

2019

Gadsden County, Florida

Financial Statements
and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

2019

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and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2019

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AND
INDEPENDENT AUDITOR'S REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2019

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Administrator	Arthur Lawson Sr.
County Attorney	David Weiss

FINANCIAL SECTION

INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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 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

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

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*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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

INDEPENDENT AUDITOR'S REPORT

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, 2019, the respective changes in financial position, thereof, and the respective budgetary comparison of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining non-major 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements.

The combining non-major 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 individual non-major 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.

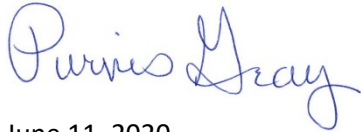
The Honorable Board of County Commissioners
and Constitutional Officers
Gadsden County, Florida

INDEPENDENT AUDITOR'S REPORT

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 June 11, 2020, 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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

June 11, 2020
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, 2019. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Statements

The government-wide assets (and deferred outflows of resources) of the County exceeded liabilities (and deferred inflows of resources) at the close of the 2018-2019 fiscal year by \$46,906,014 (*net position*). Of this amount, (\$10,720,354) is considered unrestricted, \$8,152,413 is restricted for specific purposes (*restricted net position*), and \$49,473,955 is *net investment in capital assets*.

Fund Statements

At September 30, 2019, the County's governmental funds reported combined ending fund balances of \$18,731,499, an increase of \$2,792,477 in comparison with the \$15,939,022 ending fund balances on September 30, 2018. This increase is primarily from the County issuing debt.

The general fund's unassigned fund balance at September 30, 2019, was \$4,335,363, or 21.94% of total general fund expenditures excluding transfers. This indicates a little less than 1% increase from the prior fiscal year, where unassigned fund balance was 21.18% 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

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 Statement No. 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

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, 2019 and 2018.

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

Gadsden County Florida Summary of Net Position

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 23,511,450	\$ 20,158,053
Capital Assets	64,319,616	63,554,384
Total Assets	87,831,066	83,712,437
Deferred Outflows of Resources		
Pension Related	8,530,010	9,163,955
Current Liabilities	6,178,638	4,533,696
Non-Current Liabilities	40,474,726	37,108,439
Total Liabilities	46,653,364	41,642,135
Deferred Inflows of Resources		
Pension Related	2,801,698	2,999,991
Net Position		
Net Investment in Capital Assets	49,473,955	49,534,115
Restricted	8,152,413	6,281,769
Unrestricted	(10,720,354)	(7,581,618)
Total Net Position	\$ 46,906,014	\$ 48,234,266

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues:		
Charges for Services	\$ 5,375,186	\$ 4,922,205
Operating Grants and Contributions	3,828,591	2,343,215
Capital Grants and Contributions	2,730,029	1,297,988
Total Program Revenues	11,933,806	8,563,408
General Revenues		
Property Taxes	12,046,702	11,679,328
Sales Tax and State Shared Revenue	7,100,088	6,722,617
Local Option Taxes	6,590,918	5,902,363
Motor Fuel Tax	2,461,295	2,487,599
Other	1,706,199	904,743
Total General Revenues	29,905,202	27,696,650
Total Revenues	41,839,008	36,260,058
Expenses		
Program Expenses:		
General Government	9,390,933	8,765,038
Public Safety	16,752,891	14,053,872
Physical Environment	584,755	498,609
Transportation	8,304,769	8,172,908
Economic Environment	1,057,986	792,867
Human Services	3,595,676	3,538,304
Court Related	1,742,914	1,754,273
Culture/Recreation	1,368,084	1,357,982
Interest on Long-Term Debt	369,252	350,590
Total Expenses	43,167,260	39,284,443
(Decrease) Increase in Net Position	(1,328,252)	(3,024,385)
Net Position, Beginning of Year	48,234,266	51,258,651
Net Position, End of Year	\$ 46,906,014	\$ 48,234,266

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2019, the County's governmental funds reported combined ending fund balances of \$18,731,499, an increase of \$2,792,477 in comparison with the prior year. Of the approximately \$18.7 million total fund balance, unassigned fund balance is \$4.3 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had an increase in fund balance of \$180,122. The total general fund balance was \$5,674,461, of which \$4,335,363 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 21.94% of total general fund expenditures, excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's budget increased during fiscal year 2018-2019 in the amount of \$2,840,973 from the original budget. The majority of the increase, \$861,013, was taken from general fund balance to transfer funds to the Emergency Medical Service Fund. The County also budgeted fund balance for \$850,000 to pay for hurricane damage expenses while waiting for insurance proceeds and FEMA reimbursements to be disbursed.

Actual General Fund revenues exceeded the final revenue budget by \$877,134. The majority of this increase came from insurance proceeds of \$590,077 for the damages caused by Hurricane Michael.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$64.3 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 2020 Freightliner Dump Truck for \$91,927 and a Bush Hog 3815 Wing Rotary Cutter for \$18,500.

The Fire Services bought a 2020 Freightliner Firetruck for \$299,487 and a 2019 Chevrolet 3500 Chassis in the amount of \$30,985.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The Informational Technology (IT) Department bought a Barracuda Back-Up Service in the amount of \$16,085.

The Sheriff's Office entered into a lease-purchase agreement for nine new vehicles at a cost of \$226,067.

Through the use of grant awards, numerous roads were paved and were added to the County's infrastructure in the amount of \$2,904,578.

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

Capital assets at September 30, 2019 and September 30, 2018, are as follows:

Gadsden County Florida Capital Assets (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 2,054,225	\$ 2,054,225
Buildings	22,703,207	23,324,651
Improvements Other than Buildings	4,181,055	4,245,943
Machinery and Equipment	6,171,161	5,950,226
Construction in Progress	2,695,586	858,920
Infrastructure	26,514,382	27,120,419
Total	\$ 64,319,616	\$ 63,554,384

Debt Management

During fiscal year 2019, the County incurred several new debt obligations. The Sheriff's Office entered into a lease purchase agreement to purchase nine new vehicles for \$226,067.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County entered into a lease purchase agreement to purchase sixteen vehicles for \$469,802. The County received a loan from Motorola to construct a new cell tower and to update radio communications for \$1,295,000. The County also received a loan from Motorola for \$455,730 to furnish and update the Dispatch Center. The County acquired a line of credit from BB&T to provide funds to complete the construction of the new Agriculture Center for \$707,000.

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

Gadsden County Florida Outstanding Debt

	2019	2018	Increase (Decrease)
Revenue Bonds	\$ 15,808,156	\$ 14,781,274	\$ 1,026,882
Notes and Loans Payable	661,128	255,640	405,488
Compensated Absences	1,317,041	1,409,779	(92,738)
Other Post Employment Benefits	702,300	657,800	44,500
Due to Other Government - DOR	-	37,686	(37,686)
Net Pension Liability	24,930,067	22,033,663	2,896,404
Total	\$ 43,418,692	\$ 39,175,842	\$ 4,242,850

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Gadsden County is Florida's 43rd most populous County and is home to 2% of Florida's population. The unemployment rate at September 30, 2019, was 4.1% as compared to the state's percentage of 3.1% (Information provided by the Florida Legislature Office of Economic and Demographic Research). 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gadsden County millage rate for the 2020 budget was adopted at 8.9064 mills, which has stayed the same since 2008. The total adopted budget for 2020 of \$51,649,793 was an increase over 2019's budget in the amount of \$3,698,598. For 2020, the County appropriated \$113,479 from the General Fund Balance to balance the original approved budget.

A continued challenge for the County is to update its aging infrastructure, including resurfacing and paving roads while providing continuation of normal service to citizens.

The COVID-19 global pandemic has caused significant economic disruption throughout the State of Florida and the nation. This is expected to have an impact on the County's local and state shared revenues and result in declines in user fees and other charges for services.

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, 2019**

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 17,441,077
Investments	1,571,050
Accounts Receivables, Net	395,888
Due from Agency Funds	88,979
Due from Other Governments	3,504,898
Prepaid Items	377,579
Inventories	131,979
Total Current Assets	23,511,450
Non-Current Assets:	
Capital Assets:	
Non-Depreciable	4,749,811
Depreciable, Net	59,569,805
Total Non-Current Assets	64,319,616
Total Assets	87,831,066
Deferred Outflows of Resources	
Pension Related	8,530,010
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,985,465
Due to Other Governments	166,500
Accrued Wages Payable	211,108
Unearned Revenue	871,599
Bonds and Notes Payable	2,341,519
Accrued Compensated Absences	602,447
Total Current Liabilities	6,178,638
Non-Current Liabilities:	
Accrued Compensated Absences	714,594
Other Postemployment Benefits Obligation	702,300
Bonds and Notes Payable	14,127,765
Net Pension Liability	24,930,067
Total Non-Current Liabilities	40,474,726
Total Liabilities	46,653,364
Deferred Inflows of Resources	
Pension Related	2,801,698
Net Position	
Net Investment in Capital Assets	49,473,955
Restricted	8,152,413
Unrestricted	(10,720,354)
Total Net Position	\$ 46,906,014

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, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 9,390,933	\$ 1,085,886	\$ 40,406	\$ 286,324	\$ (7,978,317)
Public Safety	16,752,891	2,873,730	1,592,687	33,775	(12,252,699)
Physical Environment	584,755	-	208,712	-	(376,043)
Transportation	8,304,769	198,219	352,812	2,356,318	(5,397,420)
Economic Environment	1,057,986	-	530,458	-	(527,528)
Human Services	3,595,676	10,854	315,723	-	(3,269,099)
Court-Related	1,742,914	1,159,513	323,777	-	(259,624)
Culture and Recreation	1,368,084	46,984	464,016	53,612	(803,472)
Interest on Long-Term Debt	369,252	-	-	-	(369,252)
Total Primary Government	<u>\$ 43,167,260</u>	<u>\$ 5,375,186</u>	<u>\$ 3,828,591</u>	<u>\$ 2,730,029</u>	<u>(31,233,454)</u>
		General Revenues			
		Taxes:			
					12,046,702
					150,934
					4,947,798
					1,492,186
					2,461,295
					320,686
					7,100,088
					374,234
					1,011,279
					<u>29,905,202</u>
					(1,328,252)
					48,234,266
					<u>\$ 46,906,014</u>

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

GADSDEN COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>County Transportation</u>	<u>SHIP</u>
Assets			
Cash and Cash Equivalents	\$ 3,652,172	\$ 1,865,868	\$ 703,156
Investments	1,571,050	-	-
Accounts Receivables (Net of Allowance for Uncollectibles)	44,874	-	-
Due from Other Funds	387,562	932	-
Due from Other Governments	810,597	505,401	-
Prepaid Expenses	377,046	-	-
Inventories, at Cost	75,670	56,309	-
Total Assets	<u>6,918,971</u>	<u>2,428,510</u>	<u>703,156</u>
Liabilities			
Accounts Payable and Accrued Expenses	777,862	66,000	73
Due to Other Funds	4,809	-	-
Due to Other Governments	16,816	-	-
Accrued Wages Payable	90,436	44,683	1,695
Unearned Revenues	-	-	701,388
Total Liabilities	<u>889,923</u>	<u>110,683</u>	<u>703,156</u>
Deferred Inflows of Resources	<u>354,587</u>	<u>268,154</u>	<u>-</u>
Fund Balances			
Non-Spendable	452,716	56,309	-
Restricted	182,826	1,993,364	-
Committed	-	-	-
Assigned	703,556	-	-
Unassigned	4,335,363	-	-
Total Fund Balances	<u>5,674,461</u>	<u>2,049,673</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,918,971</u>	<u>\$ 2,428,510</u>	<u>\$ 703,156</u>

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

Indigent Surtax	Capital Project Public Works	Other Governmental Funds	Total Governmental Funds
\$ 368,376	\$ 939,123	\$ 9,912,382	\$ 17,441,077
-	-	-	1,571,050
-	-	351,014	395,888
-	-	137,774	526,268
-	646,189	1,542,711	3,504,898
-	-	533	377,579
-	-	-	131,979
<u>368,376</u>	<u>1,585,312</u>	<u>11,944,414</u>	<u>23,948,739</u>
76,019	668,689	396,822	1,985,465
-	-	432,480	437,289
-	-	149,684	166,500
-	-	74,294	211,108
-	-	170,211	871,599
<u>76,019</u>	<u>668,689</u>	<u>1,223,491</u>	<u>3,671,961</u>
<u>238,537</u>	<u>-</u>	<u>684,001</u>	<u>1,545,279</u>
-	-	533	509,558
53,820	916,623	6,629,403	9,776,036
-	-	186	186
-	-	3,406,800	4,110,356
-	-	-	4,335,363
<u>53,820</u>	<u>916,623</u>	<u>10,036,922</u>	<u>18,731,499</u>
<u>\$ 368,376</u>	<u>\$ 1,585,312</u>	<u>\$ 11,944,414</u>	<u>\$ 23,948,739</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, 2019

Total Fund Balances of Governmental Funds		\$ 18,731,499
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		64,319,616
Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.		1,545,279
Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:		
Deferred Outflows Related to Pensions	\$ 8,530,010	
Deferred Inflows Related to Pensions	<u>(2,801,698)</u>	5,728,312
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	(16,469,284)	
Accrued Compensated Absences	(1,317,041)	
Accrued Other Postemployment Benefits Obligation	(702,300)	
Net Pension Liability	<u>(24,930,067)</u>	<u>(43,418,692)</u>
Total Net Position of Governmental Activities		<u><u>\$ 46,906,014</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, 2019

	<u>General Fund</u>	<u>County Transportation</u>	<u>SHIP</u>
Revenues			
Taxes	\$ 12,179,028	\$ 3,721,339	\$ -
Licenses and Permits	150,934	-	-
Intergovernmental Revenues	6,511,013	308,234	485,612
Charges for Services	1,222,052	198,218	-
Fines and Forfeitures	-	-	-
Miscellaneous Revenues	924,816	65,160	21,052
Total Revenues	<u>20,987,843</u>	<u>4,292,951</u>	<u>506,664</u>
Expenditures			
Current:			
General Government	8,123,492	-	-
Public Safety	8,095,093	-	-
Physical Environment	355,246	-	-
Transportation	-	4,065,106	-
Economic Environment	378,211	-	458,407
Human Services	1,640,045	-	-
Court-Related	221,039	-	-
Culture and Recreation	166,485	-	-
Debt Service:			
Principal	173,498	68,453	-
Interest	15,147	-	-
Capital Outlay:			
General Government	523,659	-	-
Public Safety	-	-	-
Transportation	-	424,219	-
Economic Environment	29,899	-	-
Human Services	28,901	-	-
Court-Related	-	-	-
Culture and Recreation	4,765	-	-
(Total Expenditures)	<u>(19,755,480)</u>	<u>(4,557,778)</u>	<u>(458,407)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,232,363</u>	<u>(264,827)</u>	<u>48,257</u>
Other Financing Sources (Uses)			
Transfers in	8,722,106	821,621	-
Transfers (out)	(10,101,668)	-	(50,000)
Debt Proceeds	-	-	-
Installment Purchases	327,321	313,792	-
Total Other Financing Sources (Uses)	<u>(1,052,241)</u>	<u>1,135,413</u>	<u>(50,000)</u>
Net Change in Fund Balances	180,122	870,586	(1,743)
Fund Balances at Beginning of Year	<u>5,494,339</u>	<u>1,179,087</u>	<u>1,743</u>
Fund Balances at End of Year	<u>\$ 5,674,461</u>	<u>\$ 2,049,673</u>	<u>\$ -</u>

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

Indigent Surtax	Capital Projects Public Works	Other Governmental Funds	Total Governmental Funds
\$ 2,054,295	\$ -	\$ 1,605,374	\$ 19,560,036
-	-	297,783	448,717
-	2,356,318	5,717,572	15,378,749
-	-	3,677,095	5,097,365
-	-	176,087	176,087
-	25,889	348,596	1,385,513
<u>2,054,295</u>	<u>2,382,207</u>	<u>11,822,507</u>	<u>42,046,467</u>
-	-	195,319	8,318,811
-	-	6,154,253	14,249,346
-	-	152,416	507,662
-	-	92,880	4,157,986
-	-	188,572	1,025,190
1,409,125	-	-	3,049,170
-	-	1,293,393	1,514,432
-	-	978,728	1,145,213
-	-	1,479,278	1,721,229
-	-	354,106	369,253
-	-	-	523,659
-	-	2,264,581	2,264,581
-	2,482,228	30,227	2,936,674
-	-	-	29,899
-	-	-	28,901
-	-	13,311	13,311
-	-	547,507	552,272
<u>(1,409,125)</u>	<u>(2,482,228)</u>	<u>(13,744,571)</u>	<u>(42,407,589)</u>
<u>645,170</u>	<u>(100,021)</u>	<u>(1,922,064)</u>	<u>(361,122)</u>
-	-	11,131,029	20,674,756
(645,836)	-	(9,877,252)	(20,674,756)
-	-	2,512,486	2,512,486
-	-	-	641,113
<u>(645,836)</u>	<u>-</u>	<u>3,766,263</u>	<u>3,153,599</u>
(666)	(100,021)	1,844,199	2,792,477
<u>54,486</u>	<u>1,016,644</u>	<u>8,192,723</u>	<u>15,939,022</u>
<u>\$ 53,820</u>	<u>\$ 916,623</u>	<u>\$ 10,036,922</u>	<u>\$ 18,731,499</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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 2,792,477

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

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

Expenditures for Capital Outlays	\$ 7,015,273	
Contributions and (Loss)/Gain on Disposal (Current Year Depreciation)	(679,899)	
	(5,570,142)	765,232

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,721,229
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The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		(3,153,599)
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Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension plans made after the measurement date:

Deferred Inflows Related to Pensions	(633,945)	
Deferred Outflows Related to Pensions	198,293	
	198,293	(435,652)

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

Compensated Absences	92,738	
Other Postemployment Benefits	(44,500)	
Due to Other Governments - Clerk	37,686	
Net Pension Liability	(2,896,404)	(2,810,480)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(207,459)
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Change in Net Position - Governmental Activities **\$ (1,328,252)**

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, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 11,819,987	\$ 11,819,987	\$ 12,179,028	\$ 359,041
Licenses and Permits	120,000	120,000	150,934	30,934
Intergovernmental Revenues	5,893,143	6,607,206	6,511,013	(96,193)
Charges for Services	1,216,437	1,235,167	1,222,052	(13,115)
Fines and Forfeitures	3,000	3,000	-	(3,000)
Miscellaneous Revenues	313,686	325,349	924,816	599,467
Total Revenues	<u>19,366,253</u>	<u>20,110,709</u>	<u>20,987,843</u>	<u>877,134</u>
Expenditures				
Current:				
General Government	8,155,514	8,370,791	8,123,492	247,299
Public Safety	7,725,017	8,278,552	8,095,093	183,459
Physical Environment	437,008	427,126	355,246	71,880
Economic Environment	374,395	404,794	378,211	26,583
Human Services	1,842,265	1,725,552	1,640,045	85,507
Court-Related	226,639	226,639	221,039	5,600
Culture and Recreation	156,438	156,438	166,485	(10,047)
Debt Service:				
Principal	98,000	158,195	173,498	(15,303)
Interest	4,000	16,000	15,147	853
Capital Outlay:				
General Government	267,500	325,024	523,659	(198,635)
Public Safety	35,000	289,968	-	289,968
Physical Environment	2,000	2,000	-	2,000
Economic Environment	5,000	4,500	29,899	(25,399)
Human Services	4,500	6,500	28,901	(22,401)
Culture and Recreation	215,900	215,900	4,765	211,135
Contingency	105,000	95,000	-	95,000
(Total Expenditures)	<u>(19,654,176)</u>	<u>(20,702,979)</u>	<u>(19,755,480)</u>	<u>947,499</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(287,923)</u>	<u>(592,270)</u>	<u>1,232,363</u>	<u>1,824,633</u>
Other Financing Sources (Uses)				
Transfers in	8,805,344	8,909,628	8,722,106	(187,522)
Transfers (out)	(8,567,421)	(10,359,591)	(10,101,668)	257,923
Installment Purchases	-	226,067	327,321	101,254
Total Other Financing Sources (Uses)	<u>237,923</u>	<u>(1,223,896)</u>	<u>(1,052,241)</u>	<u>171,655</u>
Net Change in Fund Balance	(50,000)	(1,816,166)	180,122	1,996,288
Fund Balance, Beginning of Year	50,000	1,816,166	5,494,339	3,678,173
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,674,461</u>	<u>\$ 5,674,461</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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,875,574	\$ 2,875,574	\$ 3,721,339	\$ 845,765
Intergovernmental Revenues	2,000	308,374	308,234	(140)
Charges for Services	274,000	274,000	198,218	(75,782)
Miscellaneous Revenues	45,000	71,913	65,160	(6,753)
Total Revenues	<u>3,196,574</u>	<u>3,529,861</u>	<u>4,292,951</u>	<u>763,090</u>
Expenditures				
Current:				
Transportation	3,950,000	4,283,287	4,065,106	218,181
Debt Service:				
Principal	-	-	68,453	(68,453)
Capital Outlay:				
Transportation	459,000	772,792	424,219	348,573
(Total Expenditures)	<u>(4,409,000)</u>	<u>(5,056,079)</u>	<u>(4,557,778)</u>	<u>498,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,212,426)</u>	<u>(1,526,218)</u>	<u>(264,827)</u>	<u>1,261,391</u>
Other Financing Sources (Uses)				
Transfers in	821,621	821,621	821,621	-
Installment Purchases	-	313,792	313,792	-
Total Other Financing Sources (Uses)	<u>821,621</u>	<u>1,135,413</u>	<u>1,135,413</u>	<u>-</u>
Net Change in Fund Balance	(390,805)	(390,805)	870,586	1,261,391
Fund Balance, Beginning of Year	<u>390,805</u>	<u>390,805</u>	<u>1,179,087</u>	<u>788,282</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,049,673</u>	<u>\$ 2,049,673</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ -	\$ 833,494	\$ 485,612	\$ (347,882)
Miscellaneous Revenues	-	-	21,052	21,052
Total Revenues	<u>-</u>	<u>833,494</u>	<u>506,664</u>	<u>(326,830)</u>
Expenditures				
Current:				
Economic Environment	-	788,743	458,407	330,336
(Total Expenditures)	<u>-</u>	<u>(788,743)</u>	<u>(458,407)</u>	<u>330,336</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>44,751</u>	<u>48,257</u>	<u>3,506</u>
Other Financing Sources (Uses)				
Transfers (out)	-	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	-	(5,249)	(1,743)	3,506
Fund Balance, Beginning of Year	<u>-</u>	<u>5,249</u>	<u>1,743</u>	<u>(3,506)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,615,000	\$ 1,983,000	\$ 2,054,295	\$ 71,295
Total Revenues	<u>1,615,000</u>	<u>1,983,000</u>	<u>2,054,295</u>	<u>71,295</u>
Expenditures				
Current:				
Human Services	933,058	1,301,058	1,409,125	(108,067)
(Total Expenditures)	<u>(933,058)</u>	<u>(1,301,058)</u>	<u>(1,409,125)</u>	<u>(108,067)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>681,942</u>	<u>681,942</u>	<u>645,170</u>	<u>(36,772)</u>
Other Financing (Uses)				
Transfers (out)	(681,942)	(681,942)	(645,836)	36,106
Total Other Financing (Uses)	<u>(681,942)</u>	<u>(681,942)</u>	<u>(645,836)</u>	<u>36,106</u>
Net Change in Fund Balance	-	-	(666)	(666)
Fund Balance, Beginning of Year	-	-	54,486	54,486
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,820</u>	<u>\$ 53,820</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Private Purpose Trust Fund	Agency Funds	Total
Assets			
Cash and Cash Equivalents	\$ 1,283,258	\$ 915,826	\$ 2,199,084
Investments	9,570,532	-	9,570,532
Accounts Receivable	-	19,413	19,413
Total Assets	10,853,790	935,239	11,789,029
Liabilities			
Accounts Payable	-	5,218	5,218
Due to Other Funds	-	88,979	88,979
Due to Individuals	-	3,483	3,483
Due to Other Governments	-	100,467	100,467
Assets Held for Others	-	33,586	33,586
Installment Tax Deposits	-	15,306	15,306
Deposits	-	688,200	688,200
Total Liabilities	-	935,239	935,239
Net Position			
Held in Trust	\$ 10,853,790	\$ -	\$ 10,853,790

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, 2019

	Private Purpose Trust Fund
Additions	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 256,620
Interest and Dividends	281,438
Total Additions	538,058
 Deductions	
Administrative Fees	34,034
Total Deductions	(34,034)
 Net Increase	 504,024
 Net Position Held in Trust, Beginning of Year	 10,349,766
 Net Position Held in Trust, End of Year	 \$ 10,853,790

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 and the Property Appraiser, 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 non-major 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, 2019

- **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 2019.
- **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. The Gadsden Hospital, Inc. had not financial activity in fiscal year 2019.

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 non-fiduciary 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
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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
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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 intra-fund activity has been consolidated in order to eliminate inflated amounts in the aggregate financial statements of the County-wide General Fund.

Cash and Cash Equivalents

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquisition. This includes funds invested with the State Board of Administration in the Florida PRIME investment pool. Funds held in Florida PRIME are measured at amortized cost.

Investments

Investments are generally measured at fair value, except for certificates of deposit which are measured at cost.

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 non-spendable fund balance classification, which indicates these balances do not constitute "available spendable resources."

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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 non-spendable fund balance classification which indicates these balances do not constitute “available spendable resources” even though it is a component of net current assets. The costs of governmental fund type inventories are recorded as expenditure when consumed; therefore, the inventory is not available for appropriation.

Capital Assets

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

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

Assets	Years
Buildings	50
Improvements Other than Buildings	50
Machinery and Equipment	5-20
Infrastructure	15-25

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

Long-Term Obligations

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

Deferred Inflows/Outflows of Resources

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

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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.

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 inflows of resources in governmental fund 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.

GADSDEN COUNTY, FLORIDA
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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.

Fund Balance

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable**—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.

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Recent GASB Standards

The County is currently evaluating the effects that the following GASB Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years:

- Statement No. 84, *Fiduciary Activities*. This statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. It also adds the custodial fund classification to replace agency funds, and requires the presentation of a Statement of Changes in Fiduciary Net Position for custodial funds. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
- Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is currently under review and the County will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

Note 3 - Cash and Investments

The County maintains cash and 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, 2019, the County's public purpose programs had the following in cash, cash equivalents and investments:

	Carrying Amount
Cash on Hand	\$ 3,385
Deposits in Qualified Public Depositories (Including Repurchase Agreement)	12,875,288
Certificates of Deposit	1,571,050
SBA Florida PRIME	5,478,230
Total Cash, Cash Equivalents and Investments	\$ 19,927,953

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

1. The Florida PRIME (formerly the Local Government Surplus Trust Funds Investment Pool) administered by the State Board of Administration.
2. Negotiable direct obligations of, or obligations of the principal and interest of which are unconditionally guaranteed by the United States Government, which include, but are not limited to: treasury bills, treasury notes, treasury bonds, and treasury strips.
3. Bonds, debentures, notes or other evidence of indebtedness, issued or guaranteed by United States agencies provided such obligations are backed by the full faith and credit of the United States Government, which include, but are not limited to: Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, and Government National Mortgage Association.
4. Bonds, debentures, notes or other evidence of indebtedness, issued or guaranteed by United States government agencies (federal instrumentalities), which are not full-faith and credit agencies limited to the following: Federal Farm Credit Bank, Federal Home Land Bank or its district banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
5. Non-Negotiable 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 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 2018-19. 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, however, the fund may on the occurrence of an event that has a material impact on liquidity or operations, impose restrictions on withdrawals for up to 48 hours.

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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The following disclosures describe the County’s public purpose investment exposure to various risks:

Credit Risk—Public Purpose Funds

The current rating for the Florida PRIME is AAAM by Standards & Poor’s.

The securities utilized by the financial institution to pledge against the County’s overnight repurchase agreement at September 30, 2019, 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.

The County’s certificates of deposit are also not rated.

Custodial Credit Risk—Public Purpose Funds

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County’s cash deposits and certificates of deposit 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. The County’s certificates of deposit have maturities of between six months and one year.

Hospital Endowment Trust Fund

As of September 30, 2019, the Hospital Endowment Trust Fund had the following balances in cash and investments:

	<u>Fair Value</u>
Cash in Bank	\$ 269,644
Repurchase Agreement	86,920
SBA Florida PRIME	926,694
U.S. Treasury Notes	552,450
Corporate Bonds	400,728
Mutual Funds - (Fixed Income)	3,189,114
Equities	<u>5,428,240</u>
Total Cash and Investments	<u>\$ 10,853,790</u>

**GADSDEN COUNTY, FLORIDA
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As of September 30, 2019, the Hospital Endowment Trust Fund had cash deposits of \$269,644 in a qualified public depository.

The following disclosures describe the Hospital Endowment Trust Fund’s investment exposure to various risks:

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.

Custodial Credit Risk—Hospital Endowment Trust Fund

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

Concentration of Credit Risk—Hospital Endowment Trust Fund

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

Interest Rate Risk—Hospital Endowment Trust Fund

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>
U.S. Treasury Notes	\$ 552,450	\$ 552,450	\$ -
Corporate Bonds	400,728	200,090	200,638
Mutual Funds - Fixed	3,189,114	1,982,619	1,206,495
Equities	<u>5,428,240</u>	<u>5,428,240</u>	-
Total	<u>\$ 9,570,532</u>	<u>\$ 8,163,399</u>	<u>\$ 1,407,133</u>

Fair Value Measurements – Hospital Endowment Trust Fund

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.

**GADSDEN COUNTY, FLORIDA
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The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

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

Fair value measurements for the Hospital Endowment Trust are as follows at September 30, 2019:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Notes	\$ 552,450	\$ -	\$ 552,450	\$ -
Corporate Bonds	400,728	-	400,728	-
Equities	5,428,240	5,428,240	-	-
Total Investments Measured at Fair Value	\$ 6,381,418	\$ 5,428,240	\$ 953,178	\$ -
			Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)	Amount	Unfunded Commitments		
Mutual Funds - Fixed	\$ 3,189,114	\$ -	Daily	None
Total Investments	\$ 9,570,532			

Note 4 - Receivables

Receivables at September 30, 2019, consist of the following:

	Gross Accounts Receivable	Allowance for Uncollectibles	Net Receivables
General	\$ 44,874	\$ -	\$ 44,874
Other Governmental Funds:			
Emergency Medical Services	759,467	(425,910)	333,557
FEMA Vendor	17,457	-	17,457
Fiduciary Funds:			
Agency Funds - Tax	18,703	-	18,703
Agency Funds - Inmate Commissary	710	-	710
Total Receivables	\$ 841,211	\$ (425,910)	\$ 415,301

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2019, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 387,562	\$ 4,809
County Transportation	932	-
Other Governmental Funds	137,774	432,480
Fiduciary Funds:		
Agency Funds	-	88,979
Total	<u><u>\$ 526,268</u></u>	<u><u>\$ 526,268</u></u>

The purpose for each of these interfund receivables and payables is to provide temporary loans for cash flow needs, primarily associated with the time lag between the dates that: (a) interfund goods and services are provided or reimbursable expenditures occur; (b) transactions are recorded in the accounting system; and (c) payments between funds are made.

Interfund transfers for the year ended September 30, 2019, consisted of the following:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ 8,722,106	\$ 10,101,668
County Transportation	821,621	-
SHIP	-	50,000
Indigent Surtax	-	645,836
Other Governmental Funds	11,131,029	9,877,252
Total Interfund Transfers	<u><u>\$ 20,674,756</u></u>	<u><u>\$ 20,674,756</u></u>

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

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,054,225	\$ -	\$ -	\$ 2,054,225
Construction Work in Progress	858,920	2,502,642	(665,976)	2,695,586
Total Capital Assets Not Being Depreciated	<u>2,913,145</u>	<u>2,502,642</u>	<u>(665,976)</u>	<u>4,749,811</u>
Capital Assets Being Depreciated:				
Buildings	37,151,691	121,921	-	37,273,612
Improvements Other Than Buildings	5,569,322	56,397	-	5,625,719
Machinery and Equipment:				
Board and Clerk	15,924,519	1,137,168	(270,410)	16,791,277
Sheriff	3,484,734	270,067	(590,915)	3,163,886
Total Machinery and Equipment	<u>19,409,253</u>	<u>1,407,235</u>	<u>(861,325)</u>	<u>19,955,163</u>
Infrastructure	<u>72,622,535</u>	<u>2,927,078</u>	<u>-</u>	<u>75,549,613</u>
Total Capital Assets Being Depreciated	<u>134,752,801</u>	<u>4,512,631</u>	<u>(861,325)</u>	<u>138,404,107</u>
Less Accumulated Depreciation:				
Buildings	(13,827,040)	(743,365)	-	(14,570,405)
Improvements Other Than Buildings	(1,323,379)	(121,285)	-	(1,444,664)
Machinery and Equipment	(13,459,027)	(1,172,377)	847,402	(13,784,002)
Infrastructure	(45,502,116)	(3,533,115)	-	(49,035,231)
Total Accumulated Depreciation	<u>(74,111,562)</u>	<u>(5,570,142)</u>	<u>847,402</u>	<u>(78,834,302)</u>
Total Capital Assets Being Depreciated, Net	<u>60,641,239</u>	<u>(1,057,511)</u>	<u>(13,923)</u>	<u>59,569,805</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 63,554,384</u>	<u>\$ 1,445,131</u>	<u>\$ (679,899)</u>	<u>\$ 64,319,616</u>

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

General Government	\$ 266,087
Public Safety	645,383
Physical Environment	42,259
Transportation	3,872,096
Economic Environment	12,238
Human Services	532,137
Court-Related	75,931
Culture and Recreation	124,011
Total Depreciation Expense Governmental Activities	<u>\$ 5,570,142</u>

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019:

	Balance 10/1/18	Additions	Deductions	Balance 9/30/19	Due Within One Year
Employee Compensated Absences Payable	\$ 1,409,779	\$ 1,064,951	\$ (1,157,689)	\$ 1,317,041	\$ 602,447
Other Postemployment Benefits	657,800	44,500	-	702,300	-
Net Pension Liability	22,033,663	2,896,404	-	24,930,067	-
Due to Other Governments - Clerk	37,686	-	(37,686)	-	-
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	6,629,964	-	(517,967)	6,111,997	528,422
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	7,333,879	-	(555,000)	6,778,879	568,637
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	817,431	-	(199,710)	617,721	202,777
Motorola Loan -Cell Tower & Radio Communications Annual principal and interest payments of \$152,589 commencing November 2018 through November 15, 2027. Interest rate of 3.10% Funds used for building new cell tower and updating radio communications.	-	1,295,000	(112,444)	1,182,556	115,930
Motorola Loan for Dispatch Center Furnishing Annual principal and interest payments of \$47,441 commencing of Novemeber 15, 2018 through November 15, 2028. Interest rate of 4.29%. Funds used to furnish and update the Dispatch Center	-	455,730	(45,727)	410,003	29,822
Purchase of Vehicles for Board of County Commissioners Annual principal and interest payments of \$102,558 commencing on March 1, 2019 through March 1, 2023. Interest rate of 4.58%	-	469,802	(102,559)	367,243	85,739
Line of Credit - BB&T for Agriculture Center One payment required for Line of Credit. Principal and interest payment due August 21, 2020 Interest rate 2.30%	-	707,000	-	707,000	707,000

**GADSDEN COUNTY, FLORIDA
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	<u>Balance 10/1/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/19</u>	<u>Due Within One Year</u>
Purchase of Mobile Data Computers for the Sheriff, Payable in 12 Quarterly Installments of \$19,122 Including Interest of 4.27%	\$ 37,635	-	\$ (37,635)	\$ -	\$ -
Purchase of Vehicles for the Sheriff Payable in 12 Quarterly Installments of \$24,619 Including Interest of 4.5%	119,049	-	(94,704)	24,345	24,345
Purchase of Vehicles for the Sheriff Payable in 48 Monthly Installments of \$2,356 Including Interest of 5.2%	98,956	-	(23,687)	75,269	24,948
Purchase of Vehicles for the Sheriff Payable in 48 Monthly Installments of various amount. Interest of 5.2%	-	226,067	(31,796)	194,271	53,899
Total	<u>\$ 39,175,842</u>	<u>\$ 7,159,454</u>	<u>\$ (2,916,604)</u>	<u>\$ 43,418,692</u>	<u>\$ 2,943,966</u>

Interest expense and other debt-related charges during 2019 on long-term debt totaled \$369,252, 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>
2020	\$ 2,341,518	\$ 368,011
2021	1,650,927	326,984
2022	1,689,220	285,061
2023	1,455,420	244,182
2024	1,365,283	207,612
2025-2029	7,225,173	533,819
2030	741,743	5,290
Other Years (Including Compensated Absences, Other Postemployment Benefits, Estimated Landfill Post-Closure Costs, Due to Other Governments, and Net Pension Liability)	26,949,408	-
Total	<u>\$ 43,418,692</u>	<u>\$ 1,970,959</u>

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2019. 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, 2019.

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
County Fuel Tax	Revenue Bond for Infrastructure Revenue Bond, Series 2015	\$ <u>1,658,474</u>	\$ <u>727,058</u>	43.84%	\$ <u>7,694,704</u>	2030
Local Half-Cent Tax	Revenue Bond for Library Revenue Bond, Series 2016	\$ <u>1,609,764</u>	\$ <u>211,455</u>	13.15%	\$ <u>634,366</u>	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2016	\$ <u>2,054,295</u>	\$ <u>645,836</u>	31.44%	\$ <u>6,781,274</u>	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 non-integrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

GADSDEN COUNTY, FLORIDA
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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
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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>County Court Judges</i>	3.33
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2019</u>		<u>Year Ended June 30, 2020</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (2)</u>	<u>Employee</u>	<u>Employer (2)</u>
FRS, Regular	3.00	6.54	3.00	6.75
FRS, Elected County Officers	3.00	46.98	3.00	47.10
FRS, Senior Management Service	3.00	22.34	3.00	23.69
FRS, Special Risk Regular	3.00	22.78	3.00	23.76
DROP – Applicable to Members				
from All of the Above Classes	0.00	12.37	0.00	12.88
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
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SEPTEMBER 30, 2019**

The County's contributions (employer) to the FRS Plan totaled \$1,825,024 for the fiscal year ended September 30, 2019. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2019, the County reported a liability of \$20,398,486 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the County's proportion was .059231450%, which was a decrease of .005159775 from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$5,043,865 related to the Plan.

Actuarial Assumptions. The total pension liability in the June 30, 2019 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	6.90%
Long-Term Expected Rate of Rate of Return, Net of Investment Expense	6.90%

Mortality rates were based on PUB2010. The base table varies by member category and sex, projected generationally with scale MP-2018.

The actuarial assumptions used in the June 30, 2019 valuation, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

<u>Asset Class</u>	<u>Annual Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%
Total	<u>100%</u>			
Assumed Inflation – Mean			2.6%	1.7%

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Discount Rate. The discount rate used to measure the total pension liability was 6.90%. 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 7.00% in the July 1, 2018 valuation.

Sensitivity of the County’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

FRS – County:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
County’s Proportionate Share of the Net Pension Liability	\$ 35,262,191	\$ 20,398,487	\$ 7,984,780

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.

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, 2019, 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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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, 2019 and 2018, 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 \$223,163 for the fiscal year ended September 30, 2019.

Pension Liabilities and Pension Expense. At September 30, 2019, the County reported a net pension liability of \$4,531,579 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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 2018-2019 fiscal year contributions relative to the total 2017-2018 fiscal year contributions of all participating members. At June 30, 2019, the County's proportionate share was .040500309%, which was an increase of .0010317246 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$336,375 related to the HIS Plan.

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2018, and recalculated as of June 30, 2019, 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	3.50%
Long-Term Expected Rate of Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.50%

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2019, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013, through June 30, 2018.

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Discount Rate. The discount rate used to measure the total pension liability was 3.50%. 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 3.50%, 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
County's Proportionate Share of the Net Pension Liability	\$ 5,173,030	\$ 4,531,579	\$ 3,997,323

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.

Additional Disclosures – Defined Benefit Plans

Net Pension Liability

	FRS	HIS	Total
Net Pension Liability	\$ 20,398,486	\$ 4,531,579	\$ 24,930,065

Deferred Outflows of Resources

	FRS	HIS	Total
Employer Contributions After Measurement Date	\$ 471,834	\$ 56,061	\$ 527,895
Difference Between Expected and Actual Experience	1,209,893	55,041	1,264,934
Changes in Assumptions	5,239,209	524,714	5,763,923
Changes in Proportion	779,434	190,900	970,334
Net Difference Between Projected and Actual Earnings on Investments	-	2,924	2,924
Total Deferred Outflows of Resources	\$ 7,700,370	\$ 829,640	\$ 8,530,010

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Deferred Inflows of Resources

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Difference Between Expected and Actual Experience	\$ 12,659	\$ 5,548	\$ 18,207
Changes in Assumptions	-	370,374	370,374
Changes in Proportion	1,042,174	242,392	1,284,566
Net Difference Between Projected and Actual Earnings on Investments	<u>1,128,551</u>	<u>-</u>	<u>1,128,551</u>
Total Deferred Inflows of Resources	<u>\$ 2,183,384</u>	<u>\$ 618,314</u>	<u>\$ 2,801,698</u>

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date totaling \$527,895 will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. 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> <u>Ending</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2020	\$ 1,923,866	\$ 76,930	\$ 2,000,796
2021	537,204	60,388	597,592
2022	1,320,827	25,042	1,345,869
2023	961,454	(46,973)	914,481
2024	234,589	(10,443)	224,146
Thereafter	<u>67,212</u>	<u>50,321</u>	<u>117,533</u>
Total	<u>\$ 5,045,152</u>	<u>\$ 155,265</u>	<u>\$ 5,200,417</u>

Pension Expense

For the year ended September 30, 2019, the County recognized pension expense from the defined benefit pension plans as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Board of County Commissioners, Supervisor of Elections, Property Appraiser	\$ 2,542,372	\$ 173,212	\$ 2,715,584
Clerk of the Circuit Court/Comptroller	523,711	27,026	550,737
Tax Collector	170,749	12,841	183,590
Sheriff	<u>1,807,033</u>	<u>123,296</u>	<u>1,930,329</u>
Total Pension Expense	<u>\$ 5,043,865</u>	<u>\$ 336,375</u>	<u>\$ 5,380,240</u>

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

- **FRS**—In the July 1, 2019 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.00% to 6.90%.
- **HIS**—In the July 1, 2019 actuarial valuation, the municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

**GADSDEN COUNTY, FLORIDA
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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 2018-2019 fiscal year were as follows:

Class	Year Ended June 30, 2019		Year Ended June 30, 2020	
	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. Non-vested 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, 2019, 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.

GADSDEN COUNTY, FLORIDA
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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 \$314,949 for the fiscal year ended September 30, 2019.

Note 10 - Risk Management

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

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

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

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.

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Hospital Lease

Pursuant to the County’s agreement to lease the Hospital facility to a third party operator, the County has agreed to provide no less than \$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.

Construction Commitments

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2019:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of September 30, 2019</u>
Resurfacing – CO Road 270	Capital Projects – SCOP	\$ 117,500	\$ 30,575
Resurfacing – CO Road 65B	Capital Projects – SCOP	194,235	158,551
Total		<u>\$ 311,735</u>	<u>\$ 189,126</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.

Participant data as of the most recent actuarial valuation date of October 1, 2018 is shown below:

Retiree and Beneficiaries Currently Receiving Benefits	2
Active Employees	<u>283</u>
Total	<u><u>285</u></u>

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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	3.83%
Investment Rate of Return	0.0%
Healthcare Cost Trend Rates	4.00% for fiscal year end 2019 (to reflect actual experience), then 6.00% for fiscal year end 2020 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-2018
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.

Total OPEB Liability

The County's total OPEB liability was measured as of October 1, 2018.

Changes in the Total OPEB Liability include the following:

	<u>Total OPEB Liability</u>
Balance at October 1, 2018	\$ 657,800
Changes for the Year:	
Service Cost	41,600
Interest	24,200
Differences Between Expected and Actual Experience	17,300
Assumption Changes	(22,800)
Benefit Payments	<u>(15,800)</u>
Net Changes	<u>44,500</u>
Balance at September 30, 2019	<u>\$ 702,300</u>

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 (2.83%) or 1-percentage-point higher (4.83%) than the current discount rate:

	1% Decrease (2.83%)	Discount Rate (3.83%)	1% Increase (4.83%)
Total OPEB Liability	<u>\$ 769,700</u>	<u>\$ 702,300</u>	<u>\$ 640,800</u>

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) or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates 4.00%	1% Increase
Total OPEB Liability	<u>\$ 615,400</u>	<u>\$ 702,300</u>	<u>\$ 806,600</u>

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.

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 in Excess of Appropriations</u>	<u>Expenditures in Excess of Appropriations</u>
Fine and Forfeiture Fund	\$ -	\$ 5,223
Building Inspection Fund	-	6,003
Indigent Surtax	-	71,962
Emergency Medical Services	-	44,071
General Grants Fund – JAG Drug Abuse	30,299	-
Capital Projects - Public Works -SCOP Project	-	88,974

**GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Fund Balance Classifications

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2019:

Non-Spendable Fund Balance	
Prepaid Expenses	\$ 377,579
Inventory	<u>131,979</u>
Total Non-Spendable Fund Balance	<u><u>\$ 509,558</u></u>
Restricted Fund Balance	
Transportation	\$ 3,423,611
Public Safety	2,313,344
Capital Projects - Roads	916,623
Federal and State Grants	1,098,806
Indigent Surtax	844,181
Court Facilities	173,878
Judicial Services	361,101
Library Donation	15,000
Tourist Development	144,424
Boating Improvements	119,254
Building Inspection	145,855
Public Records Modernization	156,387
Drivers Education	<u>63,572</u>
Total Restricted Fund Balance	<u><u>\$ 9,776,036</u></u>
Committed Fund Balance	
Teen Court	<u>186</u>
Total Committed Fund Balance	<u><u>\$ 186</u></u>
Assigned Fund Balance	
Capital Projects	\$ 811,265
Subsequent Year's Budget	113,479
Insurance Proceeds	590,077
Public Safety	1,005,408
Landfill	151,826
Library Services	152,872
Debt Service	<u>1,285,429</u>
Total Assigned Fund Balance	<u><u>\$ 4,110,356</u></u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(Deficit) Unrestricted Net Position

At September 30, 2019, there was a deficit in unrestricted net position of (\$10,773,887). 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, 2019, there were no businesses who had received tax abatements under the program.

Note 16 - Subsequent Events

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 took possession of the ambulances after year-end and 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%.

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in user fees, declines in investment values for the pension plan which could result in increased pension contributions and declines in financial reserves as a result. The ultimate effects of these items is expected to be significant but is not quantifiable at this time. Federal financial assistance for state and local governments is expected to help offset the effects of the above, it is not currently known how much the County will be eligible to receive.

REQUIRED SUPPLEMENTARY INFORMATION

GADSDEN COUNTY, FLORIDA
FRS PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.059231450%	0.059283048%	0.062579916%	0.062937069%	0.060673599%
County's Proportionate Share of the Net Pension Liability	\$ 20,398,487	\$ 17,856,359	\$ 18,510,719	\$ 15,891,659	\$ 7,836,809
County's Covered-Employee Payroll (FYE 06/30)	\$ 13,547,892	\$ 12,893,614	\$ 13,157,048	\$ 12,902,289	\$ 12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	150.57%	138.49%	140.69%	123.17%	61.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	84.26%	83.89%	84.88%	92.00%

Notes to Schedule:

The amounts presented above were determined using a measurement date of June 30.

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

**GADSDEN COUNTY, FLORIDA
FRS PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 1,825,024	\$ 1,728,563	\$ 1,630,549	\$ 1,606,989	\$ 1,493,376
Contributions in Relation to the Contractually Required Contribution	<u>(1,825,024)</u>	<u>(1,728,563)</u>	<u>(1,630,549)</u>	<u>(1,606,989)</u>	<u>(1,493,376)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll (09/30)	\$ 13,563,263	\$ 12,961,265	\$ 13,075,873	\$ 13,324,993	\$ 12,782,607
Contributions as a Percentage of Covered-Employee Payroll	13.46%	13.34%	12.47%	12.06%	11.68%

Note to Schedule:

The amounts presented above were determined using the County's fiscal year (09/30)

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**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.0405003%	0.0394677%	0.0412691%	0.0417857%	0.0415987%
County's Proportionate Share of the Net Pension Liability	\$ 4,531,579	\$ 4,177,302	\$ 4,412,678	\$ 4,869,952	\$ 4,242,418
County's Covered-Employee Payroll (FYE 06/30)	\$ 13,547,892	\$ 12,893,614	\$ 13,157,048	\$ 12,902,289	\$ 12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.45%	32.40%	33.54%	37.74%	33.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63%	2.15%	1.64%	0.97%	0.50%

Notes to Schedule:

The amounts presented above were determined using a measurement date of June 30.

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

**GADSDEN COUNTY, FLORIDA
HIS PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 223,163	\$ 215,157	\$ 217,059	\$ 221,017	\$ 172,438
Contributions in Relation to the Contractually Required Contribution	<u>(223,163)</u>	<u>(215,157)</u>	<u>(217,059)</u>	<u>(221,017)</u>	<u>(172,438)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll (09/30)	\$ 13,563,263	\$ 12,961,265	\$ 13,075,843	\$ 13,324,993	\$ 12,782,607
Contributions as a Percentage of Covered-Employee Payroll	1.65%	1.66%	1.66%	1.66%	1.35%

Note to Schedule:

The amounts presented above were determined using the County's fiscal year (09/30)

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

Actuarial Valuation Date	9/30/2018	9/30/2016
Measurement Date	9/30/2018	9/30/2017
Reporting Date	9/30/2019	9/30/2018
Total OPEB Liability		
Service Cost	\$ 41,600	\$ 40,500
Interest on the Total OPEB Liability	24,200	22,300
Changes of Benefit Terms		
Difference Between Expected and Actual Experience of the Total OPEB Liability	17,300	-
Changes in Assumptions and Other Inputs	(22,800)	-
Benefit Payments	<u>(15,800)</u>	<u>(4,400)</u>
Net Change in Total OPEB Liability	44,500	58,400
Total OPEB Liability - Beginning of Year	<u>657,800</u>	<u>599,400</u>
Total OPEB Liability - End of Year	<u><u>702,300</u></u>	<u><u>657,800</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	15,800	4,400
Benefit Payments	<u>(15,800)</u>	<u>(4,400)</u>
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - End of Year	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB Liability	<u><u>\$ 702,300</u></u>	<u><u>\$ 657,800</u></u>
Estimated Covered-Employee Payroll	\$ 11,236,000	\$ 10,505,400
Total OPEB Liability as a percentage of Covered-Employee Payroll	6.25%	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**

	September 30, 2019	September 30, 2018
Actuarially Determined Contribution	\$ 15,800	\$ 4,400
Contributions in Relation to the Actuarially Determined Contribution	<u>(15,800)</u>	<u>(4,400)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Expected Covered-Employee Payroll	\$ 11,236,000	\$ 10,505,400
Contributions as a Percentage of Covered-Employee Payroll	0.14%	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 NON-MAJOR FUND STATEMENTS

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue		
	Landfill	Fines and Forfeitures	Emergency Medical Services
Assets			
Cash and Cash Equivalents	\$ 154,046	\$ 675,361	\$ 499,645
Accounts Receivables (Net of Allowance for Uncollectible)	-	-	333,557
Due from Other Funds	-	3,744	-
Due from Other Governments	-	1,241	-
Prepaid Expenses	215	-	-
Total Assets	154,261	680,346	833,202
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	1,240	6,886	24,097
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Accrued Wages	980	-	40,208
Unearned Revenue	-	-	-
Total Liabilities	2,220	6,886	64,305
Deferred Inflows of Resources	-	-	259,963
Fund Balances			
Non-Spendable	215	-	-
Restricted	-	176,986	-
Committed	-	-	-
Assigned	151,826	496,474	508,934
Total Fund Balances	152,041	673,460	508,934
Total Liabilities and Fund Balances (Deficits)	\$ 154,261	\$ 680,346	\$ 833,202

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Tourist Development	General Grants
\$ 199,105	\$ 372,574	\$ 1,505,970	\$ 174,629	\$ 138,561	\$ 1,036,902
-	-	-	-	-	17,457
-	-	-	-	-	-
-	-	255,117	-	27,031	297,053
-	-	-	-	-	-
<u>199,105</u>	<u>372,574</u>	<u>1,761,087</u>	<u>174,629</u>	<u>165,592</u>	<u>1,351,412</u>
5,037	11,473	77,754	751	7,230	210,730
-	-	-	-	-	88,659
-	-	-	-	-	1,681
11,196	-	1,444	-	231	-
15,000	-	-	-	-	1,536
<u>31,233</u>	<u>11,473</u>	<u>79,198</u>	<u>751</u>	<u>7,461</u>	<u>302,606</u>
-	-	165,198	-	13,707	-
-	-	-	-	-	-
15,000	361,101	1,516,691	173,878	144,424	1,048,806
-	-	-	-	-	-
152,872	-	-	-	-	-
<u>167,872</u>	<u>361,101</u>	<u>1,516,691</u>	<u>173,878</u>	<u>144,424</u>	<u>1,048,806</u>
<u>\$ 199,105</u>	<u>\$ 372,574</u>	<u>\$ 1,761,087</u>	<u>\$ 174,629</u>	<u>\$ 165,592</u>	<u>\$ 1,351,412</u>

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue		
	E-911	Building Inspection Fund	CDBG
Assets			
Cash and Cash Equivalents	\$ 79,853	\$ 169,834	\$ 33,467
Accounts Receivables (Net of Allowance for Uncollectible)	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	78,578	20,392	16,565
Prepaid Expenses	-	-	-
Total Assets	<u>158,431</u>	<u>190,226</u>	<u>50,032</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	-	41,051	32
Due to Other Funds	10,813	-	-
Due to Other Governments	-	-	-
Accrued Wages	-	3,320	-
Unearned Revenue	50,000	-	-
Total Liabilities	<u>60,813</u>	<u>44,371</u>	<u>32</u>
Deferred Inflows of Resources	-	-	-
Fund Balances			
Non-Spendable	-	-	-
Restricted	97,618	145,855	50,000
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>97,618</u>	<u>145,855</u>	<u>50,000</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 158,431</u>	<u>\$ 190,226</u>	<u>\$ 50,032</u>

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service General	Capital Projects General/Parks
\$ 790,361	\$ 1,060,865	\$ 1,274,560	\$ 92,589	\$ 776,767
-	-	-	-	-
-	-	-	-	-
-	259,177	273,618	-	39,202
-	-	-	-	-
<u>790,361</u>	<u>1,320,042</u>	<u>1,548,178</u>	<u>92,589</u>	<u>815,969</u>
-	-	-	-	4,704
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,704
-	127,202	117,931	-	-
-	-	-	-	-
790,361	-	1,430,247	-	-
-	-	-	-	-
-	1,192,840	-	92,589	811,265
<u>790,361</u>	<u>1,192,840</u>	<u>1,430,247</u>	<u>92,589</u>	<u>811,265</u>
<u>\$ 790,361</u>	<u>\$ 1,320,042</u>	<u>\$ 1,548,178</u>	<u>\$ 92,589</u>	<u>\$ 815,969</u>

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Non-Major Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 471,273	\$ 406,020	\$ 9,912,382
Accounts Receivables (Net of Allowance for Uncollectible)	-	-	351,014
Due from Other Funds	133,204	826	137,774
Due from Other Governments	272,645	2,092	1,542,711
Prepaid Expenses	-	318	533
Total Assets	877,122	409,256	11,944,414
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	(450)	6,287	396,822
Due to Other Funds	333,008	-	432,480
Due to Other Governments	-	148,003	149,684
Accrued Wages	-	16,915	74,294
Unearned Revenue	22,329	81,346	170,211
Total Liabilities	354,887	252,551	1,223,491
Deferred Inflows of Resources	-	-	684,001
Fund Balances			
Non-Spendable	-	318	533
Restricted	522,049	156,387	6,629,403
Committed	186	-	186
Assigned	-	-	3,406,800
Total Fund Balances	522,235	156,705	10,036,922
Total Liabilities and Fund Balances (Deficits)	\$ 877,122	\$ 409,256	\$ 11,944,414

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Special Revenue</u>		
	<u>Landfill</u>	<u>Fine and Forfeitures</u>	<u>Emergency Medical Services</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	34,481	208,116	-
Charges for Services	-	42,522	2,614,831
Fines and Forfeitures	-	17,980	-
Miscellaneous	1,332	3,600	803
Total Revenues	<u>35,813</u>	<u>272,218</u>	<u>2,615,634</u>
Expenditures			
Current:			
General Government	-	-	-
Public Safety	-	191,029	3,143,136
Physical Environment	86,461	-	-
Transportation	-	-	-
Economic Environment	-	-	-
Court-Related	-	-	-
Culture and Recreation	-	-	-
Debt Service:			
Principal Payments	-	-	-
Interest	-	-	-
Capital Outlay:			
Public Safety	-	-	35,041
Physical Environment	-	-	-
Court-Related	-	-	-
Culture and Recreation	-	-	-
(Total Expenditures)	<u>(86,461)</u>	<u>(191,029)</u>	<u>(3,178,177)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,648)</u>	<u>81,189</u>	<u>(562,543)</u>
Other Financing Sources (Uses)			
Transfers in	-	7,490,434	874,831
Transfers (out)	-	(7,631,004)	-
Debt Proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(140,570)</u>	<u>874,831</u>
Net Change in Fund Balances	(50,648)	(59,381)	312,288
Fund Balances, Beginning of Year	<u>202,689</u>	<u>732,841</u>	<u>196,646</u>
Fund Balances, End of Year	<u>\$ 152,041</u>	<u>\$ 673,460</u>	<u>\$ 508,934</u>

Special Revenue					
Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Tourist Development	General Grants
\$ -	\$ -	\$ 1,423,629	\$ -	\$ 181,745	\$ -
-	-	-	-	-	-
460,016	-	-	-	-	673,225
11,306	95,435	-	129,665	-	-
-	-	-	-	-	-
28,618	462	16,088	4,819	3,283	808
<u>499,940</u>	<u>95,897</u>	<u>1,439,717</u>	<u>134,484</u>	<u>185,028</u>	<u>674,033</u>
-	-	-	183,048	-	-
-	-	926,910	-	-	525,908
-	-	-	-	-	65,955
-	-	-	-	-	92,880
-	-	-	-	143,726	-
-	179,409	-	-	-	-
974,728	-	-	-	-	4,000
-	-	5,977	-	-	-
-	-	-	-	-	-
-	-	385,318	-	-	36,075
-	-	-	-	-	30,227
-	13,311	-	-	-	-
17,898	-	-	-	-	373,498
<u>(992,626)</u>	<u>(192,720)</u>	<u>(1,318,205)</u>	<u>(183,048)</u>	<u>(143,726)</u>	<u>(1,128,543)</u>
<u>(492,686)</u>	<u>(96,823)</u>	<u>121,512</u>	<u>(48,564)</u>	<u>41,302</u>	<u>(454,510)</u>
505,943	159,492	-	-	-	913,200
-	-	-	-	-	(204,162)
-	-	27,378	-	-	707,000
<u>505,943</u>	<u>159,492</u>	<u>27,378</u>	<u>-</u>	<u>-</u>	<u>1,416,038</u>
13,257	62,669	148,890	(48,564)	41,302	961,528
<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>\$ 167,872</u>	<u>\$ 361,101</u>	<u>\$ 1,516,691</u>	<u>\$ 173,878</u>	<u>\$ 144,424</u>	<u>\$ 1,048,806</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue		
	E-911	Building Inspection Fund	CDBG
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	297,783	-
Intergovernmental	239,972	-	44,846
Charges for Services	-	44,130	-
Fines and Forfeitures	-	-	-
Miscellaneous	3,782	70	-
Total Revenues	243,754	341,983	44,846
Expenditures			
Current:			
General Government	-	-	-
Public Safety	101,253	356,672	-
Physical Environment	-	-	-
Transportation	-	-	-
Economic Environment	-	-	44,846
Court-Related	-	-	-
Culture and Recreation	-	-	-
Debt Service:			
Principal Payments	-	4,815	-
Interest	-	-	-
Capital Outlay:			
Public Safety	-	22,056	-
Physical Environment	-	-	-
Court-Related	-	-	-
Culture and Recreation	-	-	-
(Total Expenditures)	(101,253)	(383,543)	(44,846)
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,501	(41,560)	-
Other Financing Sources (Uses)			
Transfers in	-	-	50,000
Transfers (out)	(134,542)	-	-
Debt Proceeds	-	27,378	-
Total Other Financing Sources (Uses)	(134,542)	27,378	50,000
Net Change in Fund Balances	7,959	(14,182)	50,000
Fund Balances, Beginning of Year	89,659	160,037	-
Fund Balances, End of Year	\$ 97,618	\$ 145,855	\$ 50,000

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service General	Capital Projects General/Parks
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,609,764	1,658,474	-	16,438
-	-	-	-	-
-	-	-	-	-
16,648	33,050	33,840	-	16,306
<u>16,648</u>	<u>1,642,814</u>	<u>1,692,314</u>	<u>-</u>	<u>32,744</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
517,967	199,710	555,000	158,171	-
127,869	11,745	172,058	41,829	-
-	-	-	-	1,772,091
-	-	-	-	-
-	-	-	-	-
-	-	-	-	156,111
<u>(645,836)</u>	<u>(211,455)</u>	<u>(727,058)</u>	<u>(200,000)</u>	<u>(1,928,202)</u>
<u>(629,188)</u>	<u>1,431,359</u>	<u>965,256</u>	<u>(200,000)</u>	<u>(1,895,458)</u>
645,836	-	-	152,589	-
-	(1,085,923)	(821,621)	-	-
-	-	-	-	1,750,730
<u>645,836</u>	<u>(1,085,923)</u>	<u>(821,621)</u>	<u>152,589</u>	<u>1,750,730</u>
16,648	345,436	143,635	(47,411)	(144,728)
<u>773,713</u>	<u>847,404</u>	<u>1,286,612</u>	<u>140,000</u>	<u>955,993</u>
<u>\$ 790,361</u>	<u>\$ 1,192,840</u>	<u>\$ 1,430,247</u>	<u>\$ 92,589</u>	<u>\$ 811,265</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Non-Major Governmental Funds
Revenues			
Taxes	\$ -	\$ -	\$ 1,605,374
Licenses and Permits	-	-	297,783
Intergovernmental	448,463	323,777	5,717,572
Charges for Services	55,779	683,427	3,677,095
Fines and Forfeitures	-	158,107	176,087
Miscellaneous	179,803	5,284	348,596
Total Revenues	684,045	1,170,595	11,822,507
Expenditures			
Current:			
General Government	-	12,271	195,319
Public Safety	909,345	-	6,154,253
Physical Environment	-	-	152,416
Transportation	-	-	92,880
Economic Environment	-	-	188,572
Court-Related	-	1,113,984	1,293,393
Culture and Recreation	-	-	978,728
Debt Service:			
Principal Payments	37,638	-	1,479,278
Interest	605	-	354,106
Capital Outlay:			
Public Safety	14,000	-	2,264,581
Physical Environment	-	-	30,227
Court-Related	-	-	13,311
Culture and Recreation	-	-	547,507
(Total Expenditures)	(961,588)	(1,126,255)	(13,744,571)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(277,543)	44,340	(1,922,064)
Other Financing Sources (Uses)			
Transfers in	338,704	-	11,131,029
Transfers (out)	-	-	(9,877,252)
Debt Proceeds	-	-	2,512,486
Total Other Financing Sources (Uses)	338,704	-	3,766,263
Net Change in Fund Balances	61,161	44,340	1,844,199
Fund Balances, Beginning of Year	461,074	112,365	8,192,723
Fund Balances, End of Year	\$ 522,235	\$ 156,705	\$ 10,036,922

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019

	Agency Funds Clerk of the Courts		
	Trust Funds	Cash Bond	Child Support
Assets			
Cash	\$ 311,163	\$ 170,278	\$ 220
Accounts Receivable	-	-	-
Total Assets	<u>311,163</u>	<u>170,278</u>	<u>220</u>
Liabilities			
Accounts Payable	-	-	-
Due to Other Funds	881	826	-
Due to Individuals	2,151	-	220
Due to Other Governments	5,428	350	-
Installment Tax Deposits	-	-	-
Assets Held for Others	-	-	-
Deposits	302,703	169,102	-
Total Liabilities	<u>\$ 311,163</u>	<u>\$ 170,278</u>	<u>\$ 220</u>

Agency Funds Sheriff				Agency Funds Tax Collector	
Civil Account	Suspense	Confiscated Funds	Inmate Commissary	Tax	Totals
\$ 13,160	\$ -	\$ 10,941	\$ 85,769	\$ 324,295	\$ 915,826
-	-	-	710	18,703	19,413
<u>13,160</u>	<u>-</u>	<u>10,941</u>	<u>86,479</u>	<u>342,998</u>	<u>935,239</u>
-	-	-	5,218	-	5,218
-	-	-	71,776	15,496	88,979
-	-	-	-	1,112	3,483
-	-	-	-	94,689	100,467
-	-	-	-	15,306	15,306
13,160	-	10,941	9,485	-	33,586
-	-	-	-	216,395	688,200
<u>\$ 13,160</u>	<u>\$ -</u>	<u>\$ 10,941</u>	<u>\$ 86,479</u>	<u>\$ 342,998</u>	<u>\$ 935,239</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, 2019**

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State of Florida Department of Children and Families:			
Disaster Supplemental Assistance Program (DSNAP)	10.561		\$ 39,705
U.S. Department of Housing and Urban Development			
Passed through the State of Florida Department of Economic Opportunity:			
Florida Small Cities CDBG	14.228	17DB-OL-02-30-01-H12	44,846
U.S. Department of Justice			
Passed Through the State of Florida Department of Juvenile Justice:			
Gadsden County Restoring Families Grant	16.540	10522	186,120
Gadsden County Teen Success Academy	16.540		6,879
Subtotal Expenditures-CFDA No. 16.540			192,999
Passed Through the State of Florida Office of the Attorney General:			
Victims of Crime Act	16.575	Grant #V00280	57,032
Passed Through the State of Florida Department of Law Enforcement:			
SCAPP - State Criminal Alien Assistance Program	16.606	2019-AP-BX-0678	3,315
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-JAGD-GADS-4-F8-017	29,568
Edward Byrne Memorial Justice Assisstance Grant	16.738	2019-JAGC-GADS-1-N2-174	30,300
Subtotal Expenditures-CFDA No. 16.738			59,868
Total U.S. Department of Justice			313,214
U.S. Department of Transportation/Federal Highway Administration			
Passed Through State of Florida Department of Transportation:			
LAPA - Havana School Sidewalk	20.205	438127-1-38-01	32,000
Passed Through State of Florida Department of Environmental Protection:			
RTP -St Hebron Park	20.219	T1710	16,438
Passed Through City of Tallahassee, Florida:			
Federal Transit	20.507	FL-2016-02-01-00	46,440
Total U.S. Department of Transportation/Federal Highway Administration			94,878

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
Institute of Museum and Library Services			
Passed Through State of Florida Department of State, Division of Library and Information Services LSTA- Innovation Grant	45.310	18-LSTA-D-10	\$ 4,000
U.S. Department of Environmental Protection			
Passed Through State of Florida Department of Environmental Protection: Brownfields Assessment and Cleanup	66.818	OOD58717	28,958
U.S. Election Assistance Commission			
Passed Through State of Florida Department of State: Elections Security Grant	90.401	19.e.es.000.087	13,197
Albert Network Monitoring Solution Grant	90.401	19.e.an.000.136	6,329
Elections Security Grant	90.401	19.e.es.000.352	880
Subtotal Expenditures-CFDA No. 90.401			20,406
Total U.S. Election Assistance Commission			20,406
U.S. Department of Health and Human Services			
Passed Through State of Florida Department of Health: OPIS Cooperative Agreement Grant	93.354	POC19	33,775
Passed Through State of Florida Department of Revenue: Child Support Reimbursement Payments	93.563	COC20	244,667
Total U.S. Department of Health and Human Services			278,442
U.S. Department of Homeland Security			
Passed Through State of Florida Division of Emergency Management: Disaster Grant - Public Assistance	97.036	4337 Hurricane Irma	286,460
Disaster Grant - Public Assistance	97.036	4399 Hurricane Michael	143,369
Subtotal Expenditures-CFDA No. 97.036			429,829
Passed Through State of Florida Executive Office of the Governor: Emergency Management Preparedness Grant	97.042	19-FG-AF-02-30-01-216	34,733
Total U.S. Department of Homeland Security			464,562
Total Federal Expenditures			\$ 1,289,011

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2019**

State Grantor/Pass-Through Grantor/ Program Title	CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Office of the Governor			
Emergency Management Preparedness Grant	31.063	19-BG-21-02-30-01-156	\$ 73,676
Emergency Management Preparedness Grant	31.063	A0055	<u>19,250</u>
Subtotal Expenditures - CSFA No. 31.063			<u>92,926</u>
Total Florida Office of the Governor			<u>92,926</u>
Florida Department of Environmental Protection			
Small County Solid Waste	37.012	SC909	<u>67,224</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Grant	40.901	Unknown	<u>508,407</u>
Florida Department of Agriculture and Consumer Services			
Arthropod Control/Mosquito Control	42.003	25509	<u>34,481</u>
Agriculture Center Renovations	42.030	21831	<u>37,174</u>
Total Florida Department of Agriculture and Consumer Services			<u>71,655</u>
Florida Department of State			
Division of Library and Information Systems: State Aid to Libraries	45.030	19-ST-11	<u>455,979</u>
Division of Historical Resources: Gadsden Courthouse Grant	45.032	SC731	<u>287,861</u>
Total Florida Department of State			<u>743,840</u>
Florida Department of Education			
Coach Aaron Feis Guardian Program	48.140	#97F-90210-9D001	<u>190,227</u>
Florida Department of Transportation			
SCOP - 65B, Old Federal Road	55.009	436844-1-54-01	158,551
SCOP - 270 Tolar White Road	55.009	438359-1-54-01	<u>30,575</u>
Subtotal Expenditures - CFDA No. 55.009			<u>189,126</u>
SCRAP - Little Sycamore Road	55.016	440860-1-54-01	1,212,547
SCRAP -Bell Road	55.016	438300-1-54-01	<u>922,646</u>
Subtotal Expenditures - CSFA No. 55.016			<u>2,135,193</u>
Total Florida Department of Transportation			<u>2,324,319</u>

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2019**

State Grantor/Pass-Through Grantor/ Program Title	CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Department of Health			
EMS County Grant	64.005	C7020	<u>\$ 3,141</u>
Florida Department of Management Services			
E911 Maintenance	72.001	Grant 18-11-04	<u>45,168</u>
Total State Financial Assistance			<u>4,046,907</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 5,335,918</u>

GADSDEN COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the Gadsden County, Florida, (the County), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and in the Florida Department of Financial Services', *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or 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 federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

CERTIFIED PUBLIC ACCOUNTANTS

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An Independent Member of the BDO Alliance USA.*

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

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

Opinion on Each Major Federal Program and 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 federal programs and state projects for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2019-01 and Federal Project Finding No. 2019-02. Our opinion on each major federal program and state project is not modified with respect to these matters.

The County's response to the non-compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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, non-compliance with a type of compliance requirement of a federal program and 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 non-compliance with a type of compliance requirement of a federal program or 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 federal program or 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.

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

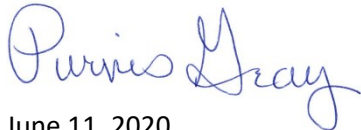
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2019-01 and Federal Project Finding No. 2019-02 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is included as management 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 the response.

Purpose

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



June 11, 2020
Tallahassee, Florida

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies)	None Reported
Non-Compliance Material to Financial Statements Noted?	No

Federal Awards and State Financial Assistance

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

The programs tested as major federal programs and state projects were as follows:

<u>Federal Programs</u>	<u>CFDA No.</u>
Child Support Enforcement	93.563
Disaster Grants	97.036
<u>State Projects</u>	<u>CSFA No.</u>
Small County Road Assistance Program	55.016

Dollar Threshold Used to Distinguish Between Type A and Type B Projects (Federal and State)	\$ 750,000
--	------------

The County did not qualify as a low risk auditee for federal grant programs.

Section II - Financial Statement Findings

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

GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section III - Findings and Questioned Costs – Federal Awards and State Projects

State Project Finding Number 2019-01

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

During our review of the annual report submitted to the Florida Housing Finance Corporation, we noted the amounts reported in the annual report 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 report be corrected and re-submitted, if necessary. We further recommend that 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 two previous years and was reported as Finding No. 2018-01 and Finding 2017-03.

Federal Project Finding Number 2019-02

Federal Agency:	Department of Homeland Security - Federal Emergency Management Agency
CFDA Number:	97.036
Program Title:	Disaster Grant-Public Assistance
Compliance Requirement:	Reporting
Finding Type:	Non-Compliance and Significant Deficiency
Questioned Costs:	None

Condition—During our testing of costs submitted for reimbursement to the federal government for hurricane eligible expenditures under CFDA No. 97.036, it was determined in some instances that documentation supporting those expenditures were incomplete or inconsistent with other documentation provided to the granting agency, and as a result costs were ultimately disallowed by the granting agency. In addition, costs submitted for reimbursement did not receive a secondary review and approval.

Effect—Submitting incomplete documentation could result in the disallowance of costs submitted to the federal government for reimbursement and delays in receiving reimbursements. Also not performing a secondary review could result in errors or incomplete information being submitted for reimbursement.

Recommendation—We recommend that management review their policies and procedures over grant reimbursement requests, and make appropriate changes to require complete documentation of costs submitted and require a secondary review of all reimbursement requests submitted.

Section IV - Summary Schedule of Prior Audit Findings

Prior Year State Project Finding Number 2018-01

See current year State Project Finding Number 2019-01

**INDEPENDENT AUDITOR'S 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, 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 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, 2019, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 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 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.

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Honorable Board of County Commissioners and
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Gadsden County, Florida

**INDEPENDENT AUDITOR'S 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***

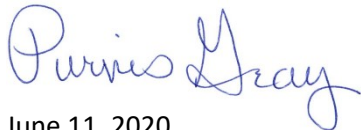
Compliance and Other Matters

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, non-compliance 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 non-compliance 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 County'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.



June 11, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

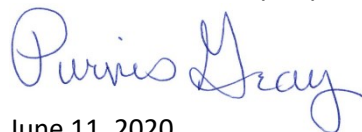
We have examined Gadsden County, Florida's, (the County) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance 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 non-compliance, 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, 2019.

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.



June 11, 2020
Tallahassee, Florida

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**INDEPENDENT ACCOUNTANT’S 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

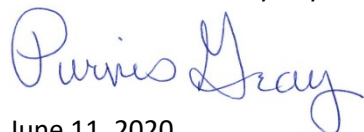
We have examined Gadsden County, Florida’s, (the County) compliance with the requirements of Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of E911 Funds*, during the year ended September 30, 2019. Management 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 non-compliance, 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, 2019.

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.



June 11, 2020
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, 2019, and have issued our report thereon dated June 11, 2020.

Auditor's 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's 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 June 11, 2020, 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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MANAGEMENT LETTER

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 offer the following recommendations.

2019-03 Inventory of Shop Supplies

Due to staffing turnover in the Public Works department, a monthly inventory of shop supplies was not performed beginning in June 2019. A lack of control procedures over inventory can lead to the misappropriation of assets. As a result of the lack of physical inventory procedures, the accounting records could not be properly adjusted and year-end inventory balances were estimated based on purchases that occurred during that time. We recommend that a physical inventory of shop supplies be taken monthly and the accounting records be adjusted to the inventoried amounts.

2019-04 Health Insurance Reconciliation

During our review of payroll and related benefits, it was noted that the County was not performing a timely reconciliation of health insurance withholdings against invoices from the County's health insurance provider. In some instances, amounts were not properly withheld from employees' paychecks and the County was ultimately responsible for the difference. We recommend that a reconciliation of health insurance premiums against the employee payroll records be performed on a monthly basis and any differences be resolved with the health insurance provider.

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.

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

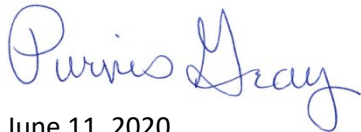
MANAGEMENT LETTER

Additional Matters

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

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

June 11, 2020
Tallahassee, Florida



June 11, 2020

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

Dear Ms. Norman:

We have reviewed the management response letter for the audit performed by Purvis, Gray & Company, LLP for the fiscal year ending September 30, 2019, our response to your findings are as follows:

SHIP Annual Reports (Single Audit Finding)

(Single Audit Finding)

During our review of the annual report submitted to the Florida Housing Finance Corporation, we noted the amounts reported in the annual report 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 report be corrected and re-submitted, if necessary. We further recommend that 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.

Management's Response

SHIP staff along with the County's Finance Department are implementing a process of due diligence to ensure all grant expenditures are agreeable, reconciled to all general ledgers; prior to submitting the final annual report to Florida Housing Finance Corporation. SHIP staff provided Florida Housing Finance Corporation with all general ledger expenditure reports for review. (March 2020) Upon completion of review from Florida Housing Finance Corporation, any/all corrections deemed necessary will be correct by an amendment to the Annual Report.

FEMA Reimbursement Requests (Single Audit Finding)

(Single Audit Finding)

During our testing of costs submitted for reimbursement to the federal government for hurricane eligible expenditures under CFDA No. 97.036, it was determined in some instances that documentation supporting those expenditures were incomplete or inconsistent with other documentation provided to the granting agency, and as a result costs were ultimately disallowed by the granting agency. In addition, costs submitted for reimbursement did not receive a secondary review and approval. Submitting incomplete documentation could result in the disallowance of costs submitted to the federal government for reimbursement and delays in receiving reimbursements. Also not performing a secondary review could result in errors or incomplete information being submitted for reimbursement. We recommend that management review their policies and procedures over grant reimbursement requests, and make appropriate changes to require complete documentation of costs submitted and require a secondary review of all reimbursement requests submitted.

Management’s Response

The hurricane that came through Gadsden County did a great deal of damage and caused many difficulties with the staff assigned to managing documentation. Staff was not properly trained and FEMA’s multiple representatives did not help by being inconsistent with their directions. For the storm 2 years later, management has made the decision to hire a company (Synergy) to handle the entire FEMA project. The County is small and short of employees that have the time to do this type of massive documentation. This new company will work with the County to maximize the amount received by the County.

Inventory of Shop Supplies (Management Letter)

(Management Letter)

Due to staffing turnover in the Public Works department, a monthly inventory of shop supplies was not performed beginning in June 2019. A lack of control procedures over inventory can lead to the misappropriation of assets. As a result of the lack of physical inventory procedures, the accounting records could not be properly adjusted and year-end inventory balances were estimated based on purchases that occurred during that time. We recommend that a physical inventory of shop supplies be taken monthly and the accounting records be adjusted to the inventoried amounts.

Management’s Response

The Public Works department now has a permanent director. To ensure proper upkeep with inventory the Public Works department has implemented new practices so that monthly inventory is recorded. All accounting records will be adjusted to the inventoried amounts.

Health Insurance Reconciliation (Management Letter)

(Management Letter)

During our review of payroll and related benefits, it was noted that the County was not performing a timely reconciliation of health insurance withholdings against invoices from the County's health insurance provider. In some instances, amounts were not properly withheld from employees' paychecks and the County was ultimately responsible for the difference. We recommend that a reconciliation of health insurance premiums against the employee payroll records be performed on a monthly basis and any differences be resolved with the health insurance provider.

Management’s Response

Staff of the Gadsden County BOCC has worked with the Finance Staff of the Clerk’s Office and implemented a process that ensures timely processing and submission of health premiums. With the onboarding of an additional staff member, the Human Resource Office of the Gadsden BOCC has been able to complete and submit reconciliations monthly.

2019

Gadsden County, Florida Clerk of the Circuit Court

Financial Statements

and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

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

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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.

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

INDEPENDENT AUDITOR'S REPORT

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, 2019, 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, 2019, 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.

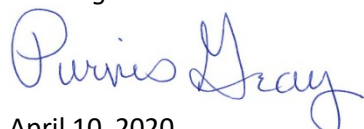
Other Matters

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.



April 10, 2020
Tallahassee, Florida

FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Assets				
Cash	\$ 56,046	\$ 249,315	\$ 156,705	\$ 462,066
Due from Other Funds	881	826	-	1,707
Due from Other Governments	45,572	2,092	-	47,664
Prepaid Expense	318	318	-	636
Total Assets	<u>102,817</u>	<u>252,551</u>	<u>156,705</u>	<u>512,073</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	86,223	6,287	-	92,510
Due to Other Governments	5	148,003	-	148,008
Accrued Wages and Benefits	16,589	16,915	-	33,504
Unearned Revenue	-	81,346	-	81,346
Total Liabilities	<u>102,817</u>	<u>252,551</u>	<u>-</u>	<u>355,368</u>
Fund Balances				
Restricted for Records Modernization	-	-	156,705	156,705
Total Fund Balances	<u>-</u>	<u>-</u>	<u>156,705</u>	<u>156,705</u>
Total Liabilities and Fund Equity	<u>\$ 102,817</u>	<u>\$ 252,551</u>	<u>\$ 156,705</u>	<u>\$ 512,073</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Revenues				
Intergovernmental Revenues	\$ 244,667	\$ 323,777	\$ -	\$ 568,444
Charges for Services	162,909	628,847	54,580	846,336
Fines and Forfeitures	-	158,107	-	158,107
Interest	11,165	3,253	2,031	16,449
Miscellaneous	14,422	-	-	14,422
Total Revenues	<u>433,163</u>	<u>1,113,984</u>	<u>56,611</u>	<u>1,603,758</u>
Expenditures				
General Government:				
Personal Services	985,267	-	3,682	988,949
Operating Expenditures	298,603	-	8,589	307,192
Capital Outlay	40,687	-	-	40,687
Court-Related:				
Personal Services	-	1,058,098	-	1,058,098
Operating Expenditures	-	55,886	-	55,886
(Total Expenditures)	<u>1,324,557</u>	<u>1,113,984</u>	<u>12,271</u>	<u>2,450,812</u>
Excess (Deficiency) of Expenditures Over (Under) Revenues	<u>(891,394)</u>	<u>-</u>	<u>44,340</u>	<u>(847,054)</u>
Other Financing Sources				
Transfers from Board of County Commissioners	891,394	-	-	891,394
Total Other Financing Sources (Uses)	<u>891,394</u>	<u>-</u>	<u>-</u>	<u>891,394</u>
Net Change in Fund Balances	-	-	44,340	44,340
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>112,365</u>	<u>112,365</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,705</u>	<u>\$ 156,705</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, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 157,121	\$ 244,667	\$ 244,667	\$ -
Charges for Services	146,127	162,909	162,909	-
Interest	3,200	11,165	11,165	-
Miscellaneous	13,171	14,422	14,422	-
Total Revenues	<u>319,619</u>	<u>433,163</u>	<u>433,163</u>	<u>-</u>
Expenditures				
General Government:				
Personal Services	986,279	985,267	985,267	-
Operating Expenditures	224,734	298,603	298,603	-
Capital Outlay	-	40,687	40,687	-
(Total Expenditures)	<u>(1,211,013)</u>	<u>(1,324,557)</u>	<u>(1,324,557)</u>	<u>-</u>
Excess (Deficiency) of Expenditures Over (Under) Revenues	<u>(891,394)</u>	<u>(891,394)</u>	<u>(891,394)</u>	<u>-</u>
Other Financing Sources				
Transfers from Board of County Commissioners	891,394	891,394	891,394	-
Total Other Financing Sources	<u>891,394</u>	<u>891,394</u>	<u>891,394</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 290,616	\$ 323,777	\$ 323,777	\$ -
Charges for Services	614,302	628,847	628,847	-
Fines and Forfeitures	219,115	158,107	158,107	-
Interest	1,200	3,253	3,253	-
Total Revenues	<u>1,125,233</u>	<u>1,113,984</u>	<u>1,113,984</u>	<u>-</u>
Expenditures				
Court-Related:				
Personal Services	1,069,802	1,058,098	1,058,098	-
Operating Expenditures	55,431	55,886	55,886	-
(Total Expenditures)	<u>(1,125,233)</u>	<u>(1,113,984)</u>	<u>(1,113,984)</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Public Records Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$ -	\$ 54,580	\$ 54,580	\$ -
Interest	-	2,031	2,031	-
Total Revenues	-	56,611	56,611	-
Expenditures				
General Government:				
Personal Services	-	3,682	3,682	-
Operating Expenditures	-	8,589	8,589	-
Capital Outlay	-	-	-	-
(Total Expenditures)	-	(12,271)	(12,271)	-
Net Change in Fund Balances	-	44,340	44,340	-
Fund Balances, Beginning of Year	112,365	112,365	112,365	-
Fund Balances, End of Year	\$ 112,365	\$ 156,705	\$ 156,705	\$ -

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

Assets	
Cash	\$ 481,661
Total Assets	<u>481,661</u>
Liabilities	
Due to Other Funds	1,707
Due to Other Governments	5,778
Deposits	471,805
Due to Individuals	2,371
Total Liabilities	<u>\$ 481,661</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 non-court operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129, and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County General Fund. 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

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

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 2019, 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

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 non-court services provided by the office. The Clerk also receives appropriations from the Board to fund the Clerk's functions as auditor and custodian of County funds. The payments by the Board to fund these services are recorded as transfers out on the financial statements of the Board and as transfers in on the financial statements of the Clerk.

In accordance with Section 218.36, Florida Statutes, all General Fund non-court-related revenues in excess of non-court-related expenditures during the fiscal year are distributed to the Board within 31 days following the end of the fiscal year. In accordance with Section 28.37, Florida Statutes, the excess of court-related fees, service charges, court costs, and fines retained by the Clerk in excess of approved court-related expenditures, are distributed to the Florida Department of Revenue by January 1 following the Clerk's fiscal year-end.

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: non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—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 non-spendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.

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

- **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, 2019, the Clerk had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,600
Deposits in Qualified Public Depositories	942,127
Total Cash	\$ 943,727

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk’s deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2019, were \$1,157,970.

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

Note 3 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Clerk participates in FRS 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 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>October 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2019</u>
Liability for Compensated Absences	\$ 134,812	\$ 181,467	\$ (189,545)	\$ 126,734
Due to Florida Department of Revenue	<u>37,686</u>	<u>-</u>	<u>(37,686)</u>	<u>-</u>
Total	<u>\$ 172,498</u>	<u>\$ 181,467</u>	<u>\$ (227,231)</u>	<u>\$ 126,734</u>

Of the \$126,734 liability for accrued compensated absences, management estimates that \$75,296 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, 2019. As discussed in Note 1, they are reported in the statement of net position in the government-wide financial statements of the County.

Note 5 - Operating Leases

The Clerk has non-cancellable operating leases for copiers which expire in March of 2020 and a postage meter which expire in September 2023. For the year ended September 30, 2019, the equipment lease expense was \$19,044.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 10,950
2021	2,856
2022	2,856
2023	<u>2,856</u>
Total	<u>\$ 19,518</u>

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

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 Board, 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 - Subsequent Event – COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in property values, and declines in user fees, all of which could impact the operations of the Clerk's office. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

OTHER FINANCIAL INFORMATION

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<u>General Trust</u>	<u>Cash Bonds</u>	<u>Child Support</u>	<u>Total of All Agency Funds</u>
Assets				
Cash	\$ 311,163	\$ 170,278	\$ 220	\$ 481,661
Total Assets	<u>311,163</u>	<u>170,278</u>	<u>220</u>	<u>481,661</u>
Liabilities				
Due to Other Funds	881	826	-	1,707
Due to Other Governments	5,428	350	-	5,778
Deposits	302,703	169,102	-	471,805
Due to Individuals	2,151	-	220	2,371
Total Liabilities	<u>\$ 311,163</u>	<u>\$ 170,278</u>	<u>\$ 220</u>	<u>\$ 481,661</u>

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2020.

Internal Control Over Financial Reporting

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

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

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

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

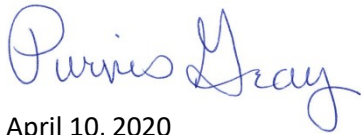
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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, non-compliance 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 non-compliance 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 10, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

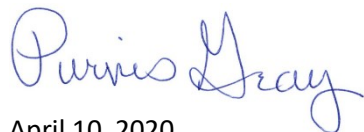
We have examined Gadsden County, Florida, Clerk of the Circuit Court's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for 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 Clerk 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 non-compliance, 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, 2019.

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.



April 10, 2020
Tallahassee, Florida

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INDEPENDENT ACCOUNTANT'S 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

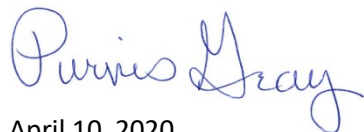
We have examined Gadsden County, Florida, Clerk of the Circuit Court's (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible 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 Clerk 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 non-compliance, 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, 2019.

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.



April 10, 2020
Tallahassee, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

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

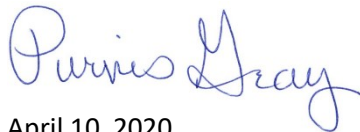
We have examined Gadsden County, Florida, Clerk of the Circuit Court's (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for 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 Clerk 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 non-compliance, 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, 2019.

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.



April 10, 2020
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, 2019, and have issued our report thereon dated April 10, 2020.

Auditor's 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 Auditor's 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 Accountant's 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 10, 2020, 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. Corrective actions have been taken to address the finding in the preceding annual financial report.

Official Title and Legal Authority

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

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

MANAGEMENT LETTER

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.

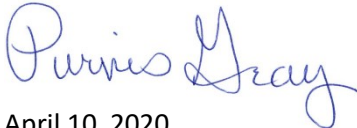
Additional Matters

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



April 10, 2020
Tallahassee, Florida

2019

Gadsden County, Florida Sheriff

Financial Statements
and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S 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, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff'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.

Auditor's 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 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.

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

INDEPENDENT AUDITOR'S REPORT

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, 2019, 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.

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, 2019, 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 basic financial statements.

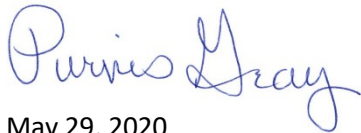
The other financial information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial 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.

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

INDEPENDENT AUDITOR'S REPORT

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 Auditor's 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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

May 29, 2020
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Radio Communi- cations	Inmate Welfare	Guardian Training		
Assets						
Cash	\$ 46,537	\$ 130,363	\$ 318,395	\$ -	\$ 22,515	\$ 517,810
Prepaid Expenses	60,092	-	-	-	-	60,092
Due from Other Funds	333,008	1,065	71,776	-	-	405,849
Due from Board of County Commissioners	-	-	-	-	60,363	60,363
Due from Other Governments	-	-	-	190,227	82,418	272,645
Total Assets	<u>439,637</u>	<u>131,428</u>	<u>390,171</u>	<u>190,227</u>	<u>165,296</u>	<u>1,316,759</u>
Liabilities and Fund Balance						
Liabilities						
Accounts Payable and Accrued Expenses	429,649	(450)	-	-	-	429,199
Due to Board of County Commissioners	8,923	-	-	-	-	8,923
Due to Other Funds	1,065	-	-	190,227	142,781	334,073
Unearned Revenues	-	-	-	-	22,329	22,329
Total Liabilities	<u>439,637</u>	<u>(450)</u>	<u>-</u>	<u>190,227</u>	<u>165,110</u>	<u>794,524</u>
Fund Balances						
Restricted:						
Radio Communications	-	131,878	-	-	-	131,878
Inmate Welfare	-	-	390,171	-	-	390,171
Committed:						
Teen Court	-	-	-	-	186	186
Total Fund Balances	<u>-</u>	<u>131,878</u>	<u>390,171</u>	<u>-</u>	<u>186</u>	<u>522,235</u>
Total Liabilities and Fund Balances	<u>\$ 439,637</u>	<u>\$ 131,428</u>	<u>\$ 390,171</u>	<u>\$ 190,227</u>	<u>\$ 165,296</u>	<u>\$ 1,316,759</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	Major Funds					Total Governmental Funds
	General Fund	Radio Communi- cations	Inmate Welfare	Guardian Training	Other Governmental Funds	
Revenues						
Intergovernmental Revenue	\$ 462,742	\$ -	\$ -	\$ 190,227	\$ 258,236	\$ 911,205
Charges for Services	-	43,886	-	-	11,893	55,779
Miscellaneous Revenue	-	-	179,803	-	-	179,803
Total Revenues	462,742	43,886	179,803	190,227	270,129	1,146,787
Expenditures						
Public Safety:						
Personal Services	6,070,198	-	99,814	81,396	351,337	6,602,745
Operating	1,823,039	24,443	-	108,831	243,524	2,199,837
Capital Outlay	256,067	-	-	-	14,000	270,067
Debt Service:						
Principal	150,184	37,638	-	-	-	187,822
Interest	15,146	605	-	-	-	15,751
(Total Expenditures)	(8,314,634)	(62,686)	(99,814)	(190,227)	(608,861)	(9,276,222)
Excess (Deficiency) of Expenditures Over (Under) Revenues	(7,851,892)	(18,800)	79,989	-	(338,732)	(8,129,435)
Other Financing Sources (Uses)						
Installment Purchase	226,067	-	-	-	-	226,067
Transfers from Board of County Commissioners	7,631,004	-	-	-	335,389	7,966,393
Transfers to Board of County Commissioners	(5,179)	-	-	-	-	(5,179)
Transfers In from Other Funds	-	-	-	-	3,315	3,315
Total Other Financing Sources (Uses)	7,851,892	-	-	-	338,704	8,190,596
Net Change in Fund Balances	-	(18,800)	79,989	-	(28)	61,161
Fund Balances, Beginning of Year	-	150,678	310,182	-	214	461,074
Fund Balances, End of Year	\$ -	\$ 131,878	\$ 390,171	\$ -	\$ 186	\$ 522,235

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, 2019
GADSDEN COUNTY SHERIFF**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ -	\$ 606,111	\$ 462,742	\$ (143,369)
Total Revenues	<u>-</u>	<u>606,111</u>	<u>462,742</u>	<u>(143,369)</u>
Expenditures				
Public Safety:				
Personal Services	5,637,560	6,184,059	6,070,198	113,861
Operating	1,861,444	1,854,204	1,823,039	31,165
Capital Outlay	30,000	256,067	256,067	-
Debt Service:				
Principal	98,000	152,852	150,184	2,668
Interest	4,000	16,000	15,146	854
(Total Expenditures)	<u>(7,631,004)</u>	<u>(8,463,182)</u>	<u>(8,314,634)</u>	<u>148,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,631,004)</u>	<u>(7,857,071)</u>	<u>(7,851,892)</u>	<u>5,179</u>
Other Financing Sources (Uses)				
Installment Purchase	-	226,067	226,067	-
Transfers from Board of County Commissioners	7,631,004	7,631,004	7,631,004	-
Transfers to Board of County Commissioners	-	-	(5,179)	(5,179)
Transfer to Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,631,004</u>	<u>7,857,071</u>	<u>7,851,892</u>	<u>(5,179)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 62,686	\$ 62,686	\$ 43,886	\$ (18,800)
Total Revenues	<u>62,686</u>	<u>62,686</u>	<u>43,886</u>	<u>(18,800)</u>
Expenditures				
Public Safety:				
Operating	24,445	24,445	24,443	2
Debt Service:				
Principal	37,641	37,641	37,638	3
Interest	600	600	605	(5)
(Total Expenditures)	<u>(62,686)</u>	<u>(62,686)</u>	<u>(62,686)</u>	<u>-</u>
Net Change in Fund Balances	-	-	(18,800)	(18,800)
Fund Balances, Beginning of Year	<u>150,678</u>	<u>150,678</u>	<u>150,678</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 150,678</u>	<u>\$ 150,678</u>	<u>\$ 131,878</u>	<u>\$ (18,800)</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, 2019
GADSDEN COUNTY SHERIFF**

	Inmate Welfare Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 100,000	\$ 100,000	\$ 179,803	\$ 79,803
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>179,803</u>	<u>79,803</u>
Expenditures				
Public Safety:				
Personal Services	100,000	100,000	99,814	186
(Total Expenditures)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(99,814)</u>	<u>186</u>
Net Change in Fund Balances	-	-	79,989	79,989
Fund Balances, Beginning of Year	<u>215,624</u>	<u>215,624</u>	<u>310,182</u>	<u>94,558</u>
Fund Balances, End of Year	<u><u>\$ 215,624</u></u>	<u><u>\$ 215,624</u></u>	<u><u>\$ 390,171</u></u>	<u><u>\$ 174,547</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GUARDIAN TRAINING
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	Guardian Training Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 190,227	\$ 190,227	\$ 190,227	\$ -
Total Revenues	<u>190,227</u>	<u>190,227</u>	<u>190,227</u>	<u>-</u>
Expenditures				
Public Safety:				
Personal Services	81,392	81,392	81,396	(4)
Operating	108,835	108,835	108,831	4
(Total Expenditures)	<u>(190,227)</u>	<u>(190,227)</u>	<u>(190,227)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF

Assets

Cash	\$ 109,870
Due from Others	710
Total Assets	<u>110,580</u>

Liabilities

Due to Other Funds	71,776
Accounts Payable	5,218
Assets Held for Others	33,586
Total Liabilities	<u>\$ 110,580</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 Gadsden County, Florida Sheriff (the Sheriff) is an elected Constitutional Officer of the County. For financial statement and reporting purposes, the Sheriff is a separate Constitutional Officer as provided by Chapter 218, Florida Statutes. However, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Sheriff is considered to be a part of the primary government of the County, and the financial activities of the Sheriff are included as such in the comprehensive annual financial report, along with the other Constitutional Officers and the Gadsden County Board of County Commissioners (the Board). The financial statements contained herein represent the financial transactions of the Sheriff only. There are no component units for the Sheriff to consider for inclusion in its financial statements.

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

Basis of Presentation

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

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

Fund Accounting

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

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

The Sheriff reports the following major and non-major 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.
- **Guardian Training**—A Special Revenue Fund, which accounts for the activities related to providing training and certification of individuals seeking to become or maintain active status as “Guardians” within the Coach Aaron Feis Guardian Program, in accordance with the Marjory Stoneman Douglas High School Public Safety Act.

■ **Non-Major 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*.
 - ▶ **Emergency Management**—Accounts for the activities related to establishing and maintaining disaster assistance services.
 - ▶ **E-911**—Accounts for the activities related to funds received from the Florida Department of Management Services for the prorated share of E-911 cell phone tax.
 - ▶ **Justice Assistance**—These two funds account for the activities related to funds received from the Florida Department of Law Enforcement for the Justice Assistance Grant and the related program income.
 - ▶ **Teen Court**—Accounts for the activities related to establishing and maintaining a teen court pursuant to the County ordinance Section 26-1.
 - ▶ **Victims Special**—Accounts for the activities related to funds received from the State of Florida for the Victim Advocates’ Assistance Emergency Fund.
 - ▶ **SCAAP**—Accounts for the activities related to the costs of incarcerating unauthorized immigrants and funds received from the State of Florida for reimbursement of those costs.
 - ▶ **LEEF Training**—Accounts for the activities related to law enforcement training.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF

- ▶ **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.
 - ▶ **DJJ Teen Success Academy**—Accounts for the activities related to the youth-centered program grant funded by the Florida Department of Juvenile Justice.
 - ▶ **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.

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, the Guardian Training Fund, and for the Non-Major 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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF

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 the net present value of future minimum lease payments 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**

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, and annual additional benefit payments of accumulated annual leave in excess of 240 hours (at a designated, across-the-board percentage of hourly pay) can be paid prior to the end of each fiscal year as declared by General Order in the event of funds availability.

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. An employee with twenty years of service or more who is retiring under the Florida Retirement system may be paid for 50% of accrued sick leave.

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**

Fund Balance Reporting

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—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 non-spendable 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, 2019, the Sheriff had the following in cash:

	Carrying Amount
Deposits in Qualified Public Depositories	\$ 627,679
Total Cash	\$ 627,679

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

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, 2019, were \$823,021.

Note 3 - Capital Assets

A summary of the changes in capital assets for the year ended September 30, 2019, follows:

	<u>Balance</u> <u>October 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2019</u>
Vehicles, Furniture, and Equipment	\$ 3,484,733	\$ 270,067	\$ 590,915	\$ 3,163,885
(Accumulated Depreciation)	(2,822,660)	(358,545)	(587,409)	(2,593,796)
Capital Assets, Net	<u>\$ 662,073</u>	<u>\$ (88,478)</u>	<u>\$ 3,506</u>	<u>\$ 570,089</u>

Depreciation expense for the Sheriff's assets was recorded in the County's government-wide financial statements in the amount of \$358,545.

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

Note 4 - Long-Term Liabilities

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

	<u>Balance</u> <u>October 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2019</u>
Capital Leases	\$ 255,640	\$ 226,067	\$ (187,822)	\$ 293,885
Liability for Compensated Absences	587,491	332,565	(402,140)	517,916
Total	<u>\$ 843,131</u>	<u>\$ 558,632</u>	<u>\$ (589,962)</u>	<u>\$ 811,801</u>

Of the \$517,916 liability for accrued compensated absences, management estimates that \$219,025 will be due and payable within one year. Of the \$293,885 capital lease liability, the estimated principal amount due and payable within one year totaled \$103,193. The long-term liabilities presented above are not reported in the financial statements of the Sheriff since they are not payable from expendable available resources at September 30, 2019.

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 Sheriff has entered into a Master Equity Lease Agreement with Enterprise Fleet Management for purchase of vehicles. The lease agreement calls for 48 monthly payments of varying amounts, including interest, beginning in July of 2018 and ending June 2023. 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 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.

At September 30, 2019, aggregate future minimum lease payments are as follows:

<u>September 30,</u>	<u>Amount</u>
2020	\$ 115,621
2021	91,002
2022	87,373
2023	24,148
Total Future Minimum Lease Payments	<u>318,144</u>
(Less Amount Representing Interest)	<u>(24,259)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 293,885</u>

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

Operating Lease

The Sheriff also has vehicle leases with Enterprise Fleet Management that, due to their shorter term, do not qualify as capital leases. There are four leases each with a 19 month term which require monthly payments of \$641 and \$648. The future minimum lease payments for these leases are as follows:

Year	Amount
2020	\$ 33,513
2021	12,890
Total	\$ 46,403

Note 6 - Inter-Fund Receivables and Payables

Inter-fund receivables and payables at September 30, 2019, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 333,008	\$ 1,065
Special Revenue Funds		
Radio Communications	1,065	-
Inmate Welfare	71,776	-
Guardian Training	-	190,227
Emergency Management	-	-
VOCA	-	33,772
E-911	-	10,813
Justice Assistance Program Income	-	3,200
LEEF Training Fund	-	-
DEM Federal	-	19,250
JAG	-	30,300
DJJ Restoring Families	-	38,567
DJJ Teen Success Academy Grant	-	6,879
Agency Funds		
Inmate Commissary	-	71,776
Total	\$ 405,849	\$ 405,849

Inter-fund 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 FRS 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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF

Postemployment Benefits Other than Pensions

The Sheriff participates in the plan established by the Board 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, 2019, was \$119,362.

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, 2019, was \$32,552.

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, 2019 was \$138,622.

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, 2019. 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 Event

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in property values, and declines in user fees, all of which could impact the operations of the Sheriff's office. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

OTHER FINANCIAL INFORMATION

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	<u>VOCA</u>	<u>Emergency Management</u>	<u>E-911</u>	<u>Justice Asst. Prog Income</u>	<u>Teen Court</u>	<u>Victims Special</u>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 186	\$ 17,693
Due from Board of County Commissioners	-	19,250	10,813	-	-	-
Due from Other Governments	33,772	-	-	3,200	-	-
Total Assets	<u>33,772</u>	<u>19,250</u>	<u>10,813</u>	<u>3,200</u>	<u>186</u>	<u>17,693</u>
Liabilities and Fund Balances						
Liabilities						
Due to Other Funds	33,772	19,250	10,813	3,200	-	-
Unearned Revenues	-	-	-	-	-	17,693
Total Liabilities	<u>33,772</u>	<u>19,250</u>	<u>10,813</u>	<u>3,200</u>	<u>-</u>	<u>17,693</u>
Fund Balances						
Committed:						
Teen Court	-	-	-	-	186	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 33,772</u>	<u>\$ 19,250</u>	<u>\$ 10,813</u>	<u>\$ 3,200</u>	<u>\$ 186</u>	<u>\$ 17,693</u>

SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Justice Assistance	DJJ Teen Success Academy	DJJ Restoring Families	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 4,636	\$ -	\$ -	\$ -	\$ 22,515
-	-	-	-	30,300	-	-	60,363
-	-	-	-	-	6,879	38,567	82,418
-	-	-	4,636	30,300	6,879	38,567	165,296
-	-	-	-	30,300	6,879	38,567	142,781
-	-	-	4,636	-	-	-	22,329
-	-	-	4,636	30,300	6,879	38,567	165,110
-	-	-	-	-	-	-	186
-	-	-	-	-	-	-	186
\$ -	\$ -	\$ -	\$ 4,636	\$ 30,300	\$ 6,879	\$ 38,567	\$ 165,296

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	VOCA	Emergency Management	E-911	Justice Asst. Prog Income	Teen Court	Victims Special
Revenues						
Intergovernmental Revenue	\$ 57,032	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	11,893	-
Total Revenues	<u>57,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,893</u>	<u>-</u>
Expenditures						
Public Safety:						
Personal Services	56,653	87,752	131,828	29,568	11,921	-
Operating	379	18,494	2,714	-	-	-
Capital Outlay	-	-	-	-	-	-
(Total Expenditures)	<u>(57,032)</u>	<u>(106,246)</u>	<u>(134,542)</u>	<u>(29,568)</u>	<u>(11,921)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(106,246)</u>	<u>(134,542)</u>	<u>-</u>	<u>(28)</u>	<u>-</u>
Other Financing Sources						
Transfers from Board of County Commissioners	-	106,246	134,542	29,568	-	-
Transfers In from Other Funds	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>106,246</u>	<u>134,542</u>	<u>29,568</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186</u>	<u>\$ -</u>

SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Justice Assistance	DJJ Teen Success Academy	DJJ Restoring Families	Total Other Governmental Funds
\$ -	\$ 8,205	\$ -	\$ -	\$ -	\$ 6,879	\$ 186,120	\$ 258,236
-	-	-	-	-	-	-	11,893
-	8,205	-	-	-	6,879	186,120	270,129
3,315	-	-	-	30,300	-	-	351,337
-	8,205	20,733	-	-	6,879	186,120	243,524
-	-	14,000	-	-	-	-	14,000
(3,315)	(8,205)	(34,733)	-	(30,300)	(6,879)	(186,120)	(608,861)
(3,315)	-	(34,733)	-	(30,300)	-	-	(338,732)
-	-	34,733	-	30,300	-	-	335,389
3,315	-	-	-	-	-	-	3,315
3,315	-	34,733	-	30,300	-	-	338,704
-	-	-	-	-	-	-	(28)
-	-	-	-	-	-	-	214
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186

**COMBINING STATEMENT OF FIDUCIARY
NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2019
GADSDEN COUNTY SHERIFF**

	<u>Confiscated Funds</u>	<u>Civil Account</u>	<u>Suspense</u>	<u>Inmate Commissary</u>	<u>Totals</u>
Assets					
Cash	\$ 10,941	\$ 13,160	\$ -	\$ 85,769	\$ 109,870
Due from Others	-	-	-	710	710
Total Assets	<u>10,941</u>	<u>13,160</u>	<u>-</u>	<u>86,479</u>	<u>110,580</u>
Liabilities					
Due to Other Funds	-	-	-	71,776	71,776
Accounts Payable	-	-	-	5,218	5,218
Assets Held for Others	10,941	13,160	-	9,485	33,586
Total Liabilities	<u>\$ 10,941</u>	<u>\$ 13,160</u>	<u>\$ -</u>	<u>\$ 86,479</u>	<u>\$ 110,580</u>

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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 Gadsden County, Florida Sheriff (the Sheriff) as of and for the year ended September 30, 2019, and the related notes to the financial statement, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated May 29, 2020.

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.

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

**INDEPENDENT AUDITOR'S 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***

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 31st 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 March 2, 2020. We also noted that bank reconciliations for the month ended September 30, 2019, were not completed until February of 2020.

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.

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 some 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. 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, non-compliance 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 non-compliance 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 May 29, 2020.

Response to Finding

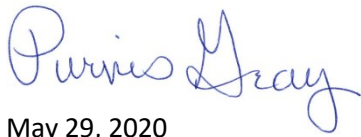
The Sheriff's response to the findings identified in our audit is included in the accompanying Management's Response on page 32. The Gadsden County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

**INDEPENDENT AUDITOR'S 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***

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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

May 29, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

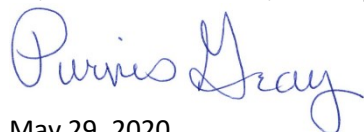
The Honorable Morris A. Young
Gadsden County Sheriff
Gadsden County, Florida

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, 2019, 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, 2019.

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.



May 29, 2020
Tallahassee, Florida

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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, 2019, and have issued our report thereon dated May 29, 2020.

Auditor's 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 Auditor's 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 Accountant's 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 May 29, 2020, 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 Auditor's 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* are 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.

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

MANAGEMENT LETTER

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 \$10,941, 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 of County Commissioner's (the Board) 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, no such recommendations were noted.

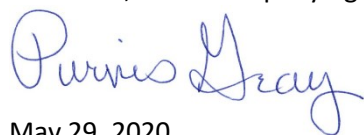
Additional Matters

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

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.



May 29, 2020
Tallahassee, Florida



May 31, 2020

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 response letter for the audit performed by Purvis, Gray & Company, LLP for the fiscal year ending September 30, 2019, we would like to respond as follows:

Prior and Current Year Internal Control over Financial Reporting

Prior Year Internal Control over Financial Reporting

- 2016-1 – Financial Statement Close

Pursuant to Florida Statutes, Section 218.36, each County Officer is required to make an annual report of revenues and expenditures within thirty-one days of the close of the fiscal year. While this report was submitted to the County by October 31st as required, the report was based on preliminary estimates. Although improvements were made in the timeliness of the closing of the books compared to the previous year, the books and records of the Sheriff's Office were not officially closed and ready for audit until March 2, 2020. We also noted that bank reconciliations for the month of September 30, 2019, were not completed until February of 2020. A 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

The Gadsden County Sheriff's Office respectfully submits its response to this audit finding and recommendation. There were many unforeseen circumstances (Family Medical Leave and bereavement Leave) and factors (staff Shortages and budget constraints) contributing to the delay in the year end closing for fiscal year 2018-19. 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. We are requesting additional funding in our upcoming budget to the County to add two new accountant positions to the Sheriff's Finance Office. The Gadsden County Sheriff's Office will continue to use an outside consultant to assist with the financial statement closing process until we receive additional funding for the two new positions.

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

- Reconcile all bank accounts by the 15th (approx.) of each month
- Review September invoices received in October for recording of additional Accounts Payable.
- Call various 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 General Ledger.

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.

Prior and Current Year Findings and Recommendations

Current Year Findings and Recommendations

- There weren't any new current year audit findings for fiscal year 2018-19

Management Response:

- We concur

Prior Year Findings and Recommendations

- **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.

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 \$10,941, 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 of County Commissioner's (the Board) 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.

Management Response:

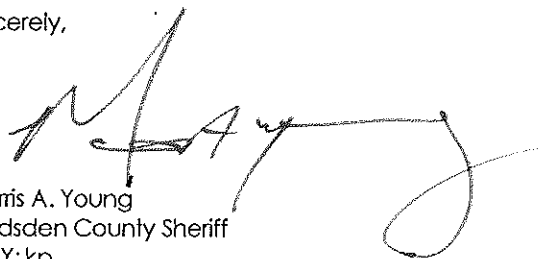
In accordance with our Property and Evidence Policy and Procedure and prior recommendations from Purvis Gray and Company, we conducted an annual review of the seized funds held in the Gadsden County Sheriff's Finance Office safe, on September 2019. We submitted the forfeited funds to the Board's Finance Office to be deposited into the Sheriff's Confiscated Funds Account. We filed the required Annual Forfeiture Report with the Florida Department of Law Enforcement for 2019. Currently, all confiscated funds in the Finance Office Safe have been properly investigated, submitted and reported (to include found/ recovered) and/or evidence taken into custody by the Gadsden County Sheriff's Office, in accordance with the forfeiture law.

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 remaining balance in this account (\$10,941) is a carryover from prior years and we will continue to 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.

Additionally, the Towing and Impound Fund Account have been investigated. A portion of these fees were generated through the Justice Assistance Grant as Program Generated Income and these fees will be properly allocated. The remainder of fees will be remitted to Board's Finance Office in Fiscal Year 2020 to be deposited into the Fine and Forfeiture Fund.

Again, I'm committed to the continued improvement of the operations and reporting functions of this office. The Gadsden County Sheriff's Finance Department has established and will continue to improve upon a financial system that not only has accountability on all levels, but also enables planning for future public safety issues as Gadsden County continues to grow.

Sincerely,

A handwritten signature in black ink, appearing to read 'MAY', with a large, stylized flourish extending to the right.

Morris A. Young
Gadsden County Sheriff
MAY:kp

2019

Gadsden County, Florida Tax Collector

Financial Statements
and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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 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.

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

INDEPENDENT AUDITOR'S REPORT

Opinion

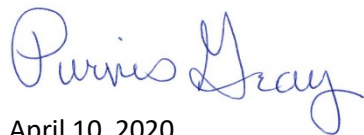
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2019, and the respective changes in financial position and budgetary 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, 2019, 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 Auditor's 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.



April 10, 2020
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019
GADSDEN COUNTY TAX COLLECTOR**

Assets	
Cash	\$ 48,810
Due from Others	225
Due from Other Funds	<u>15,496</u>
Total Assets	<u><u>64,531</u></u>
 Liabilities and Fund Balance	
 Liabilities	
Accounts Payable	2,692
Due to Other Governments	128
Due to Board of County Commissioners	<u>61,711</u>
Total Liabilities	<u><u>64,531</u></u>
 Fund Balance	 <u>-</u>
 Total Liabilities and Fund Equity	 <u><u>\$ 64,531</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 GADSDEN COUNTY TAX COLLECTOR**

Revenues	
Charges for Services	\$ 891,627
Miscellaneous	10,155
Total Revenues	<u>901,782</u>
 Expenditures	
Current:	
General Government:	
Personal Services	656,062
Operating	184,009
(Total Expenditures)	<u>(840,071)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>61,711</u>
 Other Financing (Uses)	
Transfers (out) to Board of County Commissioners	(61,711)
Total Other Financing (Uses)	<u>(61,711)</u>
 Net Change in Fund Balance	 -
 Fund Balance, Beginning of Year	 <u>-</u>
 Fund Balance, End of Year	 <u><u>\$ -</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, 2019
GADSDEN COUNTY TAX COLLECTOR**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 826,710	\$ 826,710	\$ 891,627	\$ 64,917
Miscellaneous	2,000	2,000	10,155	8,155
Total Revenues	<u>828,710</u>	<u>828,710</u>	<u>901,782</u>	<u>73,072</u>
Expenditures				
Current:				
General Government:				
Personal Services	663,696	666,726	656,062	10,664
Operating	198,696	198,696	184,009	14,687
(Total Expenditures)	<u>(862,392)</u>	<u>(865,422)</u>	<u>(840,071)</u>	<u>25,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,682)</u>	<u>(36,712)</u>	<u>61,711</u>	<u>98,423</u>
Other Financing (Uses)				
Transfers in from Board of County Commissioners	33,682	36,712	-	(36,712)
Transfers (out) to Board of County Commissioners	-	-	(61,711)	(61,711)
Total Other Financing Sources (Uses)	<u>33,682</u>	<u>36,712</u>	<u>(61,711)</u>	<u>(98,423)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2019
GADSDEN COUNTY TAX COLLECTOR

Assets

Cash	\$ 324,295
Due from Others	<u>18,703</u>

Total Assets

342,998

Liabilities

Due to Others	1,112
Due to Other Funds	15,496
Due to Other Governments	94,689
Tag Renewal Deposits	15,306
Installment Tax Deposits	<u>216,395</u>

Total Liabilities

\$ 342,998

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

■ **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.

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.

NOTES TO FINANCIAL STATEMENTS GADSDEN COUNTY TAX COLLECTOR

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 (FWWCC). 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. For the fiscal year ended September 30, 2019, the 4% discount available for payments made during the month of November 2018 was extended through December 10, 2018 as a result of delays in the mailing of tax bills caused by Hurricane Michael (October 2018).
- *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.

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.

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR**

Related Organizations - Service Fees and Common Expenses

The Tax Collector’s charges for services included approximately \$461,245 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, 2019, the Tax Collector had the following in cash:

	Carrying Amount
Cash on Hand	\$ 2,112
Deposits in Qualified Public Depositories	370,993
Total Cash	\$ 373,105

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector’s deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2019, were \$442,294.

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR**

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
- Workers' Compensation
- Public Employees' Bond
- 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:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019
Liability for Compensated Absences	\$ 57,322	\$ 21,135	\$ (22,540)	\$ 55,917

Of the \$55,917 liability for accrued compensated absences, management estimates that \$13,529 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, 2019. 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.

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR**

Note 6 - Inter-Fund Receivables and Payables

The Agency Fund due to the General Fund of \$15,496 consists of fees on transactions collected by the Agency Fund and interest earned on the bank account. This payment was 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, 2019, the lease payments on all operating leases amounted to \$5,100. Total subsequent lease payments payable during 2020 and 2021, are \$5,100 and \$915, respectively.

Note 8 - Subsequent Event – COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in property values, and declines in user fees, all of which could impact the operations of the Tax Collector's office. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated April 10, 2020.

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.

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

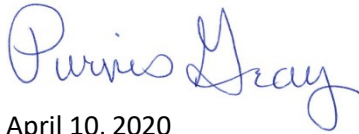
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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, non-compliance 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 non-compliance 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.



April 10, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

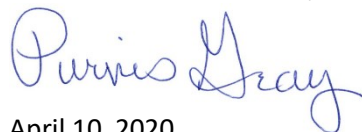
We have examined Gadsden County Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the Tax Collector is responsible for the Tax Collector's compliance 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 non-compliance, 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, 2019.

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.



April 10, 2020
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Gadsden County Tax Collector (the Tax Collector), as of and for the year ended September 30, 2019, and have issued our report thereon dated April 10, 2020.

Auditor's 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 Auditor's 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 Accountant's 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 10, 2020, 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.

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

MANAGEMENT LETTER

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.

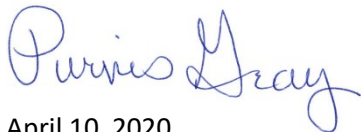
Additional Matters

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



April 10, 2020
Tallahassee, Florida

2019

Gadsden County, Florida Property Appraiser

Financial Statements

and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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 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 AUDITOR'S REPORT

Opinions

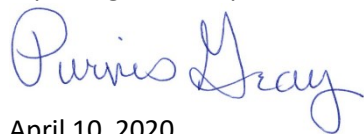
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2019, and the respective changes in financial position and budgetary comparisons for the general fund 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, 2019, 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 10, 2020
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019
GADSDEN COUNTY PROPERTY APPRAISER**

Assets	
Cash	\$ 19,720
Total Assets	<u>19,720</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	6,216
Accrued Wages Payable	13,504
Total Liabilities	<u>19,720</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 19,720</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019
GADSDEN COUNTY PROPERTY APPRAISER**

Revenues	
Charges for Services	\$ 1,948
Miscellaneous	2,447
Total Revenues	<u>4,395</u>
 Expenditures	
Current:	
General Government:	
Personal Services	729,316
Operating	169,328
(Total Expenditures)	<u>(898,644)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(894,249)</u>
 Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	
	949,908
Transfers (out) to Board of County Commissioners	
	(55,659)
Total Other Financing Sources (Uses)	<u>894,249</u>
 Net Change in Fund Balance	 -
 Fund Balance, Beginning of Year	 <u>-</u>
 Fund Balance, End of Year	 <u><u>\$ -</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, 2019
GADSDEN COUNTY PROPERTY APPRAISER**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ -	\$ -	\$ 1,948	\$ 1,948
Miscellaneous	-	-	2,447	2,447
Total Revenues	<u>-</u>	<u>-</u>	<u>4,395</u>	<u>4,395</u>
Expenditures				
Current:				
General Government:				
Personal Services	725,363	733,783	729,316	4,467
Operating	196,125	196,125	169,328	26,797
Contingency	25,000	20,000	-	20,000
(Total Expenditures)	<u>(946,488)</u>	<u>(949,908)</u>	<u>(898,644)</u>	<u>51,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(946,488)</u>	<u>(949,908)</u>	<u>(894,249)</u>	<u>55,659</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	946,488	949,908	949,908	-
Transfers (out) to Board of County Commissioners	-	-	(55,659)	(55,659)
Total Other Financing Sources (Uses)	<u>946,488</u>	<u>949,908</u>	<u>894,249</u>	<u>(55,659)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

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.

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.

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

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, 2019, the carrying amount of the Property Appraiser's deposits was \$19,720.

Credit Risk

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

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

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

Custodial Credit Risk

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

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

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

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.

Note 4 - Long-Term Liability for Compensated Absences

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

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019
Liability for Compensated Absences	\$ 25,664	\$ 41,521	\$ (36,642)	\$ 30,543

Of the \$30,543 liability for accrued compensated absences, management estimates that \$19,361 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, 2019. 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.

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

Note 6 - Operating Leases

In June 2017, the Property Appraiser entered into a lease agreement for a vehicle with monthly lease payments of \$337 for thirty-six months. In May 2019, the Property Appraiser also entered into lease agreements for four vehicles with monthly lease payments of \$337 each for thirty-six months. During fiscal year 2019, lease payments on all vehicles amounted to \$17,101. The remaining lease payments on these vehicles are as follows:

<u>Year Ending September 30,</u>	<u>Payments</u>
2020	\$ 19,683
2021	16,163
2022	<u>9,429</u>
Total	<u><u>\$ 45,275</u></u>

Note 7 - Subsequent Event – COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in property values, and declines in user fees, all of which could impact the operations of the Property Appraiser’s office. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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, 2019, 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 10, 2020.

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.

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

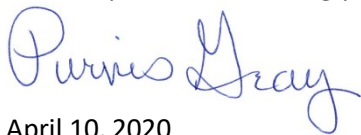
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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, non-compliance 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 non-compliance 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.



April 10, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

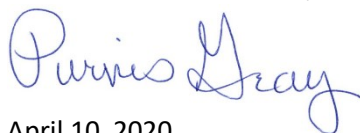
We have examined Gadsden County Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the Property Appraiser is responsible for the Property Appraiser's 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 non-compliance, 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, 2019.

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 10, 2020
Tallahassee, Florida

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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 Gadsden County Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2019, and have issued our report thereon dated April 10, 2020.

Auditor's 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 Auditor's 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 Accountant's 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 10, 2020, 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.

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

MANAGEMENT LETTER

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.

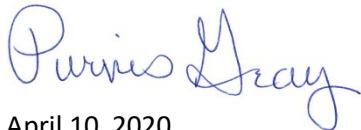
Additional Matters

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



April 10, 2020
Tallahassee, Florida

2019

Gadsden County, Florida Supervisor of Elections

Financial Statements

and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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 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.

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

INDEPENDENT AUDITOR'S REPORT

Opinions

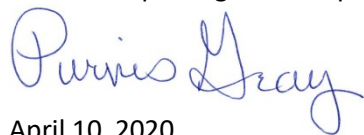
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the general 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* 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, 2019, 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.



April 10, 2020
Tallahassee, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Assets	
Cash	\$ 14,386
Total Assets	<u>14,386</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	7,710
Accrued Wages and Benefits	6,676
Total Liabilities	<u>14,386</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 14,386</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Revenues

Intergovernmental Revenue	\$ 20,406
Total Revenues	20,406

Expenditures

General Government:	
Personal Services	452,309
Operating Expenditures	249,528
Capital Outlay	19,395
(Total Expenditures)	(721,232)

Excess (Deficiency) of Expenditures

Over (Under) Revenues	(700,826)
-----------------------	-----------

Other Financing Sources (Uses)

Transfers in from Board of County Commissioners	701,146
Transfers (out) to Board of County Commissioners	(320)
Total Other Financing Sources (Uses)	700,826

Net Change in Fund Balance

	-
Fund Balance, Beginning of Year	-

Fund Balance, End of Year

	\$ -
--	------

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, 2019
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ -	\$ 20,406	\$ 20,406	\$ -
Total Revenues	<u>-</u>	<u>20,406</u>	<u>20,406</u>	<u>-</u>
Expenditures				
General Government:				
Personal Services	424,982	424,982	452,309	(27,327)
Operating Expenditures	223,164	243,570	249,528	(5,958)
Capital Outlay	53,000	53,000	19,395	33,605
(Total Expenditures)	<u>(701,146)</u>	<u>(721,552)</u>	<u>(721,232)</u>	<u>320</u>
Excess (Deficiency) of Expenditures Over (Under) Revenues	<u>(701,146)</u>	<u>(701,146)</u>	<u>(700,826)</u>	<u>320</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	701,146	701,146	701,146	-
Transfers (out) to Board of County Commissioners	-	-	(320)	(320)
Total Other Financing Sources (Uses)	<u>701,146</u>	<u>701,146</u>	<u>700,826</u>	<u>(320)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

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

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, 2019, the carrying amount of the Supervisor of Elections' deposits was \$14,386.

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**

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:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019
Liability for Compensated Absences	\$ 6,609	\$ 17,496	\$ (17,764)	\$ 6,341

Of the \$6,341 liability for accrued compensated absences, management estimates that \$4,545 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, 2019. 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**

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.

Note 6 - Subsequent Event – COVID-19

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of this report, causing significant declines in the financial markets and economic activity overall. The County expects to experience losses of various local and state shared revenues, declines in property values, and declines in user fees, all of which could impact the operations of the Supervisor of Elections' office. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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, 2019, 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 10, 2020.

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.

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

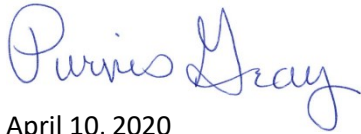
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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, non-compliance 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 non-compliance 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.



April 10, 2020
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

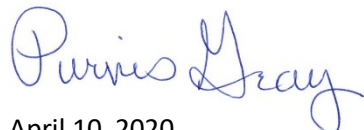
We have examined Gadsden County Supervisor of Election's (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management of the Supervisor of Elections is responsible for 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 non-compliance, 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 Supervisor of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019.

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.



April 10, 2020
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 Gadsden County Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2019, and have issued our report thereon dated April 10, 2020.

Auditor's 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 Auditor's 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 Accountant's 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 10, 2020, 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.

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

MANAGEMENT LETTER

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.

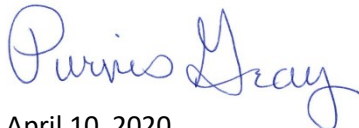
Additional Matters

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

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

April 10, 2020
Tallahassee, Florida

PURVIS GRAY

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