated April 22, 2019.

### 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 Reporting Requirements

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 examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 22, 2019, 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.

### Certified Public Accountants

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Management**

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

**2018-1 Unclaimed Funds**

During our review of Cash bond balances, we identified several deposits that have been held by the Clerk's office for more than five years with no activity. We recommend the Clerk's office review the case files and determine if the funds can be paid out or if it would be appropriate to obtain a court order to disburse the funds. Section 116.21, Florida Statutes may apply which would allow the Clerk to advertise the funds in a local newspaper and remit them to the Board's Fine and Forfeiture fund if they remain unclaimed.

Additionally, we identified several court registry deposits that have been held by the Clerk's office for more than five years with no activity. We recommend the Clerk's office review the court registry case files for funds held more than five years to determine if the monies held can be paid out or whether it would be appropriate to obtain an order from the circuit judge to disburse these monies to the state school trust fund in accordance with Section 43.19, Florida Statutes.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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.

  
Purvis, Gray and Company, LLP

April 22, 2019  
Tallahassee, Florida



# Nicholas Thomas

Gadsden County, Florida

Clerk of the Circuit Court



Clerk of the County Court

Clerk to the Board of County Commissioners  
County Recorder  
County Auditor

April 22, 2019

Mr. Ryan Tucker, CPA/Partner  
Purvis Gray & Company  
443 East College Ave  
Tallahassee, FL 32301

Mr. Tucker:

This letter is to address review of Unclaimed Funds from Cash Bond and Court Registry balances held by the Clerk of Court.

Each court division has been requested to review the list of Cash Bond balances for their respective case files to determine whether application of the Cash Bond is appropriate. Once each court division has completed review process remaining Cash Bond balances will disbursed per Section 116.21, Florida Statutes after required advertisement. Then any remaining unclaimed Cash Bond balances will be deposited into the fine and forfeiture fund per Section 142.01 for use by the Clerk of the Circuit Court in performing court-related functions.

Case files are being reviewed for Court Registry balances too for possible payout. Remaining balances that are five years or greater will be disbursed by Judicial Order per Section 43.19, Florida Statutes to the Chief Financial Officer earmarked for the State School Fund.

Please note this tedious time consuming task will be executed and completed as promptly as time permits.

Sincerely,

Nicholas Thomas,

Clerk of the Circuit Courts



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2018**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2018**

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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, 2018, 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, 2018, 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.

#### Certified Public Accountants

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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, 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 of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons 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**

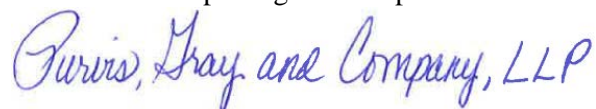
*Other Financial Information*

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 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 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.



April 15, 2019  
Tallahassee, Florida

## **FINANCIAL STATEMENTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|  | <u>Major Funds</u>      |                                       |                           |                                 | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---------------------------------------|---------------------------|---------------------------------|---|---|
|  | <u>General<br/>Fund</u> | <u>Radio<br/>Communi-<br/>cations</u> | <u>Inmate<br/>Welfare</u> | <u>Emergency<br/>Management</u> |   |   |
| <b>Assets</b>                                  |                         |                                       |                           |                                 |   |   |
| Cash   | \$ 7,646                | \$ 54,001                             | \$ 303,546                | \$ 0                            | \$ 22,542                               | \$ 387,735                              |
| Prepaid Expenses                               | 28,152                  | 0                                     | 0                         | 0                               | 0                                       | 28,152                                  |
| Due from Other Funds                           | 214,830                 | 105,380                               | 6,636                     | 0                               | 0                                       | 326,846                                 |
| Due from Board of County<br>Commissioners      | 0                       | 0                                     | 0                         | 58,426                          | 70,282                                  | 128,708                                 |
| Due from Other<br>Governments                  | 60,010                  | 0                                     | 0                         | 0                               | 77,726                                  | 137,736                                 |
| <b>Total Assets</b>                            | <u>310,638</u>          | <u>159,381</u>                        | <u>310,182</u>            | <u>58,426</u>                   | <u>170,550</u>                          | <u>1,009,177</u>                        |
| <b>Liabilities and Fund Balance</b>            |                         |                                       |                           |                                 |   |   |
| <b>Liabilities</b>                             |                         |                                       |                           |                                 |   |   |
| Accounts Payable and<br>Accrued Expenses       | 205,919                 | 307                                   | 0                         | 0                               | 0                                       | 206,226                                 |
| Due to Board of County<br>Commissioners        | 4,719                   | 0                                     | 0                         | 0                               | 0                                       | 4,719                                   |
| Due to Other Funds                             | 100,000                 | 8,396                                 | 0                         | 58,426                          | 148,008                                 | 314,830                                 |
| Unearned Revenues                              | 0                       | 0                                     | 0                         | 0                               | 22,328                                  | 22,328                                  |
| <b>Total Liabilities</b>                       | <u>310,638</u>          | <u>8,703</u>                          | <u>0</u>                  | <u>58,426</u>                   | <u>170,336</u>                          | <u>548,103</u>                          |
| <b>Fund Balances</b>                           |                         |                                       |                           |                                 |   |   |
| Restricted:                                    |                         |                                       |                           |                                 |   |   |
| Radio Communications                           | 0                       | 150,678                               | 0                         | 0                               | 0                                       | 150,678                                 |
| Inmate Welfare                                 | 0                       | 0                                     | 310,182                   | 0                               | 0                                       | 310,182                                 |
| Committed:                                     |                         |                                       |                           |                                 |   |   |
| Teen Court                                     | 0                       | 0                                     | 0                         | 0                               | 214                                     | 214                                     |
| <b>Total Fund Balances</b>                     | <u>0</u>                | <u>150,678</u>                        | <u>310,182</u>            | <u>0</u>                        | <u>214</u>                              | <u>461,074</u>                          |
| <b>Total Liabilities and<br/>Fund Balances</b> | <u>\$ 310,638</u>       | <u>\$ 159,381</u>                     | <u>\$ 310,182</u>         | <u>\$ 58,426</u>                | <u>\$ 170,550</u>                       | <u>\$ 1,009,177</u>                     |

See accompanying notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|  | Major Funds        |                              |                   |                         | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|------------------------------|-------------------|-------------------------|--------------------------------|--------------------------------|
|  | General<br>Fund    | Radio<br>Communi-<br>cations | Inmate<br>Welfare | Emergency<br>Management |                                |                                |
| <b>Revenues</b>  |                    |                              |                   |                         |                                |                                |
| Intergovernmental Revenue  | \$ 61,813          | \$ 0                         | \$ 0              | \$ 0                    | \$ 221,025                     | \$ 282,838                     |
| Charges for Services   | 0                  | 51,654                       | 0                 | 0                       | 13,659                         | 65,313                         |
| Miscellaneous Revenue  | 0                  | 0                            | 188,920           | 0                       | 0                              | 188,920                        |
| <b>Total Revenues</b>  | <u>61,813</u>      | <u>51,654</u>                | <u>188,920</u>    | <u>0</u>                | <u>234,684</u>                 | <u>537,071</u>                 |
| <b>Expenditures</b>  |                    |                              |                   |                         |                                |                                |
| Public Safety:   |                    |                              |                   |                         |                                |                                |
| Personal Services  | 5,758,839          | 0                            | 94,201            | 79,215                  | 159,220                        | 6,091,475                      |
| Operating  | 1,699,925          | 25,294                       | 161               | 28,915                  | 222,555                        | 1,976,850                      |
| Capital Outlay   | 192,900            | 0                            | 0                 | 0                       | 22,288                         | 215,188                        |
| Debt Service:  |                    |                              |                   |                         |                                |                                |
| Principal  | 106,890            | 72,914                       | 0                 | 0                       | 0                              | 179,804                        |
| Interest   | 8,764              | 3,574                        | 0                 | 0                       | 0                              | 12,338                         |
| <b>(Total Expenditures)</b>  | <u>(7,767,318)</u> | <u>(101,782)</u>             | <u>(94,362)</u>   | <u>(108,130)</u>        | <u>(404,063)</u>               | <u>(8,475,655)</u>             |
| <b>(Deficiency) Excess of<br/>Expenditures (Under)<br/>Over Revenues</b> | <u>(7,705,505)</u> | <u>(50,128)</u>              | <u>94,558</u>     | <u>(108,130)</u>        | <u>(169,379)</u>               | <u>(7,938,584)</u>             |
| <b>Other Financing Sources<br/>(Uses)</b>                                |                    |                              |                   |                         |                                |                                |
| Installment Purchase   | 101,907            | 0                            | 0                 | 0                       | 0                              | 101,907                        |
| Transfers from Board of<br>County Commissioners                          | 7,631,001          | 0                            | 0                 | 108,130                 | 144,974                        | 7,884,105                      |
| Transfers to Board of<br>County Commissioners                            | (2,928)            | 0                            | 0                 | 0                       | 0                              | (2,928)                        |
| Transfers to Other Funds   | (24,475)           | 0                            | 0                 | 0                       | 0                              | (24,475)                       |
| Transfers In from Other Funds  | 0                  | 0                            | 0                 | 0                       | 24,475                         | 24,475                         |
| <b>Total Other Financing<br/>Sources (Uses)</b>                          | <u>7,705,505</u>   | <u>0</u>                     | <u>0</u>          | <u>108,130</u>          | <u>169,449</u>                 | <u>7,983,084</u>               |
| <b>Net Change in Fund<br/>Balances</b>                                   | 0                  | (50,128)                     | 94,558            | 0                       | 70                             | 44,500                         |
| <b>Fund Balances, Beginning<br/>of Year</b>                              | 0                  | 200,806                      | 215,624           | 0                       | 144                            | 416,574                        |
| <b>Fund Balances, End of Year</b>  | <u>\$ 0</u>        | <u>\$ 150,678</u>            | <u>\$ 310,182</u> | <u>\$ 0</u>             | <u>\$ 214</u>                  | <u>\$ 461,074</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, 2018  
GADSDEN COUNTY SHERIFF**

|  | General Fund       |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Budgeted Amounts   |                    | Actual<br>Amounts  |   |
|  | Original           | Final              |                    |   |
| <b>Revenues</b>  |                    |                    |                    |   |
| Intergovernmental Revenue                                | \$ 0               | \$ 61,813          | \$ 61,813          | \$ 0  |
| <b>Total Revenues</b>                                    | <u>0</u>           | <u>61,813</u>      | <u>61,813</u>      | <u>0</u>  |
| <b>Expenditures</b>                                      |                    |                    |                    |   |
| Public Safety:   |                    |                    |                    |   |
| Personal Services  | 5,701,766          | 5,763,579          | 5,758,839          | 4,740   |
| Operating  | 1,725,735          | 1,725,735          | 1,699,925          | 25,810  |
| Capital Outlay   | 91,300             | 193,207            | 192,900            | 307   |
| Debt Service:  |                    |                    |                    |   |
| Principal  | 104,000            | 104,000            | 106,890            | (2,890)   |
| Interest   | 8,200              | 8,200              | 8,764              | (564)   |
| <b>(Total Expenditures)</b>                              | <u>(7,631,001)</u> | <u>(7,794,721)</u> | <u>(7,767,318)</u> | <u>27,403</u>   |
| <b>(Deficiency) of Revenues<br/>(Under) Expenditures</b> | <u>(7,631,001)</u> | <u>(7,732,908)</u> | <u>(7,705,505)</u> | <u>27,403</u>   |
| <b>Other Financing Sources (Uses)</b>                    |                    |                    |                    |   |
| Installment Purchase                                     | 0                  | 101,907            | 101,907            | 0   |
| Transfers from Board of<br>County Commissioners          | 7,631,001          | 7,631,001          | 7,631,001          | 0   |
| Transfers to Board of<br>County Commissioners            | 0                  | 0                  | (2,928)            | (2,928)   |
| Transfer to Other Funds                                  | 0                  | 0                  | (24,475)           | (24,475)  |
| <b>Total Other Financing Sources (Uses)</b>              | <u>7,631,001</u>   | <u>7,732,908</u>   | <u>7,705,505</u>   | <u>(27,403)</u>   |
| <b>Net Change in Fund Balances</b>                       | 0                  | 0                  | 0                  | 0   |
| <b>Fund Balances, Beginning of Year</b>                  | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>  |
| <b>Fund Balances, End of Year</b>                        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>   |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|   | <b>Radio Communications Fund</b> |                   |                           | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|----------------------------------|-------------------|---------------------------|---|
|   | <b>Budgeted Amounts</b>          |                   | <b>Actual<br/>Amounts</b> |   |
|   | <b>Original</b>                  | <b>Final</b>      |                           |   |
| <b>Revenues</b>                         |                                  |                   |                           |   |
| Charges for Services                    | \$ 100,840                       | \$ 100,840        | \$ 51,654                 | \$ (49,186)   |
| <b>Total Revenues</b>                   | <u>100,840</u>                   | <u>100,840</u>    | <u>51,654</u>             | <u>(49,186)</u>   |
| <b>Expenditures</b>                     |                                  |                   |                           |   |
| Public Safety:                          |                                  |                   |                           |   |
| Operating                               | 24,240                           | 25,305            | 25,294                    | 11  |
| Debt Service:                           |                                  |                   |                           |   |
| Principal                               | 73,000                           | 73,000            | 72,914                    | 86  |
| Interest                                | 3,600                            | 3,600             | 3,574                     | 26  |
| <b>(Total Expenditures)</b>             | <u>(100,840)</u>                 | <u>(101,905)</u>  | <u>(101,782)</u>          | <u>123</u>  |
| <b>Net Change in Fund Balances</b>      | 0                                | (1,065)           | (50,128)                  | (49,063)  |
| <b>Fund Balances, Beginning of Year</b> | <u>200,806</u>                   | <u>200,806</u>    | <u>200,806</u>            | <u>0</u>  |
| <b>Fund Balances, End of Year</b>       | <u>\$ 200,806</u>                | <u>\$ 199,741</u> | <u>\$ 150,678</u>         | <u>\$ (49,063)</u>  |

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, 2018  
GADSDEN COUNTY SHERIFF**

|   | Inmate Welfare Fund |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|-------------------|-------------------|---|
|   | Budgeted Amounts    |                   | Actual<br>Amounts |   |
|   | Original            | Final             |                   |   |
| <b>Revenues</b>                         |                     |                   |                   |   |
| Miscellaneous Revenue                   | \$ 182,282          | \$ 188,918        | \$ 188,920        | \$ 2  |
| <b>Total Revenues</b>                   | <u>182,282</u>      | <u>188,918</u>    | <u>188,920</u>    | <u>2</u>  |
| <b>Expenditures</b>                     |                     |                   |                   |   |
| Public Safety:                          |                     |                   |                   |   |
| Personal Services                       | 88,900              | 88,900            | 94,201            | (5,301)   |
| Operating                               | 13,382              | 20,018            | 161               | 19,857  |
| Capital Outlay                          | 80,000              | 80,000            | 0                 | 80,000  |
| <b>(Total Expenditures)</b>             | <u>(182,282)</u>    | <u>(188,918)</u>  | <u>(94,362)</u>   | <u>94,556</u>   |
| <b>Net Change in Fund Balances</b>      | 0                   | 0                 | 94,558            | 94,558  |
| <b>Fund Balances, Beginning of Year</b> | <u>215,624</u>      | <u>215,624</u>    | <u>215,624</u>    | <u>0</u>  |
| <b>Fund Balances, End of Year</b>       | <u>\$ 215,624</u>   | <u>\$ 215,624</u> | <u>\$ 310,182</u> | <u>\$ 94,558</u>  |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - EMERGENCY MANAGEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|  | Emergency Management Fund |                  |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------------|------------------|-------------------|---|
|  | Budgeted Amounts          |                  | Actual<br>Amounts |   |
|  | Original                  | Final            |                   |   |
| <b>Revenues</b>  |                           |                  |                   |   |
| Intergovernmental  | \$ 0                      | \$ 0             | \$ 0              | \$ 0  |
| <b>Total Revenues</b>                                    | <u>0</u>                  | <u>0</u>         | <u>0</u>          | <u>0</u>  |
| <b>Expenditures</b>                                      |                           |                  |                   |   |
| Public Safety:   |                           |                  |                   |   |
| Personal Services  | 87,976                    | 87,976           | 79,215            | 8,761   |
| Operating  | 31,150                    | 31,150           | 28,915            | 2,235   |
| <b>(Total Expenditures)</b>                              | <u>(119,126)</u>          | <u>(119,126)</u> | <u>(108,130)</u>  | <u>10,996</u>   |
| <b>(Deficiency) of Revenues<br/>(Under) Expenditures</b> | <u>(119,126)</u>          | <u>(119,126)</u> | <u>(108,130)</u>  | <u>10,996</u>   |
| <b>Other Financing Sources (Uses)</b>                    |                           |                  |                   |   |
| Transfers in   | 119,126                   | 119,126          | 108,130           | (10,996)  |
| <b>Total Other Financing<br/>Sources (Uses)</b>          | <u>119,126</u>            | <u>119,126</u>   | <u>108,130</u>    | <u>(10,996)</u>   |
| <b>Net Change in Fund Balances</b>                       | 0                         | 0                | 0                 | 0   |
| <b>Fund Balances, Beginning of Year</b>                  | <u>0</u>                  | <u>0</u>         | <u>0</u>          | <u>0</u>  |
| <b>Fund Balances, End of Year</b>                        | <u>\$ 0</u>               | <u>\$ 0</u>      | <u>\$ 0</u>       | <u>\$ 0</u>   |

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2018**  
**GADSDEN COUNTY SHERIFF**

|                                      |                  |
|--------------------------------------|------------------|
| <b>Assets</b>                        |                  |
| Cash                                 | \$ 99,778        |
| <b>Total Assets</b>                  | <u>99,778</u>    |
| <br>                                 |                  |
| <b>Liabilities</b>                   |                  |
| Due to Other Funds                   | 12,016           |
| Due to Board of County Commissioners | 4,580            |
| Accounts Payable                     | 32,556           |
| Assets Held for Others               | 50,626           |
| <b>Total Liabilities</b>             | <u>\$ 99,778</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 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 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.
- **Emergency Management**—Accounts for the activities related to establishing and maintaining disaster assistance services.

■ **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.

**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.
- ▶ **JAG**—Accounts for the activities related to funds for narcotics investigations through a grant received from the Florida Department of Law Enforcement.
- ▶ **DJJ Restoring Families**—Accounts for the activities related to the family unit continuity assistance grant funded by the Florida Department of Juvenile Justice.

■ **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, 2018, the Sheriff had the following in cash:

|   | <b>Carrying<br/>Amount</b> |
|---|----------------------------|
| Deposits in Qualified Public Depositories | \$ 487,513                 |
| <b>Total Cash</b>                         | <b>\$ 487,513</b>          |

**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, 2018, were \$681,945.

**Note 3 - Capital Assets**

A summary of the changes in capital assets for the year ended September 30, 2018, follows:

|                                       | <u>Balance</u>         |                     |                    |    | <u>Balance</u>            |
|---------------------------------------|------------------------|---------------------|--------------------|----|---------------------------|
|                                       | <u>October 1, 2017</u> | <u>Additions</u>    | <u>Retirements</u> |    | <u>September 30, 2018</u> |
| Vehicles, Furniture,<br>and Equipment | \$ 3,269,545           | \$ 215,188          | \$ 0               | \$ | 3,484,733                 |
| (Accumulated<br>Depreciation)         | <u>(2,488,985)</u>     | <u>(333,675)</u>    | <u>0</u>           |    | <u>(2,822,660)</u>        |
| <b>Capital Assets, Net</b>            | <u>\$ 780,560</u>      | <u>\$ (118,487)</u> | <u>\$ 0</u>        | \$ | <u>662,073</u>            |

Depreciation expense for the Sheriff's assets was recorded in the County's government-wide financial statements in the amount of \$333,675.

**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>Balance</u>            |
|------------------------------------|------------------------|-------------------|---------------------|---------------------------|
|                                    | <u>October 1, 2017</u> | <u>Additions</u>  | <u>Retirements</u>  | <u>September 30, 2018</u> |
| Capital Leases                     | \$ 333,537             | \$ 101,907        | \$ (179,804)        | \$ 255,640                |
| Liability for Compensated Absences | 506,317                | 435,420           | (354,246)           | 587,491                   |
| <b>Total</b>                       | <u>\$ 839,854</u>      | <u>\$ 537,327</u> | <u>\$ (534,050)</u> | <u>\$ 843,131</u>         |

Of the \$587,491 liability for accrued compensated absences, management estimates that \$234,968 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, 2018.

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 various 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 48 monthly payments of varying amounts, including interest, beginning in July of 2018 and ending July 2022. The net present value of the capital lease was computed utilizing an interest rate of 5.2%, which was the rate used in previous similar borrowings.

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.

The capital lease agreement for the purchase of vehicles provides for 12 quarterly payments of \$24,619, including interest, beginning February 2017 and ending November 2019. The net present value of the capital lease was computed utilizing an interest rate of 4.5%, which was the rate provided in 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, 2018, aggregate future minimum lease payments are as follows:

| <b>September 30,</b>                               | <b>Amount</b>     |
|--|-------------------|
| 2019   | \$ 164,995        |
| 2020   | 52,893            |
| 2021   | 28,273            |
| 2022   | 24,644            |
| <b>Total Future Minimum Lease Payments</b>         | <b>270,805</b>    |
| <b>(Less Amount Representing Interest)</b>         | <b>(15,165)</b>   |
| <b>Present Value of Net Minimum Lease Payments</b> | <b>\$ 255,640</b> |

**Operating Lease**

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

| <b>Year</b>  | <b>Amount</b>   |
|--------------|-----------------|
| 2019         | \$ 1,636        |
| 2020         | 1,636           |
| <b>Total</b> | <b>\$ 3,272</b> |

**Note 6 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2018, are as follows:

|                                   | <b>Due from<br/>Other Funds</b> | <b>Due to<br/>Other Funds</b> |
|-----------------------------------|---------------------------------|-------------------------------|
| <b>General Fund</b>               | \$ 214,830                      | \$ 100,000                    |
| <b>Special Revenue Funds</b>      |                                 |                               |
| Radio Communications              | 105,380                         | 8,396                         |
| Inmate Welfare                    | 6,636                           | 0                             |
| Emergency Management              | 0                               | 58,426                        |
| VOCA                              | 0                               | 8,424                         |
| E-911                             | 0                               | 21,539                        |
| Justice Assistance Program Income | 0                               | 3,200                         |
| LEEF Training Fund                | 0                               | 66,102                        |
| DEM Federal                       | 0                               | 48,743                        |
| <b>Agency Funds</b>               |                                 |                               |
| Civil Account                     | 0                               | 5,380                         |
| Inmate Commissary                 | 0                               | 6,636                         |
| <b>Total</b>                      | <b>\$ 326,846</b>               | <b>\$ 326,846</b>             |



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

**Note 6 - Interfund Receivables and Payables (Concluded)**

Interfund receivables and payables result from temporary loans for cash flow needs associated with the time lag between when goods and services are provided and when they are ultimately reimbursed from granting agencies or the Board of County Commissioners.

**Note 7 - Pension and Postemployment Benefits Other Than Pension Benefits**

**Florida Retirement System (FRS) Pension Benefits**

The Sheriff participates in the Florida Retirement System to provide benefits to his employees. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

**Postemployment Benefits Other than Pensions**

The Sheriff participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

**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, 2018, was \$105,830.

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, 2018, was \$30,622.

**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, 2018, was \$128,766.

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

**Note 9 - Contingencies**

Various claims and legal actions arising in the normal course of the Sheriff's operations were pending against the Sheriff at September 30, 2018. 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 - Subsequent Events**

Subsequent to September 30, 2018, the Sheriff entered various lease agreements for vehicles in the normal course of business. The leases comprise one operating lease with a term of 12 months requiring monthly lease payments totaling \$6,686 over the term of the lease and eight capital leases with a term of 48 months requiring monthly payments totaling \$208,013 over the term of the leases.

## **OTHER FINANCIAL INFORMATION**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|  | <u>VOCA</u>     | <u>E-911</u>     | <u>Justice<br/>Asst. Prog<br/>Income</u> | <u>Teen<br/>Court</u> | <u>Victims<br/>Special</u> |
|--|-----------------|------------------|--|-----------------------|----------------------------|
| <b>Assets</b>                                  |                 |                  |  |                       |                            |
| Cash   | \$ 0            | \$ 0             | \$ 0                                     | \$ 214                | \$ 17,692                  |
| Due from Board of<br>County<br>Commissioners   | 0               | 21,539           | 0  | 0                     | 0                          |
| Due from Other<br>Governments                  | 8,424           | 0                | 3,200                                    | 0                     | 0                          |
| <b>Total Assets</b>                            | <u>8,424</u>    | <u>21,539</u>    | <u>3,200</u>                             | <u>214</u>            | <u>17,692</u>              |
| <b>Liabilities and<br/>Fund Balances</b>       |                 |                  |  |                       |                            |
| <b>Liabilities</b>                             |                 |                  |  |                       |                            |
| Due to Other Funds                             | 8,424           | 21,539           | 3,200                                    | 0                     | 0                          |
| Unearned Revenues                              | 0               | 0                | 0  |                       | 17,692                     |
| <b>Total Liabilities</b>                       | <u>8,424</u>    | <u>21,539</u>    | <u>3,200</u>                             | <u>0</u>              | <u>17,692</u>              |
| <b>Fund Balances</b>                           |                 |                  |  |                       |                            |
| Committed:                                     |                 |                  |  |                       |                            |
| Teen Court                                     | 0               | 0                | 0  | 214                   | 0                          |
| <b>Total Fund Balances</b>                     | <u>0</u>        | <u>0</u>         | <u>0</u>                                 | <u>214</u>            | <u>0</u>                   |
| <b>Total Liabilities and<br/>Fund Balances</b> | <u>\$ 8,424</u> | <u>\$ 21,539</u> | <u>\$ 3,200</u>                          | <u>\$ 214</u>         | <u>\$ 17,692</u>           |

| <b>LEEF<br/>Training<br/>Fund</b> | <b>DEM<br/>Federal</b> | <b>Towing<br/>and Impound</b> | <b>JAG</b>  | <b>DJJ<br/>Restoring<br/>Families</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|-----------------------------------|------------------------|-------------------------------|-------------|---------------------------------------|---|
| \$ 0                              | \$ 0                   | \$ 4,636                      | \$ 0        | \$ 0                                  | \$ 22,542                                     |
| 0                                 | 48,743                 | 0                             | 0           | 0                                     | 70,282  |
| 66,102                            | 0                      | 0                             | 0           | 0                                     | 77,726  |
| <u>66,102</u>                     | <u>48,743</u>          | <u>4,636</u>                  | <u>0</u>    | <u>0</u>                              | <u>170,550</u>                                |
| 66,102                            | 48,743                 | 0                             | 0           | 0                                     | 148,008                                       |
| 0                                 | 0                      | 4,636                         | 0           | 0                                     | 22,328  |
| <u>66,102</u>                     | <u>48,743</u>          | <u>4,636</u>                  | <u>0</u>    | <u>0</u>                              | <u>170,336</u>                                |
| 0                                 | 0                      | 0                             | 0           | 0                                     | 214   |
| <u>0</u>                          | <u>0</u>               | <u>0</u>                      | <u>0</u>    | <u>0</u>                              | <u>214</u>                                    |
| <u>\$ 66,102</u>                  | <u>\$ 48,743</u>       | <u>\$ 4,636</u>               | <u>\$ 0</u> | <u>\$ 0</u>                           | <u>\$ 170,550</u>                             |

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|  | <u>VOCA</u>     | <u>E-911</u>    | <u>Justice<br/>Asst. Prog<br/>Income</u> | <u>Teen<br/>Court</u> | <u>Victims<br/>Special</u> |
|--|-----------------|-----------------|--|-----------------------|----------------------------|
| <b>Revenues</b>  |                 |                 |  |                       |                            |
| Intergovernmental Revenue                                | \$ 55,314       | \$ 0            | \$ 0                                     | \$ 0                  | \$ 0                       |
| Charges for Services                                     | 0               | 0               | 0  | 13,659                | 0                          |
| <b>Total Revenues</b>                                    | <u>55,314</u>   | <u>0</u>        | <u>0</u>                                 | <u>13,659</u>         | <u>0</u>                   |
| <b>Expenditures</b>                                      |                 |                 |  |                       |                            |
| Public Safety:   |                 |                 |  |                       |                            |
| Personal Services  | 55,314          | 90,355          | 0  | 13,551                | 0                          |
| Operating  | 0               | 4,021           | 0  | 38                    | 0                          |
| Capital Outlay   | 0               | 0               | 0  | 0                     | 0                          |
| <b>(Total Expenditures)</b>                              | <u>(55,314)</u> | <u>(94,376)</u> | <u>0</u>                                 | <u>(13,589)</u>       | <u>0</u>                   |
| <b>(Deficiency) of Revenues<br/>(Under) Expenditures</b> | <u>0</u>        | <u>(94,376)</u> | <u>0</u>                                 | <u>70</u>             | <u>0</u>                   |
| <b>Other Financing Sources</b>                           |                 |                 |  |                       |                            |
| Transfers from Board of<br>County Commissioners          | 0               | 94,376          | 0  | 0                     | 0                          |
| Transfers In from Other Funds                            | 0               | 0               | 0  | 0                     | 0                          |
| <b>Total Other Financing Sources</b>                     | <u>0</u>        | <u>94,376</u>   | <u>0</u>                                 | <u>0</u>              | <u>0</u>                   |
| <b>Net Change in Fund Balances</b>                       | 0               | 0               | 0  | 70                    | 0                          |
| <b>Fund Balances,<br/>Beginning of Year</b>              | <u>0</u>        | <u>0</u>        | <u>0</u>                                 | <u>144</u>            | <u>0</u>                   |
| <b>Fund Balances, End of Year</b>                        | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>                              | <u>\$ 214</u>         | <u>\$ 0</u>                |

| <b>LEEF<br/>Training<br/>Fund</b> | <b>DEM<br/>Federal</b> | <b>Towing<br/>and Impound</b> | <b>JAG</b>     | <b>DJJ<br/>Restoring<br/>Families</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|-----------------------------------|------------------------|-------------------------------|----------------|---------------------------------------|---|
| \$ 23,794                         | \$ 0                   | \$ 0                          | \$ 0           | \$ 141,917                            | \$ 221,025                                    |
| 0                                 | 0                      | 0                             | 0              | 0                                     | 13,659  |
| <u>23,794</u>                     | <u>0</u>               | <u>0</u>                      | <u>0</u>       | <u>141,917</u>                        | <u>234,684</u>                                |
| 0                                 | 0                      | 0                             | 0              | 0                                     | 159,220                                       |
| 48,269                            | 26,455                 | 0                             | 1,855          | 141,917                               | 222,555                                       |
| 0                                 | 22,288                 | 0                             | 0              | 0                                     | 22,288  |
| <u>(48,269)</u>                   | <u>(48,743)</u>        | <u>0</u>                      | <u>(1,855)</u> | <u>(141,917)</u>                      | <u>(404,063)</u>                              |
| <u>(24,475)</u>                   | <u>(48,743)</u>        | <u>0</u>                      | <u>(1,855)</u> | <u>0</u>                              | <u>(169,379)</u>                              |
| 0                                 | 48,743                 | 0                             | 1,855          | 0                                     | 144,974                                       |
| 24,475                            | 0                      | 0                             | 0              | 0                                     | 24,475  |
| <u>24,475</u>                     | <u>48,743</u>          | <u>0</u>                      | <u>1,855</u>   | <u>0</u>                              | <u>169,449</u>                                |
| 0                                 | 0                      | 0                             | 0              | 0                                     | 70  |
| 0                                 | 0                      | 0                             | 0              | 0                                     | 144   |
| <u>\$ 0</u>                       | <u>\$ 0</u>            | <u>\$ 0</u>                   | <u>\$ 0</u>    | <u>\$ 0</u>                           | <u>\$ 214</u>                                 |

**COMBINING STATEMENT OF FIDUCIARY  
NET POSITION  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2018  
GADSDEN COUNTY SHERIFF**

|                                      | <u>Confiscated<br/>Funds</u> | <u>Civil<br/>Account</u> | <u>Suspense</u> | <u>Inmate<br/>Commissary</u> | <u>Totals</u>    |
|--------------------------------------|------------------------------|--------------------------|-----------------|------------------------------|------------------|
| <b>Assets</b>                        |                              |                          |                 |                              |                  |
| Cash                                 | \$ 23,575                    | \$ 20,828                | \$ 0            | \$ 55,375                    | \$ 99,778        |
| <b>Total Assets</b>                  | <u>23,575</u>                | <u>20,828</u>            | <u>0</u>        | <u>55,375</u>                | <u>99,778</u>    |
| <b>Liabilities</b>                   |                              |                          |                 |                              |                  |
| Due to Other Funds                   | 0                            | 5,380                    | 0               | 6,636                        | 12,016           |
| Due to Board of County Commissioners | 0                            | 4,580                    | 0               | 0                            | 4,580            |
| Accounts Payable                     | 0                            | 0                        | 0               | 32,556                       | 32,556           |
| Assets Held for Others               | 23,575                       | 10,868                   | 0               | 16,183                       | 50,626           |
| <b>Total Liabilities</b>             | <u>\$ 23,575</u>             | <u>\$ 20,828</u>         | <u>\$ 0</u>     | <u>\$ 55,375</u>             | <u>\$ 99,778</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, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2019.

**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. We did identify certain deficiencies in internal control which are described below, that we consider to be significant deficiencies.

**2016-1 Financial Statement Close**

*Condition:* 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 31<sup>st</sup> as required, the report was based on preliminary estimates. Although improvements were made in the timeliness of the closing of the books compared to the prior year, the accounting records of the Sheriff's office were not officially closed and ready for audit until February 18, 2019. We also noted that bank reconciliations for the month ended September 30, 2018, were not completed until January and February of 2019.

**Certified Public Accountants**

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

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

**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  
(Continued)**

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

**2016-1 Financial Statement Close (Concluded)**

*Cause:* According to Sheriff personnel, the delay in the closing of the books and the preparation of timely bank reconciliations was due to the lack of sufficient staffing in the Sheriff's accounting department necessary to have all transactions entered into the accounting system and have the bank reconciliations prepared accurately and timely. Year-end close processes were further hindered by the occurrence of Hurricane Michael in October of 2018, which caused significant damage throughout Gadsden County and required the utilization of significant personnel resources of the Sheriff's office throughout the storm and subsequent recovery period.

*Effect:* Without effective procedures in place to close the books and prepare timely bank account reconciliations, there is an increased risk that errors or fraud will go undetected for long periods of time.

*Recommendation:* Though we have noted significant improvement over the prior year's condition, we recommend the Sheriff's office continue to evaluate the need to hire additional accounting staff 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 and bank reconciliations. We also recommend the Sheriff's office implement procedures to ensure that all bank accounts are reconciled within 20 days of month-end.

**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*.

We noted a certain matter that we have reported to management of the Sheriff in a separate letter dated April 15, 2019.

**Response to Finding**

The Sheriff's response to the findings identified in our audit is included in the accompanying Management's Response on page 33. The Gadsden County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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)**

**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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
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, 2018, 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, 2018.

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*

April 15, 2019  
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, 2018, and have issued our report thereon dated April 15, 2019.

### 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 Reporting Requirements

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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, 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. Finding No. 2017-1 noted below and Finding No. 2016-1, as reported in 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* is considered to be uncorrected.

#### ■ 2017-1 Confiscated Funds

During our review of confiscated funds, we noted that the Sheriff's office's inventory listing for cash in evidence (safe maintained in the Finance Director's office) currently contains items up to and over 15 years old. While the Sheriff has made significant progress in identifying and disposing of funds eligible for forfeiture in the current year, we recommend that the Sheriff's office continue to perform periodic (at least annual) reviews of cash maintained in evidence to determine if any funds are subject to forfeiture, if the related case has been adjudicated, and whether the funds should be released to the appropriate party until all long-outstanding seizure funds have been investigated and disposed of, if applicable.

#### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
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Honorable Morris A. Young  
Gadsden County Sheriff  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Continued)*

**Prior Audit Findings (Concluded)**

■ **2017-1 Confiscated Funds (Concluded)**

In addition to cash held in the safe as evidence, there are certain confiscated funds that are currently maintained in one of the Sheriff's bank accounts totaling \$23,525, which have been held for several years. A review of the case files related to these funds needs to be performed and a determination be made as to whether a court order can be obtained to release the funds to the appropriate party or remit them to the Board's Fine and Forfeiture fund.

Finally, there are towing and impound fee funds that are currently maintained in a bank account which total \$4,636. A review of the limitations on the allowable spending period for these funds needs to be performed and a determination be made of whether any of these funds should be remitted to the Board's Fine and Forfeiture fund.

**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.

**Financial Management**

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

■ **2018-01 Physical Inventory Reconciliations**

During the course of our audit, we noted that the Sheriff's office performed a physical inventory of certain capital assets. However, the physical inventory did not include all capital asset categories, and no reconciliation of inventoried assets to fixed asset records was performed. A lack of physical inventory reconciliation procedures could result in the theft or misuse of the Sheriff's assets or misstatements of the fixed asset records. We recommend the Sheriff perform a complete physical inventory at least annually in compliance with state law and that the physical inventory be reconciled to the detailed fixed assets records.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of Auditor General*, requires us to communicate 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 note 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.

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Purpose of this Letter** *(Concluded)*

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

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, Florida





April 16, 2019

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, 2018, we would like to respond as follows:

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

#### **▪ 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 31<sup>st</sup> as required, the report was based on preliminary estimates. Upon our arrival to begin fieldwork on March 5, 2018, 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**

Due to a backlog in our workload during the month of October 2018 (Hurricane Michael), we experienced a delay in our closing process. We communicated with the County Manager and Purvis Gray and Company to inform them of our delay.

We will continue to streamline our closing process to be completed on a monthly basis. Purvis Gray & Company discussed the financial statement close process with the Finance Director. The Gadsden County Sheriff's Office has hired additional accounting personnel and continue to use an outside consultant to assist with the financial statement closing process.

The year-end close process is generally completed by October 31<sup>st</sup> 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 15<sup>th</sup> (approx.) of each month
- Review September invoices received in October for recording of additional Accounts Payable.
- Call various vendors (including BCC) that bill the GCSO monthly and get an advance copy of invoices.
- Complete grant billings and record related receivables
- Balance Due to/Due from across funds
- Prepare deposit analysis to ensure proper posting and recording of deposits.
- Ensure other fees and 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.

Purvis Gray and Company reviewed the closing procedures described above.

▪ **2017-1 – Confiscated Funds**

During our review of confiscated funds, we noted that the Sheriff's Office does not maintain a comprehensive, continuous activity log related to cash held in their safe as evidence. Inventory of cash held in evidence is currently maintained on a multi-tab excel workbook. We recommend that the Sheriff's Office unify the current log into a comprehensive, continuous log including entries by date which includes all cash activity into and out of the safe. Additionally, we noted many of the cases related to the cash held in evidence are several years old. We recommend the Sheriff's Office perform periodic (at least annual) reviews of cash held in evidence to determine if a court order can be obtained to release the funds to the appropriate party or forfeited to Board's Fine and Forfeiture fund.

In addition to cash held in the safe as evidence, there are certain confiscated funds that are currently maintained in one of the Sheriff's bank accounts totaling \$23,525, which have been held for several years. A review of the case files related to these funds needs to be performed and a determination be made as to whether a court order can be obtained to release the funds to the appropriate party or remit them to the Board's Fine and Forfeiture fund.

**Management Response:**

In accordance with our Property and Evidence Policy and Procedure, property (to include found/ recovered) and/or evidence taken into custody by the Gadsden County Sheriff's Office will be handled, stored in designated secure areas with controlled access, and disposed of in accordance with the law. This is to include all guns, cash, drugs, (no matter the amount) and or drug paraphernalia that have been found, recovered, seized, or have evidentiary value.

All evidence seized by Officers of the Gadsden County Sheriff's Office are entered into our SmartCop Software System by the Seizing Officer and is received by the Property and Evidence Custodian. Seized property is tracked and maintained by the Evidence Custodian in our SmartCop Software System Evidence Module, seized cash is inclusive. Property receipts with seized cash are taken to the Finance Office to be verified and sealed by the Property and Evidence Custodian and the Staff Accountant. Daily logs are prepared in the Finance Office to document all seized cash stored in the locked and sealed Finance Office Safe. The logs list the dates received in the Finance Office, the case number, date seized, defendant's name, name of the Seizing Officer, the amount and the location/disposition.

The most recent review of the seized money held as evidence was completed on July 14, 2017 by Sergeant Anglie Hightower, Criminal Investigation Division and Captain Timothy Ashley, Patrol Division. After the review in July 2017, the Property and Evidence Custodian Janice Tyus, pulled court ordered documents and purged the lists of seized money cases to determine the final disposition of the cases. At the recommendation of previous auditors and in accordance with the written legal advice from our forfeiture Attorney, we're processing a forfeiture of seized money to submit to the Sheriff's Fine and Forfeiture Fund held by the Gadsden County Board of Commissioners-Clerk of Court Finance Office. On April 20, 2018, we conducted another review of these seized funds and remitted the forfeited funds to the Sheriff's Fine and Forfeiture held by the Board of County Commissioners-Clerk of Court Finance Office. These funds were reported to the Florida Department of Law Enforcement on the Annual Forfeiture Report.

The Gadsden County Sheriff's Office Special Fund Account was created to handle large amounts of seized evidence money and is included in the current forfeiture process being conducted. The seized money in the Special Account (\$23,525) is a carryover from prior years and we are investigating these funds to remit to the appropriate party or the Fine and Forfeiture held by the Board of County Commissioners-Clerk of Court Finance Office.

All other Court Ordered Forfeiture papers are given to the Finance Office by the Property and Evidence Custodian to be taken from the safe as they occur and are sent to the Clerk of the Courts Finance Office to be deposited into the Fine and Forfeiture Fund. Court Orders requesting the return of seized funds to the defendants are documented on the property receipts along with a copy of the defendant's driver license and signature.

- **2018-01 Physical Inventory Reconciliations**

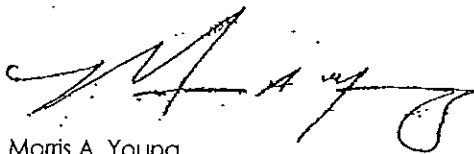
During the course of our audit, we noted that the Sheriff's Office performed a physical inventory of certain capital assets. However, the physical inventory did not include all capital asset categories, and no reconciliation of inventoried assets to fixed asset records were performed. A lack of physical inventory reconciliation procedures could result in the theft or misuse of the Sheriff's assets or misstatements of the fixed asset records. We recommend the Sheriff perform a complete physical inventory at least annually in compliance with state law and that the physical inventory be reconciled to the detailed fixed assets records.

**Management's Response**

During the 2017-18 fiscal year the Gadsden County Sheriff's Office performed a physical inventory of all of its assets. However, due to a turnover in staffing (retirement), there was a delay in completing the physical inventory. We are training additional staff to conduct the physical inventory going forward.

We acknowledge your recommendation and we will continue to complete annual physical inventory of all capital assets and reconcile them to the fixed assets records.

Sincerely,



Morris A. Young  
Gadsden County Sheriff  
MAY: kp



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

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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, 2018, 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.

### **Certified Public Accountants**

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The Honorable W. Dale Summerford  
Gadsden County Tax Collector  
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 and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, 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.

**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 the general fund, and the aggregate remaining fund information, 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 of Gadsden County, Florida, as of September 30, 2018, and the changes in its financial position and budgetary comparisons 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, rules, 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 *Governmental 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 Tax Collector's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, Florida



## **FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018  
GADSDEN COUNTY TAX COLLECTOR**

**Assets**

|                      |               |
|----------------------|---------------|
| Cash                 | \$ 85,030     |
| Due from Others      | 351           |
| Due from Other Funds | 4,901         |
| <b>Total Assets</b>  | <u>90,282</u> |

**Liabilities and Fund Balance**

**Liabilities**

|                                      |               |
|--------------------------------------|---------------|
| Accounts Payable                     | 400           |
| Due to Other Governments             | 92            |
| Due to Other Funds                   | 2,190         |
| Due to Board of County Commissioners | 87,600        |
| <b>Total Liabilities</b>             | <u>90,282</u> |

**Fund Balance**

|  |                  |
|--|------------------|
|  | <u>0</u>         |
| <b>Total Liabilities and Fund Equity</b> | <u>\$ 90,282</u> |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY TAX COLLECTOR**

|  |            |
|--|------------|
| <b>Revenues</b>                                  |            |
| Charges for Services                             | \$ 874,263 |
| Miscellaneous                                    | 6,625      |
| <b>Total Revenues</b>                            | 880,888    |
| <br><b>Expenditures</b>                          |            |
| Current:   |            |
| General Government:                              |            |
| Personal Services                                | 668,661    |
| Operating  | 167,327    |
| Capital Outlay                                   | 2,300      |
| <b>(Total Expenditures)</b>                      | (838,288)  |
| <br><b>Excess of Revenues Over Expenditures</b>  | <br>42,600 |
| <br><b>Other Financing (Uses)</b>                |            |
| Transfers (out) to Board of County Commissioners | (42,600)   |
| <b>Total Other Financing (Uses)</b>              | (42,600)   |
| <br><b>Net Change in Fund Balance</b>            | <br>0      |
| <br><b>Fund Balance, Beginning of Year</b>       | <br>0      |
| <br><b>Fund Balance, End of Year</b>             | <br>\$ 0   |

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, 2018  
GADSDEN COUNTY TAX COLLECTOR**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                           | <u>(Negative)</u>   |
| <b>Revenues</b>  |                         |                  |                           |   |
| Charges for Services   | \$ 830,335              | \$ 830,335       | \$ 874,263                | \$ 43,928   |
| Miscellaneous  | 3,800                   | 3,800            | 6,625                     | 2,825   |
| <b>Total Revenues</b>  | <u>834,135</u>          | <u>834,135</u>   | <u>880,888</u>            | <u>46,753</u>   |
| <b>Expenditures</b>  |                         |                  |                           |   |
| Current:   |                         |                  |                           |   |
| General Government:  |                         |                  |                           |   |
| Personal Services  | 689,911                 | 689,911          | 668,661                   | 21,250  |
| Operating  | 195,759                 | 195,759          | 167,327                   | 28,432  |
| Capital Outlay   | 0                       | 0                | 2,300                     | (2,300)   |
| <b>(Total Expenditures)</b>  | <u>(885,670)</u>        | <u>(885,670)</u> | <u>(838,288)</u>          | <u>47,382</u>   |
| <b>(Deficiency) Excess of Revenues<br/>(Under) Over Expenditures</b> | <u>(51,535)</u>         | <u>(51,535)</u>  | <u>42,600</u>             | <u>94,135</u>   |
| <b>Other Financing (Uses)</b>  |                         |                  |                           |   |
| Transfers in from Board of<br>County Commissioners                   | 51,535                  | 51,535           | 0                         | (51,535)  |
| Transfers (out) to Board of<br>County Commissioners                  | 0                       | 0                | (42,600)                  | (42,600)  |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>51,535</u>           | <u>51,535</u>    | <u>(42,600)</u>           | <u>(94,135)</u>   |
| <b>Net Change in Fund Balance</b>                                    | 0                       | 0                | 0                         | 0   |
| <b>Fund Balance, Beginning of Year</b>                               | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>  |
| <b>Fund Balance, End of Year</b>                                     | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 0</u>               | <u>\$ 0</u>   |

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUND**  
**SEPTEMBER 30, 2018**  
**GADSDEN COUNTY TAX COLLECTOR**

|                          |                          |
|--------------------------|--------------------------|
| <b>Assets</b>            |                          |
| Cash                     | \$ 286,440               |
| Due from Others          | 19,640                   |
| Due from Other Funds     | <u>2,190</u>             |
| <b>Total Assets</b>      | <u><u>308,270</u></u>    |
| <b>Liabilities</b>       |                          |
| Due to Others            | 950                      |
| Due to Other Funds       | 4,901                    |
| Due to Other Governments | 71,182                   |
| Tag Renewal Deposits     | 10,988                   |
| Installment Tax Deposits | <u>220,249</u>           |
| <b>Total Liabilities</b> | <u><u>\$ 308,270</u></u> |

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 \$449,279 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
- Janitorial Service
- Utilities (Except Telephone)
- Property and Workers' Compensation Insurance
- Employees' Health and Life Insurance

**Note 2 - Cash**

As of September 30, 2018, the Tax Collector had the following in cash:

|   | <b>Carrying<br/>Amount</b> |
|---|----------------------------|
| Cash on Hand                              | \$ 1,950                   |
| Deposits in Qualified Public Depositories | 369,520                    |
| <b>Total Cash</b>                         | <b>\$ 371,470</b>          |

**Credit Risk**

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

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

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

**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, 2018, were \$405,235.

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

**Note 3 - 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 4 - Long-term Liability for Compensated Absences**

The Tax Collector's long-term liability for compensated absences is as follows:

|                                    | <u>Balance</u><br><u>October 1, 2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>September 30, 2018</u> |
|------------------------------------|--|------------------|--------------------|---|
| Liability for Compensated Absences | \$ 51,727                                | \$ 16,610        | \$ (11,015)        | \$ 57,322                                   |

**NOTES TO FINANCIAL STATEMENTS**  
**GADSDEN COUNTY TAX COLLECTOR**  
*(Concluded)*

**Note 4 - Long-term Liability for Compensated Absences *(Concluded)***

Of the \$57,322 liability for accrued compensated absences, management estimates that \$14,994 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, 2018. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

**Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits**

**Florida Retirement System (FRS) Pension Benefits**

The Tax Collector participates in the Florida Retirement System to provide benefits to his employees. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

**Postemployment Benefits Other than Pensions**

The Tax Collector participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Tax Collector is included in the financial statements of the County.

**Note 6 - Interfund Receivables and Payables**

The General Fund due to the Agency Fund of \$2,190 consists of an amount required to repay the Agency Fund. The Agency Fund due to the General Fund of \$4,901 consists of fees on transactions collected by the Agency Fund and interest earned on the bank account. These payments were made shortly after the fiscal year-end.

**Note 7 - Operating Leases**

During fiscal year 2016 the Tax Collector entered into an operating lease for a Folder/Inserter machine. This lease concludes during the fiscal year ending September 30, 2021. During the fiscal year 2018 the Tax Collector entered into operating lease agreements for two copiers. These lease agreements conclude during the fiscal year ending September 30, 2021.

During the fiscal year ended September 30, 2018, the lease payments on all operating leases amounted to \$5,020. Total subsequent lease payments payable during 2019, 2020, and 2021, are \$5,100, \$5,100, and \$915, 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, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's special purpose financial statements, and have issued our report thereon dated April 15, 2019.

**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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, 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, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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, his management team, 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*  
April 15, 2019  
Tallahassee, Florida



## 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, 2018, and have issued our report thereon dated April 15, 2019.

### 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 Reporting Requirements

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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, 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.

### Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate 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)*

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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, his management team, 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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, Florida



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**SEPTEMBER 30, 2018**

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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, 2018, 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.

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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, 2018, 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 the general fund, only for that portion of the major funds of Gadsden County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as of September 30, 2018, the changes in its financial position and budgetary comparisons 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.



April 15, 2019  
Tallahassee, Florida

## **FINANCIAL STATEMENTS**



**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018  
GADSDEN COUNTY PROPERTY APPRAISER**

|   |                  |
|---|------------------|
| <b>Assets</b>                             |                  |
| Cash                                      | \$ 11,387        |
| Prepaid Expense                           | 1,083            |
| <b>Total Assets</b>                       | <u>12,470</u>    |
| <br>                                      |                  |
| <b>Liabilities and Fund Balance</b>       |                  |
| <br>                                      |                  |
| <b>Liabilities</b>                        |                  |
| Accounts Payable                          | 3,434            |
| Accrued Wages Payable                     | 9,036            |
| <b>Total Liabilities</b>                  | <u>12,470</u>    |
| <br>                                      |                  |
| <b>Fund Balance</b>                       | <u>0</u>         |
| <br>                                      |                  |
| <b>Total Liabilities and Fund Balance</b> | <u>\$ 12,470</u> |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY PROPERTY APPRAISER**

|   |                        |
|---|------------------------|
| <b>Revenues</b>                             |                        |
| Charges for Services                        | \$ 1,721               |
| Miscellaneous                               | 1,493                  |
| <b>Total Revenues</b>                       | <u>3,214</u>           |
| <br><b>Expenditures</b>                     |                        |
| Current:                                    |                        |
| General Government:                         |                        |
| Personal Services                           | 697,511                |
| Operating                                   | 164,480                |
| Capital Outlay                              | 4,100                  |
| <b>(Total Expenditures)</b>                 | <u>(866,091)</u>       |
| <br><b>(Deficiency) of Revenues</b>         |                        |
| <b>(Under) Expenditures</b>                 | <u>(862,877)</u>       |
| <br><b>Other Financing Sources (Uses)</b>   |                        |
| Transfers in from Board of County           |                        |
| Commissioners                               | 895,292                |
| Transfers (out) to Board of County          |                        |
| Commissioners                               | (32,415)               |
| <b>Total Other Financing Sources (Uses)</b> | <u>862,877</u>         |
| <br><b>Net Change in Fund Balance</b>       | <br>0                  |
| <br><b>Fund Balance, Beginning of Year</b>  | <br><u>0</u>           |
| <br><b>Fund Balance, End of Year</b>        | <br><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, 2018  
GADSDEN COUNTY PROPERTY APPRAISER**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                           |   |
| <b>Revenues</b>  |                         |                  |                           |   |
| Charges for Services                                     | \$ 0                    | \$ 0             | \$ 1,721                  | \$ 1,721  |
| Miscellaneous  | 3,215                   | 3,215            | 1,493                     | (1,722)   |
| <b>Total Revenues</b>                                    | <u>3,215</u>            | <u>3,215</u>     | <u>3,214</u>              | <u>(1)</u>  |
| <b>Expenditures</b>                                      |                         |                  |                           |   |
| Current:   |                         |                  |                           |   |
| General Government:                                      |                         |                  |                           |   |
| Personal Services  | 701,978                 | 708,834          | 697,511                   | 11,323  |
| Operating  | 185,447                 | 185,447          | 164,480                   | 20,967  |
| Capital Outlay   | 0                       | 0                | 4,100                     | (4,100)   |
| Contingency  | 10,000                  | 10,000           | 0                         | 10,000  |
| <b>(Total Expenditures)</b>                              | <u>(897,425)</u>        | <u>(904,281)</u> | <u>(866,091)</u>          | <u>38,190</u>   |
| <b>(Deficiency) of Revenues<br/>(Under) Expenditures</b> | <u>(894,210)</u>        | <u>(901,066)</u> | <u>(862,877)</u>          | <u>38,189</u>   |
| <b>Other Financing Sources (Uses)</b>                    |                         |                  |                           |   |
| Transfers in from Board of County<br>Commissioners       |                         |                  |                           |   |
|  | 894,210                 | 901,066          | 895,292                   | (5,774)   |
| Transfers (out) to Board of County<br>Commissioners      |                         |                  |                           |   |
|  | 0                       | 0                | (32,415)                  | (32,415)  |
| <b>Total Other Financing<br/>Sources (Uses)</b>          | <u>894,210</u>          | <u>901,066</u>   | <u>862,877</u>            | <u>(38,189)</u>   |
| <b>Net Change in Fund Balance</b>                        | 0                       | 0                | 0                         | 0   |
| <b>Fund Balance, Beginning of Year</b>                   | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>  |
| <b>Fund Balance, End of Year</b>                         | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 0</u>               | <u>\$ 0</u>   |

See accompanying notes to financial statements.

## **NOTES TO 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, 2018, the carrying amount of the Property Appraiser's deposits was \$11,387.

**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 - 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**  
*(Concluded)*

**Note 4 - Long-term Liability for Compensated Absences**

The Property Appraiser's long-term liability for compensated absences is as follows:

|                                    | <b>Balance</b>         | <b>Additions</b> | <b>Retirements</b> | <b>Balance</b>            |
|------------------------------------|------------------------|------------------|--------------------|---------------------------|
|                                    | <b>October 1, 2017</b> |                  |                    | <b>September 30, 2018</b> |
| Liability for Compensated Absences | \$ 16,596              | \$ 48,323        | \$ (39,255)        | \$ 25,664                 |

Of the \$25,664 liability for accrued compensated absences, management estimates that \$18,269 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since it is not payable from available resources at September 30, 2018. As discussed in Note 1, this liability is reported on the statement of net position in the County-wide financial statements.

**Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits**

**Florida Retirement System (FRS) Pension Benefits**

The Property Appraiser participates in the Florida Retirement System to provide benefits to his employees. A detailed plan description and any liability for employees of the Property Appraiser is included in the financial statements of the County.

**Postemployment Benefits Other than Pensions**

The Property Appraiser participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Property Appraiser is included in the financial statements of the County.

**Note 6 - Operating Leases**

The Property Appraiser entered into lease agreements for three vehicles effective in May 2016. The Property Appraiser entered into a lease agreement for one vehicle effective in June 2017. The monthly lease payments were \$252, \$254, \$255, and \$440 respectively, and the lease agreements were for a thirty-six month period. During fiscal year 2018, lease payments on these vehicles amounted to \$14,417. The remaining lease payments on these vehicles are as follows:

| <b>Year Ending September 30</b> | <b>Payments</b> |
|---------------------------------|-----------------|
| 2019                            | \$ 10,610       |
| 2020                            | 3,520           |
| Total                           | \$ 14,130       |

## **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 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, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special purpose financial statements, and have issued our report thereon dated April 15, 2019.

**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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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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, 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, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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, his management team, 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.

  
April 15, 2019  
Tallahassee, 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, 2018, and have issued our report thereon dated April 15, 2019.

### 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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, 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.

### Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate 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 Reginald A. Cunningham  
Gadsden County Property Appraiser  
Gadsden County, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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, his management team, 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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, Florida





**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2018**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SUPERVISOR OF ELECTIONS  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2018**

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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, 2018, 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, 2018, 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 the general fund, only for that portion of the major funds 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 of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons 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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, Florida

## **FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

|   |                  |
|---|------------------|
| <b>Assets</b>                             |                  |
| Cash                                      | \$ 38,930        |
| <b>Total Assets</b>                       | <u>38,930</u>    |
| <br>                                      |                  |
| <b>Liabilities and Fund Balance</b>       |                  |
| <br>                                      |                  |
| <b>Liabilities</b>                        |                  |
| Accounts Payable                          | 11,575           |
| Accrued Wages and Benefits                | 7,829            |
| Unearned Revenue                          | 19,526           |
| <b>Total Liabilities</b>                  | <u>38,930</u>    |
| <br>                                      |                  |
| <b>Fund Balance</b>                       | <u>0</u>         |
| <br>                                      |                  |
| <b>Total Liabilities and Fund Balance</b> | <u>\$ 38,930</u> |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

|  |                    |
|--|--------------------|
| <b>Revenues</b>                                      |                    |
| Intergovernmental Revenue                            | \$ 74,092          |
| <b>Total Revenues</b>                                | <u>74,092</u>      |
| <b>Expenditures</b>                                  |                    |
| General Government:                                  |                    |
| Personal Services                                    | 430,598            |
| Operating Expenditures                               | 203,024            |
| Capital Outlay                                       | <u>123,058</u>     |
| <b>(Total Expenditures)</b>                          | <u>(756,680)</u>   |
| <b>(Deficiency) of Expenditures (Under) Revenues</b> | <u>(682,588)</u>   |
| <b>Other Financing Sources (Uses)</b>                |                    |
| Transfers in from Board of County                    |                    |
| Commissioners  | 693,831            |
| Transfers (out) to Board of County                   |                    |
| Commissioners  | <u>(11,243)</u>    |
| <b>Total Other Financing Sources (Uses)</b>          | <u>682,588</u>     |
| <b>Net Change in Fund Balance</b>                    | 0                  |
| <b>Fund Balance, Beginning of Year</b>               | <u>0</u>           |
| <b>Fund Balance, End of Year</b>                     | <u><u>\$ 0</u></u> |

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                           | <u>(Negative)</u>   |
| <b>Revenues</b>  |                         |                  |                           |   |
| Intergovernmental Revenues                               | \$ 0                    | \$ 74,092        | \$ 74,092                 | \$ 0  |
| <b>Total Revenues</b>                                    | <u>0</u>                | <u>74,092</u>    | <u>74,092</u>             | <u>0</u>  |
| <b>Expenditures</b>                                      |                         |                  |                           |   |
| General Government:                                      |                         |                  |                           |   |
| Personal Services  | 438,128                 | 450,128          | 430,598                   | 19,530  |
| Operating Expenditures                                   | 230,233                 | 238,233          | 203,024                   | 35,209  |
| Capital Outlay   | 5,470                   | 79,562           | 123,058                   | (43,496)  |
| <b>(Total Expenditures)</b>                              | <u>(673,831)</u>        | <u>(767,923)</u> | <u>(756,680)</u>          | <u>11,243</u>   |
| <b>(Deficiency) of Expenditures<br/>(Under) Revenues</b> | <u>(673,831)</u>        | <u>(693,831)</u> | <u>(682,588)</u>          | <u>11,243</u>   |
| <b>Other Financing Sources (Uses)</b>                    |                         |                  |                           |   |
| Transfers in from Board of<br>County Commissioners       | 673,831                 | 693,831          | 693,831                   | 0   |
| Transfers (out) to Board of County<br>Commissioners      | 0                       | 0                | (11,243)                  | (11,243)  |
| <b>Total Other Financing Sources<br/>(Uses)</b>          | <u>673,831</u>          | <u>693,831</u>   | <u>682,588</u>            | <u>(11,243)</u>   |
| <b>Net Change in Fund Balance</b>                        | 0                       | 0                | 0                         | 0   |
| <b>Fund Balance, Beginning of Year</b>                   | <u>0</u>                | <u>0</u>         | <u>0</u>                  | <u>0</u>  |
| <b>Fund Balance, End of Year</b>                         | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 0</u>               | <u>\$ 0</u>   |

See accompanying notes to financial statements.



**NOTES TO 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, 2018, the carrying amount of the Supervisor of Elections' deposits was \$38,930.

**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 - 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.

**Note 4 - Long-term Liability for Compensated Absences**

The Supervisor of Elections long-term liability for compensated absences is as follows:

|                                    | <b>Balance</b>                |                         |                           | <b>Balance</b>                   |
|------------------------------------|-------------------------------|-------------------------|---------------------------|----------------------------------|
|                                    | <b><u>October 1, 2017</u></b> | <b><u>Additions</u></b> | <b><u>Retirements</u></b> | <b><u>September 30, 2018</u></b> |
| Liability for Compensated Absences | \$ 5,302                      | \$ 14,306               | \$ (12,999)               | \$ 6,609                         |

Of the \$6,609 liability for accrued compensated absences, management estimates that \$4,033 will be due and payable within one year. The liability is not reported in the financial statements of the Supervisor of Elections since it is not payable from available resources at September 30, 2018. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Concluded)*

**Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits**

**Florida Retirement System (FRS) Pension Benefits**

The Supervisor of Elections participates in the Florida Retirement System to provide benefits to her employees. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

**Postemployment Benefits Other than Pensions**

The Supervisor of Elections participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Supervisor of Elections is included in the financial statements of the County.

## **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, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections special purpose financial statements, and have issued our report thereon dated April 15, 2019.

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



The Honorable Shirley Green Knight  
Gadsden County Supervisor of Elections  
Gadsden County, Florida

**INDEPENDENT AUDITORS' REPORT 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.

*Purvis, Gray and Company, LLP*

April 15, 2019  
Tallahassee, 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, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervision of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, the year ended September 30, 2018.

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, her management team, 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*

April 15, 2019  
Tallahassee, Florida

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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, 2018, and have issued our report thereon dated April 15, 2019.

### 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 Reporting Requirements

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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, 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)*

**Financial Management**

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

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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, her management team, 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.



April 15, 2019  
Tallahassee, Florida