

Gulf County, Florida

**Annual Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant

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GULF COUNTY, FLORIDA
SEPTEMBER 30, 2019
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INDEPENDENT AUDITORS' REPORT

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund, general grants fund, construction and acquisition fund, and the

public improvement fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress, share of net pension liability, retirement contributions, and employees contribution for retiree's health insurance other post employment benefits plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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

The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 2 CFR Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, Chapter 10.550 *Rule of the Auditor General of the State of Florida*, and the combining nonmajor fund financial statements are presented for purposes of additional analysis and is also not a required part of the financial statements. Such 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. The 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 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 dated June 28, 2019, on our consideration of the Gulf County, Florida'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 Gulf County, Florida's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Management of the Board of County Commissioners of Gulf County (County) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the County's financial activities, (c) identify changes in the County's financial position, (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements.

The information presented in this financial statement is perhaps best understood when it is considered in the broader perspective of the environment in which the County operates.

General Information

Gulf County was incorporated in 1925 and is located in northwest Florida on the Gulf of Mexico. With an area of 557 square miles and based on the Florida Legislature Office of Economic and Demographic Research has a population of approximately 16,600. Gulf County is a sparse, low density county. Gulf County is a noncharter county governed by the Board of County Commissioners.

The Board of County Commissioners (Board) is the legislative and policy making body of the County. Each of the five commissioners is elected from a separate district. Annually, the Board elects a chairman that serves as the presiding officer. Elections are held every two years for staggered four year terms. The Board employs the County Administrator to implement the policies of the Board, provide organizational leadership and direct business and administrative procedures.

Gulf County provides a broad range of services, including law enforcement; fire protection; rescue; emergency medical services; maintenance of streets, highways, bridges and traffic signals; parks; libraries; limited water and sewer systems; and certain other community and human services.

Financial Highlights

- The County's total government-wide net position increased 16.6% or \$8,491,978 from September 30, 2018, to September 30, 2019. This increase was due to grant activity.
- During the year ended September 30, 2019, the County's general fund revenues exceeded expenditures by \$4,106,370. This is due to County's conservative approach to budgeting and expenditures.
- For the year ended September 30, 2019, the County's capital assets net of accumulated depreciation increased by approximately \$2.4 million, or by 4.3%.

Non-Financial Highlights

Hurricane Michael

On October 10, 2018, Hurricane Michael made landfall less than twenty miles from Port St. Joe (Gulf County seat) between Mexico Beach and Tyndall Airforce Base in the Florida panhandle. Hurricane Michael was originally assessed as a Category 4 with 155 mph sustained winds and was the strongest hurricane to affect the Florida Panhandle. After further review of the impact and devastation, The National Oceanic and Atmospheric Administration (NOAA) determined that Hurricane Michael was a Category 5 hurricane. NOAA's analysis found that storm surge brought water 9 to 14 feet above normal level along parts of the Panhandle and reached the highest levels at Mexico Beach (Bay County) and estimated the storm surge inundation levels in the St. Joseph Bay area between 9-14 feet above ground level. It has been estimated property damage from Hurricane Michael is in excess of \$4.5 billion and the damage to Florida's forestland will exceed \$3 billion.

Gulf County was directly affected by Hurricane Michael. According to an article in the Tallahassee Democrat, FEMA categorized Gulf County damage as catastrophic including approximately 266,000 acres of timber land and field crop were destroyed. Immediately prior to the storm, the equipment for the beach renourishment project was in place; due to the storm this project was also postponed. In Gulf County, over 2,000 structures suffered minor damage, while more than 1,200 received major damage and 985 structures reported as destroyed. County residents and businesses applied for and received approximately \$130 million in federal funds. As of the end of Fiscal Year 18-19 county officials are still conducting the assessment of the damages as a result of Hurricane Michael. Destruction was not limited to homes, structures and businesses, but also effected the infrastructure of roadways, electrical, cellular, cable, internet, emergency response communication and water systems. Many businesses and services were dependent upon the use of generators. Every aspect of Gulf County's economy was affected by the storm. Local, state and national officials worked towards the rebuilding of Gulf County and the Florida panhandle. The County immediately sought professional guidance in securing applicable grants to assist the County in rebuilding infrastructure and other assets. Most County facilities were operational at the fiscal year end.

It should be noted that the population of Gulf County has changed due to residents relocating in the aftermath of Hurricane Michael. In addition, Hurricane Michael also caused substantial damage to Gulf County Correctional Institution Annex in Wewahitchka. Approximately 3,000 inmates housed at this facility were relocated to other State facilities. The Department of Corrections began the repairs to the damaged buildings and hope to return the inmates to the facility. Inmates of this facility are counted as residents for the Federal Census to be taken in 2020. It is unknown what affect Hurricane Michael will have on the Census of 2020.

There was a massive amount of debris cleanup after Hurricane Michael and the County had a contract in place for disaster debris clean up in place prior to the hurricane. The expense of the clean up would have cost the county tens of millions of dollars, fortunately the Department of Transportation agreed to stand in for the county on the contract to cover the debris cleanup.

Despite the property damage to the taxable real property, the Countywide valuation of the taxable property values increased from \$1.62 million from 2017-2018 year to \$1.74 million for 2018-2019. In addition, the Triumph Board funded a \$4,271,683.34 grant the for loss of revenues to Gulf County with \$2,168,232.97 be retained by the County and the remainder to be distributed to the Cities of Port St. Joe and Wewahitchka, as well as, the School Board. In response, the County Commission, in an effort to give property owners relief so that necessary repairs and replaces could be made, voted to reduce the millage rate from 7.2442 to 7.1000. The operating budget for fiscal year 2018-2019 was \$52,516,390. For fiscal year 2018-2019 ad valorem revenue received was \$11,971,533, a 6% increase over the prior fiscal year.

In addition to ad valorem taxes the county relied on grants and other revenues to meet the budget needs. Below are some of the revenues received during fiscal year 2018-2019:

- County entered into a lease agreement with FEMA to provide temporary housing for displaced residents behind Beacon Hill Park for one year. FEMA provided the infrastructure for the sites with an option to allow the County to leave the infrastructure in place for its use or FEMA would return the property to its previous condition. The lease revenue received was \$404,118.40. These funds are designed for the repair and maintenance of County parks.
- County received permits to reopen the Five Points Landfill to accept vegetation and concrete. The concrete will be pulverized and used for future county road projects which will reduce the costs of those projects.

- The County purchase land adjacent to the Honeyville Burrow pit which was operational and generated \$596,198 in revenues from the sale of various types of soil.
- Building permit revenue of \$580,179 increased 49% due to the increased demand for permits for property repairs and new construction as a result of the damages caused by Hurricane Michael. In addition, mobile home license tax increase by 100% during the year as many property owners replaced damaged homes with mobile or modular homes.
- County entered into agreement with the City of Wewahitchka for Code enforcement services for FY 2018-2019 for \$7,500
- State shared revenues increased by approximately 4% from the prior fiscal year. The TDC local option bed tax was down 20% due to the limited number of rentals available post Hurricane Michael. Many of the previously rental properties were damaged or destroyed or were occupied by construction industry personnel who were in the County working on businesses and homes. The temporary workers contributed to the sales tax revenue which is reflected in the increased shared revenues.
- Insurance settlement claims were received in the amount of \$3,110,939. Additional claims are expected to be settle during fiscal year 2019-2020.

The County received both Federal and State grants during the Fiscal year 2018-2019 the following is a sampling of the grants received and their uses. See the Statement of State and Federal Assistance included in the financial statements for additional information.

- With the use of Restore Act funds, the County purchased the new Public Safety Building which services as the new headquarters for the Sheriff and the E911 dispatch offices. The building was purchased for \$1,121,430.60.
- A new fire station for Stone Mill Creek Volunteer Fire Department was built utilizing \$400,000 in grant funds from the Local Government Fire Services. The fire station will be completed in fiscal year 2020.
- Public works began work on a new transfer station and scale house at the Five Points Landfill which is being funded with grant funds from Division of Housing and Community Development. The total grant amount is \$900,000 and expenditures during 2018-2019 were \$120,530.
- \$16,113 of improvements were made at the White City and Odena Boat ramps with Florida Boating Improvement grants
- Road widening and resurfacing projects utilized funds from SCOP and SCRAP grants in the amount of \$1,813,577

The Tourism Development Council received grant funds from Visit Florida for Hurricane Michael recovery campaign in the amount of \$250,000. These funds were used for television, radio and social media advertisements which highlighted Gulf county recovery efforts and local businesses. The staff of the TDC subsequently won the Henry Flagler first place award in the Rural Marketing Category. The marketing campaign was centered around ReDiscovering Gulf County after Hurricane Michael. The objective was to be honest with visitors while assuring them that Gulf County was working hard to be ready for their vacation season.

- The Eastern Ship Building floating dry dock expenditures for professional fees of \$2,278,117 were funded by the Department of Transportation's Sea Port grant program.
- The SHIP program received \$764,875 in addition grant funds to assist residents for repairs and purchase assistance in response to Hurricane Michael.

The County purchased additional real estate with non-grant related funds during the fiscal year. The first purchase was two lots on the corner of Mavin and 10th Street in Port St. Joe. The original plan was to provide additional parking for the joint venture project "Field of Dreams" with the city. This project was subsequently cancelled and the County still maintains ownership of this property. The investment in the property which includes the closing costs is \$70,242.25 and was acquired with the TDC 5th penny sales Tax.

In July 2019 just prior to the fiscal year end, the County purchased the St Joe Bay Golf Club (SJBGC) from private owners for \$380,937. The assessed value of the SJBGC was \$1,724,816 as of 2018. The SJBGC is an 18-hole Gulf Course located near Port St. Joe consisting of approximately 173 acres. The club offers a driving range, putting green, pool, clubhouse. The full service restaurant located inside the clubhouse is leased to a third party which operates the kitchen, bar and dining area. A professional golf club manager was hired to manage the day to day operations. Club membership is open the public.

The County established a new Office Management and Budget (OMB) and Grants fiscal year 2018-19. This department is responsible for the oversight of budgeting, grants management and reporting for the County.

Sacred Heart Hospital on the Gulf, part of the Sacred Heart Health System, is now operational, opening in March 2010. The County adopted by ordinance in 2005 a discretionary ½ cent small county surtax to help fund the construction of the hospital. An inter-local agreement was entered into with the City of Wewahitchka and the City of Port St. Joe whereby the County will receive all funds generated from the small county surtax and such funds will be used as set forth in the agreement. The additional tax was effective January 1, 2006. The receipts on the Small County Surtax increased 5% in fiscal year 2018- 2019.

The County did not issue any new debt during the Fiscal year 2018-19. The County issued two bonds during the fiscal year 16-17. The County issued \$3,440,000 in Limited Ad Valorem Tax Bonds, Series 2016. The bonds a limited obligation of the County, the principal and interest on the bonds are payable from and secured by a pledge of the ad valorem taxing power of the County within its three Cape San Blas Municipal Taxing Units, named Bayside, Gulfside Beachfront and Gulfside Interior. At the time of bond issuance the County estimated that, based on the 2016 tax rolls, the initial levy necessary to comply with the requirements of the bonds, will be 1.1052 mills in the Bayside, 1.3139 mills in the Gulf Beachfront, and 1.1549 mills in the Gulfside Interior. Based on the current tax rolls the millage rates for the MSTU were reduced to 1.0727 mills in the Bayside, 1.2542 mills in the Gulf Beachfront, and 1.0869 mills in the Gulfside Interior The County additionally issued \$4,000,000 non-ad valorem Revenue Bonds, Series 2016. The principal and interest payments of these bonds will be paid from the general non-committed and non-restricted revenues of the County. The County has signed a Resolution to appropriate in its annual budget to pay all debt obligations for the Bond issuance. Proceeds from the sale of the Bonds will be applied for the renourishment and reconstruction of the beachfront at Cape San Blas in Gulf County.

The County is beginning to assess and evaluate its current economic situation for use in the 2020-21 budget process.

Subsequent Events

On March 19, 2020 the Board of County Commissions voted to close the County facilities and activities due to the worldwide pandemic Covid 19. The County offices and facilities were reopened on May 14, 2020 on a limited basis. The financial effects of Covid 19 and the County closure unknown.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the County's basic financial statements. The basic financial statements consist of three components:

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

In addition, this report presents certain required supplementary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business.

These statements combine and consolidate governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *statement of net position* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

- The *statement of net position* provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the County.
- The *statement of activities* presents information showing how the County's net position changed during the 2019 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the County's financial health is improving or deteriorating.

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities. The business-type activities of the County include separate water and sewer systems which are not currently operational and the County is reporting the residual assets associated with these activities.

Over a period of time, changes in the County's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's capital assets including infrastructure assets.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or major funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified in the broad category of *governmental funds*, *proprietary funds*, and *fiduciary (agency) funds* as discussed below.

- Governmental funds – these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.
- Proprietary funds – the County maintains one type of proprietary funds which is the enterprise funds. These funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to water and sewer systems in Gulf County and the County owned golf course. The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- Fiduciary (agency) funds – fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County's programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Infrastructure Assets

Generally a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are not reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires these assets be valued and reported in the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The County has elected to depreciate its infrastructure assets.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. County's assets exceeded liabilities (governmental and business-type activities) by approximately \$59 million at the close of the fiscal year ended September 30, 2019, and \$49 million at September 30, 2018.

Net Position						
September 30,	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$45,693,156	\$34,770,522	\$ 160,260	\$ 26,092	\$ 45,853,416	\$34,796,614
Capital assets, net	<u>58,079,088</u>	<u>55,575,185</u>	<u>581,826</u>	<u>215,199</u>	<u>58,660,914</u>	<u>55,790,384</u>
Total assets	<u>103,772,244</u>	<u>90,345,707</u>	<u>742,086</u>	<u>241,291</u>	<u>104,514,330</u>	<u>90,586,998</u>
Deferred Outflows	<u>6,310,069</u>	<u>6,213,446</u>	<u>—</u>	<u>—</u>	<u>6,310,069</u>	<u>6,213,446</u>
Current liabilities	7,627,972	3,561,907	26,340	—	7,654,312	3,561,907
Long-term liabilities	<u>39,244,791</u>	<u>39,931,629</u>	<u>—</u>	<u>—</u>	<u>39,244,791</u>	<u>39,931,629</u>
Total liabilities	<u>46,872,763</u>	<u>43,493,536</u>	<u>26,340</u>	<u>—</u>	<u>46,899,103</u>	<u>43,493,536</u>
Deferred inflows	<u>4,264,644</u>	<u>2,138,234</u>	<u>—</u>	<u>—</u>	<u>4,264,644</u>	<u>2,138,234</u>
Net investment in capital assets	37,598,016	33,740,185	581,826	215,199	38,179,842	33,955,384
Net position - Restricted	22,464,591	18,170,578	110,466	—	22,575,057	18,170,578
Net position - Unrestricted	<u>(1,117,701)</u>	<u>(983,380)</u>	<u>23,454</u>	<u>26,092</u>	<u>(1,094,247)</u>	<u>(957,288)</u>
Total net position	<u>\$58,944,906</u>	<u>\$ 50,927,383</u>	<u>\$ 715,746</u>	<u>\$ 241,291</u>	<u>\$ 59,660,652</u>	<u>\$51,168,674</u>

Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2019 and 2018:

Changes in Net Position						
Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues -						
Charges for services	\$ 5,928,520	\$ 3,284,125	\$ 125,519	\$ —	\$ 6,054,039	\$ 3,284,125
Operating grants and contributions	5,478,316	1,545,552	—	—	5,478,316	1,545,552
Capital grants and contributions	7,388,392	5,448,555	—	—	7,388,392	5,448,555
General Revenues -						
Property taxes	13,072,730	12,280,680	—	—	13,072,730	12,280,680
Sales taxes	5,146,146	5,469,624	—	—	5,146,146	5,469,624
State shared revenue	3,355,247	3,187,151	—	—	3,355,247	3,187,151
Investment earnings	563,644	77,856	—	—	563,644	77,856
Other	4,883,359	143,988	—	—	4,883,359	143,988
Total revenues	45,816,354	31,437,531	125,519	—	45,941,873	31,437,531
Expenses						
General government	11,360,095	8,170,575	—	—	11,360,095	8,170,575
Public safety	11,232,938	11,145,279	—	—	11,232,938	11,145,279
Physical environment	3,265,706	402,009	—	—	3,265,706	402,009
Transportation	5,897,343	3,948,069	—	—	5,897,343	3,948,069
Economic environment	2,418,913	1,114,053	—	—	2,418,913	1,114,053
Human services	1,859,990	2,746,244	—	—	1,859,990	2,746,244
Culture and recreation	554,143	519,076	—	—	554,143	519,076
Court related	728,765	734,266	—	—	728,765	734,266
Business type	—	—	132,002	21,036	132,002	21,036
Total expenditures	37,317,893	28,779,571	132,002	21,036	37,449,895	28,800,607
Excess (deficiency) before transfers (net)	8,498,461	2,657,960	(6,483)	(21,036)	8,491,978	2,636,924
Transfers	(480,938)	—	480,938	—	—	—
Change in net position	\$ 8,017,523	\$ 2,657,960	\$ 474,455	\$ (21,036)	\$ 8,491,978	\$ 2,636,924

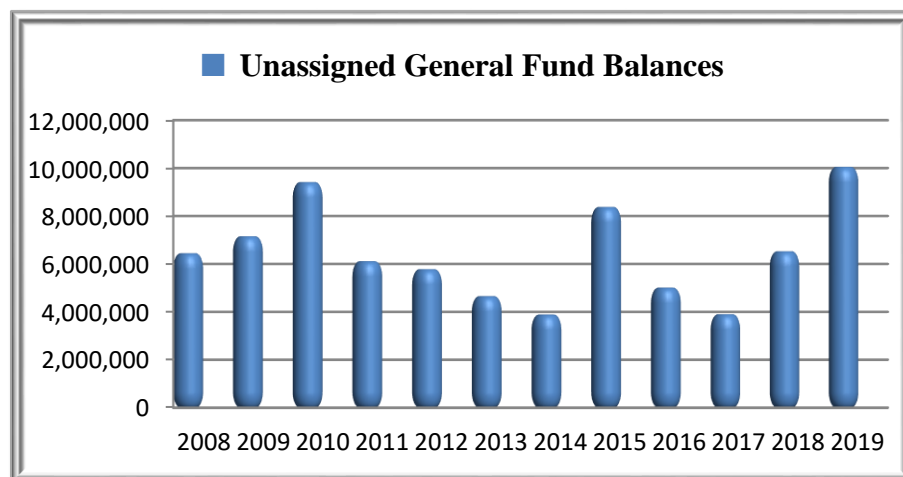
Financial Analysis of Individual Funds

This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

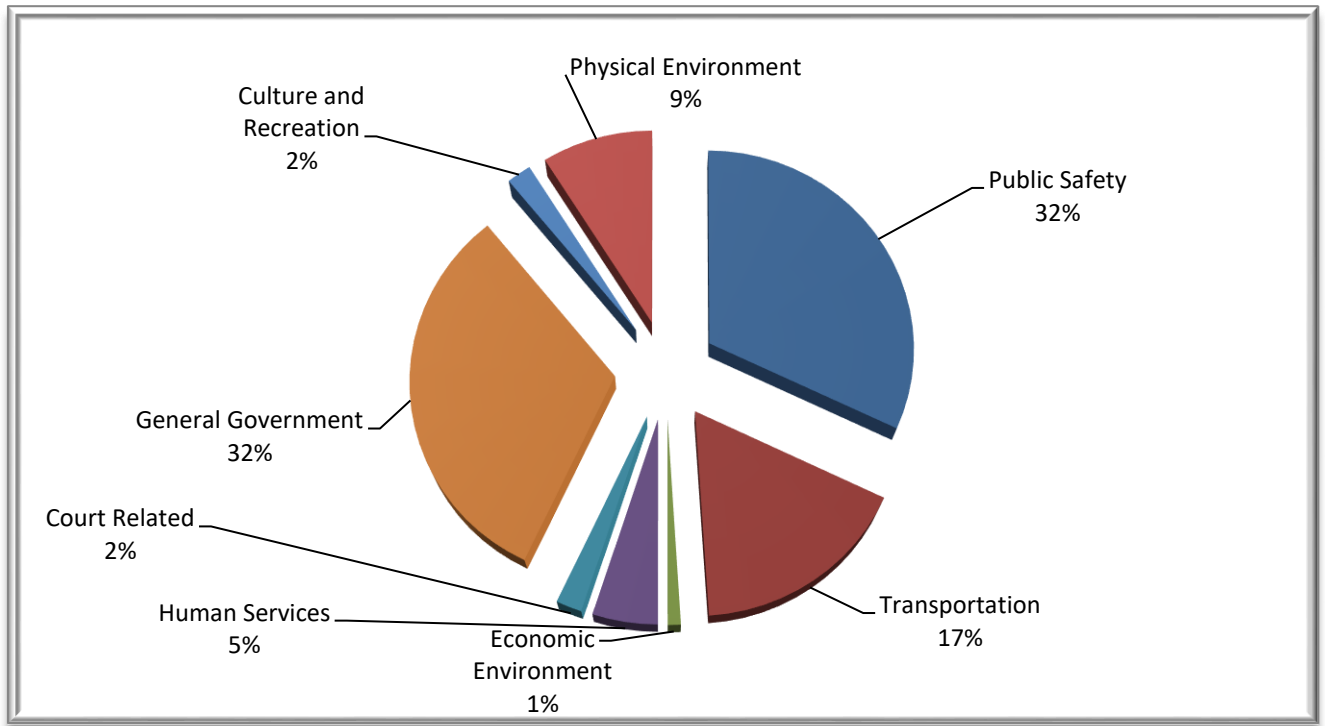
Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year. As of September 30, 2019 Gulf County governmental funds reported combined fund balances of \$36,786,816 an increase of \$6,497,631 when compared to prior year combined fund balances. The governmental funds had non-spendable fund balances of \$1,145,715. The restricted fund balance was \$21,506,447 and consists of monies whose expenditure is externally constrained by grantors, creditors, binding law or enabling legislation. Of the remaining \$14,134,654 in fund balance, \$1,602,825 is classified as committed, \$6,613,411 is assigned and \$12,531,829 is recorded as unassigned.

- **General Fund Unrestricted/Undesignated Fund Balance.** As depicted in the following graph, the unassigned fund balance of the Board's general fund (the general operating fund of the County) increased over the past year.



- **Governmental Activities Expenses by Functions.** The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2019.



Major Funds

Governmental Funds

The general, fines and forfeitures, construction and acquisition, beach renourishment, and debt service public improvement funds are reported as major governmental funds.

- The general fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund.

General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent funds included in the County's general fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.

- The Hospital Fund accounts for the local option discretionary sales tax that fund operations at the local hospital.

- The Beach Renewal Fund is used to account for beach renewal activity.
- The Tourist Development fund accounts for the 4% local option tourist development tax.
- The General Grants Fund accounts for the activity of various grants.
- BP Restore Act Fund accounts for resources used to account for the accumulation of resources for and the payment of expenditures allowable by the BP Restore Act.

Proprietary Funds

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation. During 2019 the County purchased a golf course.

Budget Variances in Major Funds

The following budget variances occurred in the major funds during the year ended September 30, 2019.

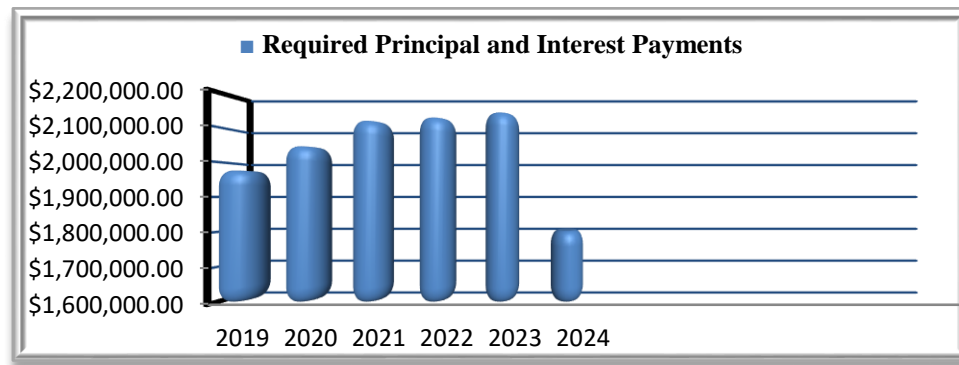
- Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is \$661,841 more than budgeted in the general fund. Several grants were neither completed nor started in the 2018-2019 fiscal year as originally anticipated therefore actual revenues are less than budgeted.
- General Fund charges for services include County officer fees, ambulance fees, and tipping fees. The positive variance of \$2,465,995 is partly due to increased fees and other service items.
- General Fund License revenue shows a positive variance of \$294,722. This positive variance is from a combination of rent, and contributions not originally anticipated.
- Public Safety expenditures had a \$314,422 positive variance.

Other variances disclosed on the major fund budget and actual statements and not noted herein are within expected ranges.

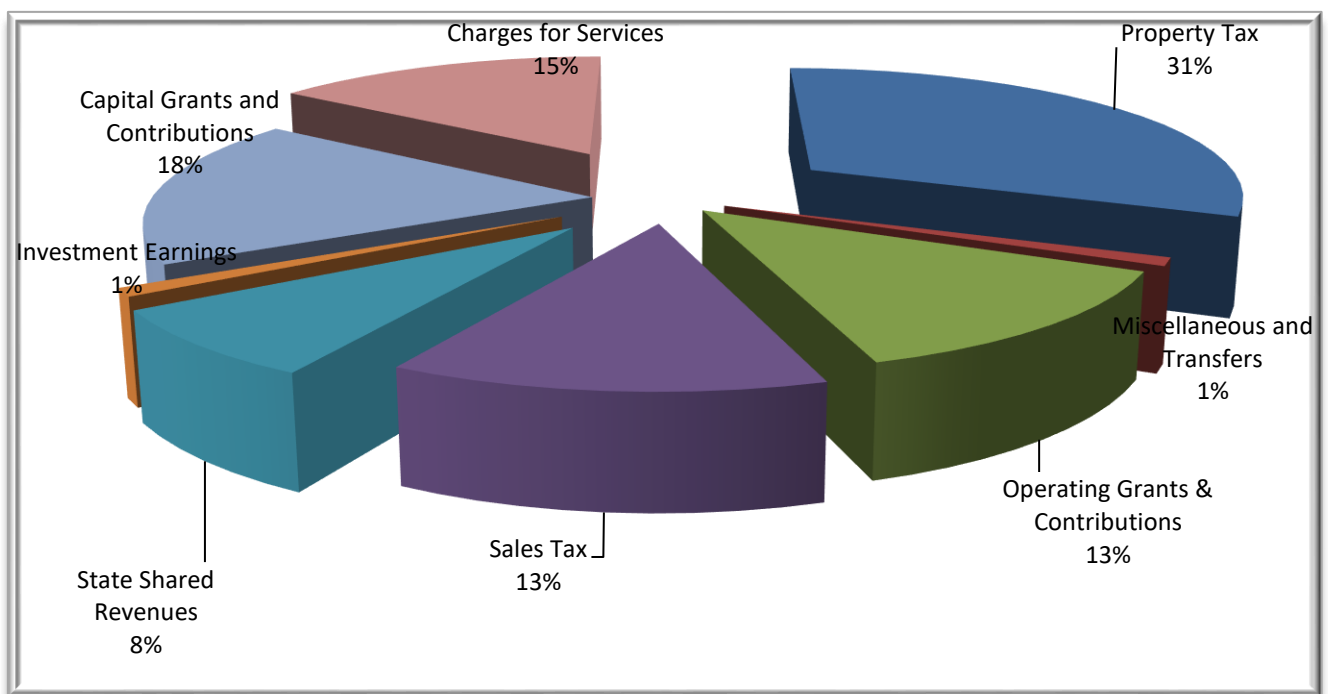
It should be noted that budget expenditure variances shown on the individual major funds are favorable in total.

Capital Assets and Long-Term Debt

- **Governmental Funds Outstanding Debt.** The following graph depicts future principal and interest payments required to be paid by the County from governmental fund resources on outstanding debt as of September 30, 2019. *Not shown on this graph are existing scheduled debt repayments for years 2025 through 2035.*



- **Governmental Activities Revenues by Source.** The following graph depicts the County's total governmental activities revenue by source for the fiscal year.

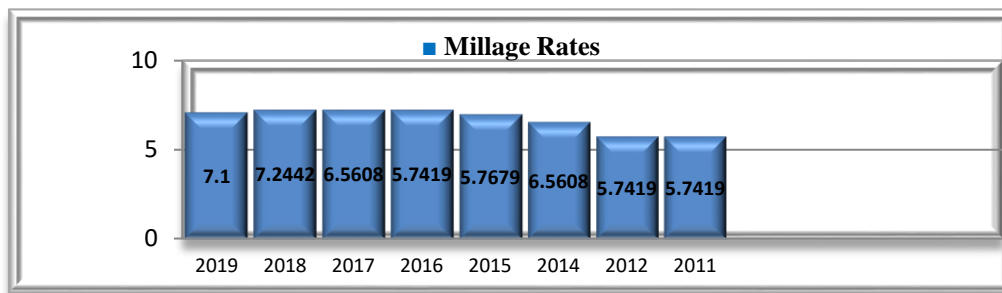
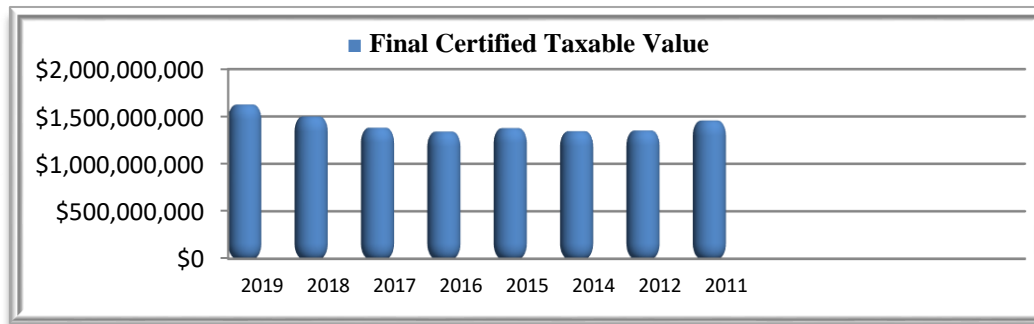


Significant Economic Factors

Taxable Value of Property and Millage Rates

During the year ended September 30, 2019 Gulf County received \$13,072,730 in property taxes based on the certified taxable value of property in Gulf County

Certified Taxable Value by Tax Year



Requests for Information

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rebecca L. Norris, Clerk of Circuit Court of Gulf County
1000 Cecil G. Costin, Sr. Blvd., Room 148
Port St. Joe, Florida 32456

BASIC FINANCIAL STATEMENTS

GULF COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 35,430,923	\$ 147,387	\$ 35,578,310
Receivables (net):			
Accounts	3,577,960	10,192	3,588,152
Notes receivable	344,866	—	344,866
Prepaid expenses	1,146,818	—	1,146,818
Internal balances	40,822	(1,319)	39,503
Due from other governments	5,151,767	—	5,151,767
Inventory	—	4,000	4,000
Total Current Assets	<u>45,693,156</u>	<u>160,260</u>	<u>45,853,416</u>
Noncurrent assets			
Restricted cash and cash equivalents	101,072	—	101,072
Capital assets: Nondepreciable	13,055,746	335,338	13,391,084
Depreciable (net)	44,922,270	246,488	45,168,758
Total Noncurrent Assets	<u>58,079,088</u>	<u>581,826</u>	<u>58,660,914</u>
Total Assets	<u>103,772,244</u>	<u>742,086</u>	<u>104,514,330</u>
DEFERRED OUTFLOWS			
Employee Pension Contributions	6,310,069	—	6,310,069
Total Deferred outflows	<u>6,310,069</u>	<u>—</u>	<u>6,310,069</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	5,488,889	26,340	5,515,229
Due to other governments	136,555	—	136,555
Total Current Liabilities	<u>5,625,444</u>	<u>26,340</u>	<u>5,651,784</u>
Noncurrent liabilities			
Due in less than one year			
Compensated absences	512,528	—	512,528
Installment contracts and notes payable	1,490,000	—	1,490,000
Due in more than one year			
Compensated absences	1,537,584	—	1,537,584
Bonds payable	18,890,000	—	18,890,000
Net pension liability	16,891,818	—	16,891,818
Other postemployment benefits	509,522	—	509,522
Landfill closure liability	1,415,867	—	1,415,867
Total Noncurrent Liabilities	<u>41,247,319</u>	<u>—</u>	<u>41,247,319</u>
Total Liabilities	<u>46,872,763</u>	<u>26,340</u>	<u>46,899,103</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF NET POSITION – Continued
SEPTEMBER 30, 2019

DEFERRED INFLOWS

Unearned exchange transactions	2,654,715	—	2,654,715
OPEB Related	175,588	—	175,588
Pension earnings	<u>1,434,341</u>	<u>—</u>	<u>1,434,341</u>
Total Deferred Inflows	<u>4,264,644</u>	<u>—</u>	<u>4,264,644</u>

NET POSITION

Net investment in capital assets	37,598,016	581,826	38,179,842
Restricted	22,464,591	110,466	22,575,057
Unrestricted	<u>(1,117,701)</u>	<u>23,454</u>	<u>(1,094,247)</u>

Total Net Position	<u>\$ 58,944,906</u>	<u>\$ 715,746</u>	<u>\$ 59,660,652</u>
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See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

		Net (Expense) Revenue and Changes in Net Position					
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 11,360,095	\$ 2,114,973	\$ 2,130,578	\$ —	\$ (7,114,544)	\$ —	\$ (7,114,544)
Public safety	11,232,938	990,269	1,611,586	1,606,944	(7,024,139)	—	(7,024,139)
Physical environment	3,265,706	2,237,506	—	2,210,465	1,182,265	—	1,182,265
Transportation	5,897,343	72,064	87,452	3,570,983	(2,166,844)	—	(2,166,844)
Economic environment	2,418,913	—	1,157,830	—	(1,261,083)	—	(1,261,083)
Human services	1,859,990	—	34,481	—	(1,825,509)	—	(1,825,509)
Culture and recreation	554,143	42,317	75,797	—	(436,029)	—	(436,029)
Court related	<u>728,765</u>	<u>471,391</u>	<u>380,592</u>	<u>—</u>	<u>123,218</u>	<u>—</u>	<u>123,218</u>
Total Governmental Activities	<u>37,317,893</u>	<u>5,928,520</u>	<u>5,478,316</u>	<u>7,388,392</u>	<u>(18,522,665)</u>	<u>—</u>	<u>(18,522,665)</u>
Business-Type Activities							
Water	14,311	—	—	—	—	(14,311)	(14,311)
Golf Course	<u>117,691</u>	<u>125,519</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,828</u>	<u>7,828</u>
Total Business-Type Activities	<u>132,002</u>	<u>125,519</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,483)</u>	<u>(6,483)</u>
Total Primary Government	<u>\$ 37,449,895</u>	<u>\$ 6,054,039</u>	<u>\$ 5,478,316</u>	<u>\$ 7,388,392</u>	(18,522,665)	(6,483)	(18,529,148)
General Revenues:							
Taxes:							
Property tax					13,072,730	—	13,072,730
Sales tax					5,146,146	—	5,146,146
State shared revenues					3,355,247	—	3,355,247
Investment earnings					563,644	—	563,644
Insurance reimbursement					3,204,756	—	3,204,756
Miscellaneous					1,678,603	—	1,678,603
Transfers					<u>(480,938)</u>	<u>480,938</u>	<u>—</u>
Total General Revenues					<u>26,540,188</u>	<u>480,938</u>	<u>27,021,126</u>
Changes in Net Position					8,017,523	474,455	8,491,978
Net Position – Beginning of Year					<u>50,927,383</u>	<u>241,291</u>	<u>51,168,674</u>
Net Position – End of Year					<u>\$58,944,906</u>	<u>\$ 715,746</u>	<u>\$ 59,660,652</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Hospital	Beach Renewal	Tourist Development	BP Restore Act
ASSETS					
Cash and cash equivalents	\$ 14,630,473	\$ 2,318,474	\$ 6,801,802	\$ 2,618,308	\$ 2,350,337
Due from other funds	414,587	—	—	127,180	—
Due from other governments	622,081	192,566	—	298,979	1,807,229
Prepaid expense	82,172	—	—	6,880	—
Accounts receivable (net)	2,141,731	—	—	—	—
Notes receivable	—	—	—	—	—
Restricted assets					
Cash and cash equivalents	<u>101,072</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets	<u>17,992,116</u>	<u>2,511,040</u>	<u>6,801,802</u>	<u>3,051,347</u>	<u>4,157,566</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Vouchers payable	1,105,411	—	—	204,982	1,807,229
Due to other funds	571,232	—	130,709	32,929	—
Due to other governments	<u>136,530</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>1,813,173</u>	<u>—</u>	<u>130,709</u>	<u>237,911</u>	<u>1,807,229</u>
Deferred Inflows					
Unearned exchanged transactions	<u>357,012</u>	<u>—</u>	<u>—</u>	<u>25,375</u>	<u>2,168,233</u>
Total Deferred Inflows	<u>357,012</u>	<u>—</u>	<u>—</u>	<u>25,375</u>	<u>2,168,233</u>
Fund Balance					
Nonspendable	81,069	—	—	6,880	—
Restricted	1,634,509	2,511,040	6,671,093	2,781,181	182,104
Committed	1,574,524	—	—	—	—
Assigned	<u>12,531,829</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balance	<u>15,821,931</u>	<u>2,511,040</u>	<u>6,671,093</u>	<u>2,788,061</u>	<u>182,104</u>
Total Liabilities Deferred Inflows & Fund Balance	<u>\$ 17,992,116</u>	<u>\$ 2,511,040</u>	<u>\$ 6,801,802</u>	<u>\$ 3,051,347</u>	<u>\$ 4,157,566</u>

(continued)

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)
YEAR ENDED SEPTEMBER 30, 2019

	<u>General Grants</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ (733,248)	\$ 3,118,297	\$ 4,326,480	\$35,430,923
Due from other funds	—	—	370,067	911,834
Due from other governments	1,872,397	—	224,223	5,017,475
Prepaid expense	—	—	1,057,766	1,146,818
Accounts receivable (net)	—	—	1,436,229	3,577,960
Notes receivable	—	—	344,866	344,866
Restricted assets				
Cash and cash equivalents	—	—	—	101,072
Total Assets	<u>1,139,149</u>	<u>3,118,297</u>	<u>7,759,631</u>	<u>46,530,948</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Vouchers payable	1,122,573	914,884	333,810	5,488,889
Due to other funds	—	—	1,850	736,720
Due to other governments	—	—	25	136,555
Total Liabilities	<u>1,122,573</u>	<u>914,884</u>	<u>335,685</u>	<u>6,362,164</u>
Deferred Inflows				
Unearned exchanged transactions	16,576	—	814,772	3,381,968
Total Deferred Inflows	<u>16,576</u>	<u>—</u>	<u>814,772</u>	<u>3,381,968</u>
Fund Balance				
Nonspendable	—	—	1,057,766	1,145,715
Restricted	—	2,203,413	5,523,107	21,506,447
Committed	—	—	28,301	1,602,825
Assigned	—	—	—	12,531,829
Total fund balance	<u>—</u>	<u>2,203,413</u>	<u>6,609,174</u>	<u>36,786,816</u>
Total Liabilities Deferred Inflows & Fund Balance	<u>\$ 1,139,149</u>	<u>\$ 3,118,297</u>	<u>\$ 7,759,631</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	57,978,016
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(36,547,179)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	727,253
Net position of governmental activities	<u>\$ 58,944,906</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Hospital</u>	<u>Beach Renewal</u>	<u>Tourist Development</u>	<u>BP Restore Fund</u>
REVENUES					
Taxes	\$ 12,761,117	\$ —	\$ —	\$ 1,754,261	\$ —
Licenses and permits	731,222	—	—	400	—
Intergovernmental	3,560,963	1,074,978	—	298,979	5,090,628
Charges for services	4,449,772	—	—	39,350	—
Rent	—	—	—	—	—
Fines and forfeitures	96,975	—	—	—	—
Investment earnings and other	<u>187,961</u>	<u>2,253</u>	<u>8,277</u>	<u>3,195</u>	<u>—</u>
Total Revenues	<u>21,788,010</u>	<u>1,077,231</u>	<u>8,277</u>	<u>2,096,185</u>	<u>5,090,628</u>
EXPENDITURES					
Current					
General government	6,637,084	—	—	—	2,103,450
Public safety	7,625,067	—	—	—	71,500
Physical environment	157,841	—	—	144,821	1,815,678
Economic environment	376,170	—	—	1,073,736	—
Transportation	847,654	—	—	—	—
Court related	708,670	—	—	—	—
Human services	745,536	620,756	—	—	—
Culture and recreation	238,138	—	—	128,723	—
Capital outlay	345,480	—	—	113,752	1,077,018
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,121,430</u>
Total Expenditures	<u>17,681,640</u>	<u>620,756</u>	<u>—</u>	<u>1,461,032</u>	<u>6,189,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,106,370</u>	<u>456,475</u>	<u>8,277</u>	<u>635,153</u>	<u>(1,098,448)</u>
Other financing sources (uses)					
Transfers out	(367,920)	(150,000)	(130,709)	(656,364)	—
Transfer in	265,615	—	—	—	—
Sale of equipment	700	—	—	—	—
Insurance proceeds	—	—	—	44,224	—
Debt Proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,072,000</u>
Total other financing sources (uses)	<u>(101,605)</u>	<u>(150,000)</u>	<u>(130,709)</u>	<u>(612,140)</u>	<u>1,072,000</u>
Net change in Fund Balance	4,004,765	306,475	(122,432)	23,013	(26,448)
Fund balance - beginning	<u>11,817,166</u>	<u>2,204,565</u>	<u>6,793,525</u>	<u>2,765,048</u>	<u>208,552</u>
Fund balance - ending	<u>\$15,821,931</u>	<u>\$ 2,511,040</u>	<u>\$ 6,671,093</u>	<u>\$ 2,788,061</u>	<u>\$ 182,104</u>

(continued)

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Continued)
YEAR ENDED SEPTEMBER 30, 2019

	General Grants	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ —	\$ —	\$ 1,171,956	\$15,687,334
Licenses and permits	—	—	—	731,622
Intergovernmental	4,408,289	—	4,312,330	18,746,167
Charges for services	—	—	704,287	5,193,409
Rent	—	—	404,119	404,119
Fines and forfeitures	—	—	445,985	542,960
Investment earnings and other	500	24,876	58,216	285,278
Total Revenues	<u>4,408,789</u>	<u>24,876</u>	<u>7,096,893</u>	<u>41,590,889</u>
EXPENDITURES				
Current				
General government	—	783,095	679,616	10,203,245
Public safety	162,222	—	1,868,299	9,727,088
Physical environment	253,901	372,970	173,860	2,919,071
Economic environment	500	—	764,064	2,214,470
Transportation	2,575,069	—	328,325	3,751,048
Court related	—	—	20,095	728,765
Human services	—	—	27,276	1,393,568
Culture and recreation	49,262	—	18,452	434,575
Capital outlay	1,367,835	706,525	623,830	4,234,440
Debt service	—	—	2,163,881	3,285,311
Total Expenditures	<u>4,408,789</u>	<u>1,862,590</u>	<u>6,667,698</u>	<u>38,891,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>(1,837,714)</u>	<u>429,195</u>	<u>2,699,308</u>
Other financing sources (uses)				
Transfers out	—	—	(115,810)	(1,420,803)
Transfer in	—	367,920	308,135	941,670
Sale of equipment	—	—	—	700
Insurance proceeds	—	3,066,715	93,817	3,204,756
Debt Proceeds	—	—	—	1,072,000
Total other financing sources (uses)	<u>—</u>	<u>3,434,635</u>	<u>286,142</u>	<u>3,798,323</u>
Net change in Fund Balance	—	1,596,921	715,337	6,497,631
Fund balance - beginning	—	606,492	5,893,837	30,289,185
Fund balance - ending	<u>\$ —</u>	<u>\$ 2,203,413</u>	<u>\$ 6,609,174</u>	<u>\$36,786,816</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances – total governmental funds (page 24)	\$ 6,497,631
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities net of accumulated depreciation. Donated assets are not reported in the funds but are recognized in the statement of activities.	2,495,670
Debt proceeds are shown as revenue in the funds. Repayment of long-term debt is reported as an expenditure in governmental funds but the net as a reduction or increase of long-term liabilities in the statement of net position.	1,455,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,720,256)
Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	<u>289,478</u>
Change in net position of governmental activities (page 20)	<u>\$ 8,017,523</u>

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Taxes	\$13,245,560	\$11,324,556	\$12,761,117	\$ 1,436,561
Licenses and permits	436,500	436,500	731,222	294,722
Intergovernmental	2,899,122	2,899,122	3,560,963	661,841
Fines and forfeitures	1,400	1,400	96,975	95,575
Charges for services	1,983,777	1,983,777	4,449,772	2,465,995
Investment earning & other	<u>3,025</u>	<u>3,025</u>	<u>187,961</u>	<u>184,936</u>
Total revenues	<u>18,569,384</u>	<u>16,648,380</u>	<u>21,788,010</u>	<u>5,139,630</u>
Expenditures:				
Current				
General government	5,018,140	4,906,382	6,637,084	(1,730,702)
Public safety	7,925,725	7,939,489	7,625,067	314,422
Physical environment	386,285	378,081	157,841	220,240
Transportation	1,220,555	1,067,589	847,654	219,935
Economic environment	493,933	462,128	376,170	85,958
Human services	916,899	900,174	745,536	154,638
Culture and recreation	272,975	229,200	238,138	(8,938)
Court related	195,432	188,454	708,670	(520,216)
Debt service	—	—	—	—
Capital outlay	<u>293,104</u>	<u>256,095</u>	<u>345,480</u>	<u>(89,385)</u>
Total expenditures	<u>16,723,048</u>	<u>16,327,592</u>	<u>17,681,640</u>	<u>(1,354,048)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,846,336</u>	<u>320,788</u>	<u>4,106,370</u>	<u>3,785,582</u>
Other financing sources (uses)				
Transfers in (381)	204,710	237,210	265,615	28,405
Transfers out	(4,441,748)	(4,563,748)	(367,920)	4,195,828
Sale of equipment	<u>—</u>	<u>—</u>	<u>700</u>	<u>700</u>
Total other financing Sources (uses)	<u>(4,237,038)</u>	<u>(4,326,538)</u>	<u>(101,605)</u>	<u>4,224,933</u>
Net change in fund balance	(2,390,702)	(4,005,750)	4,004,765	8,010,515
Fund balance - beginning	<u>11,817,166</u>	<u>11,817,166</u>	<u>11,817,166</u>	<u>—</u>
Fund balance - ending	<u>\$ 9,426,464</u>	<u>\$ 7,811,416</u>	<u>\$ 15,821,931</u>	<u>\$ 8,010,515</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – HOSPITAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 1,196,852	\$ 1,196,852	\$ 1,074,978	\$ (121,874)
Investment earning & other	<u>1,500</u>	<u>1,500</u>	<u>2,253</u>	<u>753</u>
Total revenues	<u>1,198,352</u>	<u>1,198,352</u>	<u>1,077,231</u>	<u>(121,121)</u>
Expenditures:				
Current				
Human Services	<u>674,131</u>	<u>674,131</u>	<u>620,756</u>	<u>53,375</u>
Total expenditures	<u>674,131</u>	<u>674,131</u>	<u>620,756</u>	<u>53,375</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>524,221</u>	<u>524,221</u>	<u>456,475</u>	<u>(67,746)</u>
Other financing sources (uses)				
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing				
Sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>—</u>
Total other financing				
Sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>—</u>
Net change in fund balance	374,221	374,221	306,475	(67,746)
Fund balance - beginning	<u>2,204,565</u>	<u>2,204,565</u>	<u>2,204,565</u>	<u>—</u>
Fund balance - ending	<u>\$ 2,578,786</u>	<u>\$ 2,578,786</u>	<u>\$ 2,511,040</u>	<u>\$ (67,746)</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BEACH RENEWAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Investment earnings and other	\$ —	\$ —	\$ 8,277	\$ 8,277
Total revenues	<u>—</u>	<u>—</u>	<u>8,277</u>	<u>8,277</u>
Expenditures:				
Current				
Physical environment	<u>6,793,241</u>	<u>6,793,241</u>	<u>—</u>	<u>6,793,241</u>
Total expenditures	<u>6,793,241</u>	<u>6,793,241</u>	<u>—</u>	<u>6,793,241</u>
Excess (deficiency) or revenues				
Over expenditures	<u>(6,793,241)</u>	<u>(6,793,241)</u>	<u>8,277</u>	<u>6,801,518</u>
Other Financing Sources/Uses:				
Transfers in	<u>—</u>	<u>—</u>	<u>(130,709)</u>	<u>(130,709)</u>
Total other financing Sources/uses	<u>—</u>	<u>—</u>	<u>(130,709)</u>	<u>(130,709)</u>
Net change in fund balance	(6,793,241)	(6,792,241)	(122,432)	6,670,809
Fund balances - beginning	<u>6,793,525</u>	<u>6,793,525</u>	<u>6,793,525</u>	<u>—</u>
Fund balances - ending	<u><u>\$ 284</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 6,671,093</u></u>	<u><u>\$ 6,670,809</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – TOURIST DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,754,261	\$ (245,739)
License and permits	—	—	400	400
Intergovernmental	25,000	461,067	298,979	(162,088)
Charges for services	—	—	39,350	39,350
Investment earning & other	<u>2,000</u>	<u>2,000</u>	<u>3,488</u>	<u>1,488</u>
Total revenues	<u>2,027,000</u>	<u>2,463,067</u>	<u>2,096,478</u>	<u>(366,589)</u>
Expenditures:				
Current				
Physical environment	262,100	473,167	144,821	328,346
Economic environment	1,348,382	1,311,382	1,073,736	237,646
Culture and recreation	236,800	236,800	128,723	108,077
Capital outlay	<u>769,423</u>	<u>907,523</u>	<u>113,752</u>	<u>793,771</u>
Total expenditures	<u>2,616,705</u>	<u>2,928,872</u>	<u>1,461,032</u>	<u>1,467,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(589,705)</u>	<u>(465,805)</u>	<u>635,446</u>	<u>1,101,251</u>
Other financing sources (uses)				
Transfers out	(200,000)	(200,000)	(656,364)	(456,364)
Sale of equipment	—	—	450	450
Insurance proceeds	<u>—</u>	<u>43,481</u>	<u>43,481</u>	<u>—</u>
Total other financing Sources (uses)	<u>(200,000)</u>	<u>(156,519)</u>	<u>(612,433)</u>	<u>(455,914)</u>
Net change in fund balance	<u>(789,705)</u>	<u>(622,324)</u>	<u>23,013</u>	<u>645,337</u>
Fund balance - beginning	<u>2,765,048</u>	<u>2,765,048</u>	<u>2,765,048</u>	<u>—</u>
Fund balance - ending	<u>\$ 1,975,343</u>	<u>\$ 2,142,724</u>	<u>\$ 2,788,061</u>	<u>\$ 645,337</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BP RESTORE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ —	\$ 5,090,629	\$ 5,090,628	\$ (1)
Total revenues	<u>—</u>	<u>5,090,629</u>	<u>5,090,628</u>	<u>(1)</u>
Expenditures:				
Current				
General government	70,000	11,051	11,051	—
Public safety	—	71,500	71,500	—
Physical environment	—	1,815,678	1,815,678	—
Debt service	—	1,077,018	1,121,430	(44,412)
Capital outlay	<u>—</u>	<u>1,121,431</u>	<u>1,077,018</u>	<u>44,413</u>
Total expenditures	<u>70,000</u>	<u>4,096,678</u>	<u>4,096,677</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,000)</u>	<u>993,951</u>	<u>993,951</u>	<u>—</u>
Other financing sources (uses)				
Transfers out	(30,000)	(62,500)	—	62,500
Debt proceeds	<u>—</u>	<u>1,072,000</u>	<u>1,072,000</u>	<u>—</u>
Total other financing Sources (uses)	<u>(30,000)</u>	<u>1,009,500</u>	<u>1,072,000</u>	<u>62,500</u>
Net change in fund balance	<u>(100,000)</u>	<u>2,003,451</u>	<u>2,065,951</u>	<u>62,500</u>
Fund balance - beginning	<u>208,552</u>	<u>208,552</u>	<u>208,552</u>	<u>—</u>
Fund balance - ending	<u>\$ 108,552</u>	<u>\$ 2,212,003</u>	<u>\$ 2,274,503</u>	<u>\$ 62,500</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 4,308,382	\$ 6,324,947	\$ 4,408,289	\$ (1,916,658)
Investment earnings & other	—	—	500	500
Total revenues	<u>4,308,382</u>	<u>6,324,947</u>	<u>4,408,789</u>	<u>(1,916,158)</u>
Expenditures:				
Current				
Public safety	756,159	162,222	162,222	—
Physical environment	—	253,902	253,901	—
Transportation	400,000	2,575,070	2,575,069	1
Economic environment	—	—	500	(500)
Culture and recreation	56,850	49,282	49,262	20
Capital Outlay	<u>3,095,373</u>	<u>3,284,471</u>	<u>1,367,835</u>	<u>1,916,636</u>
Total expenditures	<u>4,308,382</u>	<u>6,324,947</u>	<u>4,408,789</u>	<u>1,916,158</u>
Net change in fund balance	—	—	—	—
Fund balance - beginning	—	—	—	—
Fund balance - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Investment earnings & other	\$ —	\$ —	\$ 24,876	\$ 24,876
Total revenues	<u>—</u>	<u>—</u>	<u>24,876</u>	<u>24,876</u>
Expenditures:				
Current				
General government	—	783,096	783,095	1
Public safety	—	372,971	372,970	1
Capital Outlay	<u>590,174</u>	<u>1,045,599</u>	<u>706,525</u>	<u>339,074</u>
Total expenditures	<u>590,174</u>	<u>2,201,666</u>	<u>1,862,590</u>	<u>339,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(590,174)</u>	<u>(2,201,666)</u>	<u>(1,837,714)</u>	<u>363,952</u>
Other financing sources (uses)				
Transfers in	417,920	367,920	367,920	—
Insurance proceeds	<u>—</u>	<u>1,353,076</u>	<u>3,066,715</u>	<u>1,713,639</u>
Total other financing Sources (uses)	<u>417,920</u>	<u>1,720,996</u>	<u>3,434,635</u>	<u>1,713,639</u>
Net change in fund balance	<u>(172,254)</u>	<u>(480,670)</u>	<u>1,596,921</u>	<u>2,077,591</u>
Fund balance - beginning	<u>606,492</u>	<u>606,492</u>	<u>606,492</u>	<u>—</u>
Fund balance - ending	<u><u>\$ 434,238</u></u>	<u><u>\$ 125,822</u></u>	<u><u>\$ 2,203,413</u></u>	<u><u>\$(2,077,591)</u></u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities/Enterprise Funds			
	County Golf Course	Oak Grove	Williamsburg and Methodist Hill	Total Business-type Funds
Assets				
Current assets				
Cash	\$ 121,295	\$ 26,092	\$ —	\$ 147,387
Inventory	4,000	—	—	4,000
Accounts receivable	10,192	—	—	10,192
Total current assets	<u>135,487</u>	<u>26,092</u>	<u>—</u>	<u>161,579</u>
Noncurrent assets				
Capital assets				
Land	334,601	737	—	335,338
Buildings and utility system	46,337	269,453	571,925	887,715
Less allowance for depreciation	—	(269,453)	(371,774)	(641,227)
Total noncurrent assets	<u>380,938</u>	<u>737</u>	<u>200,151</u>	<u>581,826</u>
Total assets	<u>516,425</u>	<u>26,829</u>	<u>200,151</u>	<u>743,405</u>
Liabilities				
Current liabilities				
Accounts payable	26,340	—	—	26,340
Due to other funds	1,319	—	—	1,319
Total Liabilities	<u>27,659</u>	<u>—</u>	<u>—</u>	<u>27,659</u>
Net position				
Net investment in capital assets	380,938	737	200,151	581,826
Unrestricted	107,828	26,092	—	133,920
Total net position	<u>\$ 488,766</u>	<u>\$ 26,829</u>	<u>\$ 200,151</u>	<u>\$ 715,746</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities/Enterprise Funds			
	County Golf Course	Oak Grove	Williamsburg and Methodist Hill	Total Business-type Funds
Operating revenues				
Charges for services	\$ 125,519	\$ —	\$ —	\$ 125,519
Operating expenses				
Payroll expenses	14,606	—	—	14,606
Professional	20,899	—	—	20,899
Travel	259	—	—	259
Communications	2,173	—	—	2,173
Utilities	8,094	—	—	8,094
Rent	10,057	—	—	10,057
Repairs and maintenance	40,707	—	—	40,707
Advertising	3,957	—	—	3,957
Supplies	16,656	—	—	16,656
Other	283	—	—	283
Depreciation	—	11	14,300	14,311
Total operating expenses	117,691	11	14,300	132,002
Net income before transfers	7,828	(11)	(14,300)	(6,483)
Transfers in	480,938	—	—	480,938
Increase (Decreases) in net position	488,766	(11)	(14,300)	474,455
Net position - beginning	—	26,840	214,451	241,291
Net position - ending	\$ 488,766	\$ 26,829	\$ 200,151	\$ 715,746

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019**

	Business-type Activities/Enterprise Funds			
	County Golf Course	Oak Grove	Williamsburg and Methodist Hill	Total Business-type Funds
Cash flow from operating activities				
Receipts from customers	\$ 125,519	\$ —	\$ —	\$ 125,519
Payments to suppliers	(89,618)	—	—	(89,618)
Payments to employees	(14,606)	—	—	(14,606)
Net cash provided (used) by operating activities	<u>21,295</u>	<u>—</u>	<u>—</u>	<u>21,295</u>
Cash flow from capital and Related financial activities				
Acquisition of capital assets	(380,938)	—	—	(380,938)
Net cash provided (used) by operating activities	<u>(380,938)</u>	<u>—</u>	<u>—</u>	<u>(380,938)</u>
Cash flow from non-capital financial related activities				
Transfer In	480,938	—	—	480,938
Net cash provided (used) by non-capital financial related activities	<u>480,938</u>	<u>—</u>	<u>—</u>	<u>480,938</u>
Net ncrease in cash and cash equivalents	121,295	—	—	121,295
Cash and cash equivalents – beginning	<u>—</u>	<u>26,092</u>	<u>—</u>	<u>26,092</u>
Cash and cash equivalents – ending	<u>\$ 121,295</u>	<u>\$ 26,092</u>	<u>\$ —</u>	<u>\$ 147,387</u>

(continued)

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities/Enterprise Funds			
	County Golf Course	Oak Grove	Williamsburg and Methodist Hill	Total Business-type Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 7,828	\$ (11)	\$ (14,300)	\$ (6,483)
Adjustments to reconcile Operating income (loss) To net cash provided By (used in) operating				
Depreciation	—	11	14,300	14,311
Changes in assets and liabilities:				
Inventory	(4,000)	—	—	(4,000)
Accounts receivable	(10,192)	—	—	(10,192)
Accounts payable	26,340	—	—	26,340
Due to other funds	1,319	—	—	1,319
Total adjustments	13,467	11	14,300	27,778
Net cash provided by (used in) operating activities	\$ 21,295	\$ —	\$ —	\$ 21,295

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 772,345
Accounts receivable (net)	2,054
Due from other funds	<u>1,004</u>
Total Assets	<u>775,403</u>
Liabilities	
Accounts payable	7,287
Due to individuals	231,940
Due to other funds	39,503
Due to other governments	483,658
Due to Board of County Commissioners	<u>13,015</u>
Total Liabilities	<u>\$ 775,403</u>

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Gulf County, Florida (County) located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 16,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County is governed by a five-member elected Board of County Commissioners (Board), which derives its authority from Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board and unexpended funds are returned to the Board. The Clerk of the Circuit Court operates as a fee officer by retaining various fees collected by this office and billing the Board for certain services provided. Separate accounting records and budgets are maintained by each individual office.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government (composed of the Board of County Commissioners and Constitutional Officers) and the County's component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit's fiscal dependency on the primary government. The dependent special districts, Howard Creek Fire Control, Overstreet Fire Control, St. Joe Fire Control, Tupelo Fire Control, and Highland View Water and Sewer District are considered component units, and are blended in the financial statements of the County as part of the enterprise funds and the special revenue funds. There are no other entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the County's financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County was established by the constitution of the State of Florida, Article VIII, Section 1 (e). Dependent special districts were created as follows: Highland View Water and Sewer District, Laws of Florida Chapter 61-2212; Howard Creek Fire District, Laws of Florida Chapter 79-467; Overstreet Fire District, Laws of Florida Chapter 78-513; St. Joe Fire District, Laws of Florida Chapter 47-24541; and Tupelo Fire District, Laws of Florida Chapter 70-696.

All fire Districts were conformed and re-established by County Ordinance #1996-12.

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

B. 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 of 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. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports six major governmental funds:

- General Fund – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- Beach Renewal – This fund is used to account for the Beach Renewal activity.
- Hospital – This fund accounts for local option discretionary sales surtax that fund operations at the local hospital.
- Tourist Development – This fund accounts for the 4% local option tourist development tax.
- General Grants – This fund accounts for various grant activity.
- Grants Fund – This fund accounts for various grants received by the County.
- BP Restore Act – This fund accounts for the BP Restore Act revenue and expenditures.

The County reports each of the enterprise funds as major funds. Each fund is used to account for activity of the utility for area served.

The County reports one type of fiduciary fund, agency funds, which are used to account for the collection and disbursement of funds by the County on behalf of other governments and individuals.

C. 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 proprietary fund and 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 the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's enterprise activities are operated and maintained by local cities. The County receives the amounts billed to customers for the required debt service and bond payments. The terms of these interlocal agreements are described in note 18.

D. Enterprise Activities

For enterprise activities, the County applies all applicable GASB pronouncements.

E. Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major governmental funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of those deposits made locally in commercial banks and investments purchased through the Florida Local Government Investment Trust. All deposits in commercial banks are with qualified public depositories authorized by Chapter 280, Florida Statutes. The deposits are insured through FDIC and Florida's multiple financial institution collateral pool. The Florida Local Government Investment Trust deposits are maintained in investment pools which invest primarily in highly liquid commercial paper, repurchase agreements, bankers' acceptance notes and United States Government obligations. The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

G. Accounts Receivable

The County's and its component units accounts receivable, other than ambulance service accounts receivable as described in note 12, are deemed to be entirely collectible. Therefore, an allowance for uncollectible accounts receivable has not been recorded.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” when applicable.

I. Inventories

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. The balance of physical inventory on hand at fiscal year-end has not been recorded because the amount is not considered material.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Machinery and equipment with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost when purchased or constructed or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its useful life is expenses as incurred.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings	50 years
Improvements	50 years
Machinery and equipment	5-20 years
Infrastructure	15-25 years

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Inflows

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

L. Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No.16, *Accounting for Compensated Absences*.

M. 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 statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2019 tax year millage rate assessed by the County was 7.1 mills.

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 millage rates into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

N. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Use of Restricted Assets

It is generally the practice of the County to utilize restricted net position before unrestricted net assets when possible.

P. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. Encumbrances outstanding at year end lapse and are reappropriated in the subsequent year.

Q. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Subsequent Events

The County evaluated subsequent events through June 22, 2020, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements, other than the item following.

Subsequent to the date of September 30, 2019, the World Health Organization, declared a health emergency on January 30, 2020 response to Covid-19 coronavirus pandemic and on March 11, 2020 declared a global pandemic. As growing concerns about the virus and its affects on the health and wellbeing of citizens and the county's ability to respond and advisories from the state and federal levels of government. The Gulf County Board of County Commissioners elected to cease all county activities and access to all county offices effective March 19, 2020. The governor of the State of Florida issued executive orders closing restaurants, bars and short term rentals in the State in order to limit the spread of the virus and established a set of guidelines for reopening commerce. The Gulf County Board elected to reopen its County offices and resume activities effective May 4, 2020, while continuing to follow social distancing guidelines set forth by the Centers for Disease Control. The effects of the coronavirus and the subsequent closures are not known as of the date of the audited financial statements.

Implementation of Governmental Accounting Standards Board Statements

The County adopted the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2019:

1. GASB Statement No. 75 "Accounting and financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"

Statement No. 75 was implemented in fiscal year 2018. The implementation of this statement the County adopted the accounting and reporting requirements of the new standard, which resulted in no impact to the County's financial position or results of operation.

2. GASB Statement No. 85 "Omnibus 2017"

Statement No. 85 establishes practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The County implemented this statement for fiscal year 2018. The adoption of GASB 85 did not impact the County's financial position or results in operations.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. GASB Statement No 86 “Certain Debt Extinguishment Issues”

Statement No. 86 establishes improved consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The county implemented this statement for fiscal year 2018. The adoption of GASB 85 did not impact the County’s financial position or results in operations.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$36,547,179 difference are as follows:

Net pension liabilities	\$ (16,891,818)
Deferred for retirement contributions	(1,434,341)
Deferred for payment to retirees	6,310,069
Bonds payable	(20,380,000)
Other Postemployment benefits	(685,110)
Landfill closure liabilities	(1,415,867)
Compensated absences	<u>(2,050,112)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ (36,547,179)</u>

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$57,978,016 difference are as follows:

Cost of capital assets	\$ 100,587,059
Less: accumulated depreciation	<u>(42,609,043)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$ 57,978,016</u>

Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. “The details of this \$2,495,670 difference are as follows:

Capital outlay	\$ 4,234,440
Disposal of assets	(343,548)
Donated assets	1,072,274
Depreciation expense	<u>(2,467,496)</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 2,495,670</u>

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds” and “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$2,720,256) difference are as follows:

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Decrease in compensated absences	\$ 136,451
Other Postemployment benefits	(409,951)
Landfill closure	18,998
Change in pension expense	<u>(2,465,754)</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (2,720,256)</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits Policies

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

Investments Policies

Florida Statutes, Section 218.415, authorizes the County to invest surplus funds in the following:

The Local government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided s.163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest – bearing time deposits or savings accounts in state-certified qualified public depositories as defined in s. 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C.ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements full collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

In addition, the County is authorized by law or by county ordinance to invest funds in the following securities:

Commercial Paper of U.S. Corporations having a rating of at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poors, Moody's, and Fitch Investors Service rating services.

Bankers' Acceptances that are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better.

Obligations, rated A+ or better, of the State of Florida and its various local governments, including Gulf County.

Overnight Repos (Repurchase Agreement) and Term Repos with maturities of less than 30 days.

Corporate Securities rated AA/Aa by Standard & Poors and Moody's.

Qualified Purchaser Funds (3(c)7)funds) securities of an open-end management type investment company or investment fund advised by a Registered Advisor under rule 3(c)(7) of the Federal Investment Company Act of 1940, provided that the funds investment guidelines state that the fund will seek to maintain a \$1 per share net position value.

Auction Rate Securities rate AAA/aaa.

Florida Statutes provide that funds awaiting clearing may be invested. Pursuant to an agreement with a local financial institution, cash on deposit, including the County's float, was invested overnight in United States Treasury Obligations per the repurchase agreement.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

The Florida Local Government Investment Trust Fund (FLGIT) is a professionally managed fund available only to public entities in Florida. The investment policy of FLGIT restricts investments to direct obligations of or securities fully guaranteed by the United States; obligations of certain federal agencies, including collateralized obligations; repurchase agreements; and commercial paper.

As of September 30, 2019, the County's deposits consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
Florida Local Government Investment Trust	<u>\$5,714,006</u>	Demand
Total	<u>\$5,714,006</u>	

Custodial Credit Risk of Deposits

All cash resources of the County are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Interest Rate Risk

At September 30, 2019, the County did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2019, the County did not hold any investments that were considered to be a credit risk.

Custodial Risk

For an investment, there is a risk that in the event of a failure of the counterparty to a transaction, the government will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The County's investments are excluded from the definition of custodial credit risk.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

At September 30, 2019, the County did not hold any investments that were considered to be a concentration of credit risk.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 39,952	\$ 207,933
Special revenue funds	371,486	163,688
Agency funds	1,004	39,503
Enterprise funds	—	1,318
Total	<u>\$ 412,442</u>	<u>\$ 412,442</u>

The general fund has amounts due to and from constitutional officers, which represent the return of excess appropriations due at the end of the fiscal year, from either budget or officers or fee officers.

All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

NOTE 5 - INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 169,723	\$ 367,920
Special Revenue Funds:		
Non Ad Valorem Debt Service	306,136	—
Small County	—	150,000
MSTU Beach Renourishment	—	130,708
TDC Fund	—	275,426
St Joe Fire District	—	15,483
Tupelo Fire Control	—	2,367
Overstreet Fire Control	—	1,183
Howard Creek fire Control	—	—
Capital Improvements	367,920	—
St. Joe Bay Golf Club	100,000	690
Total	<u>\$ 943,779</u>	<u>\$ 943,779</u>

The transfers were for budgeted operations.

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

NOTE 6 - CAPITAL ASSETS

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

	<u>September 30,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2019</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,671,252	\$ 485,524	\$ —	\$ 6,156,776
Construction in progress	<u>5,321,655</u>	<u>1,670,154</u>	<u>(92,839)</u>	<u>6,898,970</u>
Total capital assets, not being depreciated	<u>10,992,907</u>	<u>2,155,678</u>	<u>(92,839)</u>	<u>13,055,746</u>
Capital assets being depreciated:				
Buildings and improvements	17,375,864	1,198,880	—	18,574,744
Machinery and equipment - BOCC	16,366,158	1,409,263	(834,080)	16,941,341
Machinery and equipment - Sheriff	1,652,739	244,840	(189,671)	1,707,908
Infrastructure	<u>50,009,267</u>	<u>298,053</u>	<u>—</u>	<u>50,307,320</u>
Total capital assets being depreciated	<u>85,404,028</u>	<u>3,151,036</u>	<u>(1,023,751)</u>	<u>87,531,313</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,904,013)	(266,167)	—	(10,170,180)
Machinery	(12,765,190)	(1,212,172)	680,203	(13,297,159)
Infrastructure	<u>(18,152,547)</u>	<u>(989,157)</u>	<u>—</u>	<u>(19,141,704)</u>
Total accumulated depreciation	<u>(40,821,750)</u>	<u>(2,467,496)</u>	<u>680,203</u>	<u>(42,609,043)</u>
Total capital assets being depreciated, net	<u>44,582,278</u>	<u>683,540</u>	<u>(343,548)</u>	<u>44,922,270</u>
Total Governmental activities, capital assets, (net of accumulated depreciation)	<u>\$ 55,575,185</u>	<u>\$ 2,839,218</u>	<u>\$ (436,387)</u>	<u>\$ 57,978,016</u>

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

General Government	\$ 67,243
Public safety	456,059
Physical environment	328,994
Transportation	1,178,716
Economic environment	1,600
Human services	366,834
Culture and recreation	<u>68,050</u>
Total depreciation expense – governmental activities	<u>\$ 2,467,496</u>

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

NOTE 6 - CAPITAL ASSETS (continued)

	<u>September 30,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2019</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 737	\$ 334,601	\$ —	\$ 335,338
Total capital assets, not being depreciated	<u>737</u>	<u>334,601</u>	<u>—</u>	<u>335,338</u>
Capital assets being depreciated:				
Buildings and utility systems	<u>841,378</u>	<u>46,337</u>	<u>—</u>	<u>887,715</u>
Total capital assets being depreciated	<u>841,378</u>	<u>46,337</u>	<u>—</u>	<u>887,715</u>
Less accumulated depreciation	<u>(626,916)</u>	<u>(21,036)</u>	<u>—</u>	<u>(647,952)</u>
Total capital assets being depreciated, net	<u>214,462</u>	<u>25,301</u>	<u>—</u>	<u>239,763</u>
Total business-type activities', capital assets, (net of accumulated depreciation)	<u>\$ 215,199</u>	<u>\$ 359,902</u>	<u>\$ —</u>	<u>\$ 575,101</u>

Depreciation expense for the business-type activities for the year ended September 30, 2019 was \$21,036.

NOTE 7 - LONG - TERM DEBT

Long-term debt of the County at September 30, 2019, is as follows:

	<u>Balance</u> <u>September 30,</u> <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2019</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable					
Board of County Commissioners					
Gas Tax Revenue Bonds					
Series 2015A Capital Improvement for Infrastructure	\$ 12,075,000	\$ —	\$ (595,000)	\$11,480,000	\$ 615,000
Gas Tax Revenue Bonds					
Series 2015B Refunding Bonds Series 2006	3,010,000	—	(165,000)	2,845,000	170,000
Gulf County CBA Non-Ad Valorem Revenue Bonds Series 2016	3,625,000	—	(380,000)	3,245,000	385,000
Gulf County MSTU Limited Ad Valorem Tax Bonds Series 2016	<u>3,125,000</u>	<u>—</u>	<u>(315,000)</u>	<u>2,810,000</u>	<u>320,000</u>
Total governmental activities bonds payable	<u>\$ 21,835,000</u>	<u>\$ —</u>	<u>\$ (1,455,000)</u>	<u>\$20,380,000</u>	<u>\$ 1,490,000</u>

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

NOTE 7 - LONG - TERM DEBT (continued)

	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>	<u>Due Within One Year</u>
Long-term landfill closure and postclosure liability (note 12)	\$ 1,434,865	\$ —	\$ (18,998)	\$ 1,415,867	\$ —
Other postemployment benefits	450,747	58,775	—	509,522	—
Liability for compensated absences	<u>2,186,563</u>	<u>—</u>	<u>(136,451)</u>	<u>2,050,112</u>	<u>512,528</u>
Total governmental activities bonds, notes, payable and other long-term debt	<u>\$ 25,907,175</u>	<u>\$ 58,775</u>	<u>\$ (1,610,449)</u>	<u>\$24,355,501</u>	<u>\$ 2,002,528</u>

	Series 2015A & B Capital Improvement & Refunding Bonds	
<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 785,000	\$ 530,681
2021	820,000	500,331
2022	850,000	467,831
2023	885,000	433,131
2024	920,000	397,031
2025-2029	5,110,000	1,479,784
2030-2034	4,220,000	482,881
2035-2036	<u>735,000</u>	<u>29,700</u>
Total	<u>\$ 14,325,000</u>	<u>\$ 4,321,370</u>

	MSTU Beach Renourishment	
<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 320,000	\$ 69,421
2021	330,000	62,838
2022	335,000	55,378
2023	—	54,750
2024	—	54,750
2025	—	54,750
2026	<u>1,825,000</u>	<u>4,563</u>
Total	<u>\$ 2,810,000</u>	<u>\$ 356,450</u>

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

NOTE 7 - LONG - TERM DEBT (continued)

<u>Year Ending</u> <u>September 30, 2019</u>	<u>Gulf Non Ad Valorem</u> <u>Revenue Bonds Series 2016</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 385,000	\$ 54,381
2021	390,000	48,585
2022	395,000	42,123
2023	400,000	34,980
2024	405,000	27,326
2025	415,000	19,077
2026	425,000	10,204
2027	430,000	788
Total	<u>\$ 3,245,000</u>	<u>\$ 237,464</u>

On June 30, 2015 the County issued \$13,210,000 Gas Tax Revenue Bonds, Series 2015A and \$3,175,000 Taxable Gas Tax Revenue Refunding Bonds, Series 2015B for a total of \$16,385,000. These bonds are special obligations of the County and are solely payable from and secured by a prior lien upon and pledge of Constitutional Gas Tax, the County Gas Tax and the Local Option Gas Tax. The purpose of the Series 2015 bonds is to provide sufficient funds to (i) acquire and construct certain roads within the County, (ii) refund the County's Tax Revenue Refunding Bonds Series 2006, (iii) provide a Reserve Account for the repayment of the bonds and (iv) pay certain costs associated with the issuance of the Series (2015). The Series 2016 Bonds have interest rates from 2.00% to 5.00%.

The County issued two new bonds during the fiscal year 16-17. The County issued \$3,440,000 in Limited Ad Valorem Tax Bonds, Series 2016. The bonds are a limited obligation of the County, the principal and interest on the bonds are payable from and secured by a pledge of the ad valorem taxing power of the County within its three Cape San Blas Municipal Taxing Units, named Bayside, Gulfside Beachfront and Gulfside Interior. At the time of issuance the County estimated that, based on the 2016 tax rolls, the initial levy necessary to comply with the requirements of the bonds, will be 1.1052 mills in the Bayside, 1.3139 mills in the Gulf Beachfront, and 1.1549 mills in the Gulfside Interior. The County additionally issued \$4,000,000 non-ad valorem Revenue Bonds, Series 2016. The principal and interest payments of these bonds will be paid from the general non-committed and non-restricted revenues of the County. The County has signed a Resolution to appropriate in its annual budget to pay all debt obligations for the Bond issuance. Proceeds from the sale of the Bonds will be applied for the renourishment and reconstruction of the beach front at Cape San Blas in Gulf County.

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

NOTE 8 - EMPLOYEE BENEFITS

A. Florida Retirement System

Plan Description – The County contributes to the Florida Retirement System (the FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class or the senior management service class. Currently, the active participants for Gulf County are 173 out of total of 514,629 active FRS participants.

The Florida Legislature created the Florida Retirement Investment Plan (the “investment Plan”), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of participation in the defined benefit retirement plan (“the Pension Plan”). If the Investment Plan is elected, active membership in the Pension Plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution in an investment product with a third party administrator selected by the State Board of Administration.

Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the following page that cover both the defined benefit and defined contribution plans. Information for the required employer contributions made to the Investment Plan were unavailable from FRS.

Additional Financial and Actuarial Information – Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Florida Comprehensive Annual Financial Report (CAFR) and in the Florida Retirement System Pension Plan, and Other State-Administered Systems CAFR.

See <http://www.myfloridacfo.com/Division/AA/Reports/default.htm> for an available copy of the Florida CAFR online.

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

The FRS CAFR and actuarial valuation reports as of July 1, 2019 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P O Box 9000
Tallahassee, Florida 32315-9000
850-488-4706 or toll free at 877-377-1737

Funding Policy – Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS. The County is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of July 1, 2019, the date of the latest valuation, the FRS funded ratio was 84.2% on the valuation funding basis and 85.5% on a Market Value of Assets basis.

The County also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (“DROP”). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*.

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

The contributions required for the years ended September 30, 2019, 2018, and 2017 were \$1,529,004, \$1,528,082, and \$1,389,052, respectively, which is equal to 100% of the required contribution for each year.

The rates for 2019 fiscal year was as follows:

	FRS	HIS
Regular Class	8.47%	1.66%
Special Risk Class	25.48%	1.66%
Senior Management Service Class	25.41%	1.66%
Elected Officials	48.82%	1.66%
DROP	14.60%	1.66%

Net Pension Liability – At September 30, 2019, the County reported for its share of the FRS and HIS plans the amount for the net pension liability as shown below:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
June 30, 2019	\$13,963,955	\$2,927,863	\$16,891,818
June 30, 2018	\$11,442,845	\$2,581,609	\$14,024,454

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2019 and July 1, 2018 for the net pension liability as of June 30, 2019 and 2018, respectively.

At September 30, 2019, the County reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

	<u>FRS</u>	<u>HIS</u>
June 30, 2019	0.040547385%	0.026167340%
June 30, 2018	0.037990199%	0.024391362%
Increase in Share for 2019	0.002557186%	0.001775978%

The County's proportionate share of the net pension liability was based on the County's 2018-2019 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members of FRS.

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2019, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

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

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return was decreased from 7.0% to 6.9%, and the active member mortality assumption was updated.

HIS: The municipal rate used to determine total pension liability was increased from 3.87% to 3.50%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.00%	3.30%	3.30%
Fixed Income	18.00%	4.10%	4.10%
Global Equity	5.40%	8.00%	6.80%
Real Estate (Property)	10.00%	6.70%	6.10%
Private Equity	11.00%	11.20%	8.40%
Strategic Investments	6.00%	5.90%	5.70%
Total	<u>100.00%</u>		

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.9%. FRS 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.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.9% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis – the tables below represent the sensitivity of the net pension liability to changes in the discount rate for Gulf County. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2019.

FRS Net Pension Liability		
1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
<u>\$24,139,028</u>	<u>\$13,963,959</u>	<u>\$ 5,466,048</u>
HIS Net Pension Liability		
1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
<u>\$ 3,342,306</u>	<u>\$ 2,927,863</u>	<u>\$ 2,582,680</u>

Pension Expense and Deferred Outflows (Inflows) of Resources – In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized as pension expense in the current measurement period with the following exceptions shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using rational method over a time period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

- Changes of Assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019 was 5.4 years for FRS and 6.2 for HIS. The components of collective pension expense reported in the pension allocation schedules for the year ended June 30, 2019 are presented for each plan.

Florida Retirement System

The Components of the collective pension expense reported in the pension allocation schedules by the Florida Retirement System for the year ended June 30, 2019 are presented below and are used to calculate Gulf County's share of the pension plan for 2019 which is 0.040547385%.

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$3,418,683 for the FRS plan. In addition the County reported deferred outflows of resources and deferred inflows of resources relate to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources for the FRS Plan</u>	<u>Deferred Inflows of Resources for the FRS Plan</u>
Differences between expected and actual experience	\$ 828,242	\$ (8,666)
Change of assumptions	3,586,548	—
Net difference between projected and actual earnings on FRS Plan investments	—	(772,559)
Changes in proportion and differences between County FRS Plan contributions and proportionate share of contributions	842,354	(324,979)
County FRS Plan contributions subsequent to the measurement date	<u>331,364</u>	<u>—</u>
Total	<u>\$ 5,588,508</u>	<u>\$ (1,106,204)</u>

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Expense
2020	\$ 1,317,745
2021	397,523
2022	960,454
2023	724,531
2024	186,853
Thereafter	46,455

Health Insurance Subsidy

The components of the collective pension expense reported in the pension allocation schedules for the Florida Retirement System's Health Insurance Subsidy for the year ended June 30, 2019 are presented below and are used for to calculate Gulf County's share for 2019 which is 0.02616734%.

For the fiscal year ended September 30, 2019, the County recognized pension expense of \$224,558 for the HIS plan. In addition the County reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	\$ 35,562	\$ (3,585)
Change of assumptions	339,018	(239,300)
Net difference between projected and actual earnings on HIS Plan investments	1,889	—
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	309,503	(85,252)
County HIS Plan contributions subsequent to the measurement date	<u>35,589</u>	<u>—</u>
Total	<u>\$ 721,561</u>	<u>\$ (328,137)</u>

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

NOTE 8 - EMPLOYEE BENEFITS (continued)

Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Reporting Period Ending June 30</u>	<u>FRS Expense</u>
2020	\$ 56,929
2021	45,562
2022	24,911
2023	(18,111)
2024	3,290
Thereafter	20,975

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective for the 2009-2010 fiscal year, the County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for benefits \$354,000 at transition, amortized over 15 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of implementation.

Plan Description

The County has established the Retiree's Health Insurance Other Post Employment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 170 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the Gulf County Board of County Commissioners. Currently, members receiving benefits pay the full costs (total premium) for medical coverage.

The contribution rates effective for other eligible County plan members during the year are shown below:

<u>Coverage</u>	
Retiree	\$ 586
Retiree and Spouse	850
Retiree and Child	850
Retiree and Family	1,273

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$30,996 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

Actuarial Methods and Assumptions

The actuarial assumptions used represent a reasonable long term expectation of future OPEB outcomes. As a national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary updated. Significant methods and assumptions were as follows:

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Valuation Date	10/1/2018
Measurement Date	9/30/2019
Actuarial Cost Method	Entry age
Discount Rate	3.58%
Projected Cash Flows	Pay As You Go
Municipal Bond Rate	20-Year High Grade Index
Bond Rate Basis	AA/Aa or higher
Projected Salary Increases	3%
Healthcare Cost Trend Rate	7.5% initial; 5.0% ultimate

Changes in Total OPEB Liability and Related Ratios

Below are the details regarding the total OPEB liability for the period from October 1, 2018 to September 30, 2019:

Total OPEB Liability at 10/1/2018	\$ 450,747
Changes for the Fiscal Year	
Service Cost	58,775
Interest	17,522
Difference Between Actual and Expected Experience	188,166
Assumption Changes	5,618
Benefit Payments	(30,996)
Net Changes in Total OPEB	234,363
Total OPEB liability at 9/30/2019	\$ 685,110
Covered-Employee Payroll	9,320,933
TOL as a Percentage of Covered-Employee Payroll	7.35%

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 749,830	\$ 685,110	\$ 627,658

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Comparison of Net OPEB liability using alternative healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 609,711	\$ 685,110	\$ 774,765

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

At September 30, 2019, the county reported deferred outflows and deferred inflows of resources related to OPEB for the following sources :

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amortization Payments	\$ (18,196)	\$ —
Demographic Gain/Loss	188,166	—
Change of Assumptions	<u>5,618</u>	<u>—</u>
Total	\$ 175,588	\$ —

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended September 30:

2020	\$ 157,392
2021	139,196
2022	121,000
2023	102,804
2024	84,608
Thereafter	<u>—</u>
Total	<u>\$ 605,000</u>

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

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County purchases commercial insurance to cover their risk of losses. The County determined that it was not economically justifiable to carry comprehensive coverage on certain vehicles and equipment after approximately five years of ownership. The County carries liability insurance on the aforementioned vehicles and equipment. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The County's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the County's experience for this type of risk.

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, administered by the Florida Sheriff's Association. The program is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under this program includes general liability, public officials' liability and public employees' blanket bond.

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage.

The Gulf County Sheriff determined that it was not economically justifiable to carry comprehensive coverage on all vehicles but the Gulf County Sheriff carries liability insurance on the aforementioned vehicles. The Gulf County Sheriff currently covers all claim settlements and judgments out of available operating resources.

NOTE 11 - AMBULANCE SERVICES

The County has financial responsibility for providing ambulance services throughout the County. Ambulance accounts receivable, and revenues and expenditures are included in the general fund of the accompanying financial statement. Accounts receivable for the ambulance service for the year ended September 30, 2019 was \$375,702 which is net of \$1,089,179 allowance for uncollectible accounts.

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

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County place a final cover on its landfill sites when it ceases accepting waste, and perform certain maintenance and monitoring functions at the site for thirty years after closure. Currently, the County monitors two closed landfills and operates a Class III landfill and a construction debris landfill. Receipt of debris at the construction debris landfill has been indefinitely suspended and the County expects to officially close the landfill.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,415,867 reported as landfill closure and postclosure care liability at September 30, 2019, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill cells placed in use. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2019, the Board held deposits with a fair value of \$101,072 for these purposes that are reported as restricted assets on the balance sheet. This amount includes \$101,072 that is restricted for closing Five Points Landfill. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 13 - LEGAL PROCEEDINGS

The County is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the County.

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

NOTE 14 – NOTES RECEIVABLE

In July 2011 the County sold real estate to the Gulf Rifle and Pistol Club Inc. The County received a promissory note in the amount of \$30,000 to be repaid over a ten year period. Payment is due annually with principal of \$3,000 and zero interest. The first payment is due August 2012 with the last payment due August 2021. The mortgage is secured by the real estate transferred in the sale.

In May 2011 the County entered into a second mortgage agreement with the Port St. Joe Port Authority whereby the County made a loan in the amount of \$199,000 which is secured by real estate. In 2014 the County refinanced the debt advancing another \$60,000 plus accrued interest and loan costs to the Authority, securing the debt with a mortgage on real estate. The loan is to be repaid over a ten year period and has an annual interest rate of 3%. No payments will be made for the first two years. Thereafter a sum of \$10,000 per year will be paid on the outstanding balance with the first payment due on August 21, 2017. The note will balloon on July 21, 2024 at which time all accrued interest and remaining balance will be due.

At September 30, 2019, notes receivable consisted of the following

	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
Gulf Rifle Note	\$ 9,000	\$ —	\$ (3,000)	\$ 6,000
Port Authority	319,000	—	(10,000)	309,000
	<u>\$ 328,000</u>	<u>\$ —</u>	<u>\$ (13,000)</u>	<u>\$ 315,000</u>

NOTE 15 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2019, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

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

NOTE 16 - NET POSITION/FUND BALANCE CLASSIFICATION

Net position represents the difference between total assets and liabilities and are categorized as follows:

Net investment in capital assets: Total capital assets, net of debt issued in the acquisition of these assets and net of depreciation is reported separately in the net position section.

Restricted for growth related capital expansion: Impact fee and system development charges restricted for growth related capital expansion.

Restricted for transportation projects: Gas taxes and other revenues restricted for transportation improvements.

Restricted for tourist development: Tourist development tax proceeds are restricted for tourist related activities.

Restricted for Conservation: Various impact and other fees restricted to conservation projects and expenses.

Restricted for Public Safety: Grants and fees restricted for use in various areas of public safety.

Restricted for Court functions: Balances are restricted for use in the County Court System.

Restricted for debt service: Balances are restricted in conjunction with the issuance of bonds and have been funded by operating transfers from the appropriate funds. The use of monies in the sinking fund is restricted to the payment of principal and interest on long-term debt.

Restricted for Public Health: Restricted for use to Hospital and EMS function.

Unrestricted: Balances are not restricted for specific purposes.

Governmental funds report fund balances as either spendable or non-spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned depending upon the extent to which there are external or internal constraints on the spending of these fund balances.

Non-spendable fund balance: Amounts that are not in spendable form or that are legally or contractually required to be maintained intact. Items that are not spendable also include inventories, prepaid amounts and long term portions of loans and notes receivable, as well as property held for resale.

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

NOTE 16 - NET POSITION/FUND BALANCE CLASSIFICATION (continued)

Spendable fund balance:

Restricted fund balance – Amounts that can be spent only for specific purposes through restrictions placed upon them by external resource providers such as creditors, grantors or contributors; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Amounts that can be spent only for specific purposes determined by the County's highest decision making authority, the Board of County Commissioners. Commitments may be modified or removed only by the Board of County Commissioners through the same formal action that created the original commitment.

Assigned fund balance – Amounts that are intended to be spent for specific purposes as determined by the Board of County Commissioners, but that are neither restricted nor committed to the specific purpose.

Unassigned fund balance – Unassigned fund balance is the residual classification for the County's general fund. Amounts in this classification are spendable but have not been deemed restricted, committed or assigned. Unassigned fund balance may also include negative balances for any governmental fund whose expenditures have exceeded the amounts restricted, committed or assigned for those specific purposes.

When both restricted and unrestricted amounts are available the County spends the restricted amounts first, unless prohibited by law, grant agreements or other contractual arrangement. Further, when committed fund balance is available the County will use it first, followed by assigned fund balance and then unassigned fund balance for purposes in which any of the unrestricted fund balance classifications could be used.

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

NOTE 16 - NET POSITION/FUND BALANCE CLASSIFICATION (continued)

A detailed schedule of fund balances at September 30, 2019 is as follows:

<u>Fund Balances</u>	<u>Amount</u>
Nonspendable:	
General fund – prepaid expenses	\$ 82,172
Total Nonspendable Fund Balance	<u>82,172</u>
Restricted:	
General fund	270,338
Fines and forfeitures	978,760
Secondary road and bridge	514,361
Mosquito control	54,080
St Joe fire control	858,797
Tupelo fire control	196,705
Overstreet fire control	56,304
Howard fire control	34,349
CDBG	57
CDBG Raffield	69,246
Industrial park EDA	119,143
BP restore act	208,552
E911	174,537
Co Development	123,979
Park Fund	402,881
Capital projects	3,434,635
Clerk Modernization	311,511
Administrative order	151,681
Construction acquisition	184,116
MSTU	801,923
Non-Advalorem	—
Hospital	2,511,039
Beach Renewal	6,671,093
Tourist Development	2,788,061
Public Improvement	<u>1,548,443</u>
Total Restricted Fund Balance	<u>22,464,591</u>
Committed:	
Disaster fund	28,301
General fund	<u>231,521</u>
Total Committed Fund Balance	<u>259,822</u>
Assigned:	
General fund	<u>9,007,390</u>
Total Committed Fund Balance	<u>9,007,390</u>
Total Unassigned Fund Balance	<u>4,972,841</u>
Total fund Balance	<u>\$ 36,786,816</u>

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

NOTE 17 – COMMITMENTS

The Gulf County Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration therefore, the Sheriff receives payments of \$38,600 annually from the City.

The Gulf County Sheriff entered into a service agreement with the City of Port St. Joe Police Department, whereby the Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$71,000 per year, in consideration for these services.

NOTE 18 - WATER SYSTEM OPERATIONS

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation.

REQUIRED SUPPLEMENTARY INFORMATION

GULF COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER POST EMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS (I)

Last Ten Fiscal Years*

Total OPEB Liability	2019	2018
Service Cost	\$ 54,053	\$ 46,688
Interest	17,522	16,224
Demographic gain/loss	17,668	—
Assumption Changes	528	—
Change in Deferreds	175,588	—
Benefit Payments	<u>(30,996)</u>	<u>(22,161)</u>
Net Change in Total OPEB Liability	234,363	40,751
Total OPEB Liability – Beginning	<u>450,747</u>	<u>409,996</u>
Total OPEB Liability - Ending	<u>685,110</u>	<u>450,747</u>
 Covered-Employee Payroll	 \$ 9,320,933	 \$ 6,948,198
Total OPEB Liability as a Percentage of		
Covred-Employee Payroll	7.35%	6.49%

(1) The amounts presented for each fiscal year were determines as of September 30th.

* This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

GULF COUNTY, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years*
SEPTEMBER 30, 2019

Florida Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Gulf County, Florida's proportion of the net pension liability	0.040547385%	0.037990199%	0.37446967%	0.040338331%
Gulf County, Florida's proportionate share of the net pension liability	\$ 13,963,955	\$ 11,442,845	\$ 11,076,562	\$ 10,185,460
Gulf County, Florida's covered-employee payroll	\$ 9,320,933	\$ 8,004,393	\$ 7,726,462	\$ 8,251,636
Gulf County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.81%	142.96%	143.36%	123.44%
Plan fiduciary net position as a percentage of the total pension liability	86.30%	84.26%	83.89%	84.94%

Health Insurance Subsidy Programs

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Gulf County, Florida's proportion of the net pension liability	0.02616734%	0.024391362%	0.023937927%	0.25283010%
Gulf County, Florida's proportionate share of the net pension liability	\$ 2,927,863	\$ 2,581,609	\$ 2,559,554	\$ 2,946,630
Gulf County, Florida's covered-employee payroll	\$ 9,320,933	\$ 8,004,393	\$ 7,726,462	\$ 8,251,636
Gulf County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.41%	32.25%	33.13%	35.71%
Plan fiduciary net position as a percentage of the total pension liability	2.03%	2.15%	1.64%	0.97%

(continued)

GULF COUNTY, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years* (continued)
SEPTEMBER 30, 2019

Florida Retirement System

	<u>2015</u>
Gulf County, Florida's proportion of the net pension liability	0.037324372%
Gulf County, Florida's proportionate share of the net pension liability	\$ 4,820,943
Gulf County, Florida's covered-employee payroll	\$ 7,169,067
Gulf County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.25%
Plan fiduciary net position as a percentage of the total pension liability	92.00%

Health Insurance Subsidy Programs

	<u>2015</u>
Gulf County, Florida's proportion of the net pension liability	0.023177466%
Gulf County, Florida's proportionate share of the net pension liability	\$ 2,363,737
Gulf County, Florida's covered-employee payroll	\$ 7,169,067
Gulf County, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.97%
Plan fiduciary net position as a percentage of the total pension liability	0.50%

Notes to schedules:

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2019.

GULF COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years*
SEPTEMBER 30, 2019

Florida Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,359,993	\$ 1,363,656	\$ 1,231,413	\$ 1,216,635
Contributions in relation to the				
Contractually required contribution	<u>(1,359,993)</u>	<u>(1,363,656)</u>	<u>(1,231,413)</u>	<u>(1,216,635)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Gulf County, Florida's covered- employee payroll	\$ 9,320,933	\$ 8,004,393	\$ 7,726,462	\$ 8,251,636
Contribution as a percentage of covered- employee payroll	14.59%	17.04%	15.94%	14.74%

Health Insurance Subsidy Programs

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 169,011	\$ 164,426	\$ 157,639	\$ 159,109
Contributions in relation to the				
contractually required contribution	<u>(169,011)</u>	<u>(164,426)</u>	<u>(157,639))</u>	<u>(159,109)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Gulf County, Florida's covered- employee payroll	\$ 9,320,933	\$ 8,004,393	\$ 7,726,462	\$ 8,251,636
Contribution as a percentage of covered- employee payroll	1.81%	2.05%	2.04%	1.93%

(continued)

GULF COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years* (continued)
SEPTEMBER 30, 2019

Florida Retirement System

	<u>2015</u>
Contractually required contribution	\$ 1,147,124
Contributions in relation to the	
Contractually required contribution	<u>(1,147,124)</u>
Contribution deficiency (excess)	<u>\$ —</u>
Gulf County, Florida's covered-	
employee payroll	\$ 7,169,067
Contribution as a percentage of covered-	
employee payroll	16.00%

Health Insurance Subsidy Programs

	<u>2015</u>
Contractually required contribution	\$ 119,837
Contributions in relation to the	
contractually required contribution	<u>(119,837)</u>
Contribution deficiency (excess)	<u>\$ —</u>
Gulf County, Florida's covered-	
employee payroll	\$ 7,169,067
Contribution as a percentage of covered-	
employee payroll	1.67%

Notes to schedules:

*Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the fiscal year ended September 30, 2019.

*The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

GULF COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – OPEB INFORMATION

The county did not have plan assets accumulated in a trust. For the measurement date of September 30, 2019, the actuarial valuation used a discount rate of 4.15% as of October 1, 2018, and 3.58% as of September 30, 2019. The discount rate will be updated annually to reflect market conditions as of the measurement date.

NOTE 2 – PENSION INFORMATION

The discount rate used to measure the pension liability of the Pension Plan at June 30, 2019 was decreased from 7.0% to 6.9%. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.90% rate of return assumption used in the June 30, 2019 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates of the Pension Plan.

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

SECONDARY ROAD AND BRIDGE – To account for fuel taxes, not obligated for debt repayment, and certain expenditures for road and bridge construction and maintenance.

FINES AND FORFEITURES – To account for fines earmarked for law enforcement and corrections.

SHERIFF – To account for funds received associated with the public safety impact for the Gulf County Community.

CLERK MODERNIZATION TRUST – To account for the statutory surcharge on recording documents paid to the Clerk of the Circuit Court for the modernization of the Clerk's official records management system and for funding court-related technology needs of the Clerk.

ADMINISTRATIVE ORDER 86-12 – To account for additional court costs of traffic infractions used for administering traffic violations.

HUD CDBG – The Community Development Block Grant program provides resources to aid in affordable housing and create jobs through the expansion and retention of businesses.

FIRE CONTROL DISTRICTS – To account for property taxes levied within the following dependent special districts for fire prevention and control:

Howard Creek
Tupelo

St. Joe
Overstreet

DISASTER CONTINGENCY – To account for cash committed to pay overtime during disasters.

WIRELESS 911 – To account for grants awarded from the State of Florida E911 Board for enhancement of the E911 system.

E911 – To account for fees levied on each communications service subscriber for funding certain costs of the County associated with the E911 system.

MOSQUITO CONTROL – To account for the receipt and expenditure of state grant funds used for mosquito control.

EMERGENCY MEDICAL SERVICES – To account for the receipt and expenditure of grants awarded by the Florida Department of Health. The funds must be used to improve and expand emergency medical services.

Nonmajor Governmental Funds

Special Revenue Funds (continued)

INDUSTRIAL PARK EDA – To account for the receipt and expenditure of Economic Development Administration Funds. The funds are to be used to develop working programs that benefit the economy of the County.

STATE HOUSING INITIATIVE PARTNERSHIP – To account for activity relating to the programs revenues and expenses.

COMMUNITY DEVELOPMENT BLOCK GRANT – To account for community development grant activity.

PARK FUND – To account for the receipt and expenditure of Park activities.

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue					
	Fines and Forfeitures	Secondary Road and Bridge	Mosquito Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Assets						
Cash and cash equivalents	\$ 983,783	\$ 514,361	\$ 54,080	\$ 876,868	\$ 201,581	\$ 59,977
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—
Prepaid expense	—	—	—	—	—	—
Accounts receivable (net)	—	—	—	—	—	—
Notes receivable	—	—	—	—	—	—
Total assets	<u>983,783</u>	<u>514,361</u>	<u>54,080</u>	<u>876,868</u>	<u>201,581</u>	<u>59,977</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	5,023	—	—	18,071	4,876	3,673
Due to other funds	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—
Total liabilities	<u>5,023</u>	<u>—</u>	<u>—</u>	<u>18,071</u>	<u>4,876</u>	<u>3,673</u>
Deferred inflows	—	—	—	—	—	—
Total deferred inflows	—	—	—	—	—	—
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	978,760	514,361	54,080	858,797	196,705	56,304
Committed	—	—	—	—	—	—
Total fund balances	<u>978,760</u>	<u>514,361</u>	<u>54,080</u>	<u>858,797</u>	<u>196,705</u>	<u>56,304</u>
Total Liabilities, Deferred Revenue and Fund Balances	<u>\$ 983,783</u>	<u>\$ 514,361</u>	<u>\$ 54,080</u>	<u>\$ 876,868</u>	<u>\$ 201,581</u>	<u>\$ 59,977</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2019

	Special Revenue					
	Howard Creek Fire Control	EMS Grant	SHIP	CDBG	CDBG Ratfield	Industrial Park EDA
Assets						
Cash and cash equivalents	\$ 34,533	\$ 18,465	\$ 466,316	\$ 57	\$ 30,172	\$ 106,698
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—
Prepaid expense	—	—	—	—	—	—
Accounts receivable (net)	—	—	—	—	39,074	13,116
Notes receivable	—	—	55,866	—	169,000	120,000
Total assets	<u>34,533</u>	<u>18,465</u>	<u>522,182</u>	<u>57</u>	<u>238,246</u>	<u>239,814</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	184	12,944	1,856	—	—	671
Due to other funds	—	—	50	—	—	—
Due to other governments	—	25	—	—	—	—
Total liabilities	<u>184</u>	<u>12,969</u>	<u>1,906</u>	<u>—</u>	<u>—</u>	<u>671</u>
Deferred inflows	—	5,496	520,276	—	169,000	120,000
Total deferred inflows	—	5,496	520,276	—	169,000	120,000
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	34,349	—	—	57	69,246	119,143
Committed	—	—	—	—	—	—
Total fund balances	<u>34,349</u>	<u>—</u>	<u>—</u>	<u>57</u>	<u>69,246</u>	<u>119,143</u>
Total Liabilities, Deferred Revenues and Fund Balances	<u>\$ 34,533</u>	<u>\$ 18,465</u>	<u>\$ 522,182</u>	<u>\$ 57</u>	<u>\$ 238,246</u>	<u>\$ 239,814</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2019

	Special Revenue					
	County Development	E911 Wireless	E911 Services	Disaster Fund	Park Fund	Clerk Modernization Fund
Assets						
Cash and cash equivalents	\$ (7,466)	\$ —	\$ 158,106	\$ (956,087)	\$ 301,851	\$ 322,110
Due from other funds	—	—	21,938	—	—	—
Due from other governments	—	—	—	—	101,030	—
Prepaid expense	—	—	—	—	—	—
Accounts receivable (net)	266,645	—	—	1,117,394	—	—
Notes receivable	—	—	—	—	—	—
Total assets	259,179	—	180,044	161,307	402,881	322,110
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	135,200	—	5,507	131,206	—	10,599
Due to other funds	—	—	—	1,800	—	—
Due to other governments	—	—	—	—	—	—
Total liabilities	135,200	—	5,507	133,006	—	10,599
Deferred inflows	—	—	—	—	—	—
Total deferred inflows	—	—	—	—	—	—
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	123,979	—	174,537	—	402,881	311,511
Committed	—	—	—	28,301	—	—
Total fund balances	123,979	—	174,537	28,301	402,881	311,511
Total Liabilities, Deferred Revenues and Fund Balances	\$ 259,179	\$ —	\$ 180,044	\$ 161,307	\$ 402,881	\$ 322,110

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2019

	Special Revenue		
	Administrative Order 86-12	Sheriff Special Revenue	Construction Acquisition
Assets			
Cash and cash equivalents	\$ 151,681	\$ —	\$ 184,116
Due from other funds	—	—	—
Due from other governments	—	—	—
Prepaid expense	—	—	—
Accounts receivable (net)	—	—	—
Notes receivable	—	—	—
Total assets	<u>151,681</u>	<u>—</u>	<u>184,116</u>
Liabilities Deferred Inflows and fund balances			
Liabilities			
Vouchers payable	—	—	—
Due to other funds	—	—	—
Due to other governments	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows	—	—	—
Total deferred inflows	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances			
Nonspendable	—	—	—
Restricted	151,681	—	184,116
Committed	—	—	—
Total fund balances	<u>151,681</u>	<u>—</u>	<u>184,116</u>
Total Liabilities, Deferred Revenues and Fund Balances	<u>\$ 151,681</u>	<u>\$ —</u>	<u>\$ 184,116</u>

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2019

Debt Service Fund				Total
	Pub		Non-Advalorem	Nonmajor
	Improvement	MSTU	Operations	Governmental
Assets				Funds
Cash and cash equivalents	\$ 186,593	\$ 801,923	\$ (163,238)	\$ 4,326,480
Due from other funds	184,891	—	163,238	370,067
Due from other governments	123,193	—	—	224,223
Prepaid expense	1,057,766	—	—	1,057,766
Accounts receivable (net)	—	—	—	1,436,229
Notes receivable	—	—	—	344,866
Total assets	<u>1,552,443</u>	<u>801,923</u>	<u>—</u>	<u>7,759,631</u>
Liabilities Deferred Inflows				
and fund balances				
Liabilities				
Vouchers payable	4,000	—	—	333,810
Due to other funds	—	—	—	1,850
Due to other governments	—	—	—	25
Total liabilities	<u>4,000</u>	<u>—</u>	<u>—</u>	<u>335,685</u>
Deferred inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>814,772</u>
Total deferred inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>814,772</u>
Fund balances				
Nonspendable	1,057,766	—	—	1,057,766
Restricted	490,677	801,923	—	5,523,107
Committed	—	—	—	28,301
Total fund balances	<u>1,548,443</u>	<u>801,923</u>	<u>—</u>	<u>6,609,174</u>
Total Liabilities, Deferred				
Revenues and Fund				
Balances	<u>\$ 1,552,443</u>	<u>\$ 801,923</u>	<u>\$ —</u>	<u>\$ 7,759,631</u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

			Special Revenue			
	Fines and Forfeitures	Secondary Road and Bridge	Mosquito Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Revenues						
Taxes	\$ —	\$ 70,759	\$ —	\$ 564,080	\$ 57,043	\$ 26,448
Intergovernmental	—	—	34,481	78,993	368,783	3,129
Fines and forfeitures	445,985	—	—	—	—	—
Charges for services	60,020	—	—	—	—	—
Investment earnings/other	247	—	205	89,497	10,320	—
Total revenues	<u>506,252</u>	<u>70,759</u>	<u>34,686</u>	<u>732,570</u>	<u>436,146</u>	<u>29,577</u>
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	4,828	—	—	307,645	405,250	33,100
Physical environment	—	—	—	—	—	—
Transportation	—	31,650	—	—	—	—
Economic environment	—	—	—	—	—	—
Human services	—	—	8,183	—	—	—
Culture and recreation	—	—	—	—	—	—
Court related	2,880	—	—	—	—	—
Debt Service	—	—	—	—	—	—
Capital outlay	—	143,567	109,039	20,000	—	—
Total expenditures	<u>7,708</u>	<u>175,217</u>	<u>117,222</u>	<u>327,645</u>	<u>405,250</u>	<u>33,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>498,544</u>	<u>(104,458)</u>	<u>(82,536)</u>	<u>404,925</u>	<u>30,896</u>	<u>(3,523)</u>
Other financing sources (uses)						
Transfers in	—	—	—	—	—	—
Transfers out	—	—	—	(15,483)	(2,367)	(1,183)
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15,483)</u>	<u>(2,367)</u>	<u>(1,183)</u>
Net change in fund balances	498,544	(104,458)	(82,536)	389,442	28,529	(4,706)
Fund balances - beginning	<u>480,216</u>	<u>618,819</u>	<u>136,616</u>	<u>469,355</u>	<u>168,176</u>	<u>61,010</u>
Fund balances - ending	<u>\$ 978,760</u>	<u>\$ 514,361</u>	<u>\$ 54,080</u>	<u>\$ 858,797</u>	<u>\$ 196,705</u>	<u>\$ 56,304</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue					
	Howard Creek Fire Control	EMS Grant	SHIP	CDBG	CDBG Ratfield	Industrial Park EDA
Revenues						
Taxes	\$ 18,222	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	166,457	732,630	—	—	—
Fines and forfeitures	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—
Investment earnings/other	<u>5,992</u>	<u>—</u>	<u>6,137</u>	<u>—</u>	<u>10,000</u>	<u>26,499</u>
Total revenues	<u>24,214</u>	<u>166,457</u>	<u>738,767</u>	<u>—</u>	<u>10,000</u>	<u>26,499</u>
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	9,564	—	—	—	—	—
Physical environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic environment	—	—	738,767	—	—	10,247
Human service	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Capital outlay	<u>—</u>	<u>166,457</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>9,564</u>	<u>166,457</u>	<u>738,767</u>	<u>—</u>	<u>—</u>	<u>10,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,650</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>16,252</u>
Other financing sources (uses)						
Transfers in	—	—	—	—	—	—
Transfers out	<u>(690)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>(690)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	13,960	—	—	—	10,000	16,252
Fund balances - beginning	<u>20,389</u>	<u>—</u>	<u>—</u>	<u>57</u>	<u>59,246</u>	<u>102,891</u>
Fund balances - ending	<u><u>\$ 34,349</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 57</u></u>	<u><u>\$ 69,246</u></u>	<u><u>\$ 119,143</u></u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue				
	County Development	E911 Wireless	E911 Services	Disaster Fund	Park Fund
Revenues					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	30,714	135,748	1,260,867	—
Fines and forfeitures	—	—	—	—	—
Charges for services	596,179	—	—	—	404,119
Investment earnings/other	—	—	227	—	—
Total revenues	<u>596,179</u>	<u>30,714</u>	<u>135,975</u>	<u>1,260,867</u>	<u>404,119</u>
Expenditures					
Current					
General government	472,200	—	—	194,557	—
Public safety	—	30,714	126,482	948,716	—
Physical environment	—	—	—	173,860	—
Transportation	—	—	—	47,492	—
Economic environment	—	—	—	15,050	—
Human services	—	—	—	19,093	—
Culture and recreation	—	—	—	18,452	—
Court related	—	—	—	—	—
Debt service	—	—	—	—	—
Capital outlay	—	—	—	20,700	1,238
Total expenditures	<u>472,200</u>	<u>30,714</u>	<u>126,482</u>	<u>1,437,920</u>	<u>1,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>123,979</u>	<u>—</u>	<u>9,493</u>	<u>(177,053)</u>	<u>402,881</u>
Other financing sources (uses)					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	(96,087)	—
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(96,087)</u>	<u>—</u>
Net change in fund balances	123,979	—	9,493	(273,140)	402,881
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>165,044</u>	<u>301,441</u>	<u>—</u>
Fund balances - ending	<u>\$ 123,979</u>	<u>\$ —</u>	<u>\$ 174,537</u>	<u>\$ 28,301</u>	<u>\$ 402,881</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	Clerk Modernization Fund	Administrative Order 86-12	Sheriff Special Revenue	Construction Acquisition
Revenues				
Taxes	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—
Fines and forfeitures	—	—	—	—
Charges for services	48,088	—	—	—
Investment earnings/other	<u>314</u>	<u>153</u>	<u>—</u>	<u>579</u>
Total revenues	<u>48,402</u>	<u>153</u>	<u>—</u>	<u>579</u>
Expenditures				
Current				
General government	12,859	—	—	—
Public safety	—	—	2,000	—
Physical environment	—	—	—	—
Transportation	—	—	—	249,183
Economic environment	—	—	—	—
Human services	—	—	—	—
Culture and recreation	—	—	—	—
Court related	17,215	—	—	—
Debt service	—	—	—	—
Capital outlay	<u>8,208</u>	<u>—</u>	<u>—</u>	<u>154,621</u>
Total expenditures	<u>38,282</u>	<u>—</u>	<u>2,000</u>	<u>403,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,120</u>	<u>153</u>	<u>(2,000)</u>	<u>(403,225)</u>
Other financing sources (uses)				
Transfers in	—	—	2,000	—
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>2,000</u>	<u>—</u>
Net change in fund balances	10,120	153	—	(403,225)
Fund balances - beginning	<u>301,391</u>	<u>151,528</u>	<u>—</u>	<u>587,341</u>
Fund balances - ending	<u><u>\$ 311,511</u></u>	<u><u>\$ 151,681</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 184,116</u></u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2019

	Debt Service Fund			Total
	Pub		Non-Advalorem	Nonmajor
	Improvement	MSTU	Operations	Governmental
				Funds
Revenues				
Taxes	\$ —	\$ 435,404	\$ —	\$ 1,171,956
Intergovernmental	1,453,760	46,768	—	4,312,330
Fines and forfeitures	—	—	—	1,108,406
Charges for services	—	—	—	445,985
Investment earnings/other	<u>956</u>	<u>760</u>	<u>147</u>	<u>152,033</u>
Total revenues	<u>1,454,716</u>	<u>482,932</u>	<u>147</u>	<u>7,190,710</u>
Expenditures				
Current				
General government	—	—	—	679,616
Public safety	—	—	—	1,868,299
Physical environment	—	—	—	173,860
Transportation	—	—	—	764,064
Economic environment	—	—	—	328,325
Human services	—	—	—	20,095
Culture and recreation	—	—	—	27,276
Court related	—	—	—	18,452
Debt service	1,327,019	394,437	442,425	623,830
Capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,163,881</u>
Total expenditures	<u>1,327,019</u>	<u>394,437</u>	<u>442,425</u>	<u>6,667,698</u>
Excess (deficiency) of				
revenues over (under)				
expenditures	<u>127,697</u>	<u>88,495</u>	<u>(442,278)</u>	<u>523,012</u>
Other financing sources (uses)				
Transfers in	—	—	306,135	308,135
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>(115,810)</u>
Total other financing				
Sources (uses)	<u>—</u>	<u>—</u>	<u>306,135</u>	<u>192,325</u>
Net change in fund balances	127,697	88,495	(136,144)	715,337
Fund balances - beginning	<u>1,420,746</u>	<u>713,428</u>	<u>136,143</u>	<u>5,893,837</u>
Fund balances - ending	<u>\$ 1,548,443</u>	<u>\$ 801,923</u>	<u>\$ 0</u>	<u>\$ 6,609,174</u>

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2019**

	Agency Funds – Clerk						
	Fee Trust	Article V Trust	Jury & Witness	Registry of Court	Tax Deed Holdings	Child Support	Bond
Assets							
Cash and cash equivalents	\$ 62,962	\$ 51,913	\$ 4,581	\$ 116,405	\$ 90,284	\$ 3,296	\$ 22,314
Due from other funds	1,004	—	—	—	—	—	—
Accounts receivable/net	434	—	—	—	—	—	—
Total Assets	64,400	51,913	4,581	116,405	90,284	3,296	22,314
Liabilities							
Accounts payable	7,287	—	—	—	—	—	—
Due to individuals	—	1,285	—	116,405	90,284	—	22,314
Due to other funds	14,324	20,407	1,501	—	—	3,271	—
Due to other governments	39,603	24,954	3,080	—	—	25	—
Due to Board of County Commissioners	3,186	5,267	—	—	—	—	—
Total Liabilities	\$ 64,400	\$ 51,913	4,581	\$ 116,405	\$ 90,284	\$ 3,296	\$ 22,314

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2019**

	Agency Funds <u>Sheriff</u>	Agency Funds <u>Tax Collector</u>		
	<u>Individual</u>	<u>Taxes</u>	<u>Tag</u>	
	<u>Depository</u>	<u>Fund</u>	<u>Agency</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ 576	\$ 411,429	\$ 8,585	\$ 772,345
Due from other funds	—	—	—	1,004
Accounts receivable/net	<u>1,620</u>	<u>—</u>	<u>—</u>	<u>2,054</u>
Total Assets	<u>2,196</u>	<u>411,429</u>	<u>8,585</u>	<u>775,403</u>
Liabilities				
Accounts payable	—	—	—	7,287
Due to individuals	576	1,076	—	231,940
Due to other funds	—	—	—	39,503
Due to other governments	—	407,411	8,585	483,658
Due to Board of County Commissioners	<u>1,620</u>	<u>2,942</u>	<u>—</u>	<u>13,015</u>
Total Liabilities	<u>\$ 2,196</u>	<u>\$ 411,429</u>	<u>\$ 8,585</u>	<u>\$ 775,403</u>

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

We have examined Gulf County, Florida's (the County) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2019. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Vance CPA LLC

Vance CPA LLC
June 22, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of Gulf, County, Florida, Board of County Commissioners, (hereinafter referred to as the "Board"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2020.

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 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' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosure in those reports and schedule, which are dated June 22, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report to the extent considered necessary by the County, except as repeated under the heading current year findings and recommendations. See also Summary Schedule of Prior Year Audit Findings.

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

the management letter, unless disclosed in the notes to the financial statements. Gulf County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1(e). The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in note 1 of the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 219.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Gulf County, Florida 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. It is management's responsibility to monitor the County's financial condition, and our financial condition assessments as based in part on representations made by management and the review of financial information provided by same.

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

Additional Matters

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

Purpose of this Letter

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

Vance CPA LLC

Vance CPA LLC

June 22, 2020

Vance CPA, LLC

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

Honorable Members of the
Board of County Commissioners
Gulf 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Gulf County Florida's basic financial statements and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gulf County Florida's financial statements are free from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vance CPA LLC

Vance CPA LLC
June 22, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND STATE PROJECT, REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND AUDITOR GENERAL OF THE STATE OF FLORIDA, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

Report on Compliance for Each Major Federal and State Program

We have audited Gulf County, Florida's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and state projects are identified in the summary of 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, regulation, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits and contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550 Rules of the Auditor General. Those standards and the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, Gulf County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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 all deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Award and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of and for the year ended September 30, 2019, and the notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2019, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such 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.

The 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vance CPA LLC

Vance CPA LLC
June 22, 2020

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

Federal /Awards Program	CFDA #	Contract/Grant Number	Expenditures
U.S. Department of Agriculture			
<i>Passed through Florida Dept of Agriculture and Consumer Services Florida Forest Service</i>			
South Gulf Fire & Rescue 50/50 Volunteer Fire Asst Grant-Bunker Gear	10.664	June 2018	<u>12,855</u>
Total U.S. Department of Agriculture			<u>12,855</u>
U.S. Department of Justice			
<i>Pass through Florida Department of Law Enforcement</i>			
2017-2018 EB Memorial JAG – Secure Access System	16.738	2018-JAGC-GULF-4-F9-231	24,000
2018-2019 EB Memorial JAG – Live Scan	16.738	2019-JAGC-GULF-2-N2-123	<u>22,495</u>
Total CFDA 16.738			<u>46,495</u>
Total Florida U.S. Department of Justice			<u>46,495</u>
Federal Highway Administration			
<i>Pass through Florida Department of Transportation</i>			
Local Agency Program David B Langston sidewalk construction	20.205	435344-1-58-01 & 435344-1-68-01	<u>87,452</u>
Total Federal Highway Administration			<u>87,452</u>
U.S. Department of the Treasury			
Direct Component – St. Joseph Peninsula Beach Restoration	21.015	RDCGR100069-01-00	1,815,678
Direct Component – Public Safety Building	21.015	RDCGR100080-01-00	<u>1,171,500</u>
Total CFDA 21.015			<u>2,987,178</u>
Total U.S. Department of the Treasury			<u>2,987,178</u>
U.S. Election Assistance Commission			
<i>Pass through Florida Dept. of State-Division of Elections</i>			
2018-2019 Help America Vote Act – Elections Security	90.401	MOA 2018-2019-001	<u>27,128</u>
Total U.S. Election Assistance Commission			<u>27,128</u>
U.S. Department of Health & Human Services, Agency for Children & Families, Office of Child Support Enforcement			
<i>Pass through Florida Department of Revenue</i>			
Child Support Enforcement Title IV – D Service of Process	93.563	CST23	1,353
Child Support Enforcement Title IV – D Services Reimbursement	93.563	COC23	129,064
Child Support Enforcement Title IV – D Incentive Pay FY2017	93.563	CST23 (INCENTIVE)	<u>149</u>
Total CFDA 93.563			<u>130,566</u>
Total U.S. Department of Health & Human Services			<u>130,566</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

State Financial Assistance Projects	CFSA #	Contract/Grant Number	Expenditures
U.S. Department of Homeland Security/Federal Emergency Management Agency			
<i>Pass through Florida Division of Emergency Management</i>			
FEMA Public Assistance Hurricane Irma 2017 4337DR	97.036	Z0530 SFM#03-031-17	104,866
FEMA Public Assistance Hurricane Irma 2017 4337DR Mutual Aid	97.036	SEOC#03-031-17	2,697
FEMA Public Assistance Hurricane Irma 2017 4337DR-Mutual Aid	97.036	Z0841 (multiple pw's)	<u>1,153,304</u>
Total CFDA 97.036			<u>1,260,867</u>
Emergency Mgmt Performance Grant 2019-2020	97.042	G0023	12,902
Emergency Mgmt Performance Grant 2018-2019	97.042	19-FG-AF-02-33-01-066	<u>42,266</u>
Total CFDA 97.042			<u>55,168</u>
Total U.S. Department of Homeland Security			<u>1,316,035</u>
Total Expenditure of Federal Awards			<u>\$ 4,607,709</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

State Financial Assistance Projects	CFSA #	Contract/Grant Number	Expenditures
Executive Office of the Governor –			
Division of Emergency Management			
Emergency Mgmt Preparedness and Assistance Grant 2019-2020	31.063	A0017	25,418
Emergency Mgmt Preparedness and Assistance Grant 2018-2019	31.063	19 BG 21 02 33 01 008	81,635
Total CSFA 31.063			<u>107,053</u>
Total Executive Office of the Governor			
Division of Emergency Management			<u>107,053</u>
Florida Department Environmental Protection			
St Joseph Peninsula Beach Restore – Construction	37.003	18GU1	49,977
St Joseph Peninsula Beach Restore – Construction	37.003	19GU2	253,901
Total CSFA 37.003			<u>303,878</u>
Small County Solid Waste Grant 2016-2017	37.012	SC912	90,909
Total CSFA 37.012			<u>90,909</u>
Fl Recreational Dev Assist Program – Honeyville Park Phase III	37.017	A17113/A7113	4,346
Fl Recreational Dev Assist Program – Dead Lakes Park Phase II	37.017	A17098/A7098	6,076
Total CSFA 37.017			<u>10,422</u>
Total Florida Environmental Protection			<u>405,209</u>
Florida Department Economic Opportunity			
Tourism Recovery Grant Program for Hurricane Michael	40.040	TRGP#9423	249,002
Total CSFA 40.040			<u>249,022</u>
Division of Housing & Community Development Hurricane Michael	40.038	DL014	120,530
Total CSFA 40.038			<u>120,530</u>
Total Florida Department of Economic Opportunity			<u>369,533</u>
Florida Housing Finance Corporation			
SHIP & Program Income	40.901	SFY1617 TO SFY1819	138,560
SHIP Disaster Housing – Hurricane Michael Recovery	40.901	FY1819 DST2-GULF	596,957
Foreclosure Counseling Program			
SHIP Homeownership Counseling	40.901	FCP1A-GULF	3,210
Total CSFA 40.901			<u>738,767</u>
Total Florida Housing Finance Corporation			<u>738,767</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

State Financial Assistance Projects	CFSA #	Contract/Grant Number	Expenditures
Florida Department of Agriculture & Consumer Services			
Anthropod Control Mosquito Control State Aid	42.003	2015-2016 #022246	31,237
Anthropod Control Mosquito Control State Aid	42.003	2016-2017 #023795	31,540
Anthropod Control Mosquito Control State Aid	42.003	2017-2018 #024776	32,468
Anthropod Control Mosquito Control State Aid	42.003	2018-2019 #025504	21,976
Total CSFA 42.003			<u>117,220</u>
Total Florida Department of Agriculture & Consumer Services			<u>117,220</u>
Florida Department of Financial Service			
Local Govt Fire Service Grants -SMCFD	43.007	FM395	<u>363,000</u>
Total Florida Department of Financial Service			<u>363,000</u>
Florida Department of State			
Operating and Equalization State Aid Grants 2017-2018	45.030	19-ST-43	<u>49,182</u>
Total Florida Department of State			<u>49,182</u>
Florida Department of Transportation			
Seaport Grant Program – Floating Dry Dock & Dredging GOT15	55.005	441496-1-94-01 & 441496-2-94-GOT15	<u>2,287,617</u>
Small County Outreach Program – CR386 Resurfacing G0E04	55.009	413202-3-54-01	202,076
Small County Outreach Program – Charles Ave G1538	55.009	445283-1-54-01	100,000
Small County Outreach Program CR382 Resurfacing G0S49	55.009	436845-1-54-01	<u>459,158</u>
Total CSFA 55.009			<u>761,234</u>
Small County Road Assistance Program – Resurfacing Canal St G0S50	55.016	438295-1-54-01	148,702
Small County Road Assistance Program – CR387 Widening &Resurfacing G1000	55.016	438299-1-54-01	<u>173,430</u>
Total CSFA 55.016			<u>322,132</u>
FDOT JPA for SR30E – Placement of Sand ARZ32	N/A	422457-3-54-01	<u>200,000</u>
Total Department of Transportation			<u>3,570,983</u>
Florida Department of Health			
Bureau of Emergency Medical Services County Matching Grant - Ambulance	64.003	M7013	136,830
Bureau of Emergency Medical Services County Matching Grant - Monitors	64.003	R6010	<u>29,627</u>
Total CSFA 64.003			<u>166,457</u>
Total Florida Department of Health			<u>166,457</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

State Financial Assistance Projects	CFSA #	Contract/Grant Number	Expenditures
Florida E911 Board			
Rural County E911 Grant Program – Spring 2019	72.001	19-04-10	<u>30,714</u>
Total Florida E911 Board			<u>30,714</u>
Florida Department of Highway Safety & Motor Vehicles			
Florida Arts License Plates Project 2017-18	76.041	2017-2018	<u>80</u>
Total Department of Highway Safety & Motor Vehicles			<u>80</u>
Florida Fish and Wildlife Conservation Commission			
Florida Boating Improvement Program – Odena Landing	77.006	18073	8,157
Florida Boating Improvement Program – White City Boat Ramp	77.006	18074	<u>7,957</u>
Total CSFA 77.006			<u>16,113</u>
Total Florida Fish and Wildlife			<u>16,113</u>
Total State of Florida Financial Assistance			<u>\$ 5,934,314</u>

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

Note 1 – Basis of Accounting

The supplementary schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the County. Expenditures are presented on the modified accrual basis of accounting.

Note 2 – Reporting Entity

For the purpose of the supplementary schedule of expenditures of federal awards and state financial assistance the County includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

Note 3 – Pass-Through Awards

The Board received certain federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal awards and state financial assistance.

**GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2019**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___yes	<u>X</u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	___yes	<u>X</u> none reported
Noncompliance material to financial statements noted:	___yes	<u>X</u> no

Federal Awards and State Projects

Internal control over major programs		
material weakness(es) identified?	___yes	<u>X</u> no
Significant deficiency (ies) identified not considered to be material weaknesses?	___yes	<u>X</u> none Reported
Type of auditor’s report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General?	___yes	<u>X</u> no

Identification of major federal awards/state financial assistance projects:

<u>CFDA/CSFA Number</u>	<u>Name of Federal Award or State Financial Assistance Project</u>
21.015	Direct Component
40.901	SHIP
55.005	Seaport Grant Program
55.009	Small County Outreach Program
37.003	St. Joseph Beach Restoration
43.007	Local Government Fire Service
55.016	Small County Assistance

(continued)

GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (continued)
YEAR ENDED SEPTEMBER 30, 2019

Dollar threshold used to distinguish
between Type A and Type B programs

\$750,000 Federal/\$300,000 State

Auditee qualified as low-risk auditee?

 X yes none

Section II – Financial Statement Findings

No Findings

Section III – Findings and Questioned Costs – Major Federal Award Programs

No findings or questioned costs in the current year.

Section IV – Findings and Questioned Costs – Major State Financial Assistance Projects

No findings or questioned costs in the current year.

Section V – Other Issues

No Corrective Action Plan is required because there were no findings required to be reported under the Single Audit Act.

GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2019

None Noted

GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2019

None Noted.



**Gulf County, Florida
Clerk of the Circuit Court**

**Special-Purpose
Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant
219-B Avenue E • Apalachicola, FL 32320
Tel. (706) 278-1221 • Fax (866) 406-7422

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2019
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Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf 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 Gulf County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's fund 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.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund, modernization trust fund and administrative order 86-12 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 have been prepared for the purpose of complying with Section 218.39, Florida Statutes and Section 10.557(3), the *Rules of the Auditor General for Local Government Entities*. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal 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***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 combining statements are 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 dated April 22, 2020 and 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 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 Clerk's internal control over financial reporting and compliance.



Vance CPA LLC
April 22, 2020

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

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>State Court Operations Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 124,693	\$ 74,845	\$ 322,110	\$ 151,681	\$ 673,329
Accounts receivable	379	—	—	—	379
Due from other funds	39,503	—	—	—	39,503
Due from other governments	16,397	14,229	—	—	30,626
Due from BOCC	83,577	—	—	—	83,577
Prepaid expenditures	<u>1,103</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,103</u>
Total Assets	<u>265,652</u>	<u>89,074</u>	<u>322,110</u>	<u>151,681</u>	<u>828,517</u>
Liabilities and fund balances:					
Liabilities					
Accounts payable and and accrued expenses	47,553	16,674	10,599	—	74,826
Due to other funds	1,004	—	—	—	1,004
Due to other governments	59,868	72,400	—	—	132,268
Due to BOCC	<u>157,227</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>157,227</u>
Total Liabilities	<u>265,652</u>	<u>89,074</u>	<u>10,599</u>	<u>—</u>	<u>365,325</u>
Fund Balance:					
Spendable - Restricted	<u>—</u>	<u>—</u>	<u>311,511</u>	<u>151,681</u>	<u>463,192</u>
Total Liabilities and Fund Balances	<u>\$ 265,652</u>	<u>\$ 89,074</u>	<u>\$ 322,110</u>	<u>\$ 151,681</u>	<u>\$ 828,517</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>State Court Operations Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Charges for services	\$ 120,762	\$ 185,924	\$ 48,088	\$ —	\$ 354,774
Intergovernmental revenue	65,422	313,669	—	—	379,091
Fines and forfeitures	—	66,666	—	—	66,666
Interest and other income	81,422	63	314	153	81,952
Total revenue	<u>267,606</u>	<u>566,322</u>	<u>48,402</u>	<u>153</u>	<u>882,483</u>
Expenditures:					
General government					
Personal services	532,252	—	—	—	532,252
Operating expenditures	128,275	—	12,859	—	141,134
Court related					
Personal services	—	495,788	—	—	495,788
Operating expenditures	—	70,534	17,215	—	87,749
Capital outlay	—	—	8,208	—	8,208
Total expenditures	<u>660,527</u>	<u>566,322</u>	<u>38,282</u>	<u>—</u>	<u>1,265,131</u>
Excess (deficit) of revenues over (Under) Expenditures	(392,921)	—	10,120	153	(382,648)
Other financing sources (uses)					
Transfers from BOCC	548,898	—	—	—	548,898
Transfers to BOCC	(155,977)	—	—	—	(155,977)
Total other financing Sources (uses)	<u>392,921</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>392,921</u>
Net change in fund balances	—	—	10,120	153	10,273
Fund balances - beginning	—	—	301,392	151,528	452,920
Fund balance - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 311,511</u>	<u>\$ 151,681</u>	<u>\$ 463,192</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 42,000	\$ 65,350	\$ 65,422	\$ 72
Charges for services	99,600	120,898	120,762	(136)
Interest and other income	12,400	81,390	81,422	32
Total revenues	<u>154,000</u>	<u>267,638</u>	<u>267,606</u>	<u>(32)</u>
Expenditures:				
General Government				
Personal services	561,351	532,461	532,252	209
Operating expenditures	130,747	128,084	128,275	(191)
Capital outlay	10,800	—	—	—
Total expenditures	<u>702,898</u>	<u>660,545</u>	<u>660,527</u>	<u>18</u>
Excess (deficit) of revenues over (under) expenditures	<u>(548,898)</u>	<u>(392,907)</u>	<u>(392,921)</u>	<u>(14)</u>
Other financing sources (uses)				
Transfers from BOCC	548,898	548,898	548,898	—
Transfers to BOCC	—	(155,991)	(155,977)	14
Total other financing Sources (uses)	<u>548,898</u>	<u>392,907</u>	<u>392,921</u>	<u>14</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – STATE COURT OPERATIONS FUND**

YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 299,508	\$ 313,669	\$ 313,669	\$ —
Fines and forfeitures	64,477	66,883	66,666	(217)
Charges for services	151,246	185,903	185,924	21
Interest and other income	82	55	63	8
Total revenues	<u>515,313</u>	<u>566,510</u>	<u>566,322</u>	<u>(188)</u>
Expenditures:				
General government				
Personal services	488,563	495,953	495,886	67
Operating expenditures	26,750	70,557	70,436	121
Total expenditures	<u>515,313</u>	<u>566,510</u>	<u>566,322</u>	<u>188</u>
Excess (deficit) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
BUDGET AND ACTUAL – MODERNIZATION TRUST FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 41,500	\$ 41,500	\$ 48,088	\$ 6,588
Interest and other income	280	280	314	34
Total revenues	<u>41,780</u>	<u>41,780</u>	<u>48,402</u>	<u>6,622</u>
Expenditures:				
General Government				
Operating expenditures	75,000	75,000	12,859	62,141
Capital outlay	83,412	83,412	—	83,412
Court-related				
Operating expenditures	43,185	43,185	17,215	25,970
Capital outlay	<u>65,884</u>	<u>65,884</u>	<u>8,208</u>	<u>57,676</u>
Total expenditures	<u>267,481</u>	<u>267,481</u>	<u>38,282</u>	<u>229,199</u>
Excess (deficit) of revenues over (under) expenditures	<u>(225,701)</u>	<u>(225,701)</u>	<u>10,120</u>	<u>235,821</u>
Net change in fund balances	<u>(225,701)</u>	<u>(225,701)</u>	<u>10,120</u>	<u>235,821</u>
Fund balances - beginning	<u>278,155</u>	<u>278,155</u>	<u>301,392</u>	<u>23,237</u>
Fund balances - ending	<u>\$ 52,454</u>	<u>\$ 52,454</u>	<u>\$ 311,511</u>	<u>\$ 259,057</u>

See accompanying notes to the basic financial statements

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

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
BUDGET AND ACTUAL – ADMINISTRATIVE ORDER 86-12 FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Interest and other income	\$ 150	\$ 150	\$ 154	\$ 4
Total revenues	<u>150</u>	<u>150</u>	<u>154</u>	<u>4</u>
Expenditures:				
Court-related				
Operating expenditures	42,000	42,000	—	42,000
Capital outlay	<u>64,074</u>	<u>64,704</u>	<u>—</u>	<u>64,704</u>
Total expenditures	<u>106,074</u>	<u>106,704</u>	<u>—</u>	<u>106,704</u>
Excess (deficit) of revenues over (under) expenditures	<u>(105,924)</u>	<u>(106,554)</u>	<u>154</u>	<u>106,708</u>
Other financing sources (uses)				
Transfers to other funds	<u>(32,000)</u>	<u>(32,000)</u>	<u>—</u>	<u>32,000</u>
Total other financing Sources (uses)	<u>(32,000)</u>	<u>(32,000)</u>	<u>—</u>	<u>32,000</u>
Net change in fund balances	<u>(137,924)</u>	<u>(138,554)</u>	<u>154</u>	<u>138,708</u>
Fund balances - beginning	<u>151,232</u>	<u>151,232</u>	<u>151,528</u>	<u>296</u>
Fund balances - ending	<u>\$ 13,308</u>	<u>\$ 12,678</u>	<u>\$ 151,682</u>	<u>\$ 139,004</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 351,755
Accounts receivable (net)	433
Due from other funds	<u>1,004</u>
Total Assets	<u>\$ 353,192</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	7,286
Due to other funds	39,503
Due to other governments	67,662
Due to Board of County Commissioners	8,453
Due to Individuals	<u>230,288</u>
Total Liabilities	<u>\$ 353,192</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clerk of the Circuit Court of Gulf County, Florida is an elected Constitutional Officer of Gulf 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 for by Chapter 218, Florida Statutes. The Clerk is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Clerk's office. They have been prepared for the purpose of complying with Section 218.39, Florida Statutes and Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Clerk funds operations as a court officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a court officer, the Clerk is funded through an appropriation from the State of Florida. These court appropriations are to be used exclusively for funding court-related operations of the clerk. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board of County Commissioners. The budgeted receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Excesses of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be 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 balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

The Clerk reports the following major governmental funds:

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in other funds.

State Court Operations Fund – Used to account for state court operations.

Modernization Trust Fund – The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Administrative Order 86-12 Fund – This fund is used to account for additional court costs of traffic infractions to be used for administering traffic violations.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in financial position.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Clerk considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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.

E. Budgets and Budgetary Accounting

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk’s annual budget. The Clerk establishes an annual budget for the office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk prepares the budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county related duties, and for chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by June 1 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, Florida Statutes, defines the maximum annual budget permitted; and
3. The budget for all other operations of the Clerk.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

F. Cash and Cash Equivalents

The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Clerk are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Clerk maintains custodial responsibility for the capital assets used by her office.

H. Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Related Organizations – Common Expenses

Certain expenditures, 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 Clerk. These expenses relating to the Clerk's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Distribution of Excess Revenues

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.”

K. Fund Balance Reporting and Governmental Fund-Type Definitions

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent.

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified based on a hierarchy of the Clerk’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. The Clerk’s fund balances for the Modernization Trust and Administrative Order 86-12 fall into this category.

The adoption of GASB Statement No. 54 did not have an impact on the Clerk’s general fund financial statements at September 30, 2019, since the Clerk does not maintain fund balances in the general fund. Fund balances maintained in the modernization trust fund and administrative 86-12 fund are restricted pursuant to certain Florida Statutes and have been presented, as restricted fund balances in the fund financial statements in accordance with GASB Statement No. 54.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 estimates.

M. Subsequent Events

The Clerk of the Court evaluated subsequent events through April 22, 2020, the date which the financial statements were available to be issued. The Clerk of the Court did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash Deposits

All Clerk depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Clerk cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Clerk held no investments at September 30, 2019.

Interest Rate Risk

At September 30, 2019, the Clerk did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2019 the Clerk did not hold any investments that were considered to be a credit risk.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Custodial Risk

At September 30, 2019 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2019 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

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

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the 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 the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS 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 FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Benefits Provided

Benefits under the FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

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 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

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 operations. 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.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$87,695, \$90,704, and \$77,253 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

Post Employment Benefits Other than Pensions

In accordance with Florida Statutes Section 112.0801, the Clerk participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

SEPTEMBER 30, 2019

Interfund receivable and payable at September 30, 2019 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds		
General fund	39,503	(1,004)
Agency funds		
Article V trust	—	(20,407)
Fee trust	1,004	(14,324)
Jury and witness	—	(1,501)
Child support	—	(3,271)
Total	\$ 40,507	\$ (40,507)

As disclosed in note 1, the liability associated with compensated absences is reported on the county wide financial statement level. The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2019.

	<u>Balance</u> <u>9/30/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2019</u>
Accumulated compensated absences	\$ 30,043	\$ —	\$ (2,468)	\$ 27,575

The current portion of compensated absences liability estimated to be paid during the next year is \$6,894.

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 Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 6 – RISK MANAGEMENT (continued)

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

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

NOTE 7 – ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2019.

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2019

	<u>Fee Trust Fund</u>	<u>Article V Trust Fund</u>	<u>Juror & Witness</u>	<u>Registry of Court</u>	<u>Tax Deed Holdings</u>
Assets:					
Cash and cash equivalents	\$ 62,962	\$ 51,913	\$ 4,581	\$ 116,405	\$ 90,284
Accounts receivable (net)	433	—	—	—	—
Due from other funds	<u>1,004</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>64,399</u>	<u>51,913</u>	<u>4,581</u>	<u>116,405</u>	<u>90,284</u>
Liabilities					
Accounts payable	7,286	—	—	—	—
Due to other funds	14,324	20,407	1,501	—	—
Due to other governments	39,603	24,954	3,080	—	—
Due to BOCC	3,186	5,267	—	—	—
Due to individuals	<u>—</u>	<u>1,285</u>	<u>—</u>	<u>116,405</u>	<u>90,284</u>
Total Liabilities	<u>\$ 64,399</u>	<u>\$ 51,913</u>	<u>\$ 4,581</u>	<u>\$ 116,405</u>	<u>\$ 90,284</u>

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS (continued)

SEPTEMBER 30, 2019

	Child Support	Bond	Total Agency Fund
Assets:			
Cash and cash equivalents	\$ 3,296	\$ 22,314	\$ 351,755
Accounts receivable (net)	—	—	433
Due from other funds	—	—	1,004
Total assets	<u>3,296</u>	<u>22,314</u>	<u>353,192</u>
Liabilities			
Accounts payable	—	—	7,286
Due to other funds	3,271	—	39,503
Due to other governments	25	—	67,662
Due to BOCC	—	—	8,453
Due to individuals	—	22,314	230,288
Total Liabilities	<u>\$ 3,296</u>	<u>\$ 22,314</u>	<u>\$ 353,192</u>

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf 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 statements 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 ***Gulf County, Florida Clerk of Court*** (the "Clerk"), as of and for the year ended September 30, 2019, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated April 22, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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.

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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Clerk in a separate management letter and Independent Accountant's Report dated April 22, 2020.

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



Vance CPA LLC
April 22, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

We have examined the Office of the Clerk of the Circuit Court of Gulf County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, Section 61.181, Florida Statutes, regarding alimony and child support payments, and Florida Statutes 28.35 and 28.36 in regards to certain court-related functions for the year ended September 30, 2019.

Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Vance CPA LLC

Vance CPA LLC

April 22, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Clerk of Circuit Court of Gulf, County, Florida (hereinafter referred to as the "Clerk"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2020.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with AICPA Professional Standards, Section 601, regarding compliance requirement in accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated April 22, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

Purpose of this Letter

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



Vance CPA LLC
April 22, 2020

**GULF COUNTY, FLORIDA – CLERK OF THE CIRCUIT COURT
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2019

There are no comments which require management’s written response.



Gulf County, Florida Sheriff

**Special-Purpose
Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant
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**GULF COUNTY SHERIFF
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund and the aggregate remaining fund information of the Gulf County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's fund 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.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Sheriff as of September 30, 2019, and the respective changes in financial position and the respective 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 have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal 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 our report dated April 27, 2020 and 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 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 Sheriff's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC

April 27, 2020

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 233,426
Due from Board of County Commissioners	25,757
Due from other Government	35,657
Total Assets	<u>294,841</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued expenses	291,044
Due to Board of County Commissioners	3,797
Total Liabilities	<u>294,841</u>
Fund Balances	
Restricted For:	
Public Safety	<u>—</u>
Total Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 294,841</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>
REVENUES	
Charges for services	\$ 431,000
Intergovernmental revenue	58,589
Fines and forfeitures	24,655
Interest and other miscellaneous income	17,153
Total Revenues	<u>531,397</u>
EXPENDITURES	
Public Safety	
Personal services	2,591,054
Operating expenditures	579,248
Capital outlay	244,840
Total Expenditures	<u>3,415,142</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,883,745)</u>
Other financing sources (uses)	
Sales of capital assets	700
Transfers from BOCC	2,885,186
Transfers to BOCC	(140)
Transfers out to other funds	(2,000)
Total Other Financing Sources (Uses)	<u>2,883,745</u>
Net change in fund balances	—
Fund balances - beginning	—
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ 431,000	\$ 431,000	\$ 431,000	\$ —
Intergovernmental revenue	—	58,589	58,589	—
Fines and forfeitures	—	24,655	24,655	—
Interest and other income	—	17,153	17,153	—
Total revenues	<u>431,000</u>	<u>531,397</u>	<u>531,397</u>	<u>—</u>
Expenditures:				
Public Safety				
Personal services	2,650,504	2,742,872	2,591,054	151,818
Operating expenditures	471,022	527,625	579,248	(51,623)
Capital outlay	129,226	144,645	244,840	(100,195)
Total expenditures	<u>3,250,752</u>	<u>3,415,142</u>	<u>3,415,142</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,819,752)</u>	<u>(2,883,745)</u>	<u>(2,883,745)</u>	<u>—</u>
Other financing sources (uses)				
Sale of capital assets	—	700	700	—
Transfers from BOCC	2,829,752	2,885,185	2,885,185	—
Transfers out to other funds	(10,000)	(2,000)	(2,000)	—
Transfers to BOCC	—	(140)	(140)	—
Total other financing Sources (uses)	<u>2,819,752</u>	<u>2,883,745</u>	<u>2,883,745</u>	<u>—</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND**

SEPTEMBER 30, 2019

	<u>Individual Depository</u>
ASSETS	
Cash and Cash Equivalents	\$ 576
Accounts receivable (net)	<u>1,620</u>
Total Assets	<u>\$ 2,196</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to individuals	576
Due to Board of County Commissioners	<u>1,620</u>
Total Liabilities	<u>\$ 2,196</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sheriff of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Sheriff is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county wide financial statements.

These special-purpose financial statements include only the balances and activity of the Sheriff's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Gulf County Board of County Commissioners (Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except obligations specified under Florida Statutes Chapter 29. The payments by the Board to fund the operations of the Constitutional Officers are recorded as transfers out on the financial statements of the Board and as transfers from the Board on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as transfers out on the financial statements of the Constitutional Officers and as transfers in on the financial statements of the Board.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be 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 balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in other 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 “Nonmajor-Fund.”

Forfeiture Fund - Used to account for revenues and expenditures relating to various forfeitures.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Sheriff considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues in the current year. Charges for services and interest are susceptible to accrual.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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. 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.

E. Budgets and Budgetary Accounting

Florida Statutes Chapter 30.49 governs the preparation, adoption, and administration of the Sheriff’s annual budget. Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The annual budgetary data reported for governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America and represent the Sheriff’s adopted budget, the original appropriation ordinance, and budget amendments approved by the Sheriff or as adopted by the Board.

F. Cash and Cash Equivalents

The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

The Sheriff is accountable for maintaining capital asset records pertaining to machinery and equipment used in his operations. The Board holds legal title for real property used by the Sheriff and is therefore accountable for such assets under Florida Law.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets purchased in the governmental fund types are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Sheriff are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. Donated and confiscated capital assets are recorded in the County's statement of net assets at fair value at the date of receipt. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, which is generally 5 to 7 years. Depreciation expense is recorded in the statement of activities in the government-wide financial statements of the County.

H. Liability for Compensated Absences

The Sheriff accrues a liability for employees' rights to receive a compensation for future absences when certain conditions are met. The Sheriff does not, nor is he legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amount 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 estimates.

J. Related Organizations – Common Expenses

Certain expenditures, 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 relating to the Sheriff's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Subsequent Events

The Sheriff evaluated subsequent events through April 27, 2020, the date which the financial statements were available to be issued. The Sheriff did not have any subsequent events requiring disclosure or recording in these financial statements.

L. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

All Sheriff depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Sheriff cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Sheriff held no investments at September 30, 2019.

Interest Rate Risk

At September 30, the Sheriff did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, the Sheriff did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, the Sheriff did not hold any deposits or investment that was considered to be a custodial risk.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 2 - CASH AND INVESTMENTS – (continued)

Concentration of Credit Risk

At September 30, 2019, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. These special-purpose financial statements do not include capital assets and the related depreciation in the governmental fund financial statements. The following information is reported as a component of the County's government-wide financial statements.

	<u>Balance</u> <u>9/30/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2019</u>
Vehicles, equipment and furniture \$	1,652,739	\$ 244,840	\$ (189,671)	\$ 1,707,908
Accumulated depreciation	<u>(1,090,603)</u>	<u>(243,524)</u>	<u>203,617</u>	<u>(1,130,510)</u>
Total	<u>\$ 562,136</u>	<u>\$ 1,316</u>	<u>\$ 13,946</u>	<u>\$ 577,398</u>

Depreciation expense for the year ended September 30, 2019 was \$243,524 computed on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 7 years.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – EMPLOYEE BENEFITS

RETIREMENT PLAN

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

Essentially all regular employees of the Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to the 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 the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – EMPLOYEE BENEFITS (continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS 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 FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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 FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – EMPLOYEE BENEFITS (continued)

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 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – EMPLOYEE BENEFITS (continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. 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.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – EMPLOYEE BENEFITS (continued)

Participating employer contributions are based upon statewide rates established by the State of Florida. The Sheriff's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$404,014, \$337,477, and \$318,449 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

	<u>Balance</u>			<u>Balance</u>
	<u>9/30/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2019</u>
Accrued compensated absences	327,121	283,802	(275,799)	335,124
Total long-term debt	<u>\$ 327,121</u>	<u>\$ 283,802</u>	<u>\$ (275,799)</u>	<u>\$ 335,124</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensated time. See note 1 for a summary of the Sheriff's policy regarding compensated absences.

NOTE 6 – INTERLOCAL AGREEMENTS

The Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Gulf County Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration the Board of County Commission receives payments of \$38,600 annually from the City which is used by the Board to fund the Sheriff's annual budget.

The Gulf County Sheriff has a service agreement with the City of Port St. Joe Police Department, hereby the Gulf County Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$76,000 annually, in consideration of these services. The Sheriff received \$71,000 for the year ended September 30, 2019.

The Sheriff has an interlocal agreement with the Gulf County School Board (District), whereby the Sheriff provides School Resource Officers to the district. As consideration the Sheriff receives payments of \$30,000 per month from the District. The Sheriff received \$360,000 for the year ended September 30, 2019.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 7 – RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs include; general liability, public employees blanket bond, automobiles and money and securities coverage.

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy through the Board. Premiums are accrued based on the ultimate cost to – date of the Sheriff's experience for this type of risk.

The Sheriff has determined that it was not economically justifiable to carry comprehensive coverage on all vehicles. The Sheriff evaluates vehicles by age and condition to determine if comprehensive coverage is feasible, otherwise the Sheriff carries liability insurance on the aforementioned vehicles.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with Florida Statutes Section 112.0801, the Sheriff participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation – From time to time, the Sheriff is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is reasonably possible that the liability for known and unknown claims existing at the balance sheet date may be material. However, the responsibility for such claims is with the County's Risk Management Program. Accordingly, no contingent liabilities have been accrued in the accompanying financial statements.

Grants – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expense amount. These amounts constitute a contingent liability of the Sheriff. The Sheriff does not believe any contingent liabilities, if any, to be material to the financial statements.

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf 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 statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the general fund and the aggregate remaining fund information of the **Gulf County, Florida Sheriff** (the "Sheriff"), as of and for the year ended September 30, 2019, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated April 27, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Sheriff in a separate management letter and Independent Accountant's Report dated April 27, 2020.

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



Vance CPA LLC
April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

We have examined the Office of the Sheriff of Gulf County, Florida's (hereinafter referred to as the "Sheriff") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2019.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Vance CPA LLC

Vance CPA LLC

April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mike Harrison
Gulf County Sheriff
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as "financial statements") of the general fund and the aggregate remaining fund information of the Office of the Sheriff of Gulf County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2020.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated April 27, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary.

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 the management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1 (d). The Sheriff has no component units.

Other Matters

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

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

Purpose of this Letter

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



Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA – SHERIFF
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2019

There are no comments which require management’s written response.



Gulf County, Florida Tax Collector

**Special-Purpose
Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant
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**GULF COUNTY, FLORIDA
TAX COLLECTOR
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund and the aggregate remaining fund information of the Gulf County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tax Collector's fund 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.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund and tax fund of Gulf County that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gulf County as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2020 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters 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 Tax Collector's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund
ASSETS	
Cash	\$ —
Other current assets	<u>3,882</u>
Total Assets	<u>3,882</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	3,882
Due to BOCC	<u>—</u>
Total Liabilities	<u>3,882</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,882</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2019

	General Fund
REVENUES	
Interest and other income	\$ 54,248
Total Revenues	<u>54,248</u>
EXPENDITURES	
General government	
Personal services	430,272
Operating expenditures	<u>124,931</u>
Total Expenditures	<u>555,703</u>
Excess (deficit) of revenues over (under) expenditures	<u>(501,455)</u>
Other financing sources (uses)	
Transfers from BOCC	501,455
Transfers to BOCC	<u>—</u>
Total Other Financing Sources (Uses)	<u>501,455</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	38,454	54,248	54,248	—
Total revenues	<u>\$ 38,454</u>	<u>\$ 54,248</u>	<u>\$ 54,248</u>	<u>\$ —</u>
Expenditures:				
General Government				
Personal services	429,760	430,772	430,772	—
Operating expenditures	<u>157,276</u>	<u>124,931</u>	<u>124,931</u>	<u>—</u>
Total expenditures	<u>587,036</u>	<u>555,703</u>	<u>555,703</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	<u>(548,582)</u>	<u>(501,455)</u>	<u>(501,455)</u>	<u>—</u>
Other financing sources (uses)				
Transfers from BOCC	548,582	501,455	501,455	—
Transfers to BOCC	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>548,582</u>	<u>501,455</u>	<u>501,455</u>	<u>—</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - TAX COLLECTOR
ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2019

	<u>Taxes</u>	<u>Tag</u>	<u>Total Funds</u>
Assets:			
Cash and cash equivalents	<u>\$411,429</u>	<u>\$ 8,585</u>	<u>\$420,014</u>
Total assets	<u>411,429</u>	<u>8,585</u>	<u>420,014</u>
Liabilities & Fund Balances:			
Liabilities:			
Due to individuals	407,411	—	407,411
Due to other governments	1,076	8,585	9,661
Due to BOCC	<u>2,942</u>	<u>—</u>	<u>2,942</u>
Total Liabilities	<u>\$411,429</u>	<u>\$ 8,585</u>	<u>\$420,014</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tax Collector of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Tax Collector is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Tax Collector's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Tax Collector are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year end. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be 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 balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Tax Collector utilizes the following fund types:

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in other funds.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Tax Collector considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. 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.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. Capital Assets

Capital assets purchased in the governmental fund type in excess of \$1,000 are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf 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 and driver's license processing which belong to the State of 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 assets of the County because ownership of the equipment and software is maintained by the DMV and FFWCC.

G. Liability for Compensated Absences

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Related Organizations – Common Expenses

Certain expenditures, 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 relating to the Tax Collector's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

I. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 estimates.

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.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

■ **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 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 Tax Collector of the Court administers these sales.

J. Subsequent Events

The Tax Collector evaluated subsequent events through April 27, 2020, the date which the financial statements were available to be issued. The Tax Collector did not have any subsequent events requiring disclosure or recording in these financial statements.

K. Net Assets and Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

All Tax Collector depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Tax Collector cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Tax Collector held no investments at September 30, 2019.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Interest Rate Risk

At September 30, 2019, the Tax Collector did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2019 the Tax Collector did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2019 the Tax Collector did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2019 the Tax Collector did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

The Florida Retirement System (FRS) was created by 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 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.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to the 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 the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

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. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS 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 FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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 FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

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 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. 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.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$35,256, \$33,467, and \$30,291 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Tax Collector for the year ended September 30, 2019:

	<u>Balance</u> <u>9/30/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2019</u>
Accumulated compensated absences	\$ 9,636	\$ —	\$ (2,174)	\$ 7,462

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

The portion of compensated absences liability estimated to be paid during the next year (current portion) is \$1,866.

NOTE 5 – 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 the public; or damage to property of others. The Tax Collector participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance 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 employee's bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Gulf County, Florida, Tax Collector, as of and for the year ended September 30, 2019, and have issued our report thereon dated April 27, 2020, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. 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 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 opinions on the financial statements, but not for the purpose of expressing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Tax Collector's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Tax Collector in a separate management letter and Independent Accountant's Report dated April 27, 2020.

Purpose of this Report

This report is intended solely for the information and use of the Tax Collectors, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

Vance CPA LLC

Vance CPA LLC
April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

We have examined the Office of the Tax Collector of Gulf County, Florida's (hereinafter referred to as the "Tax Collector") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2019.

Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Vance CPA LLC

Vance CPA LLC

April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as "financial statements") of the general fund and the tax fund of the Office of the Tax Collector of Gulf County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2020.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated April 27, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

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 the 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). The Tax Collector has no component units.

Other Matters

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

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

Purpose of this Letter

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



Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA – TAX COLLECTOR
MANAGEMENT’S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2019

There are no comments which require management’s written response.



Gulf County, Florida Property Appraiser

**Special-Purpose
Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E • Apalachicola, FL 32320
Tel. (706) 278-1221 • Fax (866) 406-7422

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund of the Gulf County, Florida Property Appraiser (the "Appraiser"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Appraiser's fund 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.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2019, and the changes in its financial position for the fiscal 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 our report dated April 27, 2020 on our consideration of the 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 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 Appraiser's internal control over financial reporting and compliance.



Vance CPA LLC

April 27, 2020

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 54,127</u>
Total Assets	<u>54,127</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Board of County Commissioners	54,127
Accounts payable	<u>—</u>
Total Liabilities	<u>54,127</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 54,127</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2019

	General Fund
REVENUES	
Interest and other income	\$ —
Total Revenues	<u>—</u>
EXPENDITURES	
General government	
Personal services	464,437
Operating expenditures	87,299
Capital outlay	<u>19,750</u>
Total Expenditures	<u>571,486</u>
Excess (deficit) of revenues over (under) expenditures	<u>(571,486)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	625,613
Transfers to Board of County Commissioners	<u>(54,127)</u>
Total Other Financing Sources (Uses)	<u>571,486</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	\$ —	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures:				
General Government				
Personal services	499,004	508,601	464,437	44,164
Operating expenditures	105,964	97,644	87,299	10,345
Capital outlay	<u>19,750</u>	<u>19,750</u>	<u>19,750</u>	<u>—</u>
Total expenditures	<u>624,718</u>	<u>625,995</u>	<u>571,486</u>	<u>54,509</u>
Excess (deficit) of revenues over (under) expenditures	<u>(624,718)</u>	<u>(625,995)</u>	<u>(571,486)</u>	<u>54,509</u>
Other financing sources (uses)				
Transfers from BOCC	624,718	625,995	625,613	(382)
Transfers to BOCC	<u>—</u>	<u>—</u>	<u>(54,127)</u>	<u>(54,127)</u>
Total other financing Sources (uses)	<u>624,718</u>	<u>625,995</u>	<u>571,486</u>	<u>(54,509)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Property Appraiser of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Property Appraiser is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and activity of the Property Appraiser's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Property Appraiser are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be 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 balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund types:

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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 other funds.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Property Appraiser considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. 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.

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Property Appraiser. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. 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.

G. Liability for Compensated Absences

Permanent full-time employees of the Property Appraiser accrue sick leave based upon pay periods worked and earned vacation time related to length of employment with the Property Appraiser's office. The vacation and sick time must be taken during the year earned and no payment for vacation or sick leave is made at termination.

H. Related Organizations – Common Expenses

Certain expenditures, 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 relating to the Property Appraiser's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

I. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 estimates.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Subsequent Events

The Property Appraiser evaluated subsequent events through June 28, 2019, the date which the financial statements were available to be issued. The Property Appraiser did not have any subsequent events requiring disclosure or recording in these financial statements.

K. Fund Balance

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows; nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

All Property Appraiser depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Property Appraiser cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Property Appraiser held no investments at September 30, 2019.

Interest Rate Risk

At September 30, 2019, the Property Appraiser did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2019 the Property Appraiser did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2019 the Property Appraiser did not hold any deposits or investments that were considered to be a custodial risk.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 2 - CASH AND INVESTMENTS - continued

Concentration of Credit Risk

At September 30, 2019 the Property Appraiser did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

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

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Park 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 the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS 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 FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Benefits Provided

Benefits under the FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

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 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Plan Description

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

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 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 member

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 – EMPLOYEE BENEFITS (continued)

must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. 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.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$71,685, \$67,342, and \$60,293 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

NOTE 4 – RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance 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 employee's bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION

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

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Gulf County, Florida, Property Appraiser, as of and for the year ended September 30, 2019, and have issued our report thereon dated April 27, 2020, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. 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 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 opinions on the financial statements, but not for the purpose of expressing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Property Appraiser's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Property Appraiser in a separate management letter and Independent Accountant's Report dated April 27, 2020.

Purpose of this Report

This report is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

Vance CPA LLC

Vance CPA LLC
April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

We have examined the Office of the Property Appraiser' of Gulf County, Florida's (hereinafter referred to as the "Property Appraiser") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2019.

Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Vance CPA LLC

Vance CPA LLC

April 27, 2020

Vance CPA, LLC

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Property Appraiser of Gulf, County, Florida (hereinafter referred to as the "Property Appraiser"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 28, 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 Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated April 27, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Vance CPA LLC". The script is cursive and fluid.

Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2019

There are no comments which require management's written response.



Gulf County, Florida Supervisor of Elections

**Special-Purpose
Financial Statements
September 30, 2019**

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund of the Gulf County, Supervisor of Elections, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Election's fund 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.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinions

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

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. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of that portion of the general fund attributable solely to the operations of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2020 on our consideration of the Supervisor of Election'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 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 Supervisor of Election's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2019**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 48,975
Other current assets	<u>33,360</u>
 Total Assets	<u>82,335</u>
LIABILITIES, DEFERRED REVENUE AND FUND BALANCES	
Liabilities	
Accounts Payable	26,014
Payroll Liabilities	8,803
Due to Board of County Commissioners	<u>47,518</u>
 Total Liabilities	<u>82,335</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 82,335</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 27,128
Other revenue	<u>495</u>
Total Revenues	<u>27,623</u>
EXPENDITURES	
General government	
Personal services	261,646
Operating expenditures	<u>111,747</u>
Total Expenditures	<u>373,393</u>
Excess (deficit) of revenues over (under) expenditures	<u>(345,770)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	405,474
Transfers to Board of County Commissioners	<u>(59,704)</u>
Total Other Financing Sources (Uses)	<u>345,770</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ —	\$ 28,047	\$ 27,128	\$ (919)
Other revenue	—	—	495	495
Total revenues	—	28,047	27,623	(424)
Expenditures:				
General government				
Personal services	268,046	268,046	261,646	6,400
Operating expenditures	92,428	165,475	111,747	53,728
Total general government	360,474	433,521	373,393	60,128
Total expenditures	360,474	433,521	373,393	60,128
Excess (deficit) of revenues over (under) expenditures	(360,474)	(405,474)	(345,770)	59,704
Other financing sources (uses)				
Transfers from Board of County Commissioners	360,474	405,474	405,474	—
Commissioners	—	—	(59,704)	(59,704)
Total other financing Sources (uses)	360,474	405,474	345,770	(59,704)
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Supervisor of Elections of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Supervisor of Elections is considered to be a part of the primary government of Gulf County, Florida and her financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and operations of the Supervisor of Elections office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

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. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America as applicable to governments.

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be 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 balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Supervisor of Elections utilizes the following fund type:

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Type

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 those required to be accounted for in other funds.

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for 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. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Supervisor of Elections considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. 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.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets Requirements

General governmental revenue 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. Florida Statutes Chapter 129.201 governs the preparation, adoption, and administration of the Supervisor of election's annual budget.

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.

F. 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 County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office.

G. Liability for Compensated Absences

Permanent full-time employees of the Supervisor of Elections accrue sick and annual leave based on pay period worked and must be taken during the fiscal year earned. No payment for vacation or sick leave is made at termination.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 estimates.

I. Subsequent Events

Supervisor of Elections evaluated subsequent events through April 27, 2020, the date which the financial statements were available to be issued. The Supervisor of Elections did not have any subsequent events requiring disclosure or recording in these financial statements.

J. Fund Equity

GASB Statement 54 – *Fund Balance Reporting and Governmental Funds Type Definitions* was implemented as of October 1, 2009. This Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Categories for fund balance are as follows: nonspendable, restricted, committed, assigned, and unassigned. For more information, see the County-wide note on fund balance.

NOTE 2 - CASH AND INVESTMENTS

All Supervisor of Elections depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposits Act” provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Supervisor of Elections cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Supervisor of Elections held no investments at September 30, 2019.

Interest Rate Risk

At September 30, the Supervisor of Elections did not hold any investments that were considered to be an interest rate risk.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Credit Risk

At September 30, the Supervisor of Elections did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, the Supervisor of Elections did not hold any deposits or investment that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2019, the Supervisor of Elections did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 - EMPLOYEE BENEFITS

RETIREMENT PLAN

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

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Park 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,

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 - EMPLOYEE BENEFITS (continued)

Division of Retirement, and consists of the two costs-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statement, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 - EMPLOYEE BENEFITS (continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating 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 FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

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 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 3 - EMPLOYEE BENEFITS (continued)

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

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

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 - EMPLOYEE BENEFITS (continued)

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. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 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 member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these operations. 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.

Participating employer contributions are based upon statewide rates established by the State of Florida. The Supervisor of Election's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$55,242, \$39,488, and \$47,017 respectively, equal to the actuarially determined contribution requirements for each year. Additional information about pension plans can be found in the County's annual financial statements.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

NOTE 4 – RISK MANAGEMENT

The Supervisor of elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The supervisor of Elections participates in the risk management program through the Gulf County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

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

- Real and personal property
- Public employees' bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Gulf County, Florida, Supervisor of Elections, as of and for the year ended September 30, 2019, and have issued our report thereon dated April 27, 2020, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. 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 of the financial statements, we considered the Supervisor of Election'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 Supervisor of Election'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 entity'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.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Supervisor of Election's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Supervisor of Elections in a separate management letter and Independent Accountant's Report dated April 27, 2020.

Purpose of this Report

This report is intended solely for the information and use of the Supervisor of Elections, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

Vance CPA LLC

Vance CPA LLC
April 27, 2020

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

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INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

We have examined the Office of the Supervisor of Elections' of Gulf County, Florida's (hereinafter referred to as the "Supervisor of Elections") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2019.

Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Vance CPA LLC

Vance CPA LLC

April 27, 2020

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Gulf, County, Florida (hereinafter referred to as the "Supervisor of Elections"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2020.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated April 27, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Vance CPA LLC". The script is cursive and fluid.

Vance CPA LLC
April 27, 2020

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2019

There are no comments which require management's written response.