

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2011**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

List of Elected and Appointed Officials.....	1
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**FINANCIAL SECTION**

<b>Independent Auditors' Report</b> .....	2-3
---	-----

<b>Management's Discussion and Analysis</b> .....	4-10
---	------

**Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Assets .....	11
Statement of Activities .....	12

**Fund Financial Statements**

Balance Sheet - Governmental Funds .....	13-14
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund .....	19
County Transportation.....	20
General Grants .....	21
Statement of Fiduciary Net Assets.....	22
Statement of Changes in Fiduciary Net Assets .....	23

<b>Notes to Financial Statements</b> .....	24-43
--	-------

**Required Supplementary Information**

Required Supplementary Information Other Postemployment Benefits Plan Schedule of Funding Progress .....	44
---	----

**Combining Nonmajor Fund Statements**

Combining Balance Sheet - Nonmajor Governmental Funds.....	45-50
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds.....	51-56
Combining Statement of Fiduciary Assets and Liabilities - Agency Fund.....	57-58

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

**GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

*(Concluded)*

**Other Information**

**Additional Elements of Report Prepared in Accordance with  
*Government Auditing Standards*, Issued by the Comptroller  
General of the United States; the Provisions of the Office of  
Management and Budget (OMB) Circular A-133; the *Rules  
of the Auditor General* of the State of Florida; and Other  
Contract Requirements**

Schedule of Expenditures of Federal Awards and State Financial Assistance .....	59-62
Note to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects .....	63
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, <i>Rules of the Auditor General</i> .....	64-65
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance .....	66-67
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	68-69
Management Letter .....	70-72
Management Letter Response .....	73-75

## **INTRODUCTORY SECTION**

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

**Serving as of September 30, 2011**

**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

<b>County Administrator</b>	<b>Arthur Lawson</b>
<b>County Attorney</b>	<b>Deborah S. Minnis</b>

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gadsden County, Florida (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2011, and the respective changes in financial position, thereof, and the respective budgetary comparison of the General Fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
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5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

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

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

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

*Purvis, Gray and Company, LLP*

March 30, 2012  
Gainesville, Florida



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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gadsden County, Florida, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

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

The government-wide assets of the County exceeded liabilities at the close of the 2010-11 fiscal year by \$62,016,227 (*net assets*). Of this amount, \$4,503,723 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$5,430,493 is restricted for specific purposes (*restricted net assets*), and \$52,082,011 is invested in capital, assets net of related debt.

#### **Fund Statements**

At September 30, 2011, the County's governmental funds reported combined ending fund balances of \$11,963,268, an increase of \$480,797 in comparison with the \$11,482,471 ending fund balances on September 30, 2010.

As of September 30, 2011, general fund's unassigned fund balance was \$4,010,886 or 22 percent of total general fund expenditures excluding transfers.

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

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

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

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

A brief description of the different financial statements follows.

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

The government-wide financial statements (statement of net assets and statement of activities found on pages 11-12) concentrate on the County as a whole and do not emphasize fund types, but rather a governmental or a business-type classification which are presented in separate columns. The governmental and business-type activities comprise the primary government. Fiduciary funds are not included in the government-wide financial statements. The County does not have any business-type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Financial Statements (Concluded)

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

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

### Fund Financial Statements

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

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

### Governmental Fund Financial Statements

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

The fund financial statements provide a presentation of the County's major funds, along with a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds; and are not included in the fund financial statements. To facilitate a comparison between the fund financial statements and the government-wide financial statements, reconciliation is provided on page 15.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-43 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following schedule provides a summary of assets, liabilities and net assets of the County for fiscal years 2011 and 2010.

### **Gadsden County, Florida Summary of Net Assets September 30, 2011 and 2010**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Current and Other Assets	\$ 15,778,829	\$ 15,059,059
Capital Assets	<u>69,468,125</u>	<u>69,834,690</u>
<b>Total Assets</b>	<u>85,246,954</u>	<u>84,893,749</u>
Current Liabilities	5,281,122	5,502,895
Non-Current Liabilities	<u>18,094,777</u>	<u>18,752,213</u>
<b>Total Liabilities</b>	<u>23,375,899</u>	<u>24,255,108</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	52,082,011	51,177,889
Restricted	5,430,493	5,237,770
Unrestricted	<u>4,358,551</u>	<u>4,222,982</u>
<b>Total Net Assets</b>	<u>\$ 61,871,055</u>	<u>\$ 60,638,641</u>

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

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

The *restricted net assets* representing 9% of the County's net assets are subject to external restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net assets* (\$4,358,551 or 7%) may be used to help meet the government's ongoing obligations to citizens and creditors.

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

<b>Gadsden County, Florida</b>		
<b>Changes in Net Assets</b>		
	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 4,653,514	\$ 3,304,368
Operating Grants and Contributions	3,496,964	5,082,301
Capital Grants and Contributions	<u>2,966,779</u>	<u>2,541,588</u>
<b>Total Program Revenues</b>	<u>11,117,257</u>	<u>10,928,257</u>
<b>General Revenues:</b>		
Property Taxes	11,492,601	11,590,344
Sales Tax and State Shared Revenue	5,430,906	5,407,236
Local Option Taxes	5,126,685	5,126,130
Motor Fuel Tax	2,434,207	2,617,146
Other	<u>296,892</u>	<u>444,551</u>
<b>Total General Revenues</b>	<u>24,781,291</u>	<u>25,185,407</u>
<b>Total Revenues</b>	<u>35,898,548</u>	<u>36,113,664</u>
<b>Expenses:</b>		
Program Expenses:		
General Government	7,118,739	7,038,362
Public Safety	12,512,583	12,670,551
Physical Environment	872,794	921,746
Transportation	7,291,866	7,959,992
Economic Environment	652,698	1,553,440
Human Services	2,527,862	2,835,976
Court Related	1,874,110	1,927,423
Culture/Recreation	1,121,744	1,195,049
Interest on Long-term Debt	<u>868,070</u>	<u>856,102</u>
<b>Total Expenses</b>	<u>34,840,466</u>	<u>36,958,641</u>
<b>Increase (Decrease) in Net Assets</b>		
<b>Before Transfers</b>	1,058,082	(844,977)
<b>Transfer from Private Purpose</b>		
<b>Trust Fund</b>	<u>174,332</u>	<u>2,947,289</u>
<b>Increase (Decrease) in Net Assets</b>	<u>1,232,414</u>	<u>2,102,312</u>
<b>Net Assets October 1, 2010 (Restated)</b>	<u>60,638,641</u>	<u>58,536,329</u>
<b>Net Assets September 30, 2011</b>	<u>\$ 61,871,055</u>	<u>\$ 60,638,641</u>

As reflected in the changes in net assets, the County's net assets increased by \$1,232,414.

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

### **FUND FINANCIAL ANALYSIS**

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

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

As of the end of fiscal year 2011, the County's governmental funds reported combined ending fund balances of \$12.0 million, an increase of \$480,797 in comparison with the prior year. Of the approximately \$12.0 million total fund balance, unassigned fund balance is \$3.8 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 \$247,662. The total general fund balance was \$4,592,262 of which \$4,010,886 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 22% of total general fund expenditures excluding transfers.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund's budget increased during fiscal year 2010-2011 in the amount of \$505,442. Fiscally constrained revenues came in over budget in the amount of \$132,951 and an increase in fund balance in the amount of \$372,491.

The use of the Fiscally Constrained revenue increase in the amount of \$132,951 was twofold:

- 1) \$59,054 provided summer jobs for students
- 2) \$73,897 was allotted to the Sheriff's office for two additional deputies.

In 2011, the County had the opportunity to purchase the Tax Collector/Property Appraiser's building and vacant lot next to it for \$372,491. To be able to purchase the building the County had to look to fund balance for funds and so increased the budget to accommodate the purchase. The County had previously been paying rent on this building.

### **CAPITAL ASSETS AND DEBT MANAGEMENT**

#### **Capital Assets**

The County's investment in capital assets for its governmental activities as of September 30, 2011 amounts to \$69.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

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

- The purchase of one new truck for the animal control department \$23,010
- The purchase of three new trucks for the public works department \$74,276
- The purchase of one John Deere Backhoe Loader for \$80,067
- The purchase of one John Deere 6430 Boom Mower for \$121,041

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

- The installation of a heliport at the hospital building for \$143,942
- The purchase of the building that housed the Tax Collector and the Property Appraiser for \$372,491
- The installment loan purchase of a generator for the Sheriff's building for \$151,428

Through grants and capital projects the County spent \$3,916,731 on resurfacing paved roads.

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

**Gadsden County, Florida**  
**Capital Assets**  
(net of depreciation)

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 2,050,409	\$ 1,827,909
Building	25,890,636	26,093,928
Improvements Other than Buildings	2,912,799	2,637,483
Machinery and Equipment	8,148,596	9,106,912
Construction in Progress	663,158	1,418,291
Infrastructure	29,625,515	28,556,313
<b>Total</b>	<b>\$ 69,291,113</b>	<b>\$ 69,640,836</b>

**Debt Management**

The two most significant components of the County's debt are the Florida Municipal Loan Council Revenue Bonds Series 2003B, at \$5.2 million and the BB&T Bank Loan for \$9.5 million. Future county fuel tax revenues and constitutional fuel tax revenues secure the bonds and the newly voted half cent Indigent Surtax is used to secure the loan with BB&T. The County also has a loan with the Florida Municipal Loan Council for 2006B Revenue Bonds at \$1.9 million for the financing costs of library facilities.

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

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

	<b>2011</b>	<b>2010</b>	<b>Increase (Decrease)</b>
Revenue Bonds	\$ 16,757,693	\$ 17,742,999	\$ (985,306)
Notes and Loans Payable	379,217	633,500	(254,283)
Compensated Absences	1,445,597	1,444,843	754
Other Post Employment Benefits	1,133,200	1,058,000	75,200
Landfill Post-closure Costs	628,012	662,994	(34,982)
<b>Total</b>	<b>\$ 20,343,719</b>	<b>\$ 21,542,336</b>	<b>\$ (1,198,617)</b>

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

### ***(Concluded)***

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

The unemployment rate for the County in September 2011 was 10.3%. The State of Florida's rate in September 2011 was 10.6 %.

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

A loss in property value due to continuing low market values, short sales and foreclosures is expected for the next year's ad valorem taxes which will have a significant impact on the County's budget. Another area of concern is the increase in tangible property tax exemption from \$25,000 to \$50,000 which has been approved by the Florida Legislature and will be on the ballot for Gadsden County citizens to approve in November. If this exemption is approved by the voters, it will cause 404 accounts to be removed from the County's roll and will reduce the taxable value by approximately 1.7 million dollars.

Another possible ad valorem tax impact could be the Bill for Homestead exemption for military personnel, firefighters and police officers killed in the line of duty in which the surviving spouse would receive the tax exemption. Lastly, on the ballot in November will be an amendment to provide an exemption for poor seniors who have lived in their home for 25 years or more. It is unknown at this time the impact these two items will have on the County's budget.

On a positive note, while the County is anticipating a loss of ad valorem revenue, the Creek Entertainment Casino opened its doors in Gadsden County on December 12, 2011 and this new facility added an additional \$7,000,000 in taxable values to the County.

HB 5301 dealing with Medicaid reimbursements was passed by the legislature on March 12, 2012. The impact on Gadsden County will be an increase in the amount the County pays for Medicaid from (2010-11) \$324,000 to \$774,000 (2011-12).

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

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



## **BASIC FINANCIAL STATEMENTS**

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets:	
Cash	\$ 9,097,291
Investments	3,422,242
Receivables, Net:	
Accounts	659,760
Due from Agency Funds	
Due from Other Governments	2,321,530
Prepaid Items	139,253
Inventories	138,753
Total Current Assets	<u>15,778,829</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	2,713,567
Depreciable, Net	66,577,546
Unamortized Loan Issuance Costs	177,012
Total Noncurrent Assets	<u>69,468,125</u>
<b>Total Assets</b>	<u><u>85,246,954</u></u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,486,925
Due to Agency Funds	87,072
Due to Other Governments	324,081
Accrued Wages Payable	315,293
Deferred Revenue	569,605
Unamortized Premium	31,098
Bonds and Notes Payable	1,331,770
Accrued Compensated Absences	1,100,296
Estimated Landfill Postclosure Costs	34,982
Total Current Liabilities	<u>5,281,122</u>
Noncurrent Liabilities:	
Unamortized Premium	218,106
Accrued Compensated Absences	345,301
Other Postemployment Benefits Obligation	1,133,200
Bonds and Notes Payable	15,805,140
Estimated Landfill Postclosure Costs	593,030
Total Noncurrent Liabilities	<u>18,094,777</u>
<b>Total Liabilities</b>	<u><u>23,375,899</u></u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	52,082,011
Restricted	5,430,493
Unrestricted	4,358,551
<b>Total Net Assets</b>	<u><u>\$ 61,871,055</u></u>

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

**GADSDEN COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 7,118,739	\$ 1,339,697	\$ 146,095	\$ 18,498	\$ (5,614,449)
Public Safety	12,512,583	2,347,375	1,191,577	7,314	(8,966,317)
Physical Environment	872,794	43,700	209,863	10,160	(609,071)
Transportation	7,291,866	212,896	139,817	2,865,262	(4,073,891)
Economic Environment	652,698	0	197,349	0	(455,349)
Human Services	2,527,862	33,966	72,838	0	(2,421,058)
Court Related	1,874,110	628,586	1,149,953	0	(95,571)
Culture and Recreation	1,121,744	47,294	389,472	65,545	(619,433)
Interest on Long-term Debt	868,070	0	0	0	(868,070)
<b>Total Primary Government</b>	<b>\$ 34,840,466</b>	<b>\$ 4,653,514</b>	<b>\$ 3,496,964</b>	<b>\$ 2,966,779</b>	<b>(23,723,209)</b>

**General Revenues**

Taxes:

Property Taxes	11,492,601
Franchise and Utility Taxes	272,935
Discretionary Sales Surtax	3,354,204
Local Option Gas Tax	1,499,546
Motor Fuel Tax	2,434,207
Other Taxes	85,839
Sales Tax and Other Shared Revenues	5,430,906
Investment Earnings	27,979
Miscellaneous	183,074
Transfer from Private Purpose Trust	174,332

**Total General Revenues and Transfers**

24,955,623

**Change in Net Assets**

1,232,414

**Net Assets, Beginning of Year (Restated)**

60,638,641

**Net Assets, End of Year**

\$ 61,871,055

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

**GADSDEN COUNTY, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>County Transportation</u>	<u>General Grants</u>
<b>Assets</b>			
Cash	\$ 2,333,501	\$ 1,294,202	\$ 134,394
Investments	2,126,855	104,189	0
Receivables (Net of Allowance for Uncollectibles) Accounts	156,434	161,982	2,500
Due from Other Funds	377,967	161,246	0
Due from Other Governments	638,868	356,517	191,565
Prepaid Expenses	115,155	24,098	0
Inventories, at Cost	89,433	49,320	0
<b>Total Assets</b>	<u>5,838,213</u>	<u>2,151,554</u>	<u>328,459</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Expenses	669,747	66,654	93,856
Due to Other Funds	22,347	0	223,706
Due to Other Governments	99,661	14	154,981
Accrued Wages Payable	189,523	72,457	0
Deferred Revenues	264,673	206,710	334
<b>Total Liabilities</b>	<u>1,245,951</u>	<u>345,835</u>	<u>472,877</u>
<b>Fund Balances</b>			
Nonspendable	333,771	73,418	0
Restricted	160,307	1,732,301	0
Committed	0	0	0
Assigned	87,298	0	0
Unassigned	4,010,886	0	(144,418)
<b>Total Fund Balances</b>	<u>4,592,262</u>	<u>1,805,719</u>	<u>(144,418)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,838,213</u>	<u>\$ 2,151,554</u>	<u>\$ 328,459</u>

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

<b>Capital Projects Road Resurfacing</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 136,644	\$ 5,198,550	\$ 9,097,291
374,618	816,580	3,422,242
0	338,844	659,760
514	370,043	909,770
187,552	947,028	2,321,530
0	0	139,253
0	0	138,753
<u>699,328</u>	<u>7,671,045</u>	<u>16,688,599</u>
305,264	351,404	1,486,925
0	750,789	996,842
0	69,425	324,081
0	53,313	315,293
0	1,130,473	1,602,190
<u>305,264</u>	<u>2,355,404</u>	<u>4,725,331</u>
0	0	407,189
394,064	3,304,128	5,590,800
0	2,791	2,791
0	2,094,794	2,182,092
0	(86,072)	3,780,396
<u>394,064</u>	<u>5,315,641</u>	<u>11,963,268</u>
<u>\$ 699,328</u>	<u>\$ 7,671,045</u>	<u>\$ 16,688,599</u>

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

**GADSDEN COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

<b>Total Fund Balances of Governmental Funds</b>		\$ 11,963,268
<b>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</b>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		69,291,113
Receivables that do not provide current financial resources are reported as deferred revenue in the governmental funds.		1,032,585
Loan issuance costs are not current financial resources and, therefore, are not reported as assets in the governmental funds.		177,012
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds and Installment Notes Payable	\$ (17,136,910)	
Unamortized Premium	(249,204)	
Accrued Compensated Absences	(1,445,597)	
Accrued Other Postemployment Benefits Obligation	(1,133,200)	
Estimated Landfill Postclosure Costs	(628,012)	(20,592,923)
<b>Total Net Assets of Governmental Activities</b>		<b>\$ 61,871,055</b>

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, 2011**

	<b>General Fund</b>	<b>County Transportation</b>	<b>General Grants</b>
<b>Revenues</b>			
Taxes	\$ 11,765,537	\$ 2,377,222	\$ 0
Licenses and Permits	89,004	0	0
Intergovernmental Revenues	5,826,130	477,107	1,022,416
Charges for Services	1,140,842	212,896	0
Fines and Forfeitures	0	0	90,802
Miscellaneous Revenues	185,197	37,721	154
<b>Total Revenues</b>	<u>19,006,710</u>	<u>3,104,946</u>	<u>1,113,372</u>
<b>Expenditures</b>			
Current:			
General Government	6,784,239	0	0
Public Safety	7,247,334	0	76,599
Physical Environment	260,160	0	102,589
Transportation	0	3,890,330	92,880
Economic Environment	267,102	0	0
Human Services	1,153,175	0	79,925
Court Related	1,475,687	0	0
Culture and Recreation	88,025	0	40,882
Debt Service:			
Principal	167,975	0	0
Interest	14,983	0	0
Other	0	0	0
Capital Outlay:			
General Government	629,688	0	0
Public Safety	18,774	0	21,009
Physical Environment	13,202	0	0
Transportation	0	281,797	0
Human Services	23,010	0	0
Court Related	0	0	0
Culture and Recreation	0	0	0
<b>(Total Expenditures)</b>	<u>(18,143,354)</u>	<u>(4,172,127)</u>	<u>(413,884)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>863,356</u>	<u>(1,067,181)</u>	<u>699,488</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	7,948,315	2,001,901	0
Transfers (out)	(8,657,589)	0	(786,736)
Installment Purchase	93,580	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(615,694)</u>	<u>2,001,901</u>	<u>(786,736)</u>
<b>Net Change in Fund Balances</b>	247,662	934,720	(87,248)
<b>Fund Balances at Beginning of Year</b>	<u>4,344,600</u>	<u>870,999</u>	<u>(57,170)</u>
<b>Fund Balances at End of Year</b>	<u>\$ 4,592,262</u>	<u>\$ 1,805,719</u>	<u>\$ (144,418)</u>

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

<b>Capital Projects Road Resurfacing</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 0	\$ 3,456,186	\$ 17,598,945
0	260,636	349,640
1,935,001	4,227,335	13,487,989
0	2,813,482	4,167,220
0	22,658	113,460
1,551	136,000	360,623
<u>1,936,552</u>	<u>10,916,297</u>	<u>36,077,877</u>
0	116,502	6,900,741
0	4,335,278	11,659,211
0	483,992	846,741
3,150	0	3,986,360
0	365,381	632,483
0	606,849	1,839,949
0	398,423	1,874,110
0	879,482	1,008,389
0	1,165,194	1,333,169
0	858,321	873,304
0	9,025	9,025
0	45,165	674,853
0	111,233	151,016
0	10,160	23,362
2,394,964	876,906	3,553,667
0	193,933	216,943
0	131,366	131,366
0	150,303	150,303
<u>(2,398,114)</u>	<u>(10,737,513)</u>	<u>(35,864,992)</u>
<u>(461,562)</u>	<u>178,784</u>	<u>212,885</u>
0	11,232,534	21,182,750
0	(11,564,093)	(21,008,418)
0	0	93,580
<u>0</u>	<u>(331,559)</u>	<u>267,912</u>
(461,562)	(152,775)	480,797
<u>855,626</u>	<u>5,468,416</u>	<u>11,482,471</u>
<u>\$ 394,064</u>	<u>\$ 5,315,641</u>	<u>\$ 11,963,268</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, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ 480,797

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

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

Expenditures for Capital Outlays	\$ 4,992,632	
Contributions, Disposals and Transfers	(67,793)	
(Current Year Depreciation)	(5,274,559)	(349,720)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.		1,333,169
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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.		(93,580)
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Amortization of issuance costs and debt premium are a component of interest expense in the statement of activities, while it has no effect in the governmental funds:

Amortization of Bond Premiums	31,098	
Amortization of Issue Costs	(16,842)	14,256

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	(754)	
Other Postemployment Benefits	(75,200)	
Landfill Postclosure Costs	34,982	(40,972)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(111,536)
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<b>Change in Net Assets - Governmental Activities</b>		<b>\$ 1,232,414</b>
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The notes to the financial statements are an integral part of this statement.

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 11,792,896	\$ 11,608,896	\$ 11,765,537	\$ 156,641
Licenses and Permits	129,000	129,000	89,004	(39,996)
Intergovernmental Revenues	5,300,060	5,588,915	5,826,130	237,215
Charges for Services	1,217,255	1,162,615	1,140,842	(21,773)
Miscellaneous Revenues	140,841	164,258	185,197	20,939
<b>Total Revenues</b>	<b>18,580,052</b>	<b>18,653,684</b>	<b>19,006,710</b>	<b>353,026</b>
<b>Expenditures</b>				
Current:				
General Government	7,083,022	8,610,121	6,784,239	1,825,882
Public Safety	7,264,408	7,265,208	7,247,334	17,874
Physical Environment	284,014	284,771	260,160	24,611
Economic Environment	226,187	265,187	267,102	(1,915)
Human Services	1,108,168	1,145,768	1,153,175	(7,407)
Court Related	1,177,333	1,557,373	1,475,687	81,686
Culture and Recreation	105,900	105,900	88,025	17,875
Debt Service:				
Principal	0	0	167,975	(167,975)
Interest	0	0	14,983	(14,983)
Capital Outlay:				
General Government	23,469	159,089	629,688	(470,599)
Public Safety	214,000	214,000	18,774	195,226
Physical Environment	0	28,423	13,202	15,221
Human Services	25,000	23,400	23,010	390
Court Related	380,040	0	0	0
Contingency	277,808	0	0	0
<b>(Total Expenditures)</b>	<b>(18,169,349)</b>	<b>(19,659,240)</b>	<b>(18,143,354)</b>	<b>1,515,886</b>
<b>Excess of Revenues Over Expenditures</b>	<b>410,703</b>	<b>(1,005,556)</b>	<b>863,356</b>	<b>1,868,912</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	9,858,107	9,864,670	7,948,315	(1,916,355)
Transfers (out)	(10,338,229)	(10,514,695)	(8,657,589)	1,857,106
Installment Purchase	0	0	93,580	93,580
<b>Total Other Financing Sources (Uses)</b>	<b>(480,122)</b>	<b>(650,025)</b>	<b>(615,694)</b>	<b>34,331</b>
<b>Net Change in Fund Balance</b>	<b>(69,419)</b>	<b>(1,655,581)</b>	<b>247,662</b>	<b>1,903,243</b>
<b>Fund Balance, Beginning of Year</b>	<b>69,419</b>	<b>478,248</b>	<b>4,344,600</b>	<b>3,866,352</b>
<b>Fund Balance, End of Year</b>	<b>\$ 0</b>	<b>\$ (1,177,333)</b>	<b>\$ 4,592,262</b>	<b>\$ 5,769,595</b>

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, 2011**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 2,225,573	\$ 2,225,573	\$ 2,377,222	\$ 151,649
Intergovernmental Revenues	484,673	484,673	477,107	(7,566)
Charges for Services	85,560	85,575	212,896	127,321
Miscellaneous Revenues	500	500	37,721	37,221
<b>Total Revenues</b>	<u>2,796,306</u>	<u>2,796,321</u>	<u>3,104,946</u>	<u>308,625</u>
<b>Expenditures</b>				
Current:				
Transportation	4,447,420	4,334,620	3,890,330	444,290
Capital Outlay:				
Transportation	0	351,800	281,797	70,003
<b>(Total Expenditures)</b>	<u>(4,447,420)</u>	<u>(4,686,420)</u>	<u>(4,172,127)</u>	<u>514,293</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(1,651,114)</u>	<u>(1,890,099)</u>	<u>(1,067,181)</u>	<u>822,918</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,651,114	1,651,099	2,001,901	350,802
<b>Total Other Financing Sources (Uses)</b>	<u>1,651,114</u>	<u>1,651,099</u>	<u>2,001,901</u>	<u>350,802</u>
<b>Net Change in Fund Balance</b>	0	(239,000)	934,720	1,173,720
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>239,000</u>	<u>870,999</u>	<u>631,999</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,805,719</u>	<u>\$ 1,805,719</u>

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

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL GRANTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 207,660	\$ 1,496,650	\$ 1,022,416	\$ (474,234)
Fines and Forfeitures	0	91,000	90,802	(198)
Miscellaneous Revenues	0	50	154	104
<b>Total Revenues</b>	<u>207,660</u>	<u>1,587,700</u>	<u>1,113,372</u>	<u>(474,328)</u>
<b>Expenditures</b>				
Current:				
Public Safety	0	13,707	76,599	(62,892)
Physical Environment	10,000	399,901	102,589	297,312
Transportation	0	130,000	92,880	37,120
Economic Environment	0	0	0	0
Human Services	0	0	79,925	(79,925)
Culture and Recreation	0	0	40,882	(40,882)
Capital Outlay:				
Public Safety	0	35,520	21,009	14,511
Culture and Recreation	0	40,882	0	40,882
<b>(Total Expenditures)</b>	<u>(10,000)</u>	<u>(620,010)</u>	<u>(413,884)</u>	<u>206,126</u>
<b>Excess of Revenues Over Expenditures</b>	<u>197,660</u>	<u>967,690</u>	<u>699,488</u>	<u>(268,202)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(197,660)	(967,690)	(786,736)	180,954
<b>Total Other Financing Sources (Uses)</b>	<u>(197,660)</u>	<u>(967,690)</u>	<u>(786,736)</u>	<u>180,954</u>
<b>Net Change in Fund Balance</b>	0	0	(87,248)	(87,248)
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>(57,170)</u>	<u>(57,170)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (144,418)</u>	<u>\$ (144,418)</u>

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

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 31,195	\$ 1,742,058	\$ 1,773,253
Investments	7,154,277	0	7,154,277
Accounts Receivable	712	7,757	8,469
Due from Other Funds	100,000	10,953	110,953
<b>Total Assets</b>	<u>7,286,184</u>	<u>1,760,768</u>	<u>9,046,952</u>
 <b>Liabilities</b>			
Accounts Payable	0	6,204	6,204
Due to Individuals	0	34,833	34,833
Due to Other Funds	0	23,881	23,881
Due to Other Governments	30,462	179,988	210,450
Assets Held for Others	0	52,676	52,676
Installment Tax Deposits	0	272,535	272,535
Deposits	0	1,188,616	1,188,616
Deferred Revenue	0	2,035	2,035
<b>Total Liabilities</b>	<u>30,462</u>	<u>1,760,768</u>	<u>1,791,230</u>
 <b>Net Assets</b>			
Held in Trust	<u>\$ 7,255,722</u>	<u>\$ 0</u>	<u>\$ 7,255,722</u>

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

**GADSDEN COUNTY, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Private Purpose Trust Fund</b>
<b>Additions</b>	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 48,201
Interest and Dividends	125,935
Miscellaneous Revenues	732
<b>Total Additions</b>	<u>174,868</u>
 <b>Deductions</b>	
Transfers (out)	174,332
Administrative Fees	125,935
<b>Total Deductions</b>	<u>(300,267)</u>
 <b>Net (Decrease)</b>	 (125,399)
 <b>Net Assets Held in Trust, Beginning of Year</b>	 <u>7,381,121</u>
 <b>Net Assets Held in Trust, End of Year</b>	 <u><u>\$ 7,255,722</u></u>

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**Note 1 - Reporting Entity**

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

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

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

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

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Budgets and Budgetary Accounting**

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

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

**Investments**

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

**Receivables**

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

**Due from (to) Other Funds**

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

**Prepaid Items**

Certain payments to vendors are made in advance of the accounting period to which the cost related. These payments are reported under the allocation method, i.e., an asset is established at the date of the payment and subsequently amortized over the account periods that are expected to benefit from the initial payment. The prepaid balances reported on the governmental funds balance sheet are offset by a nonspendable fund balance classification which indicates these balances do not constitute “available spendable resources.”

**Inventories**

Inventories shown in the General Fund consist of fuel and office supplies valued at cost. General Fund inventory is recorded under the consumption method. Inventories shown in the county transportation fund consists predominately of repair parts and are valued at cost. On the governmental fund balance sheet, the inventory balance are offset by a nonspendable fund balance classification which indicates these balances do not constitute “available spendable resources” even though it is a component of net current assets. The costs of governmental fund type inventories are recorded as expenditure when consumed; therefore, the inventory is not available for appropriation.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Capital Assets**

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

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

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

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

**Deferred Revenues**

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

**Long-term Obligations**

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

**Compensated Absences**

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

The County participates and administers a single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program. Additional information on the County's OPEB liability can be found in Note 14.

**Property Taxes**

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

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

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

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

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

**Fund Balance**

The County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Fund Balance (Concluded)**

- **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 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 or resolution) 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.

**Note 3 - Cash and Investments**

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

***Public Purpose***

As of September 30, 2011, the County's public purpose programs had the following in cash and investments:

	<b>Carrying Amount</b>
Cash on Hand	\$ 3,035
Deposits in Qualified Public Depositories	10,867,509
SBA Florida PRIME	3,369,242
SBA Fund B	53,000
<b>Total Cash and Investments</b>	<b>\$ 14,292,786</b>

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Credit Risk – *Public Purpose Funds***

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

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

Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. The County's fair value of their position in Florida PRIME approximates their value of the pool shares. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standards & Poor's. Fund B is not rated by any nationally recognized statistical rating agency.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2011, consist primarily of treasury notes and Agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The Agency securities are not fully rated.

**Custodial Credit Risk – Public Purpose Funds**

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County's deposits in these qualified depositories are considered fully insured or collateralized. Bank balances at September 30, 2011, were \$11,351,061.

**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 31 days. The estimated weighted average duration for Fund B is 4.82 years.

**Hospital Endowment Trust Fund**

As of September 30, 2011, the Hospital Endowment Trust Fund had the following balances in investments:

Investments at Capital City Trust Company:

	<b>Fair Value</b>
Cash	\$ 712
Repurchase Agreement	1,045,021
U.S. Treasury Notes	150,323
U.S. Government Agencies	273,123
Mutual Funds - (Fixed)	2,970,779
Equities	2,714,319
<b>Total Investments</b>	<b>\$ 7,154,277</b>

**Credit Risk – Hospital Endowment Trust Fund**

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Credit Risk – Hospital Endowment Trust Fund (Concluded)**

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	\$ 150,323	\$ 150,323	\$ 0
U.S. Government Agencies	273,123	0	273,123
Non-Classifiable	6,730,831	6,730,831	0
<b>Total</b>	<u>\$ 7,154,277</u>	<u>\$ 6,881,154</u>	<u>\$ 273,123</u>

**Note 4 - Receivables**

Receivables at September 30, 2011, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 156,966	\$ (532)	\$ 156,434
County Transportation	161,982	0	161,982
Other Governmental Funds:			
Landfill	740	0	740
Emergency Medical Services	3,244,742	(2,917,138)	327,604
General Grants	2,500	0	2,500
Hospital Operating	242,210	(242,210)	0
Capital Projects – Parks	10,500	0	10,500
Fiduciary Funds:			
Private Purpose Trust Fund	712	0	712
Agency Fund – Tax	7,757	0	7,757
<b>Total Receivables</b>	<u>\$ 3,828,109</u>	<u>\$ (3,159,880)</u>	<u>\$ 668,229</u>



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

Interfund balances at September 30, 2011, consisted of the following:

	<u><b>Due From</b></u>	<u><b>Due To</b></u>
General Fund	\$ 377,967	\$ 22,347
County Transportation	161,246	0
General Grants	0	223,706
Capital Projects - Road Resurfacing	514	0
Other Governmental Funds	370,043	750,789
Fiduciary Funds:		
Private Purpose Trust Fund	100,000	0
Agency Funds	<u>10,953</u>	<u>23,881</u>
<b>Total</b>	<u><u>\$ 1,020,723</u></u>	<u><u>\$ 1,020,723</u></u>

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

Interfund transfers for the year ended September 30, 2011, consisted of the following:

	<u><b>Interfund</b></u>	
	<u><b>Transfers In</b></u>	<u><b>Transfers Out</b></u>
General Fund	\$ 7,948,315	\$ 8,657,589
County Transportation	2,001,901	0
General Grants	0	786,736
Other Governmental Funds	11,232,534	11,564,093
Fiduciary Funds:		
Private Purpose Trust Fund	<u>0</u>	<u>174,332</u>
<b>Total Interfund Transfers</b>	<u><u>\$ 21,182,750</u></u>	<u><u>\$ 21,182,750</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, 2011**  
*(Continued)*

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,827,909	\$ 225,000	\$ (2,500)	\$ 2,050,409
Construction Work in Progress	<u>1,418,291</u>	<u>121,915</u>	<u>(877,048)</u>	<u>663,158</u>
Total Capital Assets Not Being Depreciated	<u>3,246,200</u>	<u>346,915</u>	<u>(879,548)</u>	<u>2,713,567</u>
Capital Assets Being Depreciated:				
Buildings	34,212,209	555,206	0	34,767,415
Improvements Other Than Buildings	3,123,091	340,343	0	3,463,434
Machinery and Equipment:				
Board and Clerk	16,978,606	532,487	(1,107,509)	16,403,584
Sheriff	<u>2,585,737</u>	<u>104,149</u>	<u>0</u>	<u>2,689,886</u>
Total Machinery and Equipment	19,564,343	636,636	(1,107,509)	19,093,470
Infrastructure	<u>47,179,404</u>	<u>4,043,931</u>	<u>0</u>	<u>51,223,335</u>
Total Capital Assets Being Depreciated	<u>104,079,047</u>	<u>5,576,116</u>	<u>(1,107,509)</u>	<u>108,547,654</u>
Less Accumulated Depreciation:				
Buildings	(8,118,281)	(758,498)	0	(8,876,779)
Improvements Other Than Buildings	(485,608)	(65,027)	0	(550,635)
Machinery and Equipment	(10,457,431)	(1,476,305)	988,862	(10,944,874)
Infrastructure	<u>(18,623,091)</u>	<u>(2,974,729)</u>	<u>0</u>	<u>(21,597,820)</u>
Total Accumulated Depreciation	<u>(37,684,411)</u>	<u>(5,274,559)</u>	<u>988,862</u>	<u>(41,970,108)</u>
Total Capital Assets Being Depreciated, Net	<u>66,394,636</u>	<u>301,557</u>	<u>(118,647)</u>	<u>66,577,546</u>
<b>Total Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 69,640,836</u>	<u>\$ 648,472</u>	<u>\$ (998,195)</u>	<u>\$ 69,291,113</u>

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

General Government	\$ 331,009
Public Safety	769,731
Physical Environment	61,035
Transportation	3,291,301
Economic Environment	20,215
Human Services	687,913
Culture and Recreation	<u>113,355</u>
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<u>\$ 5,274,559</u>

**Note 7 - Long-term Debt**

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

The following is a summary of changes in long-term debt for the year ended September 30, 2011.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

	<u>Balance</u> <u>10/1/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/11</u>	<u>Due Within</u> <u>One Year</u>
Estimated Landfill Postclosure Costs	\$ 662,994	\$ 0	\$ (34,982)	\$ 628,012	\$ 34,982
Employee Compensated Absences Payable	1,444,843	1,021,502	(1,020,748)	1,445,597	1,100,296
Other Postemployment Benefits	1,058,000	75,200	0	1,133,200	0
Installment Purchase, Hancock Bank, Due in Four Annual Installments of \$217,882, Plus a Payment in the Fifth Year of \$135,079, Commencing in December 2007, Including Interest at 4.08%	294,191	0	(179,888)	114,303	114,303
Loan with the Florida Municipal Loan Council for 2003B Revenue Bonds, Semi-annual Interest Payments in May and November, Commencing May 2005, Interest at 4.53%, Principal Payment in December for \$460,000 Through 2018, Funds to be Used for Infrastructure	5,835,000	0	(550,000)	5,285,000	565,000
Loan with the Florida Municipal Loan Council for 2006B Revenue Bonds, Semi-annual Interest Payments in April and October, Commencing April 2007, Interest at 4.46%, Principal Payment in October for \$115,000 Through 2022, Funds to be Used for Financing and Refinancing Costs of Library Facilities	2,055,000	0	(130,000)	1,925,000	140,000
Vehicle Purchase of 20, Payable in 12 Quarterly Payments of \$44,883 Including Interest at 5.10%, Commencing December 2009	339,309	0	(165,357)	173,952	173,952
Loan with BB&T for 2010 Hospital Bond Commencing March 2010. Principal and Interest Payments Occurring Monthly \$66,142. Interest at 5.03% Maturing on March 2030. Funds Used to Pay Short- term Capital City Loan and Complete Hospital Renovations	9,852,999	0	(305,306)	9,547,693	321,022

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

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

	<u>Balance</u> <u>10/1/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/11</u>	<u>Due Within</u> <u>One Year</u>
Loan with Caterpillar Financial Services Corp. Commencing in July 2011. Principal and Interest Payments Occurring Monthly \$1,712.87, Interest at 3.5% Maturing on June 2016. Funds Used to Pay for a New Generator at W.A. Woodham Building	\$ 0	\$ 93,580	\$ (2,618)	\$ 90,962	\$ 17,493
<b>Total</b>	<u>\$ 21,542,336</u>	<u>\$ 1,190,282</u>	<u>\$ (2,388,899)</u>	<u>\$ 20,343,719</u>	<u>\$ 2,467,048</u>

Interest expense and other debt related charges during 2011 on long-term debt totaled \$859,048, 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>
2012	\$ 1,331,770	\$ 821,630
2013	1,080,707	768,165
2014	1,128,776	716,816
2015	1,182,765	657,777
2016	1,244,284	595,828
2017-2021	5,471,618	2,032,823
2022-2026	3,153,938	1,039,615
2027-2030	2,543,052	235,728
Other Years (Including Compensated Absences After One Year, Other Postemployment Benefits, and Estimated Landfill Postclosure Costs)	<u>3,206,809</u>	<u>0</u>
<b>Total</b>	<u>\$ 20,343,719</u>	<u>\$ 6,868,382</u>

**Original Issue Premium and Loan Issue Costs**

Unamortized original issue premium and loan issuance costs for the loans with the Florida Municipal Loan Council at September 30, 2011, were \$249,204 and \$177,011, respectively.

**Note 8 - Pledged Revenues**

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2011. 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, 2011:

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

**Note 8 - Pledged Revenues (Concluded)**

<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>
	Revenue Bond for Infrastructure					
County Fuel Tax	Revenue Bond Series 2003B	\$ <u>1,596,030</u>	\$ <u>816,456</u>	51.16%	\$ <u>6,447,928</u>	2018
	Revenue Bond for Library					
Local Half-Cent Tax	Revenue Bond Series 2006B	\$ <u>1,101,693</u>	\$ <u>221,231</u>	20.08%	\$ <u>2,471,681</u>	2022
	Sales Tax and Revenue Refund					
Indigent Surtax Revenues	Bond Series 2010	\$ <u>1,366,801</u>	\$ <u>793,937</u>	58.09%	\$ <u>14,687,833</u>	2030

**Note 9 - Defined Benefit Pension Plan**

**Plan Description**

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

**Fund Policy**

If employed prior to July 1, 2011, the system provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty five years of service or must reach age fifty five. If employed on or after July 1, 2011, normal retirement is after thirty three years of service or age sixty five except for the Special Risk service class. Those hired on or after July 1, 2011, who are assigned the Special Risk service class must have thirty years of service or must reach age sixty. Early retirement may be taken after meeting the appropriate vesting requirement with a 5% benefit reduction for each year prior to the normal retirement requirement. The FRS also offers eligible employees the ability to participate in an alternative defined contribution plan (the Investment Plan). Employees participating in the Investment Plan are vested after one year of service with no age requirement. Generally, membership is compulsory for all full-time and part-time employees except for Elected Officials who may elect not to participate in the system. Prior to July 1, 2011, retirement coverage for an employee was noncontributory. Effective July 1, 2011, all FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis.

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Fund Policy (Concluded)**

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

The County is required to contribute at an actuarially determined rate. The contributions required for the years ended September 30, 2011, 2010, and 2009 were \$1,695,108, \$1,759,702, and \$1,787,307, respectively, which is equal to 100% of the required contribution for each year. The employer contribution rates for 2011 were as follows:

	<b>Employer Contribution Rate</b>
	<b>July 1, 2011</b>
Regular Employees	4.91%
Senior Management Service	6.27%
SUS Optional Program	7.42%
Elected County Officials	11.14%
Special Risk	14.10%

**Note 10 - Risk Management**

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

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

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

**Note 11 - Hospital Endowment Trust Fund**

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

**Note 12 - Landfill Postclosure Costs**

The Board has obtained engineering estimates of future costs to monitor the landfill sites as required by U.S. Environmental Protection Agency regulations and the related provisions of GASB Statement No. 18. A long-term liability for accrued landfill postclosure costs at September 30, 2011, has been recorded in the statement of net assets representing the Board's estimated liabilities for such costs. In addition, the Board has established a landfill escrow account to accumulate funds for monitoring the final closure of the landfills. The County does not presently own or operate any open sanitary landfill sites.

**Note 13 - Commitments and Contingencies**

**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.

**Construction Commitments**

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2011:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of 9/30/10</u>
Water and Sewer Projects	Physical Environment	\$ 1,300,000	\$ 785,538
Road Resurfacing	Transportation	184,407	53,241
<b>Total</b>		<u>\$ 1,484,407</u>	<u>\$ 838,779</u>

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

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

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

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Annual OPEB Cost and Net OPEB Obligations**—The County's OPEB obligation is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the guidance provided by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the County's annual cost, its actuarial contributions, and changes in the County's net OPEB obligation:

	<u>BOCC</u>	<u>Clerk of Courts</u>	<u>Property Appraiser</u>	<u>Sheriff</u>	<u>Tax Collector</u>	<u>Total</u>
Annual Required Contribution	\$ 66,600	\$ 11,600	\$ 4,900	\$ 70,200	\$ 3,700	\$ 157,000
Interest on Net OPEB						
Obligation	15,800	2,500	900	22,500	600	42,300
Adjustment to the ARC	<u>(16,000)</u>	<u>(2,500)</u>	<u>(900)</u>	<u>(22,600)</u>	<u>(600)</u>	<u>(42,600)</u>
Annual OPEB Cost	66,400	11,600	4,900	70,100	3,700	156,700
Employer Contributions	<u>(26,100)</u>	<u>(14,900)</u>	<u>(1,200)</u>	<u>(38,000)</u>	<u>(1,300)</u>	<u>(81,500)</u>
Increase in Net OPEB						
Obligation	40,300	(3,300)	3,700	32,100	2,400	75,200
<b>Net OPEB Obligation,</b>						
<b>Beginning of Year</b>	<u>396,000</u>	<u>63,000</u>	<u>22,000</u>	<u>562,000</u>	<u>15,000</u>	<u>1,058,000</u>
<b>Net OPEB Obligation,</b>						
<b>End of Year</b>	<u>\$ 436,300</u>	<u>\$ 59,700</u>	<u>\$ 25,700</u>	<u>\$ 594,100</u>	<u>\$ 17,400</u>	<u>\$ 1,133,200</u>

**Funded Status and Funding Progress**—As of the most recently completed actuarial valuation (October 1, 2010), the unfunded actuarial accrued liability for benefits was \$1,358,500, all of which was unfunded. The County's covered payroll (annual payroll of active employees covered by the plan) was \$10,647,740. The ratio of the County's actuarial accrued liability to the County's covered payroll was 12.76%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer and new estimates are made about the future.

**Actuarial Methods and Assumptions**—Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of valuation. The actuarial calculations reflect a long-term perspective and the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.



**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

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

**Actuarial Methods and Assumptions—(Concluded)**

For the October 1, 2010 actuarial valuation, the projected unit credit cost method was used to determine the Plan's liabilities and costs. The objective under that method is to fund each participant's benefits under the plan as they would accrue, taking into consideration the plan's benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included: a 4% rate of return (which includes inflation at 2.75% per annum) based on the estimated long-term investments that are expected to be used to finance the payment of the benefits; healthcare cost trend rates were assumed to increase 10% for Pre-Medicare coverage for the fiscal year beginning October 1, 2011 and decrease at a rate of .50% per year until an ultimate rate of 5% is reached. The unfunded actuarial liability is being amortized over 30 years.

**Note 15 - Other Disclosures**

**Deficits in Fund Balance**

The following nonmajor governmental fund had a deficit in fund balance as of September 30, 2011:

Gadsden Hospital, Inc.	\$ <u>(86,072)</u>
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**Budget Over-expenditure**

The Landfill fund had expenditures in excess of appropriations in the amount of \$10,866.

**Restatement**

Beginning net assets in the statement of activities were decreased by \$400,156 to properly reflect the effects of certain deferred revenues which were recognized in the statement of activities in the previous year.

**Fund Balance Classifications**

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2011:

**Nonspendable Fund Balance:**

Prepaid Expenses	\$ 139,253
Inventory	138,753
Long-term Note Receivable	<u>129,183</u>
<b>Total Nonspendable Fund Balance</b>	<b>\$ <u>407,189</u></b>

**GADSDEN COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**  
*(Concluded)*

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

**Fund Balance Classifications (Concluded)**

**Restricted Fund Balance:**

Transportation	\$ 2,890,112
Public Safety	703,012
Indigent Surtax	1,055,135
Library Services	53,041
Court Facilities	200,215
Landfill Escrow	49,857
Judicial Services	11,420
Tourist Development	147,342
Boating Improvements	160,307
Building Inspection	38,413
Public Records Modernization	281,946

<b>Total Restricted Fund Balance</b>	\$ 5,590,800
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**Committed Fund Balance:**

LEEF Training	\$ 2,700
Teen Court	91

<b>Total Committed Fund Balance</b>	\$ 2,791
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**Assigned Fund Balance:**

Capital Projects	\$ 582,863
Public Safety	655,643
Landfill	194,801
Library Services	371,992
Court Facilities	21,016
Tourist Development	38,770
Debt Service	316,377
Hospital Operating	630

<b>Total Assigned Fund Balance</b>	\$ 2,182,092
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**Note 16 - Subsequent Events**

On December 22, 2011, the County issued the Capital Improvement Revenue Notes, Series 2011 in the amount of \$400,000. The purpose of the issuance was to finance the costs of certain capital improvements at the Tax Collector's office. The notes bear a fixed interest rate of 1.68% and mature in 2016.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GADSDEN COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
10/1/2008	\$ 0	\$ 2,680,000	\$ 2,680,000	0.0%	\$ 12,188,000	22.00%
10/1/2010	0	1,358,500	1,358,500	0.0%	10,647,740	12.76%

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

The actuarial assumptions were changed with the October 1, 2010 valuation. The medical trend assumption has been updated to 10% for the fiscal year beginning on October 1, 2011 graded down .5% per year to 5.0%. Retirement and termination rates have been updated to reflect the most recently available July 1, 2010 Florida Retirement System pension valuation assumption for General Employees, and Special Risk Employees. Disability rates for active employees have not been applied because no material liability is believed to exist. The mortality table used for the valuation was updated from the RP-2000 Combined Mortality Table to the Full-Generational RP-2000 Combined Mortality Table using Scale AA, sex-distinct. The amortization period for the liability was changed from 20 years to 30 years. The participation rates assume that 60% of eligible retirees will elect coverage into retirement and that 15% of eligible retirees will cover a spouse into retirement. The prior valuation assumed that 100% of eligible retirees would elect to continue medical coverage and that 80% of males and 60% of females covered a spouse into retirement. The retiree and spouse participation assumption change accounted for the vast majority of liability and cost decrease in this valuation as compared to the last valuation prepared by the prior actuary. The cumulative effect of these changes decreased the Actuarial Accrued Liability by approximately \$1,961,000.

## **COMBINING NONMAJOR FUND STATEMENTS**

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	Special Revenue			
	Landfill	Fines and Forfeitures	Emergency Medical Services	State Housing Initiative Partnership
<b>Assets</b>				
Cash	\$ 136,630	\$ 490,450	\$ 267,904	\$ 458,827
Investments	49,857	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	740	0	327,604	0
Due from Other Funds	0	45,210	0	0
Due from Other Governments	0	34,881	0	0
<b>Total Assets</b>	<u>187,227</u>	<u>570,541</u>	<u>595,508</u>	<u>458,827</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	29,867	0	8,611	1,379
Due to Other Funds	0	2,700	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	53,313	0
Deferred Revenue	0	0	226,987	457,448
<b>Total Liabilities</b>	<u>29,867</u>	<u>2,700</u>	<u>288,911</u>	<u>458,827</u>
<b>Fund Balances</b>				
Restricted	49,857	218,795	0	0
Committed	0	0	0	0
Assigned	107,503	349,046	306,597	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<u>157,360</u>	<u>567,841</u>	<u>306,597</u>	<u>0</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 187,227</u>	<u>\$ 570,541</u>	<u>\$ 595,508</u>	<u>\$ 458,827</u>

Special Revenue						
Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	Small Co. Surtax
\$ 452,704	\$ 15,991	\$ 182,944	\$ 222,681	\$ 850	\$ 196,369	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	68,103	0	0	0	0
0	0	60,933	0	0	14,758	209,333
<u>452,704</u>	<u>15,991</u>	<u>311,980</u>	<u>222,681</u>	<u>850</u>	<u>211,127</u>	<u>209,333</u>
27,671	4,571	102,699	1,450	220	17,032	0
0	0	0	0	0	0	209,333
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	60,741	0	0	7,983	0
<u>27,671</u>	<u>4,571</u>	<u>163,440</u>	<u>1,450</u>	<u>220</u>	<u>25,015</u>	<u>209,333</u>
53,041	11,420	148,540	200,215	0	147,342	0
0	0	0	0	0	0	0
371,992	0	0	21,016	630	38,770	0
0	0	0	0	0	0	0
<u>425,033</u>	<u>11,420</u>	<u>148,540</u>	<u>221,231</u>	<u>630</u>	<u>186,112</u>	<u>0</u>
<u>\$ 452,704</u>	<u>\$ 15,991</u>	<u>\$ 311,980</u>	<u>\$ 222,681</u>	<u>\$ 850</u>	<u>\$ 211,127</u>	<u>\$ 209,333</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**  
*(Continued)*

	Special Revenue			
	Indigent Surtax	GHI	E-911	Building Insp. Fund
<b>Assets</b>				
Cash	\$ 28,198	\$ 13,928	\$ 28,990	\$ 35,364
Investments	0	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	238,067	0	29,904	11,150
<b>Total Assets</b>	<u>266,265</u>	<u>13,928</u>	<u>58,894</u>	<u>46,514</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	53,995	0	4,966	8,101
Due to Other Funds	0	100,000	23,995	0
Due to Other Governments	69,425	0	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	87,101	0	14,788	0
<b>Total Liabilities</b>	<u>210,521</u>	<u>100,000</u>	<u>43,749</u>	<u>8,101</u>
<b>Fund Balances</b>				
Restricted	55,744	0	15,145	38,413
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	(86,072)	0	0
<b>Total Fund Balances</b>	<u>55,744</u>	<u>(86,072)</u>	<u>15,145</u>	<u>38,413</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 266,265</u>	<u>\$ 13,928</u>	<u>\$ 58,894</u>	<u>\$ 46,514</u>



Debt Service				Capital Projects	
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Water/Sewer
\$ 999,391 0	\$ 141,666 0	\$ 2,998 686,723	\$ 83,729 0	\$ 493,451 80,000	\$ 91,437 0
0	0	0	0	0	0
0	0	0	0	0	0
0	173,015	162,210	0	0	0
<u>999,391</u>	<u>314,681</u>	<u>851,931</u>	<u>83,729</u>	<u>573,451</u>	<u>91,437</u>
0	0	0	0	29,901	6,241
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	82,033	88,184	0	0	85,196
<u>0</u>	<u>82,033</u>	<u>88,184</u>	<u>0</u>	<u>29,901</u>	<u>91,437</u>
999,391	0	763,747	0	0	0
0	0	0	0	0	0
0	232,648	0	83,729	543,550	0
0	0	0	0	0	0
<u>999,391</u>	<u>232,648</u>	<u>763,747</u>	<u>83,729</u>	<u>543,550</u>	<u>0</u>
<u>\$ 999,391</u>	<u>\$ 314,681</u>	<u>\$ 851,931</u>	<u>\$ 83,729</u>	<u>\$ 573,451</u>	<u>\$ 91,437</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**  
*(Concluded)*

	Capital Projects			
	Capital Project Parks	Capital Project SCRAP	Capital Project Court Facilities	Capital Project Hospital
<b>Assets</b>				
Cash	\$ 61,066	\$ 0	\$ 0	\$ 0
Investments	0	0	0	0
Receivables (Net of Allowance for Uncollectible):				
Accounts	10,500	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	0	0	0	0
<b>Total Assets</b>	<u>71,566</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	11,724	0	0	0
Due to Other Funds	20,529	0	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<u>32,253</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	39,313	0	0	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<u>39,313</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 71,566</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<b>Constitutional Officer Sheriff Special Revenues</b>	<b>Constitutional Officer Clerk of the Circuit Court</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 469,991 0	\$ 322,991 0	\$ 5,198,550 816,580
0	0	338,844
256,730	0	370,043
12,777	0	947,028
<u>739,498</u>	<u>322,991</u>	<u>7,671,045</u>
1,931	41,045	351,404
394,232	0	750,789
0	0	69,425
0	0	53,313
20,012	0	1,130,473
<u>416,175</u>	<u>41,045</u>	<u>2,355,404</u>
320,532	281,946	3,304,128
2,791	0	2,791
0	0	2,094,794
0	0	(86,072)
<u>323,323</u>	<u>281,946</u>	<u>5,315,641</u>
<u>\$ 739,498</u>	<u>\$ 322,991</u>	<u>\$ 7,671,045</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	Special Revenue			
	Landfill	Fine and Forfeitures	Emergency Medical Services	State Housing Initiative Partnership
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	36,686	259,985	0	197,349
Charges for Services	43,700	158,118	1,907,060	0
Fines and Forfeitures	0	22,658	0	0
Miscellaneous	127	0	311	9,263
<b>Total Revenues</b>	<u>80,513</u>	<u>440,761</u>	<u>1,907,371</u>	<u>206,612</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	26,289	2,314,809	0
Physical Environment	483,992	0	0	0
Economic Environment	0	0	0	254,233
Human Services	0	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Human Services	0	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
<b>(Total Expenditures)</b>	<u>(483,992)</u>	<u>(26,289)</u>	<u>(2,314,809)</u>	<u>(254,233)</u>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<u>(403,479)</u>	<u>414,472</u>	<u>(407,438)</u>	<u>(47,621)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	374,588	6,932,791	417,554	0
Transfers (out)	0	(7,174,131)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>374,588</u>	<u>(241,340)</u>	<u>417,554</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>(28,891)</u>	<u>173,132</u>	<u>10,116</u>	<u>(47,621)</u>
<b>Fund Balances, Beginning of Year</b>	<u>186,251</u>	<u>394,709</u>	<u>296,481</u>	<u>47,621</u>
<b>Fund Balances, End of Year</b>	<u>\$ 157,360</u>	<u>\$ 567,841</u>	<u>\$ 306,597</u>	<u>\$ 0</u>

## Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	Small Co. Surtax
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,156	\$ 2,006,229
0	0	0	0	0	0	0
320,140	0	0	0	0	0	0
15,403	109,256	0	360,874	(56,836)	0	0
0	0	0	0	0	0	0
12,043	0	0	299	59	398	538
<u>347,586</u>	<u>109,256</u>	<u>0</u>	<u>361,173</u>	<u>(56,777)</u>	<u>83,554</u>	<u>2,006,767</u>
0	1,480	0	0	0	0	0
0	0	830,620	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	111,148	0
0	0	0	0	0	0	0
0	261,323	0	137,100	0	0	0
879,482	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	1,083	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	14,004	0	117,362	0	0	0
0	0	0	0	0	0	0
<u>(879,482)</u>	<u>(276,807)</u>	<u>(831,703)</u>	<u>(254,462)</u>	<u>0</u>	<u>(111,148)</u>	<u>0</u>
<u>(531,896)</u>	<u>(167,551)</u>	<u>(831,703)</u>	<u>106,711</u>	<u>(56,777)</u>	<u>(27,594)</u>	<u>2,006,767</u>
467,748	149,918	855,197	6,238	1,230	0	0
0	0	0	0	0	0	(2,228,009)
<u>467,748</u>	<u>149,918</u>	<u>855,197</u>	<u>6,238</u>	<u>1,230</u>	<u>0</u>	<u>(2,228,009)</u>
(64,148)	(17,633)	23,494	112,949	(55,547)	(27,594)	(221,242)
489,181	29,053	125,046	108,282	56,177	213,706	221,242
<u>\$ 425,033</u>	<u>\$ 11,420</u>	<u>\$ 148,540</u>	<u>\$ 221,231</u>	<u>\$ 630</u>	<u>\$ 186,112</u>	<u>\$ 0</u>

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

**SEPTEMBER 30, 2011**

*(Continued)*

	<b>Special Revenue</b>			
	<b>Indigent Surtax</b>	<b>GHI</b>	<b>E-911</b>	<b>Building Insp. Fund</b>
<b>Revenues</b>				
Taxes	\$ 1,366,801	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	260,636
Intergovernmental	0	0	230,119	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	0	0	1,251	26
<b>Total Revenues</b>	<u>1,366,801</u>	<u>0</u>	<u>231,370</u>	<u>260,662</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	11,700
Public Safety	0	0	130,585	290,249
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	572,864	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Human Services	0	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
<b>(Total Expenditures)</b>	<u>(572,864)</u>	<u>0</u>	<u>(130,585)</u>	<u>(301,949)</u>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<u>793,937</u>	<u>0</u>	<u>100,785</u>	<u>(41,287)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	0	52,617
Transfers (out)	(793,937)	0	(138,871)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(793,937)</u>	<u>0</u>	<u>(138,871)</u>	<u>52,617</u>
<b>Net Change in Fund Balances</b>	0	0	(38,086)	11,330
<b>Fund Balances, Beginning of Year</b>	<u>55,744</u>	<u>(86,072)</u>	<u>53,231</u>	<u>27,083</u>
<b>Fund Balances, End of Year</b>	<u>\$ 55,744</u>	<u>\$ (86,072)</u>	<u>\$ 15,145</u>	<u>\$ 38,413</u>

Debt Service				Capital Projects	
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Water/Sewer
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	1,101,693	1,086,854	0	0	10,160
0	0	0	0	0	0
0	0	0	0	0	0
1,766	776	1,800	0	963	0
1,766	1,102,469	1,088,654	0	963	10,160
0	0	0	0	0	0
0	0	0	0	29,901	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
305,306	130,000	550,000	179,888	0	0
488,631	91,231	266,456	12,003	0	0
0	2,913	6,112	0	0	0
0	0	0	0	0	0
0	0	0	0	24,774	0
0	0	0	0	0	10,160
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(793,937)	(224,144)	(822,568)	(191,891)	(54,675)	(10,160)
(792,171)	878,325	266,086	(191,891)	(53,712)	0
793,937	0	0	248,830	0	0
(143,942)	(766,797)	(309,981)	0	(2,187)	0
649,995	(766,797)	(309,981)	248,830	(2,187)	0
(142,176)	111,528	(43,895)	56,939	(55,899)	0
1,141,567	121,120	807,642	26,790	599,449	0
\$ 999,391	\$ 232,648	\$ 763,747	\$ 83,729	\$ 543,550	\$ 0

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

**SEPTEMBER 30, 2011**

*(Concluded)*

	Capital Projects			
	Capital Project Parks	Capital Project SCRAP	Capital Project Court Facilities	Capital Project Hospital
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	65,545	876,906	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	14,071	0	0	0
<b>Total Revenues</b>	<u>79,616</u>	<u>876,906</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	33,985
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	876,906	0	0
Human Services	0	0	0	193,933
Court Related	0	0	0	0
Culture and Recreation	150,303	0	0	0
<b>(Total Expenditures)</b>	<u>(150,303)</u>	<u>(876,906)</u>	<u>0</u>	<u>(227,918)</u>
<b>(Deficiency) Excess of Revenues (Under)</b>				
<b>Over Expenditures</b>	<u>(70,687)</u>	<u>0</u>	<u>0</u>	<u>(227,918)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	75,000	0	0	318,274
Transfers (out)	0	0	(6,238)	0
<b>Total Other Financing Sources (Uses)</b>	<u>75,000</u>	<u>0</u>	<u>(6,238)</u>	<u>318,274</u>
<b>Net Change in Fund Balances</b>	4,313	0	(6,238)	90,356
<b>Fund Balances, Beginning of Year</b>	<u>35,000</u>	<u>0</u>	<u>6,238</u>	<u>(90,356)</u>
<b>Fund Balances, End of Year</b>	<u>\$ 39,313</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



<b>Constitutional Officer Sheriff Special Revenues</b>	<b>Constitutional Officer Clerk of the Circuit Court</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 0	\$ 0	\$ 3,456,186
0	0	260,636
41,898	0	4,227,335
156,485	119,422	2,813,482
0	0	22,658
91,699	610	136,000
<u>290,082</u>	<u>120,032</u>	<u>10,916,297</u>
0	103,322	116,502
712,825	0	4,335,278
0	0	483,992
0	0	365,381
0	0	606,849
0	0	398,423
0	0	879,482
0	0	1,165,194
0	0	858,321
0	0	9,025
0	45,165	45,165
85,376	0	111,233
0	0	10,160
0	0	876,906
0	0	193,933
0	0	131,366
0	0	150,303
<u>(798,201)</u>	<u>(148,487)</u>	<u>(10,737,513)</u>
<u>(508,119)</u>	<u>(28,455)</u>	<u>178,784</u>
538,612	0	11,232,534
0	0	(11,564,093)
<u>538,612</u>	<u>0</u>	<u>(331,559)</u>
30,493	(28,455)	(152,775)
<u>292,830</u>	<u>310,401</u>	<u>5,468,416</u>
<u>\$ 323,323</u>	<u>\$ 281,946</u>	<u>\$ 5,315,641</u>

**GADSDEN COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS**  
**AND LIABILITIES - AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

	Agency Funds Clerk of the Courts			Agency Funds Sheriff
	Trust Funds	Cash Bond	Child Support	Civil Account
<b>Assets</b>				
Cash	\$ 1,140,699	\$ 178,116	\$ 10	\$ 6,182
Accounts Receivable	0	0	0	0
Due from Other Funds	85	0	0	0
<b>Total Assets</b>	<u>1,140,784</u>	<u>178,116</u>	<u>10</u>	<u>6,182</u>
<b>Liabilities</b>				
Accounts Payable	0	0	0	0
Due to Other Funds	165	0	0	4,380
Due to Other Governments	130,129	0	0	0
Installment Tax Deposits	0	0	0	0
Assets Held for Others	0	0	0	1,802
Deferred Revenue	0	0	0	0
Deposits	1,010,490	178,116	10	0
<b>Total Liabilities</b>	<u>\$ 1,140,784</u>	<u>\$ 178,116</u>	<u>\$ 10</u>	<u>\$ 6,182</u>

Agency Funds Sheriff			Agency Fund Tax Collector	
Suspense	Confiscated Funds	Commissary and Inmate Welfare	Tax	Totals
\$ 2,701	\$ 13,441	\$ 45,266	\$ 355,643	\$ 1,742,058
0	0	0	7,757	7,757
0	10,000	0	868	10,953
2,701	23,441	45,266	364,268	1,760,768
0	0	5,679	525	6,204
0	0	14,855	4,481	23,881
0	0	0	49,859	179,988
0	0	0	272,535	272,535
2,701	23,441	24,732	0	52,676
0	0	0	2,035	2,035
0	0	0	0	1,188,616
\$ 2,701	\$ 23,441	\$ 45,266	\$ 364,268	\$ 1,760,768

## **OTHER INFORMATION**

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

**GADSDEN COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR YEAR ENDING SEPTEMBER 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/ Grant Program</b>	<b>Federal CFDA Number</b>	<b>Grant ID Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Justice</b>			
Gadsden County Sheriff's Office Summer Camp Program	16.738	2009-FJ-BX-1156	\$ 9,109
Gadsden County Sheriff's Office JAG	16.738	2010-DJ-BX-1406	29,411
Subtotal Expenditures - CFDA No. 16.738			38,520
MDT Communications System Project for Gadsden County - ARRA	16.804	2009-SB-B9-1539	40,358
Passed Through the State of Florida Office of the Attorney General: Victims of Crime Act	16.575	V10227	38,365
Passed Through the State of Florida Department of Law Enforcement: SCAPP - State Criminal Alien Assistance Program	16.606	2010 - Award	6,537
Gadsden County Anti-Firearm Initiative	16.609	2009-PSNN-GADS-1-V9-005	3,532
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAGC-GADS-1-B2-072	55,863
<b>Total United States Department of Justice</b>			183,175
<b>U.S. Department of Transportation/Federal Highway Administration</b>			
Passed Through Florida Department of Transportation:			
Local Agency Program Agreement - Apalachicola Northern R/R Depot	20.205	APF19	30,455
Local Agency Program Agreement - Hardaway Road CR268	20.205	APF179	1,500,000
Local Agency Program Agreement - Bicycle & Pedestrian	20.205	428103-18-01	3,150
Local Agency Program Agreement - S. Main Street CR 269 - ARRA	20.205	426685-1-58-01	3,671
Subtotal Expenditures - CFDA No. 20.205			1,537,276
<b>U.S. Department of Transportation/Federal Transit Administration</b>			
Passed Through City of Tallahassee, Florida:			
Job Access and Reverse Commute Program	20.516	FL-37-X030-00	44,442
New Freedom Program	20.521	FL-57-070-00	1,998
<b>Total U.S. Department of Transportation</b>			1,583,716

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2011**  
*(Continued)*

<b>Federal Grantor/Pass-Through Grantor/ Grant Program</b>	<b>Federal CFDA Number</b>	<b>Grant ID Number</b>	<b>Federal Expenditures</b>
<b>National Foundation on the Arts and the Humanities</b>			
Passed Through Florida Department of State: Florida Broadband Capacity	45.310	10-LSTA-D-02-C	\$ 40,882
<b>U.S. Environmental Protection Agency</b>			
Brownfield Award	66.818	BF-95460910	102,589
<b>U.S. Department of Health and Human Services</b>			
Passed Through State of Florida Department of Revenue:			
Child Support Enforcement	93.563	CSP20	13,246
Child Support Enforcement	93.563	CSS20	3,729
Child Support Reimbursement Payments	93.563	CD320	155,904
Subtotal Expenditures - CFDA No. 93.563			172,879
<b>Total U.S. Department of Health and Human Services</b>			172,879
<b>U.S. Department of Homeland Security</b>			
Passed Through State of Florida Department of Community Affairs:			
FEMA - Hazard Mitigation Grant	97.039	10-HM-E7-02-30-01-001	1,220
Emergency Management Preparedness Grant	97.042	11-FG-7W-02-30-01-039	44,967
State Homeland Security Grant Program (SHSGP)	97.067	10-DS-39-02-30-01-298	58,300
State Homeland Security Grant Program (SHSGP)	97.067	11-DS-9Z-02-30-01-472	3,250
Subtotal Expenditures - CFDA No. 97.067			61,550
<b>Total U.S. Department of Homeland Security</b>			107,737
<b>Total Federal Expenditures</b>			2,190,978

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2011**  
*(Continued)*

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantors Number	State Expenditures
<b>Florida Department of Environmental Protection</b>			
Small County Solid Waste	37.012	109SC	\$ 70,588
Florida Recreation Development Assistance Program	37.017	A9078	65,545
Water and Sewer Infrastructure Study	37.039	LP6721	<u>10,160</u>
<b>Total Florida Department of Environmental Protection</b>			<u>146,293</u>
<b>Florida Department of Agriculture and Consumer Services</b>			
Arthropod Control/Mosquito Control	42.003	Contract 014951	<u>36,686</u>
<b>Florida Department of State</b>			
Division of Library and Information Systems:			
State Aid to Libraries 10-11	45.030	11-ST-12	300,085
State Aid to Libraries Prior Year Grants	45.030	Various	<u>133,786</u>
Subtotal Expenditures - CSFA No. 45.030			<u>433,871</u>
<b>Total Florida Department of State</b>			<u>433,871</u>
<b>Florida Department of Community Affairs</b>			
Emergency Management Preparedness Grant	52.008	11BG-05-02-30-01-139	77,043
Emergency Management Preparedness Grant	52.008	12-BG-05-02-30-01-120	<u>21,992</u>
Subtotal Expenditures - CSFA No. 52.008			<u>99,035</u>
Hurricane Shelter Retrofit Project - Havana High School	52.024	09-SR-18-02-30-01-286	<u>23,509</u>
<b>Total Florida Department of Community Affairs</b>			<u>122,544</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiatives Partnership Grant	52.901	Unknown	206,612
State Housing Initiatives Partnership Grant	52.901	Unknown	<u>47,621</u>
Subtotal Expenditures - CSFA No. 52.901			<u>254,233</u>
<b>Total Florida Housing Finance Corporation</b>			<u>254,233</u>



**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDING SEPTEMBER 30, 2011**  
*(Concluded)*

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantors Number	State Expenditures
<b>Florida Department of Transportation</b>			
County Incentive Grant Program - Cario-Concord	55.008	4280331-58-01	\$ 397,723
Public Transit Service Development Program	55.012	4246241-84-01	46,440
Small County Road Assistance Program - Sycamore Road	55.016	4248741-58-01	876,906
<b>Total Florida Department of Transportation</b>			<u>1,321,069</u>
<b>Florida Department of Health</b>			
EMS County Grant 09/10	64.005	C9020	4,342
EMS County Grant 10/11	64.005	C0020	6,987
Subtotal Expenditures - CSFA No. 64.005			<u>11,329</u>
<b>Total Florida Department of Health</b>			<u>11,329</u>
<b>Florida Department of Management Services</b>			
E-911 Rural County Grant	72.001	Grant 10-10-11	<u>54,911</u>
<b>Total State Financial Assistance</b>			<u>2,380,936</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u><u>\$ 4,571,914</u></u>

**GADSDEN COUNTY, FLORIDA**  
**NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Note 1 - Basis of Presentation**

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

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

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

**Compliance**

We have audited the compliance of Gadsden County, Florida (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2011. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011.

**Certified Public Accountants**

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

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

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

**Internal Control Over Compliance**

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

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

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

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

*Purvis, Gray and Company, LLP*

March 30, 2012  
Gainesville, Florida

**GADSDEN COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Summary of Auditors' Results**

1. The independent auditors' report expresses an unqualified opinion on the financial statements of Gadsden County, Florida (the County).
2. *Significant deficiencies* identified during the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* for the County and the individual reports of the Constitutional Officers, none of which were considered to be material weaknesses.
3. There were no instances of noncompliance identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Governmental Auditing Standards*.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
7. The programs tested as major federal awards programs and state financial assistance projects included:

<u><b>Federal Program</b></u>	<u><b>CFDA No.</b></u>
Highway Planning and Construction - ARRA	20.205
<u><b>State Projects</b></u>	<u><b>CSFA No.</b></u>
County Incentive Grant Program	55.008
Small County Road Assistance Program	55.016

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

**GADSDEN COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**  
*(Concluded)*

**Financial Statement Findings**

Financial statement findings can be found in our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and in the individual reports of the Constitutional Officers.

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

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

**Status of Prior Audit Findings**

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, 11-2 described below to be a material weakness:

■ **11-1 Adjusting Journal Entries**

*Condition*—Our testing noted that not all journal entries are reviewed by a second individual.

*Effect*—Lack of secondary approval or review allows for errors to occur and not be detected in a timely manner.

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Concluded)**

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

■ **11-1 Adjusting Journal Entries (Concluded)**

*Recommendation*—Secondary review of all journal entries supports a sound internal control environment. We recommend that all journal entries have an independent secondary.

■ **11-2 Emergency Medical Services Segregation of Duties**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

We noted certain matters that were reported to management in a separate management letter dated March 30, 2012.

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

*Purvis, Gray and Company, LLP*

March 30, 2012  
Gainesville, Florida



## MANAGEMENT LETTER

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

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 30, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports, which are dated March 30, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned reports or schedules:

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

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

- **Documentation of Fixed Assets Policies and Procedures (repeat comment)**

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

*As of September 30, 2011, the County has not yet documented its accounting policies, procedures, and controls for the purchase, recording, identification and disposition of capital assets.*

### **Certified Public Accountants**

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**MANAGEMENT LETTER**  
*(Continued)*

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

■ **Disaster Recovery Plan (repeat comment)**

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

*As of September 30, 2011, the Board has not developed a comprehensive disaster recovery plan.*

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Recommendations are included in the respective reports of the Constitutional Officers.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based upon professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contraction or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.
- Section 10.554(1)(i)7.a., *The Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County does not meet the conditions of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

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

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine that the financial report for the County for the fiscal year ended September 30, 2011, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, requires that we apply financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*Purvis, Gray and Company, LLP*

March 30, 2012  
Gainesville, Florida



**COMMISSIONERS:**

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

**GADSDEN COUNTY**  
**Board of County Commissioners**

**EDWARD J. BUTLER**  
**GADSDEN COUNTY GOVERNMENTAL COMPLEX**

**ARTHUR LAWSON, SR.**  
Interim County  
Administrator

**DEBORAH S. MINNIS**  
County Attorney

April 11, 2012

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

RE: Gadsden County Board of County Commissioners  
Management Letter Response

Gentlemen:

In response to your Management Letter received on April 3, 2012, listed herein is our response to each of your findings/comments.

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

**11-1 Adjusting Journal Entries**

**COMMENT:**

Condition – Our testing noted that not all journal entries are reviewed by a second individual.

Effect – Lack of secondary approval or review allows for errors to occur and not be detected in a timely manner.

Recommendation – Secondary review of all journal entries supports a sound internal control environment. We recommend that all journal entries have an independent secondary.

***Management Letter Response***

**RESPONSE:**

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

**11-2 Emergency Medical Services Segregation of Duties**

**COMMENT:**

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

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

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

**RESPONSE:**

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

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

**Documentation of Fixed Assets Policies and Procedures**

**COMMENT:**

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

*As of September 30, 2011, the County has not yet documented its accounting policies, procedures, and controls for the purchase, recording, identification and disposition of capital assets.*



**Management Letter Response**

RESPONSE:

As recommended, a written policy was prepared for the documentation of fixed assets – policies and procedures and approved by the Board of County Commissioners on December 6, 2011. This policy will be readily accessible to all departments through the County Administrator's Office, the Purchasing Department, and the Clerk's Finance Department. Policy will also include written departmental (Department Head/Supervisor) responsibilities which must be adhered to.

**Disaster Recovery Plan**

COMMENT:

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

RESPONSE:

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

*As of September 30, 2011 the Board has not developed a comprehensive disaster recovery plan.*

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Arthur Lawson, Sr.", is written over a horizontal line.

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



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

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

**SEPTEMBER 30, 2011**



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

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

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Special Purpose Financial Statements</b>	
Balance Sheet - Governmental Funds .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Governmental Funds .....	5-7
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	8
Notes to Special Purpose Financial Statements .....	9-17
<b>Supplementary Information</b>	
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	18
<b>Other Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	19-20
Management Letter .....	21-23
Management Response .....	24-25

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the Clerk of the Circuit Court of Gadsden County, Florida (the Clerk), as of and for the year ended September 30, 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2011, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the major funds and the agency funds of the Clerk as of September 30, 2011, the results of each of the major funds' operations, and the respective budgetary comparisons of each of the major funds, for the year then ended, in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2012, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Purvis, Gray and Company, LLP*

March 28, 2012  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major</b>			<b>Total</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 16,296	\$ 168,866	\$ 322,991	\$ 508,153
Due from Individuals	383	11	0	394
Due from Other County Units	1,195	5	0	1,200
Due from Other Governments	15,428	524	0	15,952
<b>Total Assets</b>	<b>33,302</b>	<b>169,406</b>	<b>322,991</b>	<b>525,699</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts Payable	9,476	5,465	40,072	55,013
Due to Other County Units	2,050	1,369	0	3,419
Due to Other Governments	0	89,210	0	89,210
Accrued Wages and Benefits	21,776	67,919	973	90,668
Deferred Revenue	0	5,443	0	5,443
<b>Total Liabilities</b>	<b>33,302</b>	<b>169,406</b>	<b>41,045</b>	<b>243,753</b>
<b>Fund Balances</b>				
Restricted for Records Modernization	0	0	281,946	281,946
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>281,946</b>	<b>281,946</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 33,302</b>	<b>\$ 169,406</b>	<b>\$ 322,991</b>	<b>\$ 525,699</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>Major</b>			<b>Total</b>
	<b>General Fund</b>	<b>Court Fund</b>	<b>Public Records Trust Fund</b>	<b>Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental Revenues	\$ 155,904	\$ 1,149,953	\$ 0	\$ 1,305,857
Charges for Services	120,360	0	119,422	239,782
Interest	953	0	610	1,563
Miscellaneous	70,756	0	0	70,756
<b>Total Revenues</b>	<u>347,973</u>	<u>1,149,953</u>	<u>120,032</u>	<u>1,617,958</u>
<b>Expenditures</b>				
General Government:				
Personal Services	816,166	0	44,132	860,298
Operating Expenditures	104,657	0	59,190	163,847
Capital Outlay	30,121	0	45,165	75,286
Court Related:				
Personal Services	0	1,063,571	0	1,063,571
Operating Expenditures	0	86,382	0	86,382
<b>(Total Expenditures)</b>	<u>(950,944)</u>	<u>(1,149,953)</u>	<u>(148,487)</u>	<u>(2,249,384)</u>
<b>(Deficiency) Excess of Expenditures (Under) Over Revenues</b>	<u>(602,971)</u>	<u>0</u>	<u>(28,455)</u>	<u>(631,426)</u>
<b>Other Financing Sources</b>				
Transfers in	602,973	0	0	602,973
Transfers (out)	(2)	0	0	(2)
<b>Total Other Financing Sources (Uses)</b>	<u>602,971</u>	<u>0</u>	<u>0</u>	<u>602,971</u>
<b>Change in Fund Balances</b>	0	0	(28,455)	(28,455)
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>310,401</u>	<u>310,401</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 281,946</u>	<u>\$ 281,946</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, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 184,000	\$ 155,904	\$ 155,904	\$ 0
Charges for Services	175,000	120,360	120,360	0
Interest	5,000	953	953	0
Miscellaneous	44,090	70,754	70,756	2
<b>Total Revenues</b>	<u>408,090</u>	<u>347,971</u>	<u>347,973</u>	<u>2</u>
<b>Expenditures</b>				
General Government:				
Personal Services	853,732	816,166	816,166	0
Operating Expenditures	148,894	104,657	104,657	0
Capital Outlay	1,691	30,121	30,121	0
<b>(Total Expenditures)</b>	<u>(1,004,317)</u>	<u>(950,944)</u>	<u>(950,944)</u>	<u>0</u>
<b>(Deficiency) of Expenditures</b>				
<b>(Under) Revenues</b>	<u>(596,227)</u>	<u>(602,973)</u>	<u>(602,971)</u>	<u>2</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	596,227	602,973	602,973	0
Transfers (out)	0	0	(2)	(2)
<b>Total Other Financing Sources (Uses)</b>	<u>596,227</u>	<u>602,973</u>	<u>602,971</u>	<u>(2)</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	0	0	0	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Continued)**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 1,177,333	\$ 1,177,333	\$ 1,149,953	\$ (27,380)
<b>Total Revenues</b>	<u>1,177,333</u>	<u>1,177,333</u>	<u>1,149,953</u>	<u>(27,380)</u>
<b>Expenditures</b>				
Court Related:				
Personal Services	1,073,125	1,073,125	1,063,571	9,554
Operating Expenditures	<u>104,208</u>	<u>104,208</u>	<u>86,382</u>	<u>17,826</u>
<b>(Total Expenditures)</b>	<u>(1,177,333)</u>	<u>(1,177,333)</u>	<u>(1,149,953)</u>	<u>27,380</u>
<b>Excess of Expenditures Over Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT  
(Concluded)**

	Public Records Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ 0	\$ 119,422	\$ 119,422	\$ 0
Interest	0	610	610	0
<b>Total Revenues</b>	<u>0</u>	<u>120,032</u>	<u>120,032</u>	<u>0</u>
<b>Expenditures</b>				
General Government:				
Personal Services	0	44,132	44,132	0
Operating Expenditures	0	67,015	59,190	7,825
Capital Outlay	0	71,295	45,165	26,130
<b>(Total Expenditures)</b>	<u>0</u>	<u>(182,442)</u>	<u>(148,487)</u>	<u>33,955</u>
<b>(Deficiency) of Expenditures (Under) Revenues</b>	<u>0</u>	<u>(62,410)</u>	<u>(28,455)</u>	<u>33,955</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	0	0
Remittance to Florida Department of Revenue	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	0	(62,410)	(28,455)	33,955
<b>Fund Balances, Beginning of Year</b>	<u>222,576</u>	<u>310,323</u>	<u>310,401</u>	<u>78</u>
<b>Fund Balances, End of Year</b>	<u>\$ 222,576</u>	<u>\$ 247,913</u>	<u>\$ 281,946</u>	<u>\$ 34,033</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

**Assets**

Cash	\$ 1,318,825
Due from Other County Units	<u>85</u>

**Total Assets**

1,318,910

**Liabilities**

Due to Other Governments	130,129
Deposits	1,188,616
Due to Other Funds	<u>165</u>

**Total Liabilities**

\$ 1,318,910

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

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

**Reporting Entity**

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

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

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

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting principles and policies used in the preparation of these special purpose financial statements.

**Basis of Presentation**

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor* Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

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

**Fund Accounting**

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

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

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

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

▶ **Public Records Trust Fund**

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

■ **Fiduciary Fund Type**

● **Agency Fund**

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

**Basis of Accounting**

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

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

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

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

**Measurement Focus**

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

**Budgets and Budgetary Accounting**

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

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

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

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

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

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

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

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

**Capital Assets**

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

**Compensated Absences**

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

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

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

**Use of Estimates**

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

**Transfers In and Out**

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

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

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

**Transfers In and Out (Concluded)**

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

**Deferred Revenue**

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

**New Pronouncements**

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) is effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The Clerk has disclosed information about fund balance reporting in a subsequent note titled fund balance reporting.

**Note 2 - Cash**

As of September 30, 2011, the Clerk had the following in cash:

	<b><u>Carrying Amount</u></b>
Cash on Hand	\$ 1,000
Deposits in Qualified Public Depositories	<u>1,825,978</u>
<b>Total Cash</b>	<b><u>\$ 1,826,978</u></b>

**Credit Risk**

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

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

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



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

**Note 2 - Cash (Concluded)**

**Custodial Credit Risk**

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2011 were \$1,979,261.

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

All full-time and permanent part-time employees of the Clerk are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit pension plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan. The defined benefit plan is administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Gadsden County, Florida annual financial report. Contributions and benefits are established by Section 121.71, Florida Statutes.

Participating employer contributions are based upon actuarially determined state-wide rates established by the State of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Clerk, are required to contribute 4.91% of the compensation for regular members, 6.27% of senior management employees, and 11.14% for County elected officials. As of July 1, 2011, employees are required to contribute 3% of their compensation to the plan. The contributions paid by the Clerk for the years ended September 30, 2011, 2010, and 2009 were \$157,220, \$170,978 and \$170,725, respectively, which is equal to the required contribution for each year.

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

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

**Note 4 - Long-term Liabilities**

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

	<u>Balance</u> <u>October 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2011</u>
Liability for				
Compensated Absences	\$ 160,490	\$ 177,680	\$ (191,926)	\$ 146,244
Other Postemployment				
Benefits	63,000	11,600	(14,900)	59,700
<b>Total</b>	<u>\$ 223,490</u>	<u>\$ 189,280</u>	<u>\$ (206,826)</u>	<u>\$ 205,944</u>

Of the \$146,244 liability for accrued compensated absences, management estimates that \$75,313 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, 2011. As discussed in Note 1, they are reported in the statement of net assets in the government-wide financial statements of the County.

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

**Note 5 - Operating Leases**

The Clerk has a noncancelable operating lease for a copier and a postage meter which expire in November 2013, March 2014, and July 2014, respectively. The Clerk also has an operating lease for copiers, which is on a 90 day renewal period. For the year ended September 30, 2011, the equipment lease expense was \$30,889.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 29,801
2013	28,069
2014	8,050
<b>Total</b>	<u>\$ 65,920</u>

**Note 6 - Risk Management**

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

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

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

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

**Note 7 - Other Postemployment Benefits**

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

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

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

The Clerk's portion of the OPEB liability as of September 30, 2011 totaled \$59,700. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

**Note 8 - Fund Balance Reporting**

The Clerk implemented the provisions of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, 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 body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g. ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.

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

**Note 8 - Fund Balance Reporting (Concluded)**

- **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.

## **SUPPLEMENTARY INFORMATION**

**COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<b>General Trust</b>	<b>Cash Bonds</b>	<b>Child Support</b>	<b>Total of All Agency Funds</b>
<b>Assets</b>				
Cash	\$ 1,140,699	\$ 178,116	\$ 10	\$ 1,318,825
Due from Other County Units	85	0	0	85
<b>Total Assets</b>	<u>1,140,784</u>	<u>178,116</u>	<u>10</u>	<u>1,318,910</u>
<b>Liabilities</b>				
Due to Other Governments	130,129	0	0	130,129
Deposits	1,010,490	178,116	10	1,188,616
Due to Other Funds	165	0	0	165
<b>Total Liabilities</b>	<u>\$ 1,140,784</u>	<u>\$ 178,116</u>	<u>\$ 10</u>	<u>\$ 1,318,910</u>

## **OTHER REPORTS**

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

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

We have audited the special purpose financial statements of the Clerk of the Circuit Court of Gadsden County, Florida (the Clerk), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 28, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Certified Public Accountants**

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(*Concluded*)**

**Compliance and Other Matters (*Concluded*)**

We noted certain matters that we have reported to management of the Clerk in a separate letter dated March 28, 2012.

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

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

*Purvis, Gray and Company, LLP*

March 28, 2012  
Gainesville, Florida

## MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 28, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 28, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

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

### **Traffic Citations**

During our review of traffic ticket receipts and their related distribution, we noted certain discrepancies between the amounts charged and the amounts required by Florida Statutes. We recommend that the Clerk's office implement procedures to ensure that all traffic fines are collected and remitted in accordance with Florida Statutes.

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## MANAGEMENT LETTER

(Continued)

- *Rules of the Auditor General*, Section 10.554(1)(i)6., requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the notes to the special purpose financial statements. The Clerk has no component units.
- *Rules of the Auditor General*, Section 10.554(1)(i)8., requires our audit to include a review of the provisions of Section 28.35 and 28.36, Florida Statutes, regarding compliance with performance measures and standards and compliance with the budget certified by the Clerk's of Court Operations Corporation. In connection with our audit, and with the exception of the current year recommendations below, we determined that the Clerk complied with the performance measures and standards and the budget pursuant to Section 28.35 and Section 28.36, Florida Statutes.

- **Failure to Achieve Performance Measure Standards**

In accordance with Section 28.35(2)(d), Florida Statutes, the Clerk of Court Operations Corporation (CCOC) has developed and certified a uniform system of performance measures and standards for court-related functions. We noted that the Clerk did not meet the standards established by the COCC for the period of October 2010 to September 2011 for the following court/case type collection measure standards:

- ▶ Circuit Criminal—CCOC Standard is 9%; the Clerk did not meet this standard for the reporting period ending December 31, 2009 (October 1, 2009 through December 31, 2010).
- ▶ County Criminal—CCOC Standard is 40%; the Clerk did not meet this standard for the reporting period ending September 30, 2010 (July 1, 2010 through September 30, 2011).
- ▶ Civil Traffic—CCOC Standard is 90%; the Clerk did not meet this standard for any reporting period.
- ▶ Juvenile Delinquency—CCOC Standard is 9%; the Clerk did not meet this standard for any reporting period.
- ▶ Juror Management (timely juror payments)—CCOC Standard is 100%; the Clerk did not meet this standard for the following periods ending: December 31, 2010, March 1, 2011, June 30, 2011, and September 30, 2011.

We noted that the Clerk did not meet the standards established by the COCC for the period of October 2010 to September 2011 for the following court/case type timeliness measure standards:

- ▶ Criminal Traffic—Timeliness Measure #1. CCOC Standard is 80%; the Clerk did not meet this standard for the quarters ending: March 1, 2011, June 30, 2011, and September 30, 2011.
- ▶ Civil Traffic—Timeliness Measure #1. CCOC Standard is 80%; the Clerk did not meet this standard for the quarters ending: March 1, 2011, June 30, 2011, and September 30, 2011.
- ▶ Civil Traffic—Timeliness Measure #2. CCOC Standard is 80%; the Clerk did not meet this standard for the quarters ending: March 1, 2011, June 30, 2011, and September 30, 2011.

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

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

**MANAGEMENT LETTER**  
*(Concluded)*

- **Article V Timeliness Reporting**

Per review of timeliness reports for the quarter ending June 30, 2011, it was noted that the Civil Traffic cases were under reported to the CCOC by 126 cases. We recommend that the Clerk implement procedures to ensure that all cases are reported in the proper period.

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

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

*Purvis, Gray and Company, LLP*

March 28, 2012  
Gainesville, Florida

# Nicholas Thomas

Gadsden County, Florida

Clerk of the Circuit Court



Clerk of the County Court

Clerk to the Board of County Commissioners  
County Recorder  
County Auditor

April 10, 2012

Purvis Gray & Company  
443 East College Avenue  
Tallahassee, FL 32301

Dear Sirs:

This letter is in response to the management letter comments regarding audit of the Gadsden Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2011.

## **Traffic Citations**

Response:

The discrepancy of amounts charge on traffic tickets has been resolved. The Clerk's office has implemented a review and beta test procedure to ensure accuracy of all future traffic citation amounts.

## **Performance Standards**

Response:

As recommended the Clerk will continue implementation of the Corrective Action Plan as submitted to the CCOC and will continue with effort to attain the Performance Measure Standards as set forth in Florida Statute Section 38.25(2)(d).

The performance standards of timeliness and collection rate were developed when the Clerk's budgets were fully funded. Since the enactment of these performance standards, the State of Florida has reduced the Clerk's court operating budget by approximately 20%. The Clerk's office will continue to make every effort to reach set standards.

**Article V Timeliness Reporting**

Response:

The Clerk's office has implemented procedures to ensure that in the future all Civil Traffic cases are reported in the proper period.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Nicholas Thomas', followed by a horizontal line.

Nicholas Thomas,  
Clerk of the Circuit Court



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

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2011**



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

**GADSDEN COUNTY SHERIFF  
GADSDEN COUNTY, FLORIDA**

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Special Purpose Financial Statements</b>	
Balance Sheet - Governmental Funds .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Radio Communications Fund.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Inmate Welfare .....	7
Statement of Fiduciary Assets and Liabilities .....	8
Notes to Special Purpose Financial Statements .....	9-19
<b>Supplementary Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds – Special Revenue Funds .....	20-21
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds .....	22-23
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds.....	24
<b>Other Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	25-26
Management Letter .....	27-29
Management's Response .....	30-31

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida Sheriff (the Sheriff), as of and for the year ended September 30, 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2011, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major funds and the aggregate remaining fund information of the Sheriff, as of September 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the year then ended in conformity with the basis of accounting described in Note 1.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2012, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Purvis, Gray and Company, LLP*

March 26, 2012  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Radio</b>	<b>Inmate</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Communications</b>	<b>Welfare</b>	<b>Governmental</b>	<b>Governmental</b>
				<b>Funds</b>	<b>Funds</b>
<b>Assets</b>					
Cash	\$ 80,902	\$ 142,628	\$ 254,819	\$ 72,544	\$ 550,893
Due from Other Funds	373,321	0	6,330	0	379,651
Due from Board of County Commissioners	0	0	0	250,400	250,400
Due from Other Governments	0	0	0	12,777	12,777
<b>Total Assets</b>	<b>454,223</b>	<b>142,628</b>	<b>261,149</b>	<b>335,721</b>	<b>1,193,721</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	394,140	0	1,931	0	396,071
Due to Board of County Commissioners	50,083	0	20,911	0	70,994
Due to Other Funds	10,000	20,835	39,568	312,918	383,321
Deferred Revenues	0	0	0	20,012	20,012
<b>Total Liabilities</b>	<b>454,223</b>	<b>20,835</b>	<b>62,410</b>	<b>332,930</b>	<b>870,398</b>
<b>Fund Balances</b>					
Restricted:					
Radio Communications	0	121,793	0	0	121,793
Inmate Welfare	0	0	198,739	0	198,739
Committed:					
Teen Court	0	0	0	91	91
LEEF Training	0	0	0	2,700	2,700
<b>Total Fund Balances</b>	<b>0</b>	<b>121,793</b>	<b>198,739</b>	<b>2,791</b>	<b>323,323</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 454,223</b>	<b>\$ 142,628</b>	<b>\$ 261,149</b>	<b>\$ 335,721</b>	<b>\$ 1,193,721</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Radio Communications</b>	<b>Inmate Welfare</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 41,898	\$ 41,898
Charges for Services	0	119,875	0	36,610	156,485
Miscellaneous Revenue	800	0	91,699	0	92,499
<b>Total Revenues</b>	<b>800</b>	<b>119,875</b>	<b>91,699</b>	<b>78,508</b>	<b>290,882</b>
<b>Expenditures</b>					
Public Safety:					
Personal Services	5,258,343	0	39,567	345,392	5,643,302
Operating	1,774,397	90,899	0	236,967	2,102,263
Capital Outlay	18,774	34,963	0	50,413	104,150
Debt Service:					
Principal	165,357	0	0	0	165,357
Interest	14,176	0	0	0	14,176
<b>(Total Expenditures)</b>	<b>(7,231,047)</b>	<b>(125,862)</b>	<b>(39,567)</b>	<b>(632,772)</b>	<b>(8,029,248)</b>
<b>(Deficiency) Excess of Expenditures (Under) Over Revenues</b>	<b>(7,230,247)</b>	<b>(5,987)</b>	<b>52,132</b>	<b>(554,264)</b>	<b>(7,738,366)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers from Board of County Commissioners	7,245,328	0	0	538,612	7,783,940
Transfers to Board of County Commissioners	(15,081)	0	0	0	(15,081)
<b>Total Other Financing Sources (Uses)</b>	<b>7,230,247</b>	<b>0</b>	<b>0</b>	<b>538,612</b>	<b>7,768,859</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>(5,987)</b>	<b>52,132</b>	<b>(15,652)</b>	<b>30,493</b>
<b>Fund Balances, Beginning of Year</b>	<b>0</b>	<b>127,780</b>	<b>146,607</b>	<b>18,443</b>	<b>292,830</b>
<b>Fund Balances, End of Year</b>	<b>\$ 0</b>	<b>\$ 121,793</b>	<b>\$ 198,739</b>	<b>\$ 2,791</b>	<b>\$ 323,323</b>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive Negative
	Original	Final	Amounts	
Revenues				
Miscellaneous Revenue	\$ 0	\$ 800	\$ 800	\$ 0
Total Revenues	0	800	800	0
Expenditures				
Public Safety:				
Personal Services	5,259,544	5,259,544	5,258,343	1,201
Operating	1,770,984	1,771,784	1,774,397	(2,613)
Capital Outlay	214,000	214,000	18,774	195,226
Debt Service:				
Principal	0	0	165,357	(165,357)
Interest	0	0	14,176	(14,176)
(Total Expenditures)	(7,244,528)	(7,245,328)	(7,231,047)	14,281
(Deficiency) of Revenues (Under) Expenditures	(7,244,528)	(7,244,528)	(7,230,247)	14,281
Other Financing Sources (Uses)				
Transfers in	7,244,528	7,244,528	7,245,328	800
Transfers (out)	0	0	(15,081)	(15,081)
Installment Purchase	0	0		0
Total Other Financing Sources (Uses)	7,244,528	7,244,528	7,230,247	(14,281)
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund		
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 125,862	\$ 125,862	\$ 119,875
<b>Total Revenues</b>	125,862	125,862	119,875
<b>Expenditures</b>			
Public Safety:			
Operating	116,362	116,362	90,899
Capital Outlay	9,500	9,500	34,963
<b>(Total Expenditures)</b>	(125,862)	(125,862)	(125,862)
<b>Net Change in Fund Balances</b>	0	0	(5,987)
<b>Fund Balances, Beginning of Year</b>	0	0	127,780
<b>Fund Balances, End of Year</b>	\$ 0	\$ 0	\$ 121,793

See accompanying notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - INMATE WELFARE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	Inmate Welfare			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 39,575	\$ 39,575	\$ 91,699	\$ 52,124
Total Revenues	39,575	39,575	91,699	52,124
Expenditures				
Public Safety:				
Personal Services	39,575	39,575	39,567	8
(Total Expenditures)	(39,575)	(39,575)	(39,567)	(8)
Net Change in Fund Balances	0	0	52,132	52,116
Fund Balances, Beginning of Year	0	0	146,607	146,607
Fund Balances, End of Year	\$ 0	\$ 0	\$ 198,739	\$ 198,723

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2011**  
**GADSDEN COUNTY SHERIFF**

**Assets**

Cash	\$ 67,590
Due from Other Funds	<u>10,000</u>

**Total Assets**

\$ 77,590

**Liabilities**

Accounts Payable and Accrued Expenses	5,679
Due to Board of County Commissioners	12,905
Due to Other Funds	6,330
Assets Held for Others	<u>52,676</u>

**Total Liabilities**

\$ 77,590

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

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

**Reporting Entity**

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

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

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

**Basis of Presentation**

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Sheriff as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

**Fund Accounting**

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

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

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

**Fund Accounting (Continued)**

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

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

■ **Nonmajor Governmental Funds**

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

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

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

**Fund Accounting (Concluded)**

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

- ▶ **Anti Firearm**—Accounts for the activities related to funds received from the U.S. Department of Justice for the purchase of various supplies and equipment.
- ▶ **Communication MDT**—Accounts for the activities related to funds received from the Department of Justice for the purchase of various information technology supplies and equipment.
- ▶ **Cops and Kids Summer Camp**—Accounts for the activities related to grant funds received from the U.S. Department of Justice for educational activities of a summer camp for children in Gadsden County.
- ▶ **Emergency Management Preparedness**—Accounts for the activities related to grant funds received from the U.S. Department of Homeland Security for the purchase of various supplies related to emergency management preparedness.
- ▶ **Towing and Impound**—Accounts for the activities related to funds received from program generated income for narcotic related activities from the Justice Assistance Grant.
- ▶ **JAG Technology**—Accounts for the activities related to JAG grant funds received from the U.S. Department of Justice for the purchase of various equipment.

■ **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.

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

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

**Budgets and Budgetary Accounting**

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

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

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

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

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

**Prepaid Items**

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

**Capital Assets**

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

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

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

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

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

**Liability for Compensated Absences**

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

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

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

**Transfers In and Out**

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

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

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

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

**Use of Estimates**

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

**New Pronouncements**

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) is effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The Sheriff has disclosed information about fund balance reporting in a subsequent note titled fund balance reporting.



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

**Note 2 - Cash**

As of September 30, 2011, the Sheriff had the following in cash:

	<b><u>Carrying Amount</u></b>
Deposits in Qualified Public Depositories	\$ 618,483
<b>Total Cash</b>	<b><u>\$ 618,483</u></b>

**Credit Risk**

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

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

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

**Custodial Credit Risk**

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are all held in a qualified public depository and are therefore considered fully insured or collateralized. Bank balances at September 30, 2011, were \$697,977.

**Note 3 - Capital Assets**

A summary of the changes in capital assets for the year ended September 30, 2011 follows:

	<b><u>Balance October 1, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance September 30, 2011</u></b>
Vehicles, Furniture and Equipment	\$ 2,585,736	\$ 104,150	\$ 0	\$ 2,689,886
(Accumulated Depreciation)	<u>(1,606,310)</u>	<u>(375,297)</u>	<u>0</u>	<u>(1,981,607)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 979,426</u></b>	<b><u>\$(271,147)</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 708,279</u></b>

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

**Note 4 - Long-term Liabilities**

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

	<b>Balance</b> <b>October 1, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b> <b>September 30, 2011</b>
Capital Lease	\$ 339,309	\$ 0	\$ (165,357)	\$ 173,952
Liability for Compensated Absences	449,795	330,968	(279,427)	501,336
Other Postemployment Benefits	562,000	70,100	(38,000)	594,100
<b>Total</b>	<b>\$ 1,351,104</b>	<b>\$ 401,068</b>	<b>\$ (482,784)</b>	<b>\$ 1,269,388</b>

Of the \$501,336 liability for accrued compensated absences, management estimates that \$211,281 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from expendable available resources at September 30, 2011. They are reported in the statement of net assets in the government-wide financial statements of the County.

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

**Note 5 - Lease Obligations**

**Capital Lease**

The Sheriff was committed for a capital lease for the purchase of vehicles. The lease is for the purchase of twenty vehicles. Annual payments under the leases are reported as debt service principal and interest expenditures and are included in the approved budget.

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

At September 30, 2011, aggregate future minimum lease payments are as follows:

<b>Year Ending</b> <b>September 30, 2012</b>	<b>Amount</b>
2012	\$ 179,533
<b>Total Future Minimum Lease Payments</b>	179,533
<b>(Less Amount Representing Interest)</b>	(5,581)
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 173,952</b>

**Operating Lease**

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

<b>Year</b>	<b>Amount</b>
2012	\$ 11,661
2013	9,367

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

**Note 6 - Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2011, are as follow:

	<b><u>Due from Other Funds</u></b>	<b><u>Due to Other Funds</u></b>
<b>General Fund</b>	\$ 373,321	\$ 10,000
<b>Special Revenue Funds</b>		
Radio Communications	0	20,835
Inmate Welfare	6,330	39,568
VOCA	0	9,728
E-911	0	23,995
Emergency Management	0	21,992
Justice Assistance	0	40,485
Justice Assistance Program Income	0	111,800
Teen Court	0	54,852
Victims Special	0	638
Communications MDT	0	40,319
Cops and Kids Summer Camp	0	9,109
<b>Agency Funds</b>		
Confiscated Funds	10,000	0
Inmate Commissary	0	6,330
<b>Totals</b>	<u>\$ 389,651</u>	<u>\$ 389,651</u>

**Note 7 - Employees' Retirement and Benefit Plans**

All full-time and permanent part-time employees of the Sheriff are eligible to participate in the Florida Retirement System (FRS). The FRS includes various plans, including a defined benefit pension plan, which is primarily a cost-sharing multiple-employer defined benefit public employee pension plan. The defined benefit plan is administered by the State of Florida, Department of Management Services, Division of Retirement.

Information as to benefits, contribution rates, and vesting requirements by membership category is provided in the Gadsden County, Florida annual financial report. Contributions and benefits are established by Section 121.71, Florida Statutes.

Participating employer contributions are based upon actuarially determined blended rates established by the State of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Sheriff, are required to contribute 4.91% of compensation for regular members, 14.10% for special risk, and 11.14% for County elected officials. As of July 1, 2011 employees are required to contribute 3% of their compensation to the plan. Employee Contributions paid for the year ended September 30, 2011, was \$25,490. The employer contributions paid for the years ended September 30, 2011, 2010, and 2009 were \$682,861, \$710,977 and \$677,936, respectively, which is equal to the required contribution for each year.

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

**Note 7 - Employees' Retirement and Benefit Plans (Concluded)**

The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

**Note 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, 2011, was \$85,349.

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, 2011 was \$49,068.

**Workers' Compensation**

The Sheriff participates in the Florida Municipal Insurance Trust for workers' compensation coverage which provides for coverage of risks of loss related to workers' compensation claims. The Board makes payments to the fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The amount paid for the year ended September 30, 2011 was \$88,662.

**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, 2011. These claims are covered through the Sheriff's participation in the Florida Sheriff's Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities which may arise from such actions would be adequately covered by the Self-Insurance Fund. Accordingly, no provision has been made in the financial statements for such contingencies.

**Note 10 - Other Postemployment Benefits**

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

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

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

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

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

The Sheriff's portion of the OPEB liability as of September 30, 2011 totaled \$579,500. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

**Note 11 - Fund Balance Reporting**

The Sheriff implemented the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.

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

**Note 11 - Fund Balance Reporting (Concluded)**

- **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 years' 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.

## **SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	<b>VOCA</b>	<b>E-911</b>	<b>Emergency Management</b>	<b>Justice Assistance</b>	<b>Justice Assistance Program Income</b>	<b>Teen Court</b>	<b>Victims Special</b>
<b>Assets</b>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,894	\$ 18,979
Due from Board of County Commissioners	0	23,995	21,992	40,485	111,800	0	0
Due from Other Governments	9,728	0	0	0	0	3,049	0
<b>Total Assets</b>	<u>9,728</u>	<u>23,995</u>	<u>21,992</u>	<u>40,485</u>	<u>111,800</u>	<u>54,943</u>	<u>18,979</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Due to Other Funds	9,728	23,995	21,992	40,485	111,800	54,852	638
Deferred Revenue	0	0	0	0	0	0	18,341
<b>Total Liabilities</b>	<u>9,728</u>	<u>23,995</u>	<u>21,992</u>	<u>40,485</u>	<u>111,800</u>	<u>54,852</u>	<u>18,979</u>
<b>Fund Balances</b>							
Committed:							
Teen Court	0	0	0	0	0	91	0
LEEF Training	0	0	0	0	0	0	0
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,728</u>	<u>\$ 23,995</u>	<u>\$ 21,992</u>	<u>\$ 40,485</u>	<u>\$ 111,800</u>	<u>\$ 54,943</u>	<u>\$ 18,979</u>



<b>SCAAP</b>	<b>LEEF Training Fund</b>	<b>Anti Firearm</b>	<b>Communications MDT</b>	<b>Cops and Kids Summer Camp</b>	<b>Emergency Management Preparedness</b>	<b>Towing and Impound</b>	<b>JAG Technology</b>	<b>Total Other Governmental Funds</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,671	\$ 0	\$ 72,544
0	2,700	0	40,319	9,109	0	0	0	250,400
0	0	0	0	0	0	0	0	12,777
0	2,700	0	40,319	9,109	0	1,671	0	335,721
0	0	0	40,319	9,109	0	0	0	312,918
0	0	0	0	0	0	1,671	0	20,012
0	0	0	40,319	9,109	0	1,671	0	332,930
0	0	0	0	0	0	0	0	91
0	2,700	0	0	0	0	0	0	2,700
0	2,700	0	0	0	0	0	0	2,791
\$ 0	\$ 2,700	\$ 0	\$ 40,319	\$ 9,109	\$ 0	\$ 1,671	\$ 0	\$ 335,721

**COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	VOCA	E-911	Emergency Management	Justice Assistance	Justice Assistance Program Income	Teen Court	Victims Special
<b>Revenues</b>							
Intergovernmental Revenue	\$ 38,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0	36,610	0
<b>Total Revenues</b>	<u>38,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,610</u>	<u>0</u>
<b>Expenditures</b>							
Public Safety:							
Personal Services	38,365	128,570	72,787	41,102	0	54,852	0
Operating	0	10,301	19,697	14,761	97,349	110	0
Capital Outlay	0	0	6,551	0	14,451	0	0
<b>(Total Expenditures)</b>	<u>(38,365)</u>	<u>(138,871)</u>	<u>(99,035)</u>	<u>(55,863)</u>	<u>(111,800)</u>	<u>(54,962)</u>	<u>0</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>0</u>	<u>(138,871)</u>	<u>(99,035)</u>	<u>(55,863)</u>	<u>(111,800)</u>	<u>(18,352)</u>	<u>0</u>
<b>Other Financing Sources</b>							
Transfers from Board of County Commissioners	0	138,871	99,035	55,863	111,800	0	0
<b>Total Other Financing Sources</b>	<u>0</u>	<u>138,871</u>	<u>99,035</u>	<u>55,863</u>	<u>111,800</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0	0	(18,352)	0
<b>Fund Balances, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,443</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91</u>	<u>\$ 0</u>

SCAAP	LEEF Training Fund	Anti Firearm	Communications MDT	Cops and Kids Summer Camp	Emergency Management Preparedness	Towing and Impound	JAG Technology	Total Other Governmental Funds
\$ 0	\$ 0	\$ 3,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,898
0	0	0	0	0	0	0	0	36,610
0	0	3,533	0	0	0	0	0	78,508
5,099	0	3,533	0	1,084	0	0	0	345,392
1,438	0	0	40,319	8,025	44,967	0	0	236,967
0	0	0	0	0	0	0	29,411	50,413
(6,537)	0	(3,533)	(40,319)	(9,109)	(44,967)	0	(29,411)	(632,772)
(6,537)	0	0	(40,319)	(9,109)	(44,967)	0	(29,411)	(554,264)
6,537	2,700	0	40,319	9,109	44,967	0	29,411	538,612
6,537	2,700	0	40,319	9,109	44,967	0	29,411	538,612
0	2,700	0	0	0	0	0	0	(15,652)
0	0	0	0	0	0	0	0	18,443
\$ 0	\$ 2,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791

**COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011  
GADSDEN COUNTY SHERIFF**

	<b>Confiscated Funds</b>	<b>Civil Account</b>	<b>Suspense</b>	<b>Inmate Commissary</b>	<b>Totals</b>
<b>Assets</b>					
Cash	\$ 13,441	\$ 6,182	\$ 2,701	\$ 45,266	\$ 67,590
Due from Other Funds	10,000	0	0	0	10,000
<b>Total Assets</b>	<u>23,441</u>	<u>6,182</u>	<u>2,701</u>	<u>45,266</u>	<u>77,590</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	0	0	0	5,679	5,679
Due to Board of County Commissioners	0	4,380	0	8,525	12,905
Due to Other Funds	0	0	0	6,330	6,330
Assets Held for Others	23,441	1,802	2,701	24,732	52,676
<b>Total Liabilities</b>	<u>\$ 23,441</u>	<u>\$ 6,182</u>	<u>\$ 2,701</u>	<u>\$ 45,266</u>	<u>\$ 77,590</u>

## **OTHER REPORTS**

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

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

We have audited the special purpose financial statements of the Sheriff of Gadsden County, Florida (the Sheriff), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's special purpose financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control. We consider the deficiencies described in the accompanying management letter to be significant in internal control over financial reporting.

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

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

**Certified Public Accountants**

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

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying management letter.

We noted certain matters that we have reported to management of the Sheriff in a separate letter dated March 26, 2012.

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

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

*Purvis, Gray and Company, LLP*

March 26, 2012  
Gainesville, Florida

## MANAGEMENT LETTER

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

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 26, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated March 26, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading prior year findings and recommendations.

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

#### ■ **Cash Receipts**

It was noted in the previous year's audit that the Sheriff did not remit certain fees, commissions or other funds collected by the Sheriff for services rendered or performed by his office as required by Section 30.51(5) Florida Statutes. This statute requires that such revenue be remitted to the Board on a monthly basis. The funds were subsequently remitted in January 2011.

This item was still present during the current year. Certain fees, commissions and other funds were not remitted to the Board of County Commissioners until February 2012.

We continue to recommend that all applicable monies be remitted monthly to the Board of County Commissioners.

#### **Certified Public Accountants**

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

**MANAGEMENT LETTER**  
*(Continued)*

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

■ **Agency Funds**

It was noted in the previous year's audit during our review of the Sheriff's agency funds, there were certain balances that have accumulated over several years in the Inmate Commissary account that were unidentified as to whom the funds are owed. The Inmate Commissary contained approximately \$22,000 of unidentified funds. In 2011, the Sheriff's office has remitted \$8,525 of these funds to the Board of County Commissioners. The remaining funds are still being investigated.

We recommend the Sheriff's office continue to investigate these balances and remit them to the appropriate party. We also recommend that a detailed subsidiary listing be maintained for all agency funds and reconciled to the general ledger on a monthly basis.

■ **Information Technology Controls**

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

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

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

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

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

**MANAGEMENT LETTER**  
*(Concluded)*

**Additional Disclosures**

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

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

*Purvis, Gray and Company, LLP*

March 26, 2012  
Gainesville, Florida

# Sheriff

PHONE (850) 627-9233



**Morris A. Young**

**Gadsden County**

P.O. BOX 1709  
QUINCY, FLORIDA 32353-1709

March 26, 2012

Mr. Ryan M Tucker, CPA  
Purvis, Gray & Company, LLP  
Post Office Box 141270  
Gainesville, Florida 32614

Dear Mr. Tucker:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company, LLP for the fiscal year end September 30, 2011, we would like to respond as follows:

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

##### ▪ *Cash Receipts:*

It was noted in the previous year's audit that the Sheriff did not remit certain fees, commissions or other funds collected by the Sheriff for services rendered or performed by his office as required by Section 30.51(5) *Florida Statutes*. This statute requires that such revenue be remitted to the Board on a monthly basis. The full amount was remitted in January 2011.

This item was still present during the current year. Certain fees, commissions and other funds were not remitted to the Board of County Commissioners until February 2012.

We continue to recommend that all applicable monies be remitted at least monthly to the Board of County Commissioners.

##### Management's Response

The Sheriff's Office will make every effort to remit fees to the Board of County Commissioners monthly.

##### ▪ *Agency Funds*

It was noted in the previous year's audit during our review of the Sheriff's agency funds, there were certain balances that have accumulated over several years in the Inmate

Commissary accounts that were unidentified as to whom the funds are owed. The Inmate Commissary contained approximately \$22,000 of unidentified funds. In 2011, the Sheriff's Office has remitted \$8,525 of these funds to the Board of County Commissioners. The remaining funds are still being investigated.

We recommend the Sheriff's office investigate these balances and remit them to the appropriate party. We also recommend that a detailed subsidiary listing be maintained for all agency funds and reconciled to the general ledger on a monthly basis.

#### Management's Response

The Sheriff's Office will remit the remaining balance of unidentified funds in the Inmate Commissary to the Board of County Commissioner in fiscal year 2012. The Sheriff's Office is currently upgrading its processes on the Inmate Commissary system.

#### ▪ **Information Technology Controls**

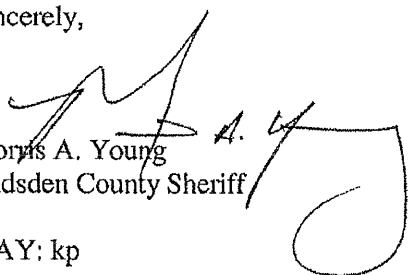
There is currently no formalized business continuity planning and/or documentation.

We recommend that a comprehensive disaster recovery plan be developed, continually updated, and tested to the extent possible to ensure continuity of IT operations in the case of any disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system wide configurations and settings. Other minimum information to be included is emergency contact information, back up procedures and storage locations, vendor information for replacement equipment and software products, alternative physical locations or "Hot Sites", and a priority of the systems to be restored.

#### Management's Response

The Sheriff's Office has begun to develop a comprehensive disaster recovery plan for Information Technology operations and will implement it during fiscal year 2012.

Sincerely,

  
Morris A. Young  
Gadsden County Sheriff

MAY: kp



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

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

**SEPTEMBER 30, 2011**

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

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

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Special Purpose Financial Statements</b>	
Balance Sheet - General Fund .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	5
Statement of Fiduciary Assets and Liabilities - Agency Fund .....	6
Notes to Special Purpose Financial Statements .....	7-14
<b>Other Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15-16
Management Letter.....	17-18

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the General Fund and the aggregate remaining fund information of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole as of September 30, 2011, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2011, and the changes in financial position of its General Fund and the respective budgetary comparison for the general fund for the year then in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2012, on our consideration of the Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011  
GADSDEN COUNTY TAX COLLECTOR**

<b>Assets</b>	
Cash	\$ 113,862
Due from Other Funds	3,304
	<hr/>
<b>Total Assets</b>	117,166
	<hr/> <hr/>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts Payable	6,802
Due to Other Funds	868
Due to Board of County Commissioners	109,227
Due to Other Governments	269
	<hr/>
<b>Total Liabilities</b>	117,166
	<hr/>
<b>Fund Balance</b>	0
	<hr/>
<b>Total Liabilities and Fund Equity</b>	\$ 117,166
	<hr/> <hr/>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY TAX COLLECTOR**

<b>Revenues</b>	
Charges for Services	\$ 794,950
<b>Total Revenues</b>	<u>794,950</u>
<b>Expenditures</b>	
Current:	
General Government:	
Personal Services	506,765
Operating	169,678
Capital Outlay	9,280
<b>(Total Expenditures)</b>	<u>(685,723)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>109,227</u>
<b>Other Financing Sources (Uses)</b>	
Transfers (out)	<u>(109,227)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(109,227)</u>
<b>Net Change in Fund Balance</b>	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY TAX COLLECTOR**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 779,605	\$ 779,605	\$ 794,950	\$ 15,345
Miscellaneous	2,100	2,100	0	(2,100)
<b>Total Revenues</b>	<u>781,705</u>	<u>781,705</u>	<u>794,950</u>	<u>13,245</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	542,080	542,080	506,765	35,315
Operating	178,111	178,111	169,678	8,433
Capital Outlay	2,679	2,679	9,280	(6,601)
<b>(Total Expenditures)</b>	<u>(722,870)</u>	<u>(722,870)</u>	<u>(685,723)</u>	<u>37,147</u>
<b>Excess of Revenues Over</b>				
<b>Expenditures</b>	<u>58,835</u>	<u>58,835</u>	<u>109,227</u>	<u>50,392</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(58,835)	(58,835)	(109,227)	(50,392)
<b>Total Other Financing Sources (Uses)</b>	<u>(58,835)</u>	<u>(58,835)</u>	<u>(109,227)</u>	<u>(50,392)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**SEPTEMBER 30, 2011**  
**GADSDEN COUNTY TAX COLLECTOR**

**Assets**

Cash	\$ 355,643
Credit Card Receivables	7,757
Due from Other Funds	<u>868</u>

**Total Assets**

364,268

**Liabilities**

Accounts Payable	525
Due to Other Funds	3,304
Due to Board of County Commissioners	1,177
Due to Other Governments	49,859
Due to Individuals	34,833
Unearned Fees for Issuances	2,035
Installment Tax Deposits	<u>272,535</u>

**Total Liabilities**

\$ 364,268

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

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

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

#### **Reporting Entity**

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

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

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

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

#### **Basis of Presentation**

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

10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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



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

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

**Basis of Presentation (Concluded)**

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

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

■ **Fiduciary Fund Type**

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

**Basis of Accounting**

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

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

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

**Measurement Focus**

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

**Budgets and Budgetary Accounting**

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

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

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

**Budgets and Budgetary Accounting (Concluded)**

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

General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance – budget and actual, reflect all approved budget amendments.

**Capital Assets**

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

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

**Liability for Compensated Absences**

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

After five years of employment, sick leave in excess of 240 hours is paid at 15%; 25% after 15 years of employment.

The Tax Collector does not, nor is he legally required to, accumulate expendable available financial resources to liquidate these obligations. Accordingly, the liability for compensated absences is not reported in the General Fund, but is included in the statement of net assets in the government-wide financial statements of Gadsden County, Florida.

**Excess Revenues**

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

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

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

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

The Tax Collector's charges for services included approximately \$495,883 received from the Board of County Commissioners 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 Worker's Compensation Insurance
- Employees' Health and Life Insurance

**Note 2 - Cash**

As of September 30, 2011, the Tax Collector had the following in cash:

	<b>Carrying Amount</b>
Cash on Hand	\$ 1,525
Deposits in Qualified Public Depositories	467,980
<b>Total Cash</b>	<b><u>\$ 469,505</u></b>

**Credit Risk**

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

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

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

**Custodial Credit Risk**

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

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

**Note 2 - Cash (Concluded)**

**Custodial Credit Risk (Concluded)**

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2011 were \$474,637.

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

**Note 3 - Employee Benefits**

**Defined Benefit Pension Plan**

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

The Tax Collector and all full-time employees are eligible to participate in the System. Employees who retire at or after age 62, with six years of creditable service or with 30 years of service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The fiscal year-end June 30, 2011 and 2010 contribution rates by member class are as follows: regular members (4.91% and 10.77%), senior management employees ( 6.27% and 14.57%), DROP employees (4.42% and 12.25%), and elected officials (11.14% and 18.64%). The Tax Collector's contributions paid for the years ended September 30, 2011, 2010, and 2009 were \$50,647, \$53,668 and \$53,843, respectively, which is equal to the required contribution for each year.

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

**Note 4 - Risk Management**

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

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

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

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

**Note 5 - Long-term Liabilities**

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

	<u>Balance</u> <u>October 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2011</u>
Liability for Compensated Absences	\$ 43,704	\$ 18,776	\$ (19,938)	\$ 42,542
Other Postemployment Benefits	15,000	3,700	(1,300)	17,400
<b>Total</b>	<u>\$ 58,704</u>	<u>\$ 22,476</u>	<u>\$ (21,238)</u>	<u>\$ 59,942</u>

Of the \$42,542 liability for accrued compensated absences, management estimates that \$11,474 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, 2011. As discussed in Note 1, the liability is reported on the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Tax Collector. See Note 8 for a description of the other postemployment benefits.

**Note 6 - Interfund Receivables and Payables**

The General Fund due to the Agency Fund of \$868 consists of an amount to cover bank service charges in excess of interest earned. The Agency Fund due to the General Fund of \$3,304 consists of fees on transactions collected by the Agency Fund. These payments were made shortly after the fiscal year-end.

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

**Note 7 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Tax Collector had no encumbrances at September 30, 2011.

**Note 8 - Other Postemployment Benefits**

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

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

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

The Tax Collector's portion of the other postemployment benefits liability at September 30, 2011 totaled \$17,400. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

**Note 9 - Commitments and Contingencies**

**Operating Leases**

The Tax Collector is leasing a postage machine under an operating lease that concludes during the fiscal year ending September 30, 2016. The Tax Collector is leasing a paper folding machine under an operating lease that concludes during the fiscal year ending September 30, 2015. The Tax Collector is also leasing a copier under an operating lease that concludes during the fiscal year ending September 30, 2012. During the fiscal year ended September 30, 2011, the lease payments on all operating leases amounted to \$3,613. Total subsequent lease payments payable during, 2012, 2013, 2014, 2015, and 2016 are \$3,667, \$3,395, \$3,395, \$3,395, and \$1,288, respectively.

The Tax Collector has entered into a noncancelable agreement for hardware and software maintenance and support. This agreement contains provision for automatic renewals every twelve months after the initial terms of five years for specific software support and three years for all other maintenance and support.

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

**Note 9 - Commitments and Contingencies (Concluded)**

**Operating Leases (Concluded)**

At September 30, 2011, aggregate future minimum payments under noncancelable maintenance and support agreements with remaining terms equal to or exceeding one year is as follows:

<b><u>Fiscal Year Ending</u></b>	<b><u>Amount</u></b>
<b><u>September 30,</u></b>	
2012	<u>\$ 61,683</u>

**Legal Contingencies**

Various suits and claims arising in the ordinary course of operations are pending against the Tax Collector. These primarily relate to property assessments within the County. The ultimate effect of such litigation cannot be ascertained at this time. In the opinion of management for the Tax Collector, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the Tax Collector or its operations.

## **OTHER REPORTS**



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

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

We have audited the special purpose financial statements of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Certified Public Accountants**

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tax Collector's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

## MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated March 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the entity's financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

### Certified Public Accountants

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

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

### MANAGEMENT LETTER

(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based upon professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Tax Collector.

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

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida



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

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

**SEPTEMBER 30, 2011**

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

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

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Special Purpose Financial Statements</b>	
Balance Sheet - General Fund .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	5
Notes to Special Purpose Financial Statements .....	6-12
<b>Other Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13-14
Management Letter .....	15-16

## INDEPENDENT AUDITORS' REPORT

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the accompanying special purpose financial statements of the General Fund of the Gadsden County, Florida Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as a whole, as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Property Appraiser as of September 30, 2011, the changes in financial position of its General Fund and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 1.

### Certified Public Accountants

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



The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2012, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011  
GADSDEN COUNTY PROPERTY APPRAISER**

**Assets**

Cash	\$ 15,502
Due from Individual	294
	<hr/>

<b>Total Assets</b>	<b>15,796</b>
	<hr/> <hr/>

**Liabilities and Fund Balance**

Liabilities:

Accounts Payable	4,091
Accrued Liabilities	11,662
Due to Other Governments	43
	<hr/>

<b>Total Liabilities</b>	<b>15,796</b>
	<hr/>

<b>Fund Balance</b>	<b>0</b>
	<hr/>

<b>Total Liabilities and Fund Balance</b>	<b>\$ 15,796</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY PROPERTY APPRAISER**

**Revenues**

Charges for Services	\$ 1,678
Miscellaneous Revenue	3,697
<b>Total Revenues</b>	<u>5,375</u>

**Expenditures**

Current:	
General Government:	
Personal Services	528,538
Operating	141,357
Capital Outlay	1,702
<b>(Total Expenditures)</b>	<u>(671,597)</u>

**(Deficiency) of Revenues**

**(Under) Expenditures** (666,222)

**Other Financing Sources (Uses)**

Transfers in	666,222
<b>Total Other Financing Sources (Uses)</b>	<u>666,222</u>

**Net Change in Fund Balance** 0

**Fund Balance, Beginning of Year** 0

**Fund Balance, End of Year** \$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY PROPERTY APPRAISER**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 0	\$ 0	\$ 1,678	\$ 1,678
Miscellaneous Revenue	0	0	3,697	3,697
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>5,375</u>	<u>5,375</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal Services	515,578	515,395	528,538	(13,143)
Operating	159,557	159,557	141,357	18,200
Capital Outlay	0	0	1,702	(1,702)
Nonoperating	10,000	10,000	0	10,000
<b>(Total Expenditures)</b>	<u>(685,135)</u>	<u>(684,952)</u>	<u>(671,597)</u>	<u>13,355</u>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<u>(685,135)</u>	<u>(684,952)</u>	<u>(666,222)</u>	<u>18,730</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	685,135	684,952	666,222	(18,730)
<b>Total Other Financing Sources (Uses)</b>	<u>685,135</u>	<u>684,952</u>	<u>666,222</u>	<u>(18,730)</u>
<b>Net Change in Fund Balance</b>	0	0	0	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

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

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

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

**Reporting Entity**

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

The Gadsden County, Florida Property Appraiser (the Property Appraiser), is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. The Board and the Florida Department of Revenue approve 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 special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Gadsden County, Florida.

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

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

**Basis of Presentation**

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires, the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Property Appraiser as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

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

**Basis of Presentation (Concluded)**

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.

**Basis of Accounting**

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which is not recorded until paid.

**Measurement Focus**

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

**Budgets and Budgetary Accounting**

Section 195.087, Florida Statutes governs the preparation, adoption, and administration of Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriations categories (personal services, operating expenses, capital outlay, debt service, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance - budget and actual, reflect all approved amendments.



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

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

**Capital Assets**

Capital assets purchased in the Governmental Fund type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

**Accrued Compensated Absences**

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is not carried forward to the subsequent calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken, not to exceed 240 hours.

Sick leave is accumulated at the rate of four hours for each full calendar month of continuous employment during the first year and eight hours during each subsequent year. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees with twenty years or more continuous employment can receive payment based upon the employee's current wage rate for 50% of accumulated sick leave above 300 hours. For fifteen to nineteen years the percentage is 45%, twelve to fourteen years the percentage is 40%, nine to eleven years is 30%, six to eight years is 20%, and three to five years is 10%.

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

**Transfers In and Out**

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

**Related Organizations - Common Expenses**

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

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property and Worker's Compensation Insurance
- Employees' Health and Life Insurance through May 31, 2011

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

**Note 2 - Cash**

As of September 30, 2011, the carrying amount of the Property Appraiser's deposits was \$15,502.

**Credit Risk**

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

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

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

**Custodial Credit Risk**

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

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

**Note 3 - Employee Benefits**

**Defined Benefit Pension Plan**

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

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

**Note 3 - Employee Benefits (Concluded)**

**Defined Benefit Pension Plan (Concluded)**

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees who retire at or after age 62, with six years of creditable service or with 30 years of service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits, and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The fiscal year-end June 30, 2011 and 2010 contribution rates by member class are as follows: regular members (4.91% and 10.77%), DROP employees (4.42% and 12.25%), and elected officials (11.14% and 18.64%). The Property Appraiser's contributions paid for the years ended September 30, 2011, 2010, and 2009 were \$50,325, \$51,603, and \$50,710, respectively, which is equal to the required contribution for each year.

**Note 4 - Risk Management**

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

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

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

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

**Note 5 - Long-term Liabilities**

A summary of the Property Appraiser's long-term liabilities is as follows:

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

**Note 5 - Long-term Liabilities (Concluded)**

	<u>Balance</u> <u>October 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2011</u>
Liability for Compensated Absences	\$ 52,148	\$ 23,269	\$ (24,144)	\$ 51,273
Other Postemployment Benefits	22,000	4,900	(1,200)	25,700
<b>Total</b>	<u>\$ 74,148</u>	<u>\$ 28,169</u>	<u>\$ (25,344)</u>	<u>\$ 76,973</u>

Of the \$51,273 liability for accrued compensated absences, management estimates that \$15,627 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since they are not payable from available resources at September 30, 2011. As discussed in Note 1, the liability is reported on the statement of net assets in the County-wide financial statements of Gadsden County, Florida.

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

**Note 6 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The encumbrances will be honored in the subsequent year. The Property Appraiser had no outstanding encumbrances at September 30, 2011.

**Note 7 - Other Postemployment Benefits**

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

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

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

The Property Appraiser's portion of the other postemployment benefits liability at September 30, 2011 totaled \$25,700. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

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

**Note 8 - Commitments and Contingencies**

**Operating Leases**

The Property Appraiser is leasing a vehicle under an operating lease that concludes during the fiscal year ending September 30, 2012. During the fiscal year ended September 30, 2011, the lease payments on all operating leases amounted to \$6,908. Total future lease payments payable are as follows:

<u>Year Ending September 30</u>	<u>Payments</u>
2012	\$ 5,639
2013	5,639
2014	<u>1,880</u>
<b>Total</b>	<u><u>\$ 13,158</u></u>

## **OTHER REPORTS**

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

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Certified Public Accountants**

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The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Property Appraiser's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida



## MANAGEMENT LETTER

The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings made in the preceding annual financial audit report.
- 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.
- 10.554(1)(i)3., *Rules of the Auditor General*, Section 10.554(1)(i)3., requires that we address in the management letter any recommendations to improve the entity's financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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The Honorable Clay VanLandingham  
Gadsden County Property Appraiser  
Gadsden County, Florida

### MANAGEMENT LETTER

(Concluded)

- 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Property Appraiser.

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

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida



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

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

**SEPTEMBER 30, 2011**

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

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

**SEPTEMBER 30, 2011**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Special Purpose Financial Statements</b>	
Balance Sheet - General Fund .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	5
Notes to Special Purpose Financial Statements .....	6-11
<b>Other Reports</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	12-13
Management Letter .....	14-15

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the General Fund of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices prescribed by, the *Rules of the Auditor General*, State of Florida, which practices differ from accounting principles generally accepted in the United States of America. The differences include the permitted omission of entity-wide, full-accrual, financial statements and the management's discussion and analysis. In addition, the financial statements referred to above are intended to present the financial position and changes in financial position of only that portion of Gadsden County, Florida, that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as a whole as of September 30, 2011, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Supervisor of Elections at September 30, 2011, the changes in financial position of its General Fund, and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 1.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2012, on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

**SPECIAL PURPOSE  
FINANCIAL STATEMENTS**



**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

<b>Assets</b>	
Cash	\$      61,755
<b>Total Assets</b>	<u>61,755</u>
<b>Liabilities</b>	
Accounts Payable	36,059
Accrued Wages and Benefits	7,198
Deferred Revenue	<u>18,498</u>
<b>Total Liabilities</b>	<u>61,755</u>
<b>Fund Balance</b>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$      61,755</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

<b>Revenues</b>	<u>\$ 0</u>
<b>Expenditures</b>	
General Government:	
Personal Services	288,274
Operating Expenditures	143,485
Capital Outlay	<u>35,001</u>
<b>(Total Expenditures)</b>	<u>(466,760)</u>
<b>(Deficiency) of Expenditures (Under) Revenues</b>	<u>(466,760)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	<u>466,760</u>
<b>Net Change in Fund Balance</b>	0
<b>Fund Balance, Beginning of Year</b>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures</b>				
General Government:				
Personal Services	302,511	303,511	288,274	15,237
Operating Expenditures	184,833	183,833	143,485	40,348
Capital Outlay	0	0	35,001	(35,001)
<b>(Total Expenditures)</b>	<u>(487,344)</u>	<u>(487,344)</u>	<u>(466,760)</u>	<u>20,584</u>
<b>(Deficiency) of Expenditures (Under)</b>				
Revenues	<u>(487,344)</u>	<u>(487,344)</u>	<u>(466,760)</u>	<u>20,584</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>487,344</u>	<u>487,344</u>	<u>466,760</u>	<u>(20,584)</u>
<b>Net Change in Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

## NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS GADSDEN COUNTY SUPERVISOR OF ELECTIONS

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

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

#### **Reporting Entity**

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

The Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), is an elected official of the County, pursuant to the *Constitution of the State of Florida*, Article VIII, Section 1(d) and is a part of the primary government of the County. The Board approves the Supervisor of Elections' total operating budget and 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' special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Gadsden County, Florida. There were no component units related to the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

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

#### **Basis of Presentation**

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires, the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Supervisor of Elections as of September 30, 2011, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

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

**Basis of Presentation (Concluded)**

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

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

**Basis of Accounting**

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they are received in cash or when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenue is considered susceptible to accrual intergovernmental revenue.

**Measurement Focus**

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

**Budgetary Requirement**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the General Fund.

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

Budget to actual comparisons are provided in the financial statements for the General Fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

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

**Capital Assets**

Tangible personal property is recorded as expenditures in the General Fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the Board. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

**Accumulated Compensated Absences**

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time. Upon termination, employees can be paid up to 240 hours of vacation time and up to one-fourth of unused sick time, with the payment of one-fourth of unused sick time being subject to three years of consecutive employment.

The Supervisor of Elections' accumulated compensated absences are reported in the statement of net assets in the Board's financial statements.

**Risk Management**

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

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

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

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

**Use of Estimates**

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

**Transfers In and Out**

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

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

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

**Related Organizations – Common Expenses**

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

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

**Note 2 - Cash**

As of September 30, 2011, the carrying amount of the Supervisor of Elections' deposits was \$61,755.

**Credit Risk**

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

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

The Supervisor of Elections does not have an investment policy that would further limit its investment choices.

**Custodial Credit Risk**

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

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



**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**GADSDEN COUNTY SUPERVISOR OF ELECTIONS**  
*(Continued)*

**Note 3 - Employee Benefits**

**Pension Plan**

In accordance with Florida law, the Supervisor of Elections participates in the Florida Retirement System (the System), which presently covers all qualified Gadsden County Supervisor of Elections employees. This System was created by the Florida Legislature and is administered by the State of Florida, Department of Management Services, Division of Retirement and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the State of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

All Supervisor of Elections employees are eligible to participate in the System. The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) after 30 years of service, regardless of age; (2) six years of service and age 62; or (3) 25 years special risk service (age 55 if not continuous). Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death benefits, disability benefits, and annual cost-of-living adjustments. Benefits are established by Florida Statutes.

The Florida Legislature has established a uniform contribution rate system for the FRS covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all FRS members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The fiscal year-end June 30, 2011 and 2010 contribution rates by member class are as follows: regular members (4.91% and 10.77%), DROP employees (4.42% and 12.25%), and elected officials (11.14% and 18.64%). The Supervisor of Elections' contributions to the System for the years ended September 30, 2011, 2010, and 2009 were \$23,991, \$27,513, and \$27,868, respectively, equal to the required contributions for each year.

**Note 4 - Risk Management**

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

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

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

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

**Note 4 - Risk Management (Concluded)**

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

**Note 5 - Long-term Liabilities**

The following is a summary of the changes in long-term liabilities of the Supervisor of Elections for the year ended September 30, 2011:

	<b>Balance</b>			<b>Balance</b>
	<b><u>October 1, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>September 30, 2011</u></b>
Liability for Compensated Absences	\$ 18,083	\$ 12,529	\$ (12,849)	\$ 17,763

The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$7,458.

**Note 6 - Encumbrances**

Encumbrances represent commitments related to underperformed contracts for goods or services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year. The Supervisor of Elections had no outstanding encumbrances at September 30, 2011.

**Note 7- Other Postemployment Benefits**

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

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

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

The Supervisor of Elections' portion of the other postemployment benefits liability at September 30, 2011, is reported as part of the Board of County Commissioners OPEB obligation and is not shown as a separate amount. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

## **OTHER REPORTS**

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

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

We have audited the special purpose financial statements of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for state filing requirements, and for other reasons. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Certified Public Accountants**

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supervisor of Elections' special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

## MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida Supervisor of Elections (the Supervisor of Elections), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 27, 2012, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, *Florida Statutes*.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the entity's financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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

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

*Purvis, Gray and Company, LLP*

March 27, 2012  
Gainesville, Florida

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable Board  
of County Commissioners  
Gadsden County, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida (the County), for the year ended September 30, 2011, and have issued our report thereon dated March 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.550, *Rules of the Auditor General*. We have communicated such information in our correspondence letter to you dated July 21, 2011. Professional standards require that we provide you with the following information related to our audits:

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 2 to the financial statements. The County adopted a new accounting policy in 2011, as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The application of other existing policies was not changed during 2011. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of other postemployment benefit obligations.
- Management's estimate of the depreciation and accumulated depreciation which is based on the useful lives determined by asset type.
- Management's estimate of the allowance for uncollectible accounts which is based on analysis of the collectibility of individual accounts.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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To the Honorable Board  
of County Commissioners  
Gadsden County, Florida

**Significant Audit Findings (Concluded)**

**Qualitative Aspects of Accounting Practices (Concluded)**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The Disclosure Related to the Defined Benefit Pension Plan.
- The Disclosure Related to the Fund Balance Classifications as Defined by GASB 54.
- The Disclosure Related to Subsequent Events.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 30, 2012.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

*Purvis, Gray and Company, LLP*

March 30, 2012  
Gainesville, Florida