

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2018

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS
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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA

LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2018

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Administrator	Dee Jackson
County Attorney	David Weiss

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2018, the respective changes in financial position, thereof, and the respective budgetary comparison of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining nonmajor fund statements are presented for purposes of additional analysis, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements.

The combining nonmajor fund statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund statements and the schedule of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

Purvis, Gray and Company, LLP

May 9, 2019
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gadsden County, Florida, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide Statements

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

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

Fund Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

A brief description of the different financial statements follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities found on pages 14-15) concentrate on the County as a whole and do not emphasize fund types. The governmental activities comprise the primary government. Fiduciary funds are not included in the government-wide financial statements. The County does not have any business-type activities.

General governmental and intergovernmental revenues support the governmental activities, along with user fees and charges for services. The purpose of the government-wide financial statements is to allow the user to be able to analyze the County's total financial position. Over time, increases or decreases in net position are indicators of whether the County's financial health is improving or deteriorating.

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

Fund Financial Statements

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

Fund financial statements for all governmental funds include a **balance sheet** and a **statement of revenues, expenditures, and changes in fund balance**. The County's general fund and major special revenue funds include a **statement of revenues, expenditures, and changes in fund balance-budget and actual**. A **statement of fiduciary net position** is presented for the County's agency fund.

Governmental Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Fund Financial Statements (Concluded)

The fund financial statements provide a presentation of the County's major funds, along with a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures, and long-term liabilities - such as general obligation bonds - are not included in the fund financial statements. To facilitate a comparison between the fund financial statements and the government-wide financial statements, a reconciliation of the balance sheet to the statement of net position and a reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities are presented on pages 18 and 21, respectively.

Fiduciary Fund Financial Statements

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The largest portion of the County's net position, 99%, reflects its investment in capital assets (land, buildings, improvements, equipment, furniture, vehicles, construction in progress, and infrastructure) less any related debt to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

Gadsden County Florida
Summary of Net Position

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

Gadsden County Florida
Changes in Net Position

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FUND FINANCIAL ANALYSIS

Governmental Funds

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

As of the end of fiscal year 2018, the County's governmental funds reported combined ending fund balances of \$15,939,022 an increase of \$493,358 in comparison with the prior year. Of the approximately \$15.9 million total fund balance, unassigned fund balance is \$4.0 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had a decrease in fund balance of \$819,929. The total general fund balance was \$5,494,339, of which \$4,047,676 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 21% of total general fund expenditures excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$63.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

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

The Public Works department bought a Knuckle Boom Truck for \$147,547 and a 2017 Ford F250 for \$25,696.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

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

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

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

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

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

Gadsden County Florida
Capital Assets
(Net of Depreciation)

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

Debt Management

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSETS AND DEBT MANAGEMENT (Concluded)

Debt Management (Concluded)

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

**Gadsden County Florida
Outstanding Debt**

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

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

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

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

To summarize, we believe that taxable values for 2019 will remain close to last year's values, and any increase or decrease will be minimal.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

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

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

**GADSDEN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

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

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

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

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

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

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

GADSDEN COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Total Fund Balances of Governmental Funds		\$ 15,939,022
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		63,554,384
Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.		1,752,738
Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:		
Deferred Outflows Related to Pensions	\$ 9,163,955	
Deferred Inflows Related to Pensions	<u>(2,999,991)</u>	6,163,964
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds and Installment Notes Payable	(15,036,914)	
Accrued Compensated Absences	(1,409,779)	
Accrued Other Postemployment Benefits Obligation	(657,800)	
Due to Other Governments - Clerk	(37,686)	
Net Pension Liability	<u>(22,033,663)</u>	<u>(39,175,842)</u>
Total Net Position of Governmental Activities		<u><u>\$ 48,234,266</u></u>

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

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

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

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

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

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

GADSDEN COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net Change in Fund Balances - Total Governmental Funds		\$ 493,358
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
 Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those activities is allocated over their estimated useful lives as depreciation expense:		
Expenditures for Capital Outlays	\$ 2,305,758	
Contributions and (Loss)/Gain on Disposal	(116,058)	
(Current Year Depreciation)	<u>(5,683,675)</u>	(3,493,975)
 Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,425,901
 The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		
		(101,907)
 Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension plans made after the measurement date:		
Deferred Inflows Related to Pensions	(967,916)	
Deferred Outflows Related to Pensions	<u>(1,383,071)</u>	(2,350,987)
 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	(11,158)	
Other Postemployment Benefits	(58,400)	
Landfill Postclosure Costs	12,347	
Due to Other Governments - Clerk	75,603	
Net Pension Liability	<u>889,735</u>	908,127
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		<u>95,098</u>
Change in Net Position - Governmental Activities		<u><u>\$ (3,024,385)</u></u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1 - Reporting Entity

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

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

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

The accompanying financial statements present the primary government, and its component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria to determine whether the entity is: (a) part of the primary government; (b) a component unit which should be included in the reporting entity (blended or discretely presented); or (c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the reporting entity:

- **Gadsden County Hospital (the Hospital)**—The Hospital was created pursuant to Chapter 24534, *Laws of Florida 1947*. In evaluating this potential component unit, it was determined that the Hospital is not a separate legal entity as it generally cannot transact business in its own name and, therefore, should be included as part of the primary government for reporting purposes. The Hospital does not function as an operating hospital, but provides the facilities and the maintenance and repair of such facilities for a provider who contracts with the County to operate the Hospital. The assets, liabilities, and results of operations of the Hospital are presented in the financial statements of the County as a nonmajor special revenue fund.
- **Gadsden County Industrial Development Authority (the Development Authority)**—The Development Authority was created by resolution of the Board pursuant to Chapter 159, Part III, Florida Statutes. The Development Authority members are appointed by the Board; however, the Board's accountability for the Development Authority does not extend beyond making the appointments. Accordingly, the Development Authority is considered to be a related organization only, and is not included in the financial reporting entity.

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

Note 1 - Reporting Entity (Concluded)

- **Quincy-Gadsden Airport Authority (the Airport Authority)**—The Airport Authority was created by Chapter 88-439, *Laws of Florida*. The Authority is composed of five members. Two members are appointed by the City of Quincy, Florida, two members are appointed by the Board, and one member is appointed by these four members. The Airport Authority is a local unit of special purpose government and is not considered a component unit of the County and is not included in the financial reporting entity.
- **Gadsden County Enterprise Zone Development Agency (the Agency)**—The Agency was created by ordinance of the Board pursuant to Chapter 290, Florida Statutes, to carry out economic development and redevelopment activities. The Agency Board members are appointed by the Board and the Board retains various powers including approving expenditures, borrowing funds, investing funds, and approving assistance to businesses within the enterprise zone. Accordingly, the activities of the Agency are included as a blended component unit in the County’s financial statements. The Agency did not have any activity in fiscal year 2018.
- **Gadsden Hospital, Inc.**—The Gadsden Hospital, Inc. is a not-for-profit corporation established to assist with the operation of the Hospital and other health care facilities in Gadsden County. The Gadsden Hospital, Inc. members are appointed by the Board and the Board approves its funding and operations. Accordingly, the activities of Gadsden Hospital, Inc. have been included as a blended component unit in the County’s financial statements, and has been included as a special revenue fund in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Concluded)

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

The County reports the following major governmental funds:

- **General Fund**—The General Fund is the County’s primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.
- **County Transportation**—The County Transportation fund accounts for the operation of the Public Works Department of the County. Funding is provided principally from gas taxes and other charges for services.
- **SHIP (State Housing Initiative Program)**—The SHIP or State Housing Initiative Program is funded by the state through the Florida Housing Finance office. The program provides very low, or low to moderate income families with assistance to buy a home or rehabilitate a home as well as other types of homeowner assistance.
- **Indigent Surtax Fund**—The Gadsden County Board of Commissioners levied a one-half percent Indigent Care Sales Surtax as the result of voter approval of Gadsden County Ordinance 08-025. The surtax is used to provide health care services to eligible participants, Gadsden County Health Department and Gadsden County Health Council, as well as Capital Regional Medical Center, the company operating the Gadsden Community Hospital. A portion of the proceeds are pledged to service the bond indebtedness incurred to finance the reconstruction of the County Hospital.
- **Capital Projects Public Works**—The Capital Project Public Works fund was set up to provide funds for road building and resurfacing projects and to track those funds separate from operating expenses, which is the source of revenue for this fund.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

Investments

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

Receivables

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

Due from (to) Other Funds

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

Prepaid Items

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

Inventories

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

Long-term Obligations

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

Deferred Inflows/Outflows of Resources

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Inflows/Outflows of Resources (Concluded)

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

Compensated Absences

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

Postemployment Benefits Other than Pension Benefits (OPEB)

The County participates and administers a single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program. Additional information on the County's OPEB liability can be found in Note 13.

Property Taxes

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

Adoption of New Accounting Pronouncement

During the year ended September 30, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for Other Post Employment Benefits (OPEB). This Statement establishes new accounting and

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

Note 2 - Summary of Significant Accounting Policies (Concluded)

Adoption of New Accounting Pronouncement (Concluded)

financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows or resources, deferred inflows of resources and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. As part of implementation this new accounting pronouncement the County restated net position as follows:

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

Note 3 - Cash and Investments

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

Public Purpose

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

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

Credit Risk—Public Purpose Funds

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

1. The Florida PRIME (formerly the Local Government Surplus Trust Funds Investment Pool) administered by the State Board of Administration.
2. Negotiable direct obligations of, or obligations of the principal and interest of which are unconditionally guaranteed by the United States Government, which include, but are not limited to: treasury bills, treasury notes, treasury bonds, and treasury strips.

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

Note 3 - Cash and Investments (Continued)

Credit Risk—Public Purpose Funds (Concluded)

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

Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the Securities and Exchange Commission (SEC). Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME.

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

The SBA's interpretation of GASB Statement No. 79 is that the Florida PRIME investment pool currently meets all necessary criteria to measure its investments at amortized cost. Therefore, as a participant in the SBA's Florida PRIME investment pool, the County's investments in Florida PRIME were also measured at amortized cost for fiscal year 2017-18. There were no limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates, except in certain emergency situations.

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

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

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk—Public Purpose Funds

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

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

Interest Rate Risk—Public Purpose Funds

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits interest rate risk for the repurchase agreement by utilizing an overnight sweep agreement to invest excess cash balances. The weighted-average investment maturity for Florida PRIME is thirty-eight days.

Hospital Endowment Trust Fund

As of September 30, 2018, the Hospital Endowment Trust Fund had the following balances in investments:

Investments at Capital City Trust Company:

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

As of September 30, 2018, the Hospital Endowment Trust Fund had cash deposits of \$45,305 in a qualified public depository.

Credit Risk—Hospital Endowment Trust Fund

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investing activities for the Hospital Endowment Trust Fund are performed strictly by the members of the Trust committee.

The U.S. Treasury Bonds and Notes, and the U.S. Government Agency holdings of the Hospital Endowment Trust Fund are triple A-rated by a nationally recognized statistical rating organization.

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

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk—Hospital Endowment Trust Fund

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

Concentration of Credit Risk—Hospital Endowment Trust Fund

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

Interest Rate Risk—Hospital Endowment Trust Fund

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

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

Fair Value Measurements

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

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

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

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

Note 3 - Cash and Investments (Concluded)

Fair Value Measurements (Concluded)

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

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

Note 4 - Receivables

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

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

Note 5 - Interfund Receivables, Payables, and Transfers

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

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

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

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

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

Interfund transfers for the year ended September 30, 2018, consisted of the following:

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

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

Note 6 - Capital Assets

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

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

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

Note 6 - Capital Assets (Concluded)

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

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

Note 7 - Long-term Debt

Summary of Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	<u>Balance</u> <u>10/1/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/18</u>	<u>Due Within</u> <u>One Year</u>
Estimated Landfill Postclosure Costs	\$ 12,347	\$ 0	\$ (12,347)	\$ 0	\$ 0
Employee Compensated Absences Payable	1,398,621	1,186,966	(1,175,808)	1,409,779	630,439
Other Postemployment Benefits	599,400	58,400	0	657,800	0
Net Pension Liability	22,923,398	0	(889,735)	22,033,663	0
Due to Other Governments - Clerk	113,289	0	(75,603)	37,686	31,949
Loan with BB&T for 2016 Sales Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$53,819 Commencing August 2016 through March 2030, Interest at 2.00%, Funds Used for Refunding of 2013 Hospital Bond	7,137,683	0	(507,719)	6,629,964	517,967
Gas Tax Revenue and Refunding Bond, Series 2015, Monthly Principal and Interest Payments of \$60,588, Commencing June 2015, Interest at 2.43%, Funds Used for Refunding the 2013 Gas Tax Revenue Refunding Bond and for Construction and Improvement of Certain Roads in Gadsden County	7,875,568	0	(541,689)	7,333,879	554,999
Loan with BB&T for 2016 Local Gov't Half-cent Revenue Bonds, Semiannual Interest and Principal Payments of \$105,728 in April and October, Interest Rate of 1.53% Funds Used for Refinancing Costs of 2006 Library Bond	1,014,120	0	(196,689)	817,431	199,710

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

Note 7 - Long-term Debt (Concluded)

Summary of Changes in Long-term Debt (Concluded)

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

Interest expense and other debt-related charges during 2018 on long-term debt totaled \$350,590, none of which was capitalized.

Maturities of Long-term Debt

Maturities of long-term debt for years ending September 30 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,428,702	\$ 320,638
2020	1,349,130	288,113
2021	1,353,866	258,758
2022	1,379,991	229,003
2023	1,172,664	200,230
2024-2028	6,270,787	593,688
2029-2030	2,081,774	38,154
Other Years (Including Compensated Absences, Other Postemployment Benefits, Estimated Landfill Postclosure Costs, Due to Other Governments, and Net Pension Liability)	24,138,928	0
Total	<u>\$ 39,175,842</u>	<u>\$ 1,928,584</u>

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

Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2018. The following table reports the revenues pledged for each debt issue, the amounts of such revenues received in the current year principal and interest paid on the debt, the approximated percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2018.

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
County Fuel Tax	Revenue Bond for Infrastructure Revenue Bond, Series 2016	\$ 1,626,687	\$ 727,059	0.00%	\$ 8,421,763	2030
Local Half-cent Tax	Revenue Bond for Library Revenue Bond, Series 2017	\$ 1,373,878	\$ 211,455	0.00%	\$ 845,821	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2017	\$ 1,798,461	\$ 645,835	0.00%	\$ 7,427,110	2030

Note 9 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

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

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

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan

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

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

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

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

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

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

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2017-18 fiscal year were as follows:

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

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

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

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Contributions. (Concluded)

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

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

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

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	7.00%
Long-term Expected Rate of	
Rate of Return, Net of Investment Expense	7.00%

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

The actuarial assumptions used in the July 1, 2018 valuation, were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

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

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Actuarial Assumptions. (Concluded)

<u>Asset Class</u>	<u>Annual Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total	<u>100%</u>			
Assumed Inflation – Mean			2.6%	1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.10% in the July 1, 2017 valuation.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

FRS – County:

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

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

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

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature established and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the years of service credited at retirement multiplied by \$5. The minimum HIS payment is \$30 and a maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under the State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2018 and 2017, the contribution rate was 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$215,157 for the fiscal year ended September 30, 2018.

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

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

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

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2016, and recalculated as of June 30, 2018, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	3.87%
Long-term Expected Rate of	
Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.87%

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

The actuarial assumptions used to determine the total pension liability as of July 1, 2018, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

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

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

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

Note 9 - Employee Retirement Plan (Continued)

Additional Disclosures – Defined Benefit Plans

Net Pension Liability

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 17,856,361	\$ 4,177,302	\$ 22,033,633

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

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

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

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

Note 9 - Employee Retirement Plan (Continued)

Additional Disclosures – Defined Benefit Plans (Concluded)

Pension Expense

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

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

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

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts during the 2017-2018 fiscal year were as follows:

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

Note 9 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$280,562 for the fiscal year ended September 30, 2018.

Note 10 - Risk Management

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

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

Note 10 - Risk Management (Concluded)

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

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

Note 11 - Hospital Endowment Trust Fund

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

Note 12 - Commitments and Contingencies

Litigation

The County is contingently liable with respect to various lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the County's management, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

Hospital Lease

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

Due to Other Governments

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

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

Note 12 - Commitments and Contingencies (Concluded)

Due to Other Governments (Concluded)

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

Construction Commitments

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

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

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

Plan Description

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

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

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

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

Plan Description (Concluded)

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

Retiree and Beneficiaries Currently Receiving Benefits	0
Active Employees	280
Total	280

Funding Policy

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

Actuarial Methods and Assumptions

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

Actuarial Assumptions:

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

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

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

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

Total OPEB Liability

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

Changes in the Total OPEB Liability include the following:

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

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

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 720,400	\$ 657,800	\$ 600,000

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

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

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

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

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

Note 14 - Other Disclosures

Budget Over-expenditure

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

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

Fund Balance Classifications

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

Nonspendable Fund Balance

Prepaid Expenses	\$ 666,965
Inventory	140,218

Total Nonspendable Fund Balance \$ 807,183

Restricted Fund Balance

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

Total Restricted Fund Balance \$ 7,298,414

Committed Fund Balance

Teen Court	\$ 214
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Total Committed Fund Balance \$ 214

Assigned Fund Balance

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

Total Assigned Fund Balance \$ 3,788,975

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

Note 14 - Other Disclosures (Concluded)

(Deficit) Unrestricted Net Position

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

Note 15 - Tax Abatements

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

Note 16 - Subsequent Events

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.059283048%	0.062579916%	0.062937069%	0.060673599%
County's Proportionate Share of the Net Pension Liability	\$ 17,856,359	\$ 18,510,719	\$ 15,891,659	\$ 7,836,809
County's Covered-employee Payroll (FYE 09/30)	\$ 12,961,265	\$ 13,075,843	\$ 13,324,993	\$ 12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	137.77%	141.56%	119.26%	61.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

Notes to Schedule:

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

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

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

**GADSDEN COUNTY, FLORIDA
FRS PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Note to Schedule:

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

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

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
County's Proportion of the Net Pension Liability	0.0394677%	0.0412691%	0.0417857%	0.0415987%
County's Proportionate Share of the Net Pension Liability	\$ 4,177,302	\$ 4,412,678	\$ 4,869,952	\$ 4,242,418
County's Covered-employee Payroll (FYE 09/30)	\$ 12,961,265	\$ 13,075,843	\$ 13,324,993	\$ 12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	32.23%	33.75%	36.55%	33.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%

Notes to Schedule:

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

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

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

**GADSDEN COUNTY, FLORIDA
HIS PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Note to Schedule:

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

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

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

Note to Schedule:

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

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

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

Notes to Schedule:

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

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

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

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

COMBINING NONMAJOR FUND STATEMENTS

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

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

Special Revenue

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

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

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

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

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

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

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

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

Special Revenue

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

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

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

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

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

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

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

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

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

OTHER INFORMATION

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES;
*THE RULES OF THE AUDITOR GENERAL OF THE STATE OF
FLORIDA*; AND OTHER CONTRACT REQUIREMENTS**

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

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

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

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

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

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

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

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

NOTES:

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

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

Note 1 - Basis of Presentation

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

Note 2 - De Minimis Indirect Cost Rate Election

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



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

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

Report on Compliance for Each Major State Project

We have audited the compliance of Gadsden County, Florida, (the County) with the types of compliance requirements described in the State of Florida, Department of Financial Services' State Projects *Compliance Supplement*, which could have a direct and material effect on the County's major state projects for the year ended September 30, 2018. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 10.550, *Rules of the Auditor General* of the State of Florida. Those standards, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2018.

Certified Public Accountants

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

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

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

(Continued)

Other Matters

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

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2018-01 that we consider to be a significant deficiency.

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

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

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

Report on Internal Control Over Compliance (Concluded)

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

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


May 9, 2019
Tallahassee, Florida

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

Section I - Summary of Independent Auditors' Results

Financial Statements

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

State Financial Assistance

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

Identification of Major Projects:

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

Dollar Threshold Used to Distinguish Between Type A and Type B Projects	\$ 300,000
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Section II - Financial Statement Findings

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

Section III - Findings and Questioned Costs - State Projects

State Project Finding Number 2018-01

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

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

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

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

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

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

Section IV - Summary Schedule of Prior Audit Findings

Prior Year State Project Finding Number 2017-01

State Agency:	Florida Housing Finance Corporation
CSFA Number:	40.901
Program Title:	State Housing Initiative Partnership Program (SHIP)
Compliance Requirement:	Allowable Costs
Finding Type:	Noncompliance and Significant Deficiency
Questioned Costs:	\$44,400

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

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

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

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

Prior Year State Project Finding Number 2017-02

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

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

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

Prior State Project Finding Number 2017-03

See current year finding Number 2018-01.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2018, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 9, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

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

Compliance and Other Matters

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

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

Purvis, Gray and Company, LLP

May 9, 2019
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida's, (the County) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Our examination does not provide legal determination of the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of County Commissioners of Gadsden County, Florida, and its management and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

May 9, 2019
Tallahassee, Florida

Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 365.172(10) AND SECTION 365.173(2)(d), FLORIDA STATUTES**

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

We have examined Gadsden County, Florida's, (the County) compliance with the requirements of Section 365.172(10) Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d) Florida Statutes, *Distribution and Use of E911 Funds*, during the year ended September 30, 2018. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Our examination does not provide legal determination of the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of County Commissioners of Gadsden County, Florida, and its management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

May 9, 2019
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 9, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 9, 2019, should be considered in conjunction with this management letter. This management letter applies to the County as a whole. Other management letter comments are described in the audit reports of the constitutional officers.

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the Schedule of Findings and Questioned Costs for the status of the findings and recommendations made in the previous year related to State Financial Assistance. There were no findings reported in the management letter of the preceding financial audit report.

Official Title and Legal Authority

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by the same.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

May 9, 2019
Tallahassee, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2018, and the respective changes in financial position and budgetary comparison for the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position of each major fund, and budgetary comparisons of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information of Gadsden County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

Other Reporting Required by *Government Auditing Standards*

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

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

FINANCIAL STATEMENTS

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

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

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

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

▶ **Public Records Trust Fund**

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

■ **Fiduciary Fund Type**

● **Agency Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

Capital Assets

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

Compensated Absences

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

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

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

Unearned Revenue

In accordance with requirements of the Clerk of Court Operations Corporation (CCOC), the Clerk reports unearned revenue for court related fines and fees collected in September of 2018, which are to be used as advance funding for the Clerk's Court operations in the following fiscal year.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Transfers In and Out

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

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

Fund Balance Reporting

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Clerk does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County’s governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Clerk has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

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

Note 2 - Cash

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

	Carrying Amount
Cash on Hand	\$ 1,600
Deposits in Qualified Public Depositories	868,449
Total Cash	\$ 870,049

Credit Risk

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

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

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

Custodial Credit Risk

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

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

Note 2 - Cash (Concluded)

Custodial Credit Risk (Concluded)

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2018, were \$1,199,130.

Note 3 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

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

Postemployment Benefits Other than Pensions

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

Note 4 - Long-term Liabilities

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

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

Of the \$134,812 liability for accrued compensated absences, management estimates that \$77,673 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since it is not payable from available resources at September 30, 2018. As discussed in Note 1, they are reported in the statement of net position in the government-wide financial statements of the County.

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

Note 5 - Operating Leases

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

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

Note 5 - Operating Leases (Concluded)

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 16,188
2020	8,094
Total	<u>\$ 24,282</u>

Note 6 - Risk Management

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

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

Note 7 - Commitments

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

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

OTHER FINANCIAL INFORMATION

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

	<u>General Trust</u>	<u>Cash Bonds</u>	<u>Child Support</u>	<u>Total of All Agency Funds</u>
Assets				
Cash	\$ 409,646	\$ 175,208	\$ 2,171	\$ 587,025
Total Assets	<u>409,646</u>	<u>175,208</u>	<u>2,171</u>	<u>587,025</u>
Liabilities				
Due to Other Funds	0	0	918	918
Due to Other Governments	2,916	0	1,033	3,949
Deposits	405,040	175,208	0	580,248
Due to Individuals	1,690	0	220	1,910
Total Liabilities	<u>\$ 409,646</u>	<u>\$ 175,208</u>	<u>\$ 2,171</u>	<u>\$ 587,025</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2019.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

Compliance and Other Matters

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

Purpose of this Report

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


April 22, 2019
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 22, 2019
Tallahassee, Florida

Certified Public Accountants

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 22, 2019
Tallahassee, Florida

Certified Public Accountants

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 22, 2019
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 22, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 22, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

MANAGEMENT LETTER
(Concluded)

Financial Management

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

2018-1 Unclaimed Funds

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

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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



April 22, 2019
Tallahassee, Florida

Nicholas Thomas

Gadsden County, Florida

Clerk of the Circuit Court



Clerk of the County Court

Clerk to the Board of County Commissioners
County Recorder
County Auditor

April 22, 2019

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

Mr. Tucker:

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

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

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

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

Sincerely,

Nicholas Thomas,

Clerk of the Circuit Courts

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2018, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information of Gadsden County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

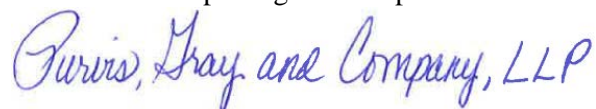
Other Financial Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



April 15, 2019
Tallahassee, Florida

FINANCIAL STATEMENTS

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

Assets	
Cash	\$ 99,778
Total Assets	<u>99,778</u>
Liabilities	
Due to Other Funds	12,016
Due to Board of County Commissioners	4,580
Accounts Payable	32,556
Assets Held for Others	50,626
Total Liabilities	<u>\$ 99,778</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

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

Fund Accounting

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

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

■ **Nonmajor Governmental Funds**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

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

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

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

Measurement Focus

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

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

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

Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Liability for Compensated Absences

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

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

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

Transfers In and Out

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

Related Organizations - Service Fees and Common Expenses

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

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

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting

Fund balance is reported in five components - nonspendable, restricted, committed, assigned, and unassigned.

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Sheriff does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County’s Governing Board. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the Sheriff, or by an individual or body to whom the Sheriff has delegated this responsibility. By definition, fund balances are also assigned to the extent that they are needed to finance a subsequent year’s budget deficit.
- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

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

Note 2 - Cash

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

	Carrying Amount
Deposits in Qualified Public Depositories	\$ 487,513
Total Cash	\$ 487,513

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 2 - Cash (Concluded)

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are all held in a qualified public depository and are therefore considered fully insured or collateralized. Bank balances at September 30, 2018, were \$681,945.

Note 3 - Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 4 - Long-term Liabilities

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

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

Of the \$587,491 liability for accrued compensated absences, management estimates that \$234,968 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from expendable available resources at September 30, 2018.

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

Note 5 - Lease Obligations

Capital Leases

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 5 - Lease Obligations (Concluded)

Capital Leases (Concluded)

At September 30, 2018, aggregate future minimum lease payments are as follows:

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

Operating Lease

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

Year	Amount
2019	\$ 1,636
2020	1,636
Total	\$ 3,272

Note 6 - Interfund Receivables and Payables

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 6 - Interfund Receivables and Payables (Concluded)

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

Note 7 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

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

Postemployment Benefits Other than Pensions

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

Note 8 - Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriff's Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2018, was \$105,830.

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

Automobile Coverage

The Sheriff participates in the Florida Municipal Insurance Trust, which is sponsored by the Florida League of Cities for automobile coverage. The contribution required for the year ended September 30, 2018, was \$30,622.

Workers' Compensation

The Sheriff participates in the Florida Municipal Insurance Trust for workers' compensation coverage, which provides for coverage of risks of loss related to workers' compensation claims. The Sheriff makes payments to the fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The net amount paid for the year ended September 30, 2018, was \$128,766.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Concluded)

Note 9 - Contingencies

Various claims and legal actions arising in the normal course of the Sheriff's operations were pending against the Sheriff at September 30, 2018. These claims are covered through the Sheriff's participation in the Florida Sheriff's Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities, which may arise from such actions, would be adequately covered by the Self-Insurance Fund. Accordingly, no provision has been made in the financial statements for such contingencies.

Note 10 - Subsequent Events

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

OTHER FINANCIAL INFORMATION

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

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

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

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

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

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

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

	<u>Confiscated Funds</u>	<u>Civil Account</u>	<u>Suspense</u>	<u>Inmate Commissary</u>	<u>Totals</u>
Assets					
Cash	\$ 23,575	\$ 20,828	\$ 0	\$ 55,375	\$ 99,778
Total Assets	<u>23,575</u>	<u>20,828</u>	<u>0</u>	<u>55,375</u>	<u>99,778</u>
Liabilities					
Due to Other Funds	0	5,380	0	6,636	12,016
Due to Board of County Commissioners	0	4,580	0	0	4,580
Accounts Payable	0	0	0	32,556	32,556
Assets Held for Others	23,575	10,868	0	16,183	50,626
Total Liabilities	<u>\$ 23,575</u>	<u>\$ 20,828</u>	<u>\$ 0</u>	<u>\$ 55,375</u>	<u>\$ 99,778</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Gadsden County, Florida, (the Sheriff) as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control which are described below, that we consider to be significant deficiencies.

2016-1 Financial Statement Close

Condition: Pursuant to Florida Statutes, Section 218.36, each County officer is required to make an annual report of revenues and expenditures within thirty-one days of the close of the fiscal year. While this report was submitted to the County by October 31st as required, the report was based on preliminary estimates. Although improvements were made in the timeliness of the closing of the books compared to the prior year, the accounting records of the Sheriff's office were not officially closed and ready for audit until February 18, 2019. We also noted that bank reconciliations for the month ended September 30, 2018, were not completed until January and February of 2019.

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

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

Internal Control Over Financial Reporting (Concluded)

2016-1 Financial Statement Close (Concluded)

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

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

Recommendation: Though we have noted significant improvement over the prior year's condition, we recommend the Sheriff's office continue to evaluate the need to hire additional accounting staff to assist with the monthly and year-end closing process. We further recommend a detailed plan be established including scheduled completion dates for each step required in the closing process and bank reconciliations. We also recommend the Sheriff's office implement procedures to ensure that all bank accounts are reconciled within 20 days of month-end.

Compliance and Other Matters

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

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

Response to Finding

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

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

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff and its management, and the Board of Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 15, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding No. 2017-1 noted below and Finding No. 2016-1, as reported in our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* is considered to be uncorrected.

■ 2017-1 Confiscated Funds

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

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

MANAGEMENT LETTER
(Continued)

Prior Audit Findings (Concluded)

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

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

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

Official Title and Legal Authority

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

Financial Management

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

■ **2018-01 Physical Inventory Reconciliations**

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff and its management, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

MANAGEMENT LETTER
(Concluded)

Purpose of this Letter *(Concluded)*

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida



April 16, 2019

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

Dear Ms. Norman:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company, LLP for the fiscal year end September 30, 2018, we would like to respond as follows:

Prior and Current Year Findings and Recommendations

▪ 2016-1 – Financial Statement Close

Pursuant to Florida Statutes, Section 218.36, each County Officer is required to make an annual report of revenues and expenditures within thirty-one days of the close of the fiscal year. While this report was submitted to the County by October 31st as required, the report was based on preliminary estimates. Upon our arrival to begin fieldwork on March 5, 2018, the books and records of the Sheriff's office were not ready for audit. The Sheriff's accounting department currently consists of two employees and one outside consultant. This lack of sufficient staffing appears to be the cause of the delay in the financial closing process. We recommend the Sheriff's office evaluate the need to hire additional accounting staff (internal or external) to assist with the monthly and year-end closing process. We further recommend a detailed plan be established including scheduled completion dates for each step required in the closing process.

Management's Response

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

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

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

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

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

Purvis Gray and Company reviewed the closing procedures described above.

▪ **2017-1 – Confiscated Funds**

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

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

Management Response:

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

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

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

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

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

- **2018-01 Physical Inventory Reconciliations**

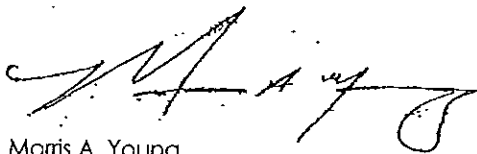
During the course of our audit, we noted that the Sheriff's Office performed a physical inventory of certain capital assets. However, the physical inventory did not include all capital asset categories, and no reconciliation of inventoried assets to fixed asset records were performed. A lack of physical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

Management's Response

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

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

Sincerely,



Morris A. Young
Gadsden County Sheriff
MAY: kp

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gadsden County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as of September 30, 2018, and the changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

FINANCIAL STATEMENTS

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

Assets

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

Liabilities and Fund Balance

Liabilities

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

Fund Balance

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

See accompanying notes to financial statements.

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

Revenues	
Charges for Services	\$ 874,263
Miscellaneous	6,625
Total Revenues	880,888
 Expenditures	
Current:	
General Government:	
Personal Services	668,661
Operating	167,327
Capital Outlay	2,300
(Total Expenditures)	(838,288)
 Excess of Revenues Over Expenditures	 42,600
 Other Financing (Uses)	
Transfers (out) to Board of County Commissioners	(42,600)
Total Other Financing (Uses)	(42,600)
 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, 2018
GADSDEN COUNTY TAX COLLECTOR**

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

See accompanying notes to financial statements.

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

Assets

Cash	\$ 286,440
Due from Others	19,640
Due from Other Funds	<u>2,190</u>

Total Assets

308,270

Liabilities

Due to Others	950
Due to Other Funds	4,901
Due to Other Governments	71,182
Tag Renewal Deposits	10,988
Installment Tax Deposits	<u>220,249</u>

Total Liabilities

\$ 308,270

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

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

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

■ **Fiduciary Fund Type**

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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

Budgets are prepared on the modified accrual basis of accounting.

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

Accrued Compensated Absences

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

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

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Excess Revenues

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

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services included approximately \$449,279 received from the Board as fees for real and tangible property tax collections.

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

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

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

Note 2 - Cash

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

	Carrying Amount
Cash on Hand	\$ 1,950
Deposits in Qualified Public Depositories	369,520
Total Cash	\$ 371,470

Credit Risk

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

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

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

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

Note 2 - Cash (Concluded)

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2018, were \$405,235.

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

Note 3 - Risk Management

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

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

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

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

Note 4 - Long-term Liability for Compensated Absences

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Concluded)

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

Of the \$57,322 liability for accrued compensated absences, management estimates that \$14,994 will be due and payable within one year. The liability is not reported in the financial statements of the Tax Collector since it is not payable from available resources at September 30, 2018. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

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

Postemployment Benefits Other than Pensions

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

Note 6 - Interfund Receivables and Payables

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

Note 7 - Operating Leases

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

During the fiscal year ended September 30, 2018, the lease payments on all operating leases amounted to \$5,020. Total subsequent lease payments payable during 2019, 2020, and 2021, are \$5,100, \$5,100, and \$915, respectively.

OTHER REPORTS

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's special purpose financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector, his management team, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.


April 15, 2019
Tallahassee, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2018, and have issued our report thereon dated April 15, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Management

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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector, his management team, and the Board of County Commissioners of Gadsden County, Florida; and is not intended to be, and should not be, used by anyone other than these specified parties.

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


April 15, 2019
Tallahassee, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Property Appraiser as of September 30, 2018, and the respective changes in financial position and budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund, only for that portion of the major funds of Gadsden County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida, as of September 30, 2018, the changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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



April 15, 2019
Tallahassee, Florida

FINANCIAL STATEMENTS

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

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

The Property Appraiser reports the following fund type:

■ **Governmental Fund Type**

● **Major Fund**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

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

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

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

Transfers In and Out

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

Related Organizations - Common Expenses

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

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

Note 2 - Cash

As of September 30, 2018, the carrying amount of the Property Appraiser's deposits was \$11,387.

Credit Risk

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 2 - Cash (Concluded)

Credit Risk (Concluded)

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

Custodial Credit Risk

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

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

Note 3 - Risk Management

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Concluded)

Note 4 - Long-term Liability for Compensated Absences

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

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

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

Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

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

Postemployment Benefits Other than Pensions

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

Note 6 - Operating Leases

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

Year Ending September 30	Payments
2019	\$ 10,610
2020	3,520
Total	\$ 14,130

OTHER REPORTS

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's special purpose financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

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

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

We have examined Gadsden County, Florida, Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, his management team, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2018, and have issued our report thereon dated April 15, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Management

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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, his management team, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor of Elections as of September 30, 2018, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of the general fund, only for that portion of the major funds of Gadsden County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2018, and the changes in its financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

FINANCIAL STATEMENTS

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

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

Basis of Presentation

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

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

The Supervisor of Elections reports the following fund type:

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

The modified accrual basis of accounting is followed by the general fund. Under the modified accrual basis of accounting, revenues are recognized when they are received in cash or when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenue is considered susceptible to accrual - intergovernmental revenue.

Measurement Focus

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

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

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

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time. Upon termination, employees can be paid up to 240 hours of vacation time and up to one-fourth of unused sick time, with the payment of one-fourth of unused sick time being subject to three years of consecutive employment.

The Supervisor of Elections' accrued compensated absences are reported in the statement of net position in the County-wide financial statements.

Transfers In and Out

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

Related Organizations—Common Expenses

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

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

Note 2 - Cash

As of September 30, 2018, the carrying amount of the Supervisor of Elections' deposits was \$38,930.

Credit Risk

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

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

The Supervisor of Elections does not have an investment policy that would further limit its investment choices.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 2 - Cash (Concluded)

Custodial Credit Risk

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

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

Note 3 - Risk Management

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

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

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

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

Note 4 - Long-term Liability for Compensated Absences

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

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

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

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

Note 5 - Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

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

Postemployment Benefits Other than Pensions

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

OTHER REPORTS

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections special purpose financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

We have examined Gadsden County, Florida, Supervisor of Election's (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervision of Elections complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, her management team, and the Board of County Commissioners of Gadsden County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 15, 2019
Tallahassee, Florida

Certified Public Accountants

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MANAGEMENT LETTER

The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2018, and have issued our report thereon dated April 15, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 15, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

Certified Public Accountants

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The Honorable Shirley Green Knight
Gadsden County Supervisor of Elections
Gadsden County, Florida

MANAGEMENT LETTER
(Concluded)

Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, her management team, and the Board of County Commissioners of Gadsden County, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



April 15, 2019
Tallahassee, Florida