

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2013

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS
GADSDEN COUNTY, FLORIDA
SEPTEMBER 30, 2013**

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INDEPENDENT AUDITORS' REPORTS
GADSDEN COUNTY, FLORIDA
SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2013

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Administrator	Robert Presnell
County Attorney	Deborah S. Minnis

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2013, and the respective changes in financial position, thereof, and the respective budgetary comparison of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gadsden County, Florida, (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide Statements

The government-wide assets of the County exceeded liabilities at the close of the 2012-13 fiscal year by \$58,841,237 (*net position*). Of this amount, \$6,317,700 (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$5,069,411 is restricted for specific purposes (*restricted net position*), and \$47,454,126 is *net investment in capital assets*.

Fund Statements

At September 30, 2013, the County's governmental funds reported combined ending fund balances of \$13,771,117, an increase of \$726,832 in comparison with the \$13,044,285 ending fund balances on September 30, 2012.

As of September 30, 2013, the general fund's unassigned fund balance was \$6,058,408 or 35% of total general fund expenditures excluding transfers.

Local revenues and expenditures continue to be affected by property tax reform, and the slow economic recovery. However, the County is committed to maintaining County services while slowly increasing fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

A brief description of the different financial statements follows.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities found on pages 12-13 concentrate on the County as a whole and do not emphasize fund types. The governmental activities comprise the primary government. Fiduciary funds are not included in the government-wide financial statements. The County does not have any business-type activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Fund Financial Statements

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

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

Governmental Fund Financial Statements

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

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

Fiduciary Fund Financial Statements

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities and net position of the County for fiscal years 2012 and 2013.

The largest portion of the County's net position 81% reflects its net investment in capital assets (land, buildings, improvements, equipment, furniture, vehicles, construction in progress and infrastructure) less any related debt to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net position* representing 8% of the County's net position are subject to external restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net position* (\$6,317,700 or 11%) may be used to help meet the government's ongoing obligations to citizens and creditors.

Gadsden County Florida
Summary of Net Position
September 30, 2012 and 2013

	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 17,969,495	\$ 16,283,092
Capital Assets	63,063,443	65,995,564
Total Assets	\$ 81,032,938	\$ 82,278,656
Current Liabilities	5,349,130	4,017,807
Non-Current Liabilities	16,842,571	18,793,063
Total Liabilities	\$ 22,191,701	\$ 22,810,870
Net Position		
Net Investment in Capital Assets	47,454,126	48,372,487
Restricted	5,069,411	5,496,643
Unrestricted	6,317,700	5,598,656
Total Net Position	\$ 58,841,237	\$ 59,467,786

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

Gadsden County Florida		Governmental	
Changes in Net Position		Activities	
		2013	2012
Revenues:			
Program Revenues:			
Charges for Services	\$	4,811,387	\$ 4,506,914
Operating Grants and Contributions		3,340,067	3,711,740
Capital Grants and Contributions		1,488,624	1,043,287
Total Program Revenues		9,640,078	9,261,941
General Revenues:			
Property Taxes		11,280,209	11,300,173
Sales Tax and State Shared Revenue		5,516,787	5,371,263
Local Option Taxes		4,952,129	5,041,768
Motor Fuel Tax		2,270,203	2,302,773
Other		547,887	455,059
Total General Revenues		24,567,215	24,471,036
Total Revenues		34,207,293	33,732,977
Expenses:			
Program Expenses:			
General Government		7,342,352	7,385,999
Public Safety		12,035,677	12,619,869
Physical Environment		474,956	1,388,249
Transportation		8,130,449	7,498,459
Economic Environment		410,267	682,164
Human Services		2,671,401	2,685,080
Court Related		1,792,029	1,870,256
Culture/Recreation		1,163,712	1,187,417
Interest on Long-term Debt		812,999	818,753
Total Expenses		34,833,842	36,136,246
Increase (Decrease) in Net Position		(626,549)	(2,403,269)
Net Position October 1, 2012		59,467,786	61,871,055
Net Position September 20, 2013	\$	58,841,237	\$ 59,467,786

As reflected in the changes in net position, the County's net position decreased by \$626,549. The most significant change in Fund Balance occurred in the Transportation fund. Expenses exceeded revenues, resulting in a decrease in fund balance of \$331,071.

FUND FINANCIAL ANALYSIS

Governmental Funds

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

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

As of the end of fiscal year 2013, the County's governmental funds reported combined ending fund balances of \$13,771,117, an increase of \$726,832 in comparison with the prior year. Of the approximately \$13.7 million total fund balance, unassigned fund balance is \$6.0 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had an increase in fund balance of \$1,170,914. The total general fund balance was \$6,537,087 of which \$6,058,408 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 35% of total general fund expenditures excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund's budget increased during fiscal year 2012-2013 in the amount of \$225,397 from the original budget.

Increases to the general fund budget include recognition of \$210,488 of fund balance. The largest amount, \$155,000, was for the funding for the hospital build out for doctor's offices and new entryway. Another \$45,000 increase in fund balance was to assist the Emergency management fund to cover negative cash balances due to Medicare withholding payments (a result of an administrative issue with the new electronic transfer of funds). Additionally, there were small increases in the amount of \$721 to bring the Property Appraiser's budget into compliance with the Department of Revenue and \$9,767 added to recognize donations for Lamb Park.

Actual general fund revenues exceeded the final revenue budget by approximately \$150,000. Contributors to the excess revenue received include:

- Rental agreement with CRMC for hospital beds, \$10,563 was collected/unanticipated revenue.
- A payout of bankruptcy from years back of \$20,698 from GRIT Insurance company, former worker's comp carrier during the 1990's was collected/unanticipated revenue.
- A return of insurance premium from FMIT for fiscal year 2010-11 in the amount of \$35,209, also resulted in unanticipated revenue.
- A return of insurance premium from FMIT for fiscal year 2011-12 resulted in the amount of \$12,348, unanticipated revenue.
- A \$.20 per gallon fuel charge provided \$42,041 in unanticipated revenue.

Actual overall expenditures for FY 13 General Fund were \$16,310,882, which was \$1,014,825 under budget. Several factors contributed to the decrease in costs. The County Attorney fees were less than budgeted as well as the Welfare-Medicaid expenses. Another factor was the Indigent hospital services were less than budget due to fewer claims for reimbursement.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County's net investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$62.9 million (net of accumulated depreciation). This net investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

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

- Completion of renovations to the Tax Collector/Property Appraiser building in the amount of \$215,616, provided for by loan proceeds from SunTrust bank.
- The Sheriff’s department purchased a new patrol car for \$24,996. The Sheriff’s department also purchased tactical equipment consisting primarily of bullet proof vests, protective clothing, boots and tasers for eleven officers in the amount of \$30,739. These items were purchased from Equitable Sharing funds.
- The Supervisor of Elections purchased 24 electronic voter identification systems in the amount of \$61,244.
- The Public Works department purchased three Chevrolet Silverados for \$77,433.
- A software upgrade for the County’s E-911 system was purchased for \$129,425.
- The purchase of a 2013 Chevrolet Silverado Xcab pick up truck for Public Works in the amount of \$26,391.
- The County’s Emergency Management Service purchased 12 VHF radios in the amount of \$13,487.
- The replacement of the hospital chiller in the amount of \$109,700. In addition, the County provided Capital Regional Medical Center with \$155,000 for hospital renovations.
- Courtroom and courthouse renovations were expensed for \$155,952.
- The Fire Service department installed five additional fire hydrants throughout the County. The total cost of the hydrants was \$24,600.

Through grants and capital projects the County spent \$876,993 on several road projects to Woodward Road, Flat Creek Road and Salem Road. The county completed the renovation and flood prevention for Crawfish Island in the amount of \$186,035. Grant proceeds were received for the renovation to the Greensboro Railroad Depot. The amount expended FY 2013 was \$530,512. It should be noted that the County does not own the Depot and therefore the amount spent was not capitalized by the County. The County was merely a conduit for the receipt and disbursement of the grant funds.

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

Gadsden County Florida
Capital Assets
(net of depreciation)

	Governmental	
	Activities	
	2013	2012
Land	\$ 2,009,104	\$ 2,009,104
Buildings	25,304,998	25,452,732
Improvements Other than Buildings	3,908,487	2,924,272
Machinery and Equipment	7,151,906	7,495,051
Construction in Progress	1,207,871	1,463,747
Infrastructure	23,364,084	26,490,489
Total	\$ 62,946,450	\$ 65,835,395

Debt Management

During 2012-13, the County refinanced two of the most significant bonds of its debt component. Those were the Florida Municipal Loan Council Revenue Bond 2003B and the BB&T Bank loan for hospital renovations issued in 2010. The refinancing of these two bonds resulted in an estimated total savings of \$173,500 per year. Further breakdown of savings is as follows: \$107,000 for the hospital renovation bond and \$66,500 for the County’s road paving/resurfacing bond.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Concluded)

These bonds were replaced by SunTrust Bank 2013 Florida Gas Tax Revenue Refunding Bond at \$3.7 million, for refinance of road paving/resurfacing and BB&T Sales Tax Refunding Revenue Bond at \$8.9 million for refinancing of hospital renovations.

Future constitutional fuel tax revenues secure the road paving bond and the County voted half cent Indigent Surtax is used to secure the loan with BB&T. The County also has a loan with the Florida Municipal Loan Council for 2006B Revenue Bonds at \$1.6 million for the financing costs of library facilities, which is secured by the Local Government half cent sales tax.

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

Gadsden County Florida Outstanding Debt			
	2013	2012	Increase (Decrease)
Revenue Bonds	\$ 14,275,656	\$ 15,731,671	\$ (1,456,015)
Notes and Loans Payable	1,299,215	1,673,300	(374,085)
Compensated Absences	1,560,885	1,487,485	73,400
Other Post Employment Benefits	1,311,500	1,215,000	96,500
Landfill Post-closure Costs	551,237	591,297	(40,060)
Total	\$ 18,998,493	\$ 20,698,753	\$ (1,700,260)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The unemployment rate for the County in September 2013 was 6.8% (Florida Legislature office of Economic Research). The State of Florida’s rate in September 2013 was approximately 7.7 % (U.S. Department of Labor Statistics.)

Gadsden County is again designated as a fiscally constrained County in the State of Florida and is included in the governor’s designated Northwest Florida Rural Area of Economic Concern. The County’s millage rate is still set below the statutory maximum level of 10.00 mills at 8.9064. It is to be noted that it has been at this millage rate from 2008 to present (2013).

The property values were still on the decrease in 2013, as short sales continued to keep the market values down. Last year’s analysis discussed the possibility of shortfalls due to the exemptions for military personnel, low income seniors (with and without 25 years in the same house), and deployed military personnel. As these citizens have come in to qualify for these exemptions, it has become apparent that the overall reductions for these exemptions should not be significant. Although property values are not back to those of 2007 and 2008, 2014 is expected to be somewhat better than 2013.

The Board of County Commissioners has made a commitment to stabilize its financial health by building sufficient reserves and fund balances in its major governmental funds, while strategically managing debt, and developing a long-term capital improvements program to maintain current and future investments in its fixed assets.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**GADSDEN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Governmental Activities
Assets	
Current Assets:	
Cash	\$ 10,655,891
Investments	3,622,673
Accounts Receivables, Net	396,188
Due from Agency Funds	7,614
Due from Other Governments	3,013,870
Prepaid Items	130,301
Inventories	142,958
Total Current Assets	17,969,495
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	3,216,975
Depreciable, Net	59,729,475
Unamortized Loan Issuance Costs	116,993
Total Noncurrent Assets	63,063,443
Total Assets	81,032,938
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	2,156,173
Due to Agency Funds	101,581
Due to Other Governments	228,019
Accrued Wages Payable	186,440
Unearned Revenue	486,549
Unamortized Premium	4,175
Bonds and Notes Payable	1,603,423
Accrued Compensated Absences	653,904
Estimated Landfill Postclosure Costs	40,060
Total Current Liabilities	5,460,324
Noncurrent Liabilities:	
Unamortized Premium	30,271
Accrued Compensated Absences	906,981
Other Postemployment Benefits Obligation	1,311,500
Bonds and Notes Payable	13,971,448
Estimated Landfill Postclosure Costs	511,177
Total Noncurrent Liabilities	16,731,377
Total Liabilities	22,191,701
Net Position	
Net Investment in Capital Assets	47,454,126
Restricted	5,069,411
Unrestricted	6,317,700
Total Net Position	\$ 58,841,237

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

**GADSDEN COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes In Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government	\$ 7,342,352	\$ 1,635,059	\$ 52,672	\$ 0	\$ (5,654,621)
Public Safety	12,035,677	2,487,329	1,114,504	13,957	(8,419,887)
Physical Environment	474,956	0	181,540	0	(293,416)
Transportation	8,130,449	152,406	107,821	1,474,667	(6,395,555)
Economic Environment	410,267	0	311,981	0	(98,286)
Human Services	2,671,401	0	85,735	0	(2,585,666)
Court-related	1,792,029	483,267	1,118,046	0	(190,716)
Culture and Recreation	1,163,712	53,326	367,768	0	(742,618)
Interest on Long-term Debt	812,999	0	0	0	(812,999)
Total Primary Government	\$ 34,833,842	\$ 4,811,387	\$ 3,340,067	\$ 1,488,624	(25,193,764)

General Revenues

Taxes:

Property Taxes	11,280,209
Franchise and Utility Taxes	290,113
Discretionary Sales Surtax	3,386,256
Local Option Gas Tax	1,275,760
Motor Fuel Tax	2,270,203
Other Taxes	106,083
Sales Tax and Other Shared Revenues	5,516,787
Investment Earnings	28,445
Miscellaneous	413,359

Total General Revenues

24,567,215

Change in Net Position

(626,549)

Net Position Beginning of Year

59,467,786

Net Position End of Year

\$ 58,841,237

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

GADSDEN COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>County Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 4,073,202	\$ 676,569	\$ 5,906,120	\$ 10,655,891
Investments	2,138,481	391,208	1,092,984	3,622,673
Accounts Receivables (Net of Allowance for Uncollectibles)	45,544	1,767	348,877	396,188
Due from Other Funds	759,695	24,484	259,106	1,043,285
Due from Other Governments	652,984	438,175	1,922,711	3,013,870
Prepaid Expenses	130,301	0	245	130,546
Inventories, at Cost	84,571	58,142	0	142,713
Total Assets	<u>7,884,778</u>	<u>1,590,345</u>	<u>9,530,043</u>	<u>19,005,166</u>
Liabilities				
Accounts Payable and Accrued Expenses	739,599	32,449	1,384,158	2,156,206
Due to Other Funds	161,033	0	976,219	1,137,252
Due to Other Governments	66,986	2,108	158,892	227,986
Accrued Wages Payable	108,952	72,336	5,152	186,440
Unearned Revenues	271,121	201,326	1,053,718	1,526,165
Total Liabilities	<u>1,347,691</u>	<u>308,219</u>	<u>3,578,139</u>	<u>5,234,049</u>
Fund Balances				
Nonspendable	214,872	88,024	245	303,141
Restricted	175,945	1,194,102	3,699,364	5,069,411
Committed	0	0	91	91
Assigned	87,862	0	2,359,903	2,447,765
Unassigned	6,058,408	0	(107,699)	5,950,709
Total Fund Balances	<u>6,537,087</u>	<u>1,282,126</u>	<u>5,951,904</u>	<u>13,771,117</u>
Total Liabilities and Fund Balances	<u>\$ 7,884,778</u>	<u>\$ 1,590,345</u>	<u>\$ 9,530,043</u>	<u>\$ 19,005,166</u>

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

GADSDEN COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

Total Fund Balances of Governmental Funds	\$ 13,771,117
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	62,946,450
Receivables that do not provide current financial resources are reported as deferred revenue in the governmental funds.	1,039,616
Loan issuance costs are not current financial resources and, therefore, are not reported as assets in the governmental funds.	116,993
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Bonds and Installment Notes Payable	\$ (15,574,871)
Unamortized Premium	(34,446)
Accrued Compensated Absences	(1,560,885)
Accrued Other Postemployment Benefits Obligation	(1,311,500)
Estimated Landfill Postclosure Costs	(551,237)
	(19,032,939)
Total Net Position of Governmental Activities	\$ 58,841,237

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>County Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 11,570,321	\$ 3,117,856	\$ 2,637,360	\$ 17,325,537
Licenses and Permits	72,964	0	218,295	291,259
Intergovernmental Revenues	5,712,957	448,092	5,693,884	11,854,933
Charges for Services	1,397,622	152,406	2,885,014	4,435,042
Fines and Forfeitures	61,255	0	76,307	137,562
Miscellaneous Revenues	250,529	29,151	94,916	374,596
Total Revenues	<u>19,065,648</u>	<u>3,747,505</u>	<u>11,605,776</u>	<u>34,418,929</u>
Expenditures				
Current:				
General Government	6,645,562	0	71,663	6,717,225
Public Safety	6,910,243	0	4,472,710	11,382,953
Physical Environment	255,039	0	228,815	483,854
Transportation	0	3,836,578	160,043	3,996,621
Economic Environment	237,758	0	167,914	405,672
Human Services	1,189,362	0	823,161	2,012,523
Court-related	1,434,098	0	326,217	1,760,315
Culture and Recreation	194,168	0	855,073	1,049,241
Debt Service:				
Principal	122,675	0	1,908,241	2,030,916
Interest	15,337	0	794,969	810,306
Other	0	0	106,969	106,969
Capital Outlay:				
General Government	283,508	0	79,957	363,465
Public Safety	27,020	0	600,948	627,968
Transportation	0	243,998	1,566,244	1,810,242
Human Services	0	0	155,000	155,000
Court-related	5,265	0	172,093	177,358
Culture and Recreation	1,119	0	1,167	2,286
(Total Expenditures)	<u>(17,321,154)</u>	<u>(4,080,576)</u>	<u>(12,491,184)</u>	<u>(33,892,914)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,744,494</u>	<u>(333,071)</u>	<u>(885,408)</u>	<u>526,015</u>
Other Financing Sources (Uses)				
Transfers in	7,725,502	0	9,814,651	17,540,153
Transfers (out)	(8,299,082)	0	(9,241,071)	(17,540,153)
Debt Proceeds	0	0	12,989,341	12,989,341
Debt Refunding	0	0	(12,788,524)	(12,788,524)
Total Other Financing Sources (Uses)	<u>(573,580)</u>	<u>0</u>	<u>774,397</u>	<u>200,817</u>
Net Change in Fund Balances	1,170,914	(333,071)	(111,011)	726,832
Fund Balances at Beginning of Year	<u>5,366,173</u>	<u>1,615,197</u>	<u>6,062,915</u>	<u>13,044,285</u>
Fund Balances at End of Year	<u>\$ 6,537,087</u>	<u>\$ 1,282,126</u>	<u>\$ 5,951,904</u>	<u>\$ 13,771,117</u>

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

GADSDEN COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net Change in Fund Balances - Total Governmental Funds		\$ 726,832
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
 Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those activities is allocated over their estimated useful lives as depreciation expense:		
Expenditures for Capital Outlays	\$ 2,779,060	
Contributions and Gain/(Loss) on Disposal	(362,753)	
(Current Year Depreciation)	<u>(5,305,251)</u>	(2,888,944)
 Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		
		14,819,440
 The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		
		(12,989,341)
 The costs of issuance of long-term debt are capitalized in the statement of net position, while they are expensed in the governmental funds.		
		99,153
 Amortization of issuance costs and debt premium are a component of interest expense in the statement of activities, while it has no effect in the governmental funds:		
Amortization of Bond Premiums	31,098	
Amortization of Issue Costs	(25,975)	
Gain on Refunding	<u>36,208</u>	41,331
 Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Compensated Absences	(73,400)	
Other Postemployment Benefits	(96,500)	
Landfill Postclosure Costs	<u>40,060</u>	(129,840)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		<u>(305,180)</u>
Change in Net Position - Governmental Activities		<u><u>\$ (626,549)</u></u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 12,199,531	\$ 12,199,531	\$ 11,570,321	\$ (629,210)
Licenses and Permits	100,000	100,000	72,964	(27,036)
Intergovernmental Revenues	5,928,971	5,955,311	5,712,957	(242,354)
Charges for Services	1,824,395	1,993,029	1,397,622	(595,407)
Fines and Forfeitures	198,046	198,046	61,255	(136,791)
Miscellaneous Revenues	114,873	145,296	250,529	105,233
Total Revenues	<u>20,365,816</u>	<u>20,591,213</u>	<u>19,065,648</u>	<u>(1,525,565)</u>
Expenditures				
Current:				
General Government	8,628,578	8,681,664	6,645,562	2,036,102
Public Safety	6,728,357	6,728,357	6,910,243	(181,886)
Physical Environment	305,236	282,486	255,039	27,447
Transportation	109,006	109,006	0	109,006
Economic Environment	206,980	205,859	237,758	(31,899)
Human Services	1,729,635	1,450,107	1,189,362	260,745
Court-related	2,141,275	2,033,009	1,434,098	598,911
Culture and Recreation	264,108	262,333	194,168	68,165
Debt Service:				
Principal	17,500	17,500	122,675	(105,175)
Interest	3,500	3,500	15,337	(11,837)
Capital Outlay:				
General Government	236,505	278,852	283,508	(4,656)
Public Safety	161,000	161,000	27,020	133,980
Physical Environment	1,800	6,550	0	6,550
Human Services	1,500	1,500	0	1,500
Court Related	900	94,792	5,265	89,527
Culture and Recreation	900	11,867	1,119	10,748
Contingency	35,067	10,000	0	10,000
(Total Expenditures)	<u>(20,571,847)</u>	<u>(20,338,382)</u>	<u>(17,321,154)</u>	<u>3,017,228</u>
Excess of Revenues Over				
 Expenditures	<u>(206,031)</u>	<u>252,831</u>	<u>1,744,494</u>	<u>1,491,663</u>
Other Financing Sources (Uses)				
Transfers in	10,979,452	10,991,663	7,725,502	(3,266,161)
Transfers (out)	(10,773,421)	(11,244,494)	(8,299,082)	2,945,412
Total Other Financing Sources (Uses)	<u>206,031</u>	<u>(252,831)</u>	<u>(573,580)</u>	<u>(320,749)</u>
Net Change in Fund Balance	0	0	1,170,914	1,170,914
Fund Balance, Beginning of Year	0	0	5,366,173	5,615,513
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,537,087</u>	<u>\$ 6,786,427</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY TRANSPORTATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,352,486	\$ 3,352,486	\$ 3,117,856	\$ (234,630)
Intergovernmental Revenues	477,603	477,603	448,092	(29,511)
Charges for Services	148,000	148,000	152,406	4,406
Miscellaneous Revenues	31,500	31,500	29,151	(2,349)
Total Revenues	<u>4,009,589</u>	<u>4,009,589</u>	<u>3,747,505</u>	<u>(262,084)</u>
Expenditures				
Current:				
Transportation	4,174,147	4,174,147	3,836,578	337,569
Capital Outlay:				
Transportation	747,589	747,589	243,998	503,591
(Total Expenditures)	<u>(4,921,736)</u>	<u>(4,921,736)</u>	<u>(4,080,576)</u>	<u>841,160</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(912,147)</u>	<u>(912,147)</u>	<u>(333,071)</u>	<u>579,076</u>
Other Financing Sources (Uses)				
Transfers in	216,601	216,601	0	(216,601)
Total Other Financing Sources (Uses)	<u>216,601</u>	<u>216,601</u>	<u>0</u>	<u>(216,601)</u>
Net Change in Fund Balance	(695,546)	(695,546)	(333,071)	362,475
Fund Balance, Beginning of Year	<u>695,546</u>	<u>695,546</u>	<u>1,615,197</u>	<u>919,651</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,282,126</u>	<u>\$ 1,282,126</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	Private Purpose Trust Fund	Agency Funds	Total
Assets			
Cash	\$ 71,002	\$ 1,535,196	\$ 1,606,198
Investments	8,077,127	0	8,077,127
Accounts Receivable	1,019	9,933	10,952
Due from County	100,000	1,581	101,581
Total Assets	<u>8,249,148</u>	<u>1,546,710</u>	<u>9,795,858</u>
Liabilities			
Accounts Payable	0	525	525
Due to County	0	7,614	7,614
Due to Other Governments	0	88,523	88,523
Assets Held for Others	0	46,886	46,886
Installment Tax Deposits	0	271,245	271,245
Deposits	0	1,131,917	1,131,917
Total Liabilities	<u>0</u>	<u>1,546,710</u>	<u>1,546,710</u>
Net Position			
Held in Trust	<u>\$ 8,249,148</u>	<u>\$ 0</u>	<u>\$ 8,249,148</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ 395,327
Interest and Dividends	167,949
Miscellaneous Revenues	2,824
Total Additions	<u>566,100</u>
Deductions	
Contributions to Agency for Healthcare Administration	88,351
Administrative Fees	12,121
Total Deductions	<u>(100,472)</u>
Net Increase	465,628
Net Position Held in Trust, Beginning of Year	<u>7,783,520</u>
Net Position Held in Trust, End of Year	<u><u>\$ 8,249,148</u></u>

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Note 1 - Reporting Entity

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

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

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 1 - Reporting Entity (Concluded)

- **Gadsden County Industrial Development Authority (the Development Authority)**—The Development Authority was created by resolution of the Board pursuant to Chapter 159, Part III, Florida Statutes. The Development Authority members are appointed by the Board; however, the Board’s accountability for the Development Authority does not extend beyond making the appointments. Accordingly, the Development Authority is considered to be a related organization only, and is not included in the financial reporting entity.
- **Quincy-Gadsden Airport Authority (the Airport Authority)**—The Airport Authority was created by Chapter 88-439, *Laws of Florida*. The Authority is composed of five members. Two members are appointed by the City of Quincy, Florida, two members are appointed by the Board, and one member is appointed by these four members. The Airport Authority is a local unit of special purpose government and is not considered a component unit of the County and is not included in the financial reporting entity.
- **Gadsden County Enterprise Zone Development Agency (the Agency)**—The Agency was created by ordinance of the Board pursuant to Chapter 290, Florida Statutes, to carry out economic development and redevelopment activities. The Agency Board members are appointed by the Board and the Board retains various powers including approving expenditures, borrowing funds, investing funds, and approving assistance to businesses within the enterprise zone. Accordingly, the activities of the Agency are included as a blended component unit in the County’s financial statements. The Agency did not have any activity in fiscal year 2013.
- **Gadsden Hospital, Inc.**—The Gadsden Hospital Inc. is a not-for-profit corporation established to assist with the operation of the Hospital and other health care facilities in Gadsden County. The Gadsden Hospital, Inc. members are appointed by the Board and the Board approves its funding and operations. Accordingly, the activities of Gadsden Hospital, Inc. have been included as a blended component unit in the County’s financial statements, and has been included as a special revenue fund in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Concluded)

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

The County reports the following major governmental funds:

- **General Fund**—The General Fund is the County’s primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.
- **County Transportation**—This fund accounts for the operation of the Public Works Department of the County. Funding is provided principally from gas taxes and other charges for services.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Budgets and Budgetary Accounting

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Concluded)

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

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

Investments

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

Receivables

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

Due from (to) Other Funds

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

Prepaid Items

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

Inventories

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

Unearned Revenues

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

Long-term Obligations

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

Compensated Absences

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Postemployment Benefits Other than Pension Benefits (OPEB)

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

Property Taxes

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

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

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

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

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

Fund Balance

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 2 - Summary of Significant Accounting Policies (Concluded)

Fund Balance (Concluded)

- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance) employed to constrain those amounts.

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed or assigned.

- **Flow Assumption**
 When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Board’s policy to use committed resources first, then assigned, and then unassigned as needed.

Note 3 - Cash and Investments

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

Public Purpose

As of September 30, 2013, the County’s public purpose programs had the following in cash and investments:

	Carrying Amount
Cash on Hand	\$ 3,035
Deposits in Qualified Public Depositories	11,926,064
Money Market	261,988
SBA Florida PRIME	3,592,791
SBA Fund B	29,882
Total Cash and Investments	\$ 15,813,760

Credit Risk – *Public Purpose Funds*

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 3 - Cash and Investments (Continued)

Credit Risk – Public Purpose Funds (Concluded)

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

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

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2013, consist primarily of treasury notes and agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The agency securities are not fully rated.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk – Public Purpose Funds

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County’s deposits in these qualified depositories are considered fully insured or collateralized. Bank balances at September 30, 2013, were \$12,593,105.

Interest Rate Risk – Public Purpose Funds

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits interest rate risk for the repurchase agreement by utilizing an overnight sweep agreement to invest excess cash balances. The weighted-average investment maturity for Florida PRIME is thirty-eight days. The estimated weighted-average duration for Fund B is 4.04 years.

Hospital Endowment Trust Fund

As of September 30, 2013, the Hospital Endowment Trust Fund had the following balances in investments:

Investments at Capital City Trust Company:

	Fair Value
Cash	\$ 72,021
Repurchase Agreement	235,084
U.S. Government Agencies	433,853
Mutual Funds - (Fixed)	3,375,497
Equities	4,031,674
Total Cash and Investments	\$ 8,148,129

As of September 30, 2013, the Hospital Endowment Trust Fund had cash deposits of \$71,002 in a qualified public depository.

Credit Risk—Hospital Endowment Trust Fund

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 3 - Cash and Investments (Concluded)

Custodial Credit Risk—Hospital Endowment Trust Fund

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

Concentration of Credit Risk—Hospital Endowment Trust Fund

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

Interest Rate Risk—Hospital Endowment Trust Fund

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>
U.S. Government Agencies	\$ 433,853	\$ 433,853	\$ 0
Non-Classifiable	7,643,274	7,643,274	0
Total	<u>\$ 8,077,127</u>	<u>\$ 8,077,127</u>	<u>\$ 0</u>

Note 4 - Receivables

Receivables at September 30, 2013, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 45,544	\$ 0	\$ 45,544
County Transportation	1,767	0	1,767
Other Governmental Funds:			
Landfill	1	0	1
Emergency Medical Services	5,482,848	(5,135,139)	347,709
Library Services	1,167	0	1,167
Fiduciary Funds:			
Private Purpose Trust Fund	1,019	0	1,019
Agency Fund – Clerk	150	0	150
Agency Fund - Tax	9,783	0	9,783
Total Receivables	<u>\$ 5,542,279</u>	<u>\$ (5,135,139)</u>	<u>\$ 407,140</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 5 - Interfund Receivables, Payables and Transfers

Interfund balances at September 30, 2013, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 759,695	\$ 161,033
County Transportation	24,484	0
Other Governmental Funds	259,106	976,219
Fiduciary Funds:		
Private Purpose Trust Fund	100,000	0
Agency Funds	<u>1,581</u>	<u>7,614</u>
Total	<u>\$ 1,144,866</u>	<u>\$ 1,144,866</u>

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

Interfund transfers for the year ended September 30, 2013, consisted of the following:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,725,502	\$ 8,299,082
Other Governmental Funds	<u>9,814,651</u>	<u>9,241,071</u>
Total Interfund Transfers	<u>\$ 17,540,153</u>	<u>\$ 17,540,153</u>

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,009,104	\$ 0	\$ 0	\$ 2,009,104
Construction Work in Progress	1,463,747	1,197,730	(1,453,606)	1,207,871
Total Capital Assets Not Being Depreciated	<u>3,472,851</u>	<u>1,197,730</u>	<u>(1,453,606)</u>	<u>3,216,975</u>
Capital Assets Being Depreciated:				
Buildings	35,027,325	703,816	(202,278)	35,528,863
Improvements Other Than Buildings	3,544,073	1,065,573	0	4,609,646
Machinery and Equipment:				
Board and Clerk	15,587,416	1,138,220	(1,362,041)	15,363,595
Sheriff	3,206,635	99,524	0	3,306,159
Total Machinery and Equipment	<u>18,794,051</u>	<u>1,237,744</u>	<u>(1,362,041)</u>	<u>18,669,754</u>
Infrastructure	<u>51,223,335</u>	<u>0</u>	<u>0</u>	<u>51,223,335</u>
Total Capital Assets Being Depreciated	<u>108,588,784</u>	<u>3,007,133</u>	<u>(1,564,319)</u>	<u>110,031,598</u>
Less Accumulated Depreciation:				
Buildings	(9,574,593)	(701,864)	52,592	(10,223,865)
Improvements Other Than Buildings	(619,801)	(81,358)	0	(701,159)
Machinery and Equipment	(11,299,000)	(1,395,624)	1,176,776	(11,517,848)
Infrastructure	<u>(24,732,846)</u>	<u>(3,126,405)</u>	<u>0</u>	<u>(27,859,251)</u>
Total Accumulated Depreciation	<u>(46,226,240)</u>	<u>(5,305,251)</u>	<u>1,229,368</u>	<u>(50,302,123)</u>
Total Capital Assets Being Depreciated, Net	<u>62,362,544</u>	<u>(2,298,118)</u>	<u>(334,951)</u>	<u>59,729,475</u>
Total Governmental Activities Capital Assets, Net	<u><u>\$ 65,835,395</u></u>	<u><u>\$ (1,100,388)</u></u>	<u><u>\$ (1,788,557)</u></u>	<u><u>\$ 62,946,450</u></u>

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

General Government	\$ 198,347
Public Safety	785,428
Physical Environment	31,162
Transportation	3,449,694
Economic Environment	4,595
Human Services	658,878
Court-related	62,676
Culture and Recreation	114,471
Total Depreciation Expense Governmental Activities	<u><u>\$ 5,305,251</u></u>

Note 7 - Long-term Debt

Summary of Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Debt (Continued)

Summary of Changes in Long-term Debt (Continued)

	Balance			Balance	Due Within
	10/1/12	Additions	Deductions	9/30/13	One Year
Estimated Landfill Postclosure Costs	\$ 591,297	\$ 0	\$ (40,060)	\$ 551,237	\$ 40,060
Employee Compensated Absences Payable	1,487,485	1,116,900	(1,043,500)	1,560,885	653,904
Other Postemployment Benefits	1,215,000	96,500	0	1,311,500	0
Loan with the Florida Municipal Loan Council for 2003B Revenue Bonds, Semiannual Interest Payments in May and November, Commencing May 2005, Interest at 4.53%, Principal Payment in December for \$460,000 Through 2018, Funds to be Used for Infrastructure	4,720,000	0	(4,720,000)	0	0
Loan with the Florida Municipal Loan Council for 2006B Revenue Bonds, Semiannual Interest Payments in April and October, Commencing April 2007, Interest at 4.46%, Principal Payment in October for \$115,000 Through 2022, Funds to be Used for Financing and Refinancing Costs of Library Facilities	1,785,000	0	(145,000)	1,640,000	150,000
Loan with BB&T for 2010 Hospital Bond Commencing March 2010. Principal and Interest Payments Occurring Monthly of \$66,142, Interest at 5.03% Maturing on March 2030, Funds Used to Pay Short-term Capital City Loan and Complete Hospital Renovations	9,226,671	0	(9,226,671)	0	0
Loan with SunTrust Bank for 2013 Florida Gas Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$62,554.57, Commencing September 2013, Interest at 1.44% Funds Used for Refunding of 2003B Revenue Bonds	0	3,850,627	(115,166)	3,735,461	642,639
Loan with BB&T for 2013 Sales Tax Revenue Refunding Bond, Monthly Principal and Interest Payment of \$56,828.47, Commencing February 2013, Maturity March 2030, Interest at 2.95%, Funds Used for Refunding of 2010 Hospital Bond	0	9,138,714	(238,519)	8,900,195	425,103

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Debt (Continued)

Summary of Changes in Long-term Debt (Concluded)

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Due Within</u> <u>One Year</u>
Loan with Caterpillar Financial Services Corp. Commencing in July 2011, Principal and Interest Payments Occurring Monthly of \$1,712.87, Interest at 3.5% Maturing on June 2016, Funds Used to Pay for a New Generator at W.A. Woodham Building	\$ 73,469	\$ 0	\$ (18,161)	\$ 55,308	\$ 18,854
Purchase of 20 Vehicles, Payable in 12 Quarterly Payments of \$29,364 Including Interest at 4.95%, Commencing September 2012	299,831	0	(104,514)	195,317	111,194
Purchase of 10 Ambulances, Payable in 5 Annual Installments of \$189,173 Including Interest at 1.68%, Commencing March 2013	900,000	0	(174,053)	725,947	176,977
Loan with SunTrust Bank for Series 2011, Capital Improvement Note, Payable in 5 Annual Installments of \$84,077 Beginning in December 2012, Funds Used to Renovate Tax Collector/Property Appraiser Office	400,000	0	(77,357)	322,643	78,656
Total	<u>\$ 20,698,753</u>	<u>\$ 14,202,741</u>	<u>\$ (15,903,001)</u>	<u>\$ 18,998,493</u>	<u>\$ 2,297,387</u>

Interest expense and other debt related charges during 2013 on long-term debt totaled \$917,275, none of which was capitalized.

The refunding of the 2003B Infrastructure Bond and the 2010 Hospital Bond resulted in a book gain of \$36,208 and an economic gain of \$1,841,111. As of September 30, 2013, the Infrastructure Bond Series 2003B was defeased.

Maturities of Long-term Debt

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,603,423	\$ 399,795
2015	1,667,235	365,421
2016	1,618,183	329,174
2017	1,639,677	292,300
2018	1,400,432	254,544
2019-2023	3,616,861	711,074
2024-2028	3,029,296	361,412
2029-2030	999,764	23,363
Other Years (Including Compensated Absences, Other Postemployment Benefits, and Estimated Landfill Postclosure Costs)	3,423,622	0
Total	<u>\$ 18,998,493</u>	<u>\$ 2,737,083</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 7 - Long-term Debt (Concluded)

Original Issue Premium and Loan Issue Costs

Unamortized original issue premium and loan issuance costs at September 30, 2013, were \$116,993 and \$34,446, respectively.

Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2013. The following table reports the revenues pledged for each debt issue, the amounts of such revenues received in the current year principal and interest paid on the debt, the approximated percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2013.

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
County Fuel Tax	Revenue Bond for Infrastructure Revenue Bond, Series 2013B	<u>\$ 1,456,400</u>	<u>\$ 125,109</u>	8.59%	<u>\$ 3,878,383</u>	2019
Local Half-cent Tax	Revenue Bond for Library Revenue Bond, Series 2006B	<u>\$ 1,130,317</u>	<u>\$ 228,016</u>	20.17%	<u>\$ 2,020,217</u>	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2013	<u>\$ 1,487,244</u>	<u>\$ 397,799</u>	26.74%	<u>\$ 11,063,253</u>	2030

Note 9 - Defined Benefit Pension Plan

Plan Description

The County contributes to the Florida Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, P.O. Box 9000, Tallahassee, Florida 323159-9000, or by calling (850) 488-5706.

Plan Benefits and Vesting

If employed prior to July 1, 2011, the system provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after thirty years of service or age sixty-two except for the Special Risk service class. Those hired prior to July 1, 2011, who are assigned the Special Risk service class must have twenty-five years of service or must reach age fifty-five. If employed on or after July 1, 2011, normal retirement is after thirty-three years of service or age sixty-five except for the

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 9 - Defined Benefit Pension Plan (Concluded)

Plan Benefits and Vesting (Concluded)

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

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

The County is required to contribute at an actuarially determined rate. The contributions required for the years ended September 30, 2013, 2012, and 2011, were \$1,118,738, \$941,889, and \$1,695,108, respectively, which is equal to 100% of the required contribution for each year. The employer contribution rates for 2013 were as follows:

	Employer Contribution Rate
	July 1, 2013
Regular Employees	6.95%
Senior Management Service	18.31%
SUS Optional Program	5.14%
Elected County Officials	33.03%
Special Risk	19.06%

Note 10 - Risk Management

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 10 - Risk Management (Concluded)

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

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

Note 11 - Hospital Endowment Trust Fund

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

Note 12 - Landfill Postclosure Costs

The Board has obtained engineering estimates of future costs to monitor the landfill sites as required by U.S. Environmental Protection Agency regulations. A long-term liability for accrued landfill postclosure costs at September 30, 2013, has been recorded in the statement of net position representing the Board's estimated liabilities for such costs. In addition, the Board has established a landfill escrow account to accumulate funds for monitoring the final closure of the landfills. The County does not presently own or operate any open sanitary landfill sites.

Note 13 - Commitments and Contingencies

Litigation

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

Hospital Lease

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

Note 13 - Commitments and Contingencies (Concluded)

Construction Commitments

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2013:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of 9/30/13</u>
Hospital Improvements	General Government	\$ 155,000	\$ 75,000
Courtroom Renovations	Court-related	326,295	159,448
Road Resurfacing	Transportation	3,152,758	711,046
Road Resurfacing	Transportation	1,115,260	92,535
Road Resurfacing	Transportation	2,063,429	140,574
Total		<u>\$ 6,812,742</u>	<u>\$ 1,178,603</u>

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

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

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

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

	<u>BOCC</u>	<u>Clerk of Courts</u>	<u>Property Appraiser</u>	<u>Sheriff</u>	<u>Tax Collector</u>	<u>Supervisor of Elections</u>	<u>Total</u>
Annual Required Contributions	\$ 55,100	\$ 10,400	\$ 2,500	\$ 57,300	\$ 3,100	\$ 1,100	\$ 129,500
Interest on Net OPEB Obligation	18,400	2,600	1,100	25,300	800	400	48,600
Adjustment to the ARC	(18,600)	(2,600)	(1,100)	(25,400)	(800)	(400)	(48,900)
Annual OPEB Cost	54,900	10,400	2,500	57,200	3,100	1,100	129,200
Employer Contributions	(12,900)	(1,100)	(600)	(18,100)	0	0	(32,700)
Increase in Net OPEB Obligation	42,000	9,300	1,900	39,100	3,100	1,100	96,500
Net OPEB Obligation, Beginning of Year	<u>461,600</u>	<u>64,600</u>	<u>27,500</u>	<u>632,100</u>	<u>19,100</u>	<u>10,100</u>	<u>1,215,000</u>
Net OPEB Obligation End of Year	<u>\$ 503,600</u>	<u>\$ 73,900</u>	<u>\$ 29,400</u>	<u>\$ 671,200</u>	<u>\$ 22,200</u>	<u>\$ 11,200</u>	<u>\$ 1,311,500</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Continued)

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

Funded Status and Funding Progress—As of the most recently completed actuarial valuation (October 1, 2012), the unfunded actuarial accrued liability for benefits was \$1,120,600, all of which was unfunded. The County’s covered payroll (annual payroll of active employees covered by the plan) was \$12,447,683. The ratio of the County’s actuarial accrued liability to the County’s covered payroll was 9.00%.

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

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

For the October 1, 2012, actuarial valuation, the projected unit credit cost method was used to determine the Plan’s liabilities and costs. The objective under that method is to fund each participant’s benefits under the Plan as they would accrue, taking into consideration the Plan’s benefit allocation formula. Thus, the total benefit value each participant is expected to become entitled to is broken down into units, each associated with a year of past or future credited service. The actuarial assumptions included: a 4% rate of return (which includes inflation at 2.75% per annum) based on the estimated long-term investments that are expected to be used to finance the payment of the benefits; healthcare cost trend rates were assumed to increase 9.5% for pre-Medicare coverage for the fiscal year beginning October 1, 2012, and decrease at a rate of 0.50% per year until an ultimate rate of 5% is reached. The unfunded actuarial liability is being amortized using a 2.75% annual increase over thirty years.

Note 15 - Other Disclosures

Deficits in Fund Balance

The following nonmajor governmental funds had a deficit in fund balance as of September 30, 2013:

Gadsden County Hospital, Inc.	\$	(86,072)
Capital Projects, SCRAP		(21,627)

Fund Balance Classifications

The following is a summary of the County’s fund balance classifications and the purpose of each as of September 30, 2013:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(Concluded)

Note 15 - Other Disclosures (Concluded)

Fund Balance Classifications (Concluded)

Nonspendable Fund Balance

Prepaid Expenses	\$ 130,546
Inventory	142,713
SBA Fund B	<u>29,882</u>

Total Nonspendable Fund Balance \$ 303,141

Restricted Fund Balance

Transportation	\$ 1,513,589
Public Safety	982,644
Capital Project	375,184
Federal and State Grants	20,956
Human Services	52,384
Indigent Surtax	896,113
Court Facilities	347,478
Landfill Escrow	50,120
Judicial Services	55,251
Tourist Development	272,329
Boating Improvements	175,945
Building Inspection	44,717
Public Records Modernization	<u>282,701</u>

Total Restricted Fund Balance \$ 5,069,411

Committed Fund Balance

Teen Court	\$ <u>91</u>
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Total Committed Fund Balance \$ 91

Assigned Fund Balance

Capital Projects	\$ 567,156
Public Safety	785,922
Landfill	215,294
Library Services	509,204
Debt Service	369,541
Hospital Operating	<u>648</u>

Total Assigned Fund Balance \$ 2,447,765

REQUIRED SUPPLEMENTARY INFORMATION

**GADSDEN COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	UAAL as Percentage of Covered Payroll
10/1/2008	\$ 0	\$ 2,680,000	\$ 2,680,000	0.0%	\$ 12,188,000	22.00%
10/1/2010	0	1,358,500	1,358,500	0.0%	10,647,740	12.76%
10/1/2011	0	1,434,000	1,434,000	0.0%	10,647,740	13.47%
10/1/2012	0	1,120,600	1,120,600	0.0%	12,447,683	9%

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

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

COMBINING NONMAJOR FUND STATEMENTS

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Special Revenue			
	Landfill	Fines and Forfeitures	Indigent Surtax	Emergency Medical Services
Assets				
Cash	\$ 129,402	\$ 590,690	\$ 334,574	\$ 387,201
Investments	50,120	0	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	1	0	0	347,709
Due from Other Funds	0	75,861	0	0
Due from Other Governments	0	805	169,407	0
Prepaid Expenses	0	0	0	0
Total Assets	179,523	667,356	503,981	734,910
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	1,698	0	33,966	77,964
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	156,244	1,925
Accrued Wages	0	0	0	0
Deferred Revenue	273	0	99,600	224,174
Total Liabilities	1,971	0	289,810	304,063
Fund Balances				
Nonspendable	0	0	0	0
Restricted	50,120	312,281	214,171	0
Committed	0	0	0	0
Assigned	127,432	355,075	0	430,847
Unassigned	0	0	0	0
Total Fund Balances	177,552	667,356	214,171	430,847
Total Liabilities and Fund Balances (Deficits)	\$ 179,523	\$ 667,356	\$ 503,981	\$ 734,910

Special Revenue

State Housing Initiative Partnership	Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 382,258	\$ 536,155	\$ 59,230	\$ 369,421	\$ 453,593	\$ 868	\$ 265,674	\$ 58,420
0	0	0	0	0	0	0	0
0	1,167	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	3,333	138,861	0	0	14,885	196,029
0	0	0	0	0	0	245	0
<u>382,258</u>	<u>537,322</u>	<u>62,563</u>	<u>508,282</u>	<u>453,593</u>	<u>868</u>	<u>280,804</u>	<u>254,449</u>
0	24,880	7,312	115,027	101,662	220	2,978	43,823
0	0	0	0	0	0	0	81,414
0	663	0	0	0	0	0	44
0	0	0	0	4,453	0	0	699
<u>382,258</u>	<u>2,575</u>	<u>0</u>	<u>70,019</u>	<u>0</u>	<u>0</u>	<u>5,252</u>	<u>3,264</u>
<u>382,258</u>	<u>28,118</u>	<u>7,312</u>	<u>185,046</u>	<u>106,115</u>	<u>220</u>	<u>8,230</u>	<u>129,244</u>
0	0	0	0	0	0	245	0
0	0	55,251	323,236	347,478	0	272,329	125,205
0	0	0	0	0	0	0	0
0	509,204	0	0	0	648	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>509,204</u>	<u>55,251</u>	<u>323,236</u>	<u>347,478</u>	<u>648</u>	<u>272,574</u>	<u>125,205</u>
<u>\$ 382,258</u>	<u>\$ 537,322</u>	<u>\$ 62,563</u>	<u>\$ 508,282</u>	<u>\$ 453,593</u>	<u>\$ 868</u>	<u>\$ 280,804</u>	<u>\$ 254,449</u>

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Continued)**

	Special Revenue			
	GHI	E-911	Building Insp. Fund	CDBG
Assets				
Cash	\$ 13,928	\$ 0	\$ 46,815	\$ 390
Investments	0	0	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	0	21,471	12,650	0
Prepaid Expenses	0	0	0	0
Total Assets	<u>13,928</u>	<u>21,471</u>	<u>59,465</u>	<u>390</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	0	0	14,748	0
Due to Other Funds	100,000	499	0	0
Due to Other Governments	0	16	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	0	0	0	390
Total Liabilities	<u>100,000</u>	<u>515</u>	<u>14,748</u>	<u>390</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	20,956	44,717	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	(86,072)	0	0	0
Total Fund Balances	<u>(86,072)</u>	<u>20,956</u>	<u>44,717</u>	<u>0</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 13,928</u>	<u>\$ 21,471</u>	<u>\$ 59,465</u>	<u>\$ 390</u>

Debt Service				Capital Projects		
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Hospital	Capital Projects Road Resurfacing
\$ 681,942	\$ 280,184	\$ 1	\$ 0	\$ 491,376	\$ 80,000	\$ 141,901
0	0	786,556	0	80,000	0	176,308
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	182,606	169,850	0	0	0	839,444
0	0	0	0	0	0	0
<u>681,942</u>	<u>462,790</u>	<u>956,407</u>	<u>0</u>	<u>571,376</u>	<u>80,000</u>	<u>1,157,653</u>
0	0	0	0	4,220	80,000	839,444
0	0	499,931	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
	93,249	81,292		0	0	71,543
<u>0</u>	<u>93,249</u>	<u>581,223</u>	<u>0</u>	<u>4,220</u>	<u>80,000</u>	<u>910,987</u>
0	0	0	0	0	0	0
681,942	0	375,184	0	0	0	246,666
0	0	0	0	0	0	0
0	369,541	0	0	567,156	0	0
0	0	0	0	0	0	0
<u>681,942</u>	<u>369,541</u>	<u>375,184</u>	<u>0</u>	<u>567,156</u>	<u>0</u>	<u>246,666</u>
<u>\$ 681,942</u>	<u>\$ 462,790</u>	<u>\$ 956,407</u>	<u>\$ 0</u>	<u>\$ 571,376</u>	<u>\$ 80,000</u>	<u>\$ 1,157,653</u>

GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Concluded)

	Capital Project SCRAP	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Assets				
Cash	\$ 0	\$ 319,396	\$ 282,701	\$ 5,906,120
Investments	0	0	0	1,092,984
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	0	348,877
Due from Other Funds	0	183,245	0	259,106
Due from Other Governments	12,338	161,032	0	1,922,711
Prepaid Expenses	0	0	0	245
Total Assets	12,338	663,673	282,701	9,530,043
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	33,965	2,251	0	1,384,158
Due to Other Funds	0	294,375	0	976,219
Due to Other Governments	0	0	0	158,892
Accrued Wages	0	0	0	5,152
Deferred Revenue	0	19,829	0	1,053,718
Total Liabilities	33,965	316,455	0	3,578,139
Fund Balances				
Nonspendable	0	0	0	245
Restricted	0	347,127	282,701	3,699,364
Committed	0	91	0	91
Assigned	0	0	0	2,359,903
Unassigned	(21,627)	0	0	(107,699)
Total Fund Balances	(21,627)	347,218	282,701	5,951,904
Total Liabilities and Fund Balances (Deficits)	\$ 12,338	\$ 663,673	\$ 282,701	\$ 9,530,043

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>Special Revenue</u>			
	<u>Landfill</u>	<u>Fine and Forfeitures</u>	<u>Indigent Surtax</u>	<u>Emergency Medical Services</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 1,487,245	\$ 0
Licenses and Permits	0	0	0	0
Intergovernmental	18,227	220,386	0	0
Charges for Services	0	110,454	0	2,193,210
Fines and Forfeitures	0	13,508	0	0
Miscellaneous	110	9,000	0	885
Total Revenues	<u>18,337</u>	<u>353,348</u>	<u>1,487,245</u>	<u>2,194,095</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	0	118,442	0	2,258,482
Physical Environment	74,714	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	822,320	0
Court-related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	0	2,400
Transportation	0	0	0	0
Human Services	0	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
(Total Expenditures)	<u>(74,714)</u>	<u>(118,442)</u>	<u>(822,320)</u>	<u>(2,260,882)</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	<u>(56,377)</u>	<u>234,906</u>	<u>664,925</u>	<u>(66,787)</u>
Other Financing Sources (Uses)				
Transfers in	67,458	6,521,258	258,000	369,788
Transfers (out)	0	(6,814,673)	(611,001)	(3,328)
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Total Other Financing Sources (Uses)	<u>67,458</u>	<u>(293,415)</u>	<u>(353,001)</u>	<u>366,460</u>
Net Change in Fund Balances	11,081	(58,509)	311,924	299,673
Fund Balances, Beginning of Year	<u>166,471</u>	<u>725,865</u>	<u>(97,753)</u>	<u>131,174</u>
Fund Balances, End of Year	<u>\$ 177,552</u>	<u>\$ 667,356</u>	<u>\$ 214,171</u>	<u>\$ 430,847</u>

Special Revenue

State Housing Initiative Partnership	Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 0	\$ 0	\$ 0	\$ 1,041,568	\$ 0	\$ 0	\$ 108,547	\$ 0
0	0	0	0	0	0	0	0
77,814	321,236	0	0	0	0	0	627,954
0	21,075	84,040	0	298,803	0	0	0
0	0	0	0	0	0	0	0
299	15,334	0	741	786	0	496	32
<u>78,113</u>	<u>357,645</u>	<u>84,040</u>	<u>1,042,309</u>	<u>299,589</u>	<u>0</u>	<u>109,043</u>	<u>627,986</u>
0	0	0	0	0	0	0	26,340
0	0	0	852,148	0	0	0	32,412
0	0	0	0	0	0	0	154,101
0	0	0	0	0	0	0	92,880
78,113	0	0	0	0	0	54,801	35,000
0	0	0	0	0	0	0	841
0	0	200,480	0	125,737	0	0	0
0	814,372	0	0	0	0	0	40,701
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	24,600	0	0	0	13,486
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	12,645	0	159,448	0	0	0
0	1,167	0	0	0	0	0	0
<u>(78,113)</u>	<u>(815,539)</u>	<u>(213,125)</u>	<u>(876,748)</u>	<u>(285,185)</u>	<u>0</u>	<u>(54,801)</u>	<u>(395,761)</u>
0	(457,894)	(129,085)	165,561	14,404	0	54,242	232,225
0	929,471	167,241	25,000	0	0	0	127,098
0	(453,543)	0	0	0	0	0	(213,690)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>475,928</u>	<u>167,241</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(86,592)</u>
0	18,034	38,156	190,561	14,404	0	54,242	145,633
0	491,170	17,095	132,675	333,074	648	218,332	(20,428)
<u>\$ 0</u>	<u>\$ 509,204</u>	<u>\$ 55,251</u>	<u>\$ 323,236</u>	<u>\$ 347,478</u>	<u>\$ 648</u>	<u>\$ 272,574</u>	<u>\$ 125,205</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Continued)

	<u>Special Revenue</u>			
	<u>GHI</u>	<u>E-911</u>	<u>Building Insp. Fund</u>	<u>CDBG</u>
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	218,295	0
Intergovernmental	0	413,744	0	204,167
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	120	132	50	0
Total Revenues	<u>120</u>	<u>413,876</u>	<u>218,345</u>	<u>204,167</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	0	138,658	268,356	196,794
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Human Services	0	0	0	0
Court-related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	156,370	0	0
Transportation	0	0	0	0
Human Services	0	0	0	0
Court Related	0	0	0	0
Culture and Recreation	0	0	0	0
(Total Expenditures)	<u>0</u>	<u>(295,028)</u>	<u>(268,356)</u>	<u>(196,794)</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	<u>120</u>	<u>118,848</u>	<u>(50,011)</u>	<u>7,373</u>
Other Financing Sources (Uses)				
Transfers in	0	0	72,271	0
Transfers (out)	0	(97,958)	0	(7,373)
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(97,958)</u>	<u>72,271</u>	<u>(7,373)</u>
Net Change in Fund Balances	120	20,890	22,260	0
Fund Balances, Beginning of Year	<u>(86,192)</u>	<u>66</u>	<u>22,457</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ (86,072)</u>	<u>\$ 20,956</u>	<u>\$ 44,717</u>	<u>\$ 0</u>

Debt Service				Capital Projects		
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General	Capital Project Hospital	Capital Project Road Resurfacing
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	1,130,317	1,010,395	0	0	0	1,382,132
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,280	1,627	1,515	0	470	0	720
<u>1,280</u>	<u>1,131,944</u>	<u>1,011,910</u>	<u>0</u>	<u>470</u>	<u>0</u>	<u>1,382,852</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	67,163
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
377,107	145,000	1,134,724	251,410	0	0	0
345,131	80,431	347,568	21,839	0	0	0
57,643	2,585	46,741	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	352,743	0	0
0	0	0	0	0	0	1,452,082
0	0	0	0	0	155,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(779,881)</u>	<u>(228,016)</u>	<u>(1,529,033)</u>	<u>(273,249)</u>	<u>(352,743)</u>	<u>(155,000)</u>	<u>(1,519,245)</u>
<u>(778,601)</u>	<u>903,928</u>	<u>(517,123)</u>	<u>(273,249)</u>	<u>(352,273)</u>	<u>(155,000)</u>	<u>(136,393)</u>
611,001	0	0	79,512	120,000	155,000	0
(258,000)	(781,505)	0	0	0	0	0
9,138,714	0	3,850,627	0	0	0	0
(9,088,082)	0	(3,700,442)	0	0	0	0
<u>403,633</u>	<u>(781,505)</u>	<u>150,185</u>	<u>79,512</u>	<u>120,000</u>	<u>155,000</u>	<u>0</u>
(374,968)	122,423	(366,938)	(193,737)	(232,273)	0	(136,393)
1,056,910	247,118	742,122	193,737	799,429	0	383,059
<u>\$ 681,942</u>	<u>\$ 369,541</u>	<u>\$ 375,184</u>	<u>\$ 0</u>	<u>\$ 567,156</u>	<u>\$ 0</u>	<u>\$ 246,666</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
(Concluded)

	Capital Project SCRAP	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 2,637,360
Licenses and Permits	0	0	0	218,295
Intergovernmental	92,535	194,977	0	5,693,884
Charges for Services	0	128,277	49,155	2,885,014
Fines and Forfeitures	0	0	62,799	76,307
Miscellaneous	0	60,799	520	94,916
Total Revenues	92,535	384,053	112,474	11,605,776
Expenditures				
Current:				
General Government	0	0	45,323	71,663
Public Safety	0	607,418	0	4,472,710
Physical Environment	0	0	0	228,815
Transportation	0	0	0	160,043
Economic Environment	0	0	0	167,914
Human Services	0	0	0	823,161
Court-related	0	0	0	326,217
Culture and Recreation	0	0	0	855,073
Debt Service:				
Principal Payments	0	0	0	1,908,241
Interest	0	0	0	794,969
Other	0	0	0	106,969
Capital Outlay:				
General Government	0	0	79,957	79,957
Public Safety	0	51,349	0	600,948
Transportation	114,162	0	0	1,566,244
Human Services	0	0	0	155,000
Court Related	0	0	0	172,093
Culture and Recreation	0	0	0	1,167
(Total Expenditures)	(114,162)	(658,767)	(125,280)	(12,491,184)
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(21,627)	(274,714)	(12,806)	(885,408)
Other Financing Sources (Uses)				
Transfers in	0	311,553	0	9,814,651
Transfers (out)	0	0	0	(9,241,071)
Debt Proceeds	0	0	0	12,989,341
Debt Refunding	0	0	0	(12,788,524)
Total Other Financing Sources (Uses)	0	311,553	0	774,397
Net Change in Fund Balances	(21,627)	36,839	(12,806)	(111,011)
Fund Balances, Beginning of Year	0	310,379	295,507	6,062,915
Fund Balances, End of Year	\$ (21,627)	\$ 347,218	\$ 282,701	\$ 5,951,904

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
SEPTEMBER 30, 2013

	Agency Funds Clerk of the Courts		Agency Funds Sheriff
	Trust Funds	Cash Bond	Civil Account
Assets			
Cash	\$ 919,700	\$ 224,648	\$ 9,117
Accounts Receivable	150	0	0
Due from Other Funds	0	0	0
Total Assets	919,850	224,648	9,117
Liabilities			
Accounts Payable	0	0	0
Due to Other Funds	48	0	3,880
Due to Other Governments	12,533	0	0
Installment Tax Deposits	0	0	0
Assets Held for Others	0	0	5,237
Deposits	907,269	224,648	0
Total Liabilities	\$ 919,850	\$ 224,648	\$ 9,117

		Agency Funds Sheriff		Agency Funds Tax Collector					
				Commissary and Inmate Welfare					
Suspense		Confiscated Funds				Totals			
\$	343	\$	23,441	\$	17,865	\$	340,082	\$	1,535,196
	0		0		0		9,783		9,933
	0		0		0		1,581		1,581
	343		23,441		17,865		351,446		1,546,710
	0		0		0		525		525
	0		0		0		3,686		7,614
	0		0		0		75,990		88,523
	0		0		0		271,245		271,245
	343		23,441		17,865		0		46,886
	0		0		0		0		1,131,917
\$	343	\$	23,441	\$	17,865	\$	351,446	\$	1,546,710

OTHER INFORMATION

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

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2013**

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through State of Florida Department of Economic Opportunity:			
CDBG Disaster Recovery Program Agreement	14.228	10-DB-K4-02-30-01-K13	\$ 192,082
CDBG Disaster Recovery Program Agreement	14.228	12-DB-P5-02-30-01-K65	12,085
Subtotal Expenditures - CFDA No. 14.228			<u>204,167</u>
Total United States Department of Housing and Urban Development			<u>204,167</u>
U.S. Department of Justice			
Gadsden County Jail Faith Behind Bars Reentry Program	16.738	2011-DJ-BX-3189	<u>95</u>
Passed Through the State of Florida Department of Juvenile Justice:			
Cops N Kids	16.540		118,272
Titus Sports Summer Program	16.540		25,847
Subtotal Expenditures - CFDA No.16.540			<u>144,119</u>
Passed Through the State of Florida Office of the Attorney General:			
Victims of Crime Act	16.575	V11227	<u>35,858</u>
Passed Through the State of Florida Department of Law Enforcement:			
SCAPP - State Criminal Alien Assistance Program	16.606	2012 - Award	9,016
County-wide Narcotics Taskforce	16.738	2013-JAGC-GADS-1-D7-157	43,047
Total United States Department of Justice			<u>232,135</u>
U.S. Department of Transportation/Federal Highway Administration			
Passed Through Florida Department of Transportation:			
Local Agency Program Agreement - Apalachicola Northern R/R Depot	20.205	APF19	530,512
Local Agency Program Agreement - Salem Road	20.205	429671-2-58-01/429671-2-68-01	782,589
Subtotal Expenditures - CFDA No.20.205			<u>1,313,101</u>
Passed Through City of Tallahassee, Florida:			
Job Access and Reverse Commute Program	20.516	FL-37-X030-00	19,350
Job Access and Reverse Commute Program	20.516	FL-37-X071-00	27,090
Subtotal Expenditures - CFDA No.20.516			<u>46,440</u>
Total U.S. Department of Transportation			<u>1,359,541</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2013
(Continued)

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Election Assistance Commission			
Passed Through Florida Department of State:			
Poll Worker Recruitment and Training	39.011	Appropriation 3175	\$ 1,235
Help America Vote Act Requirements Payment	39.011	Appropriation 3149	4,368
Subtotal Expenditures - CFDA No.39.011			<u>5,603</u>
Help America Vote Act Requirements Payment	90.401		6,037
Total U.S. Election Assistance Commission			<u>11,640</u>
Institute of Museum and Library Services			
Passed Through Florida Department of State:			
LSTA - Engaging Tweens	45.310	12-LSTA-B-02	<u>40,701</u>
U.S. Environmental Protection Agency			
Brownfield Award	66.818	BF-95460910	<u>97,487</u>
U.S. Department of Health and Human Services			
Passed Through State of Florida Department of Revenue:			
Child Support Enforcement	93.563	CSS20	8,085
Child Support Reimbursement Payments	93.563	CD320	204,841
Subtotal Expenditures - CFDA No.93.563			<u>212,926</u>
Passed Through State of Florida Department of State			
Voting Access for Individuals with Disabilities	93.617	MOA#2011-2012-0002	14,700
Total U.S. Department of Health and Human Services			<u>227,626</u>
U.S. Department of Homeland Security			
Passed Through State of Florida Department of Community Affairs:			
Emergency Management Preparedness Grant	97.042	13-FG-86-02-30-01-087	49,768
State Homeland Security Grant Program (SHSGP)	97.067	12-DS-20-02-03-01-414	20,000
Total U.S. Department of Homeland Security			<u>69,768</u>
Total Federal Expenditures			<u>2,243,065</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2013
(Continued)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Office of the Governor			
Emergency Management Preparedness Grant	31.063	13-BG-83-02-30-01-020	\$ 98,444
Total Office of the Governor			<u>98,444</u>
Florida Department of Environmental Protection			
Small County Solid Waste	37.012	209SC	56,614
Department of Economic Opportunity			
Department of Economic Opportunity Technical Assistance Grant - DEO	40.024	Unknown	30,000
Florida Department of Agriculture and Consumer Services			
Arthropod Control/Mosquito Control	42.003	Contract 017222	18,227
Florida Department of State			
Division of Library and Information Systems:			
State Aid to Libraries Prior Year Grants	45.030	13-ST-11	298,791
Total Florida Department of State			<u>298,791</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Grant	52.901	Unknown	78,113
Florida Department of Transportation			
SCOP - Flat Creek	55.009	4296831-58-01	162,201
Public Transportation Joint Participation Agreement	55.012		13,900
SCRAP - Woodward Road	55.016	4299711-58-01	92,535
Total Florida Department of Transportation			<u>268,636</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDING SEPTEMBER 30, 2013
(Concluded)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Department of Health			
EMS Matching Grant	64.003	M1080	\$ 10,495
EMS County Grant 11/12	64.005	C0020	1,368
EMS County Grant 12/13	64.005	C1020	10,707
Subtotal Expenditures - CSFA No. 64.005			<u>12,075</u>
Total Florida Department of Health			<u>22,570</u>
Florida Department of Management Services			
2011-2012 Rural County Fall Program Award - GIS Map Generation Software	72.001	Grant 11-10-37	26,945
2011-2012 Rural County Fall Program Award - Mapping Services	72.001	Grant 11-12-41	26,925
2012-2013 E911 Grant - E911 Maintenance	72.001	Grant 12-10-08	45,238
2012-2013 E911 Grant - E911 Fall 2012 Training Conference and Meeting	72.001	Grant 12-10-26	1,500
2012-2013 E911 Grant - E911 Spring 2013 Coordinator's Meeting and Training	72.001	Grant 13-4-28	1,100
Subtotal Expenditures - CSFA No. 72.001			<u>101,708</u>
2012-2013 E911 Grant - Upgrade E911 Backup PSAP	72.002	Grant SS-12-12-10	129,425
Total Florida Department of Management Services			<u>231,133</u>
Total State Financial Assistance			<u>1,102,528</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 3,345,593</u>

**GADSDEN COUNTY, FLORIDA
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1 - Basis of Presentation

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

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

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

Compliance

We have audited the compliance of Gadsden County, Florida, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2013. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

Certified Public Accountants

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

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

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

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

**GADSDEN COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Gadsden County, Florida, (the County).
2. There were no significant deficiencies identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance identified during the audit of the financial statements reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Governmental Auditing Standards*.
4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs or state projects that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs and state projects expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
7. The program tested as a major federal awards program and state financial assistance projects included:

Federal Program	CFDA No.
Highway Planning and Construction	20.205
State Projects	CSFA No.
SCOP – Flat Creek	55.009
State Aid to Libraries	45.030
Rural County Emergency Management Services	72.001

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

GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(Concluded)

Financial Statement Findings

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

Findings and Questioned Costs for Major Federal Programs and State Projects

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

Status of Prior Audit Findings

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

We noted certain matters that were reported to management in a separate management letter dated March 10, 2014.

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports, which are dated March 10, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendation in the preceding annual financial report. Additional corrective actions can be found in the respective reports of the Constitutional Officers.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The County includes component units as described in Note 1 of the financial statements.
- Section 10.554(1)(i)6a., *The Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6b, *Rules of the Auditor General* requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2013 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Section 10.554(1)(i)6c and 10.556(7)., *The 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 assessment was based in part on representations made by management and the review of financial information provided by the same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2013, and the respective changes in financial position, budgetary comparisons, and, where applicable, cash flows thereof, for the year then ended, in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the *Rules of the Auditor General*, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Clerk are intended to present the financial position, the changes in financial position, and budgetary comparisons, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's financial statements as a whole. The other financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 other financial information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Restriction on Use

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Assets				
Cash	\$ 14,953	\$ 120,616	\$ 282,701	\$ 418,270
Due from Individuals	0	11	0	11
Due from Other Funds	48	0	0	48
Due from Other Governments	37,685	374	0	38,059
Total Assets	<u>52,686</u>	<u>121,001</u>	<u>282,701</u>	<u>456,388</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	23,400	7,451	0	30,851
Due to Other County Units	4	0	0	4
Due to Other Governments	0	15,685	0	15,685
Accrued Wages and Benefits	29,282	88,184	0	117,466
Deferred Revenue	0	9,681	0	9,681
Total Liabilities	<u>52,686</u>	<u>121,001</u>	<u>0</u>	<u>173,687</u>
Fund Balances				
Restricted for Records Modernization	<u>0</u>	<u>0</u>	<u>282,701</u>	<u>282,701</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>282,701</u>	<u>282,701</u>
Total Liabilities and Fund Equity	<u>\$ 52,686</u>	<u>\$ 121,001</u>	<u>\$ 282,701</u>	<u>\$ 456,388</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Revenues				
Intergovernmental Revenues	\$ 204,841	\$ 913,205	\$ 0	\$ 1,118,046
Charges for Services	145,680	284,642	111,953	542,275
Interest	687	185	521	1,393
Miscellaneous	27,860	0	0	27,860
Total Revenues	<u>379,068</u>	<u>1,198,032</u>	<u>112,474</u>	<u>1,689,574</u>
Expenditures				
General Government:				
Personal Services	796,555	0	38,523	835,078
Operating Expenditures	199,062	0	6,800	205,862
Capital Outlay	32,379	0	79,957	112,336
Court Related:				
Personal Services	0	1,085,319	0	1,085,319
Operating Expenditures	0	109,045	0	109,045
Capital Outlay	0	3,668	0	3,668
(Total Expenditures)	<u>(1,027,996)</u>	<u>(1,198,032)</u>	<u>(125,280)</u>	<u>(2,351,308)</u>
(Deficiency) of Expenditures (Under) Revenues	<u>(648,928)</u>	<u>0</u>	<u>(12,806)</u>	<u>(661,734)</u>
Other Financing Sources				
Transfers from Board of County Commissioners	648,932	0	0	648,932
Transfers to Board of County Commissioners	(4)	0	0	(4)
Total Other Financing Sources (Uses)	<u>648,928</u>	<u>0</u>	<u>0</u>	<u>648,928</u>
Change in Fund Balances	0	0	(12,806)	(12,806)
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>295,507</u>	<u>295,507</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 282,701</u>	<u>\$ 282,701</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 169,000	\$ 204,841	\$ 204,841	\$ 0
Charges for Services	119,320	145,680	145,680	0
Interest	830	687	687	0
Miscellaneous	31,450	27,860	27,860	0
Total Revenues	<u>320,600</u>	<u>379,068</u>	<u>379,068</u>	<u>0</u>
Expenditures				
General Government:				
Personal Services	822,684	796,555	796,555	0
Operating Expenditures	145,648	186,706	199,062	(12,356)
Capital Outlay	0	44,739	32,379	12,360
(Total Expenditures)	<u>(968,332)</u>	<u>(1,028,000)</u>	<u>(1,027,996)</u>	<u>4</u>
(Deficiency) of Expenditures (Under) Revenues	<u>(647,732)</u>	<u>(648,932)</u>	<u>(648,928)</u>	<u>(4)</u>
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners	647,732	648,932	648,932	0
Transfers to Board of County Commissioners	0	0	(4)	4
Total Other Financing Sources (Uses)	<u>647,732</u>	<u>648,932</u>	<u>648,928</u>	<u>4</u>
Net Change in Fund Balance	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT
(Continued)**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 1,161,712	\$ 1,161,712	\$ 913,205	\$ (248,507)
Charges for Services	0	0	284,642	284,642
Interest	0	0	185	185
Total Revenues	<u>1,161,712</u>	<u>1,161,712</u>	<u>1,198,032</u>	<u>36,320</u>
Expenditures				
Court Related:				
Personal Services	1,082,768	1,082,768	1,085,319	(2,551)
Operating Expenditures	78,944	78,944	109,045	(30,101)
Capital Outlay	0	0	3,668	(3,668)
(Total Expenditures)	<u>(1,161,712)</u>	<u>(1,161,712)</u>	<u>(1,198,032)</u>	<u>(36,320)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT
(Concluded)**

	Public Records Trust Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$ 0	\$ 111,953	\$ 111,953	\$ 0
Interest	0	347	521	174
Total Revenues	<u>0</u>	<u>112,300</u>	<u>112,474</u>	<u>174</u>
Expenditures				
General Government:				
Personal Services	0	40,533	38,523	2,010
Operating Expenditures	0	3,910	6,800	(2,890)
Capital Outlay	0	86,206	79,957	6,249
(Total Expenditures)	<u>0</u>	<u>(130,649)</u>	<u>(125,280)</u>	<u>5,369</u>
(Deficiency) of Expenditures (Under)				
Revenues	<u>0</u>	<u>(18,349)</u>	<u>(12,806)</u>	<u>5,543</u>
Net Change in Fund Balance	0	(18,349)	(12,806)	5,543
Fund Balances, Beginning of Year	<u>295,507</u>	<u>295,507</u>	<u>295,507</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 295,507</u>	<u>\$ 277,158</u>	<u>\$ 282,701</u>	<u>\$ 5,543</u>

See accompanying notes to financial statements.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

Assets

Cash	\$ 1,144,348
Due From Individuals	150
Total Assets	<u>1,144,498</u>

Liabilities

Due to Other Governments	12,533
Deposits	1,131,917
Due to Other Funds	48
Total Liabilities	<u>\$ 1,144,498</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

The Clerk funds his noncourt operations as a Budget Officer and a Fee Officer pursuant to Florida Statutes, Chapters 28, 129 and 218, respectively. As a Budget Officer, the operations of the Clerk are funded by the County's General Fund. Prior to July 1, 2009, as a Fee Officer, the operations of the Clerk were funded from fees and charges authorized under Chapter 2004-265, Laws of Florida. From July 1, 2009 through June 30, 2013, the Clerk's court-related operations were funded from the State's general appropriations, pursuant to Chapter 2009-204, Laws of Florida. Beginning July 1, 2013, the court-related operations of the Clerk are funded from fees and charges authorized under Chapter 2013-44, Laws of Florida. The receipts from the County's General Fund are recorded as other financing sources on the Clerk's General Fund financial statements. Any excess of revenues and other financing sources received over expenditures of the General Fund are remitted to the County's General Fund at year-end. Any excess of revenues over court-related expenditures of the Court Fund are remitted to the State of Florida at year-end.

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

Basis of Presentation

The accompanying financial statements include all the funds and accounts of the Clerk's office, but are not a complete presentation of the County as a whole. The accompanying financial statements are special purpose financial statements because they were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557, *Rules of the Auditor General—Local Governmental Audits*. Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits*, requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Clerk as of

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

Fund Accounting

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

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

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

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

▶ **Public Records Trust Fund**

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

■ **Fiduciary Fund Type**

● **Agency Fund**

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

Basis of Accounting

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

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

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

Basis of Accounting *(Concluded)*

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

Measurement Focus

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

Budgets and Budgetary Accounting

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

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

Capital Assets

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

Compensated Absences

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

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

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

Compensated Absences *(Concluded)*

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

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

Use of Estimates

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

Transfers In and Out

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

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

Deferred Revenue

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting

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

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

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

Note 2 - Cash

As of September 30, 2013, the Clerk had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,000
Deposits in Qualified Public Depositories	1,561,618
Total Cash	\$ 1,562,618

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

Note 2 - Cash (Concluded)

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Clerk's deposits are therefore considered fully insured or collateralized. Bank deposit balances at September 30, 2013, were \$1,747,930.

Note 3 - Employees' Retirement and Benefit Plans

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

Employees participating in the System are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received is equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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

Note 3 - Employees' Retirement and Benefit Plans (Concluded)

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members [except those in the Deferred Retirement Option Plan (DROP)] are required to contribute 3% of their gross compensation on a pre-tax basis. The fiscal year-end June 30, 2013, contribution rates by member class are as follows: regular members 6.95%, senior management employees 18.31%, DROP employees 12.84%, and elected officials 33.03%. The employer contributions paid for the years ended September 30, 2013, 2012, and 2011, were \$113,242, \$83,024, and \$157,220, respectively, which is equal to the required contribution for each year.

Note 4 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2013</u>
Liability for Compensated Absences	\$ 147,114	\$ 163,398	\$ (126,343)	\$ 184,169
Other Postemployment Benefits	64,600	10,400	(1,100)	73,900
Total	<u>\$ 211,714</u>	<u>\$ 173,798</u>	<u>\$ (127,443)</u>	<u>\$ 258,069</u>

Of the \$184,169 liability for accrued compensated absences, management estimates that \$95,329 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since it is not payable from available resources at September 30, 2013. As discussed in Note 1, they are reported in the statement of net position in the government-wide financial statements of the County.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Clerk's office. See Note 8 for a description of other postemployment benefits.

Note 5 - Operating Leases

The Clerk has noncancellable operating leases for copiers and a postage meter, which expire in November 2013, March 2014, and July 2014, respectively. The Clerk also has an operating lease for copiers, which is on a 90-day renewal period. For the year ended September 30, 2013, the equipment lease expense was \$28,069.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 8,050
Total	<u>\$ 8,050</u>

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

Note 6 - Risk Management

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

The Board obtained commercial insurance against losses for real and personal property damage, public employees' bond, workers' compensation, and automobile liability.

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

Note 7 - Other Disclosures

The Court Fund had expenditures in excess of appropriations in the amount of \$36,230 at September 30, 2013. This resulted from the timing of when expenditures were incurred on the Clerk's fiscal year versus the approved budget, which is on the State's fiscal year. Final budget to actual expenditures will be reported as of September 30, 2014. This is not considered a violation of the court-related budget.

Note 8 - Other Postemployment Benefits

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

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

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

The Clerk's portion of the OPEB liability as of September 30, 2013, totaled \$73,900. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

OTHER FINANCIAL INFORMATION

**COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	<u>General Trust</u>	<u>Cash Bonds</u>	<u>Total of All Agency Funds</u>
Assets			
Cash	\$ 919,700	\$ 224,648	\$ 1,144,348
Due from Individuals	150	0	150
Total Assets	<u>919,850</u>	<u>224,648</u>	<u>1,144,498</u>
Liabilities			
Due to Other Governments	12,533	0	12,533
Deposits	907,269	224,648	1,131,917
Due to Other Funds	48	0	48
Total Liabilities	<u>\$ 919,850</u>	<u>\$ 224,648</u>	<u>\$ 1,144,498</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the special purpose financial statements of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

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.

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with State filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 10, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we address in the management letter whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grants agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the notes to the special purpose financial statements. The Clerk has no component units.
- Section 10.554(1)(i)7., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk of Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements except as already communicated in the Corrective Action Plans submitted by the Clerk to the Clerks of Courts Operations Corporation (CCOC).

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

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

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

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2013, and the related notes to the 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 financial reporting provisions of the State of Florida Auditor General. Management is also responsible for 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 error or fraud.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the year then ended in accordance with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1 to the financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Sheriff are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or where, applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Financial Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2014, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Restriction of Use

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Radio Communications</u>	<u>Inmate Welfare</u>		
Assets					
Cash	\$ 193,300	\$ 42,178	\$ 250,649	\$ 26,569	\$ 512,696
Accounts Receivable	15,434	0	0	0	15,434
Due from Other Funds	231,395	150,450	0	0	381,845
Due from Board of County Commissioners	91	0	0	32,795	32,886
Due from Other Governments	0	0	0	161,032	161,032
Total Assets	<u>440,220</u>	<u>192,628</u>	<u>250,649</u>	<u>220,396</u>	<u>1,103,893</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable and Accrued Expenses	236,848	2,250	0	0	239,098
Due to Board of County Commissioners	52,922	0	62,981	0	115,903
Due to Other Funds	150,450	30,919	0	200,476	381,845
Deferred Revenues	0	0	0	19,829	19,829
Total Liabilities	<u>440,220</u>	<u>33,169</u>	<u>62,981</u>	<u>220,305</u>	<u>756,675</u>
Fund Balances					
Restricted:					
Radio Communications	0	159,459	0	0	159,459
Inmate Welfare	0	0	187,668	0	187,668
Committed:					
Teen Court	0	0	0	91	91
Total Fund Balances	<u>0</u>	<u>159,459</u>	<u>187,668</u>	<u>91</u>	<u>347,218</u>
Total Liabilities and Fund Balances	<u>\$ 440,220</u>	<u>\$ 192,628</u>	<u>\$ 250,649</u>	<u>\$ 220,396</u>	<u>\$ 1,103,893</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Radio Communications</u>	<u>Inmate Welfare</u>		
Revenues					
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 194,977	\$ 194,977
Charges for Services	0	98,722	0	29,555	128,277
Miscellaneous Revenue	28,299	0	60,799	0	89,098
Total Revenues	<u>28,299</u>	<u>98,722</u>	<u>60,799</u>	<u>224,532</u>	<u>412,352</u>
Expenditures					
Public Safety:					
Personal Services	4,886,190	0	85,788	294,870	5,266,848
Operating	1,792,063	36,894	0	189,866	2,018,823
Capital Outlay	27,020	0	0	51,349	78,369
Debt Service:					
Principal	104,514	0	0	0	104,514
Interest	12,943	0	0	0	12,943
(Total Expenditures)	<u>(6,822,730)</u>	<u>(36,894)</u>	<u>(85,788)</u>	<u>(536,085)</u>	<u>(7,481,497)</u>
(Deficiency) of Expenditures (Under) Revenues	<u>(6,794,431)</u>	<u>61,828</u>	<u>(24,989)</u>	<u>(311,553)</u>	<u>(7,069,145)</u>
Other Financing Sources (Uses)					
Transfers from Board of County Commissioners	6,814,768	0	0	311,553	7,126,321
Transfers to Board of County Commissioners	(20,337)	0	0	0	(20,337)
Total Other Financing Sources (Uses)	<u>6,794,431</u>	<u>0</u>	<u>0</u>	<u>311,553</u>	<u>7,105,984</u>
Net Change in Fund Balances	0	61,828	(24,989)	0	36,839
Fund Balances, Beginning of Year	<u>0</u>	<u>97,631</u>	<u>212,657</u>	<u>91</u>	<u>310,379</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 159,459</u>	<u>\$ 187,668</u>	<u>\$ 91</u>	<u>\$ 347,218</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 29,996	\$ 29,996	\$ 28,299	\$ (1,697)
Total Revenues	<u>29,996</u>	<u>29,996</u>	<u>28,299</u>	<u>(1,697)</u>
Expenditures				
Public Safety:				
Personal Services	4,862,029	4,862,029	4,886,190	(24,161)
Operating	1,822,640	1,822,640	1,792,063	30,577
Capital Outlay	160,000	160,000	27,020	132,980
Debt Service:				
Principal	0	0	104,514	(104,514)
Interest	0	0	12,943	(12,943)
(Total Expenditures)	<u>(6,844,669)</u>	<u>(6,844,669)</u>	<u>(6,822,730)</u>	<u>21,939</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(6,814,673)</u>	<u>(6,814,673)</u>	<u>(6,794,431)</u>	<u>20,242</u>
Other Financing Sources (Uses)				
Transfers in	6,814,673	6,814,673	6,814,768	95
Transfers (out)	0	0	(20,337)	(20,337)
Total Other Financing Sources (Uses)	<u>6,814,673</u>	<u>6,814,673</u>	<u>6,794,431</u>	<u>(20,242)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 36,916	\$ 36,916	\$ 98,722	\$ 61,806
Total Revenues	<u>36,916</u>	<u>36,916</u>	<u>98,722</u>	<u>61,806</u>
Expenditures				
Public Safety:				
Operating	36,916	36,916	36,894	22
(Total Expenditures)	<u>(36,916)</u>	<u>(36,916)</u>	<u>(36,894)</u>	<u>22</u>
Net Change in Fund Balances	0	0	61,828	61,828
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>97,631</u>	<u>97,631</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 159,459</u>	<u>\$ 159,459</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE WELFARE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>Inmate Welfare</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous Revenue	\$ 85,817	\$ 85,817	\$ 60,799	\$ (25,018)
Total Revenues	<u>85,817</u>	<u>85,817</u>	<u>60,799</u>	<u>(25,018)</u>
Expenditures				
Public Safety:				
Personal Services	63,230	63,230	85,788	(22,558)
Operating	22,587	22,587	0	22,587
(Total Expenditures)	<u>(85,817)</u>	<u>(85,817)</u>	<u>(85,788)</u>	<u>29</u>
Net Change in Fund Balances	0	0	(24,989)	(24,989)
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>212,657</u>	<u>212,657</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,668</u>	<u>\$ 187,668</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF

Assets

Cash	\$ 50,766
Total Assets	<u>50,766</u>

Liabilities

Due to Board of County Commissioners	3,880
Assets Held for Others	46,886
Total Liabilities	<u>\$ 50,766</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Sheriff as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

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

■ **Nonmajor Governmental Funds**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

- ▶ **LEEF Training**—Accounts for the activities related to law enforcement training.
- ▶ **Summer Camp Grant**—Accounts for the activities related to grant funds received from the U.S. Department of Justice for educational activities of a summer camp for children in the County.
- ▶ **Cops and Kids Grant**—Accounts for the activities related to grant funds received from the U.S. Department of Justice for educational activities for children in the County.
- ▶ **DEM Federal**—Accounts for the activities related to federal confiscated monies.
- ▶ **Towing and Impound**—Accounts for the activities related to funds received from program generated income for narcotic-related activities from the Justice Assistance Grant.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

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

Measurement Focus

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

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

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

Capital Assets

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Liability for Compensated Absences

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

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

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

Transfers In and Out

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

Related Organizations - Service Fees and Common Expenses

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

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

Use of Estimates

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting

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

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

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

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

Note 2 - Cash

As of September 30, 2013, the Sheriff had the following in cash:

	Carrying Amount
Deposits in Qualified Public Depositories	\$ 563,462
Total Cash	\$ 563,462

Credit Risk

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

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Sheriff's deposits are all held in a qualified public depository and are therefore considered fully insured or collateralized. Bank balances at September 30, 2013, were \$807,107.

Note 3 - Capital Assets

A summary of the changes in capital assets for the year ended September 30, 2013 follows:

	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013
Vehicles, Furniture and Equipment (Accumulated Depreciation)	\$ 3,206,635	\$ 99,524	\$ 0	\$ 3,306,159
	(2,382,581)	(387,694)	0	(2,770,275)
Capital Assets, Net	\$ 824,054	\$ (288,170)	\$ 0	\$ 535,884

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

Note 4 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2013</u>
Capital Lease	\$ 299,831	\$ 0	\$ (104,514)	\$ 195,317
Liability for Compensated Absences	509,101	334,901	(266,918)	577,084
Other Postemployment Benefits	<u>632,100</u>	<u>82,600</u>	<u>(43,500)</u>	<u>671,200</u>
Total	<u>\$ 1,441,032</u>	<u>\$ 417,501</u>	<u>\$ (414,932)</u>	<u>\$ 1,443,601</u>

Of the \$577,084 liability for accrued compensated absences, management estimates that \$222,808 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Sheriff since they are not payable from expendable available resources at September 30, 2013. They are reported in the statement of net position in the government-wide financial statements of the County.

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

Note 5 - Lease Obligations

Capital Lease

The Sheriff was committed for a capital lease for the purchase of vehicles. The lease is for the purchase of 20 vehicles. Annual payments under the leases are reported as debt service principal and interest expenditures and are included in the approved budget.

The lease agreement provides for 12 quarterly payments of \$29,364, including interest, beginning September 2012 and ending July 2015. The net present value of the capital lease was computed utilizing an interest rate of 4.95%, which was the rate provided in the terms of the lease agreement.

At September 30, 2013, aggregate future minimum lease payments are as follows:

<u>September 30, 2013</u>	<u>Year Ending</u> <u>Amount</u>
2014	\$ 111,194
2015	<u>87,668</u>
Total Future Minimum Lease Payments	198,862
(Less Amount Representing Interest)	<u>(3,545)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 195,317</u>

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

Note 5 - Lease Obligations (Concluded)

Operating Lease

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

Year	Amount
2014	\$ 6,289
2015	10,781
2016	10,781
2017	10,000
2018	9,443
Thereafter	3,935
Total	\$ 51,229

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2013, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 231,395	\$ 150,450
Special Revenue Funds		
Radio Communications	150,450	30,919
VOCA	0	16,913
Emergency Management	0	19,917
Justice Assistance	0	12,878
Teen Court	0	6,406
Victims Special	0	243
Summer Camp Grant	0	118,272
Cops and Kids Grant	0	25,847
Totals	\$ 381,845	\$ 381,845

Note 7 - Employees' Retirement and Benefit Plans

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

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

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

Employees participating in the System are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received is equal to the product of: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members [except those in the Deferred Retirement Option Plan (DROP)] are required to contribute 3% of their gross compensation on a pre-tax basis. As of September 30, 2013 and 2012, contribution rates by member class are as follows: regular members (6.95% and 5.18%), senior management employees (18.31% and 6.30%), special risk (19.06% and 14.90%), DROP employees (12.84% and 5.44%), and elected officials (33.03% and 10.23%). The employer contributions paid for the years ended September 30, 2013, 2012, and 2011, were 471,984, \$417,098, and \$682,861, respectively, which is equal to the required contribution for each year.

Note 8 - Risk Management

Professional Liability

The Sheriff is currently a member of the Florida Sheriff's Association and participates in the Florida Sheriffs' Self-Insurance Fund. The Self-Insurance Fund administers insurance activities related to professional liability and covers compensatory damages (except back pay), employment benefits, punitive damages, attorney fees or costs awarded to a prevailing Plaintiff, and all legal fees involved in defense of the Sheriff. The contribution required for the year ended September 30, 2013, was \$65,778.

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

Automobile Coverage

The Sheriff participates in the Florida Municipal Insurance Trust, which is sponsored by the Florida League of Cities for automobile coverage. The contribution required for the year ended September 30, 2013, was \$44,119.

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

Note 8 - Risk Management (Concluded)

Workers' Compensation

The Sheriff participates in the Florida Municipal Insurance Trust for workers' compensation coverage, which provides for coverage of risks of loss related to workers' compensation claims. The Sheriff makes payments to the fund based upon payroll exposure in the amounts needed to pay prior and current year claims. The net amount paid for the year ended September 30, 2013, was \$76,115.

Note 9 - Contingencies

Various claims and legal actions arising in the normal course of the Sheriff's operations were pending against the Sheriff at September 30, 2013. These claims are covered through the Sheriff's participation in the Florida Sheriff's Self-Insurance Fund. In the opinion of the Sheriff's legal counsel, the liabilities, which may arise from such actions, would be adequately covered by the Self-Insurance Fund. Accordingly, no provision has been made in the financial statements for such contingencies.

Note 10 - Other Postemployment Benefits (OPEB)

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

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

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

The Sheriff's portion of the OPEB liability as of September 30, 2013, totaled \$671,200. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other disclosures can be found in the County-wide annual financial report.

OTHER FINANCIAL INFORMATION

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>VOCA</u>	<u>E-911</u>	<u>Emergency Management</u>	<u>Justice Assistance</u>	<u>Teen Court</u>	<u>Victims Special</u>
Assets						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,497	\$ 17,926
Due from Board of County Commissioners	0	0	19,917	12,878	0	0
Due from Other Governments	16,913	0	0	0	0	0
Total Assets	<u>16,913</u>	<u>0</u>	<u>19,917</u>	<u>12,878</u>	<u>6,497</u>	<u>17,926</u>
Liabilities and Fund Balances						
Liabilities						
Due to Other Funds	16,913	0	19,917	12,878	6,406	243
Deferred Revenue	0	0	0	0	0	17,683
Total Liabilities	<u>16,913</u>	<u>0</u>	<u>19,917</u>	<u>12,878</u>	<u>6,406</u>	<u>17,926</u>
Fund Balances						
Committed:						
Teen Court	0	0	0	0	91	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 16,913</u>	<u>\$ 0</u>	<u>\$ 19,917</u>	<u>\$ 12,878</u>	<u>\$ 6,497</u>	<u>\$ 17,926</u>

<u>SCAAP</u>	<u>JAG</u>	<u>LEEF Training Fund</u>	<u>Summer Camp Grant</u>	<u>Cops and Kids Grant</u>	<u>DEM Federal</u>	<u>Towing and Impound</u>	<u>Total Other Governmental Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,146	\$ 26,569
0	0	0	0	0	0	0	32,795
0	0	0	118,272	25,847	0	0	161,032
<u>0</u>	<u>0</u>	<u>0</u>	<u>118,272</u>	<u>25,847</u>	<u>0</u>	<u>2,146</u>	<u>220,396</u>
0	0	0	118,272	25,847	0	0	200,476
0	0	0	0	0	0	2,146	19,829
<u>0</u>	<u>0</u>	<u>0</u>	<u>118,272</u>	<u>25,847</u>	<u>0</u>	<u>2,146</u>	<u>220,305</u>
0	0	0	0	0	0	0	91
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 118,272</u>	<u>\$ 25,847</u>	<u>\$ 0</u>	<u>\$ 2,146</u>	<u>\$ 220,396</u>

**COMBINING STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>VOCA</u>	<u>E-911</u>	<u>Emergency Management</u>	<u>Justice Assistance</u>	<u>Justice Assistance Program Income</u>	<u>Teen Court</u>
Revenues						
Intergovernmental Revenue	\$ 35,858	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 0
Charges for Services	0	0	0	0	0	29,555
Total Revenues	<u>35,858</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>29,555</u>
Expenditures						
Public Safety:						
Personal Services	35,858	88,840	90,538	43,047	0	29,555
Operating	0	6,456	21,226	0	5,000	0
Capital Outlay	0	2,662	0	0	0	0
(Total Expenditures)	<u>(35,858)</u>	<u>(97,958)</u>	<u>(111,764)</u>	<u>(43,047)</u>	<u>5,000</u>	<u>(29,555)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>0</u>	<u>(97,958)</u>	<u>(111,764)</u>	<u>(43,047)</u>	<u>0</u>	<u>0</u>
Other Financing Sources						
Transfers from Board of County Commissioners		97,958	111,764	43,047	0	0
Total Other Financing Sources	<u>0</u>	<u>97,958</u>	<u>111,764</u>	<u>43,047</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91</u>

Victims Special	SCAAP	JAG	LEEF Training Fund	Summer Camp Grant	Cops and Kids Grant	DEM Federal	Towing and Impound	Total Other Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 118,272	\$ 25,847	\$ 0	\$ 0	\$ 194,977
0	0	0	0		0	0	0	29,555
0	0	0	10,000	118,272	25,847	0	0	224,532
0	7,032	0	0		0	0	0	294,870
0	1,984	0	10,000	118,272	25,847	1,081	0	189,866
0	0	0	0		0	48,687	0	51,349
0	(9,016)	0	(10,000)	(118,272)	(25,847)	(49,768)	0	(536,085)
0	(9,016)	0	0	0	0	(49,768)	0	(311,553)
0	9,016	0	0		0	49,768	0	311,553
0	9,016	0	0	0	0	49,768	0	311,553
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	91
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91

**COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2013
GADSDEN COUNTY SHERIFF**

	<u>Confiscated Funds</u>	<u>Civil Account</u>	<u>Suspense</u>	<u>Inmate Commissary</u>	<u>Totals</u>
Assets					
Cash	\$ 23,441	\$ 9,117	\$ 343	\$ 17,865	\$ 50,766
Total Assets	<u>23,441</u>	<u>9,117</u>	<u>343</u>	<u>17,865</u>	<u>50,766</u>
Liabilities					
Due to Board of County Commissioners	0	3,880	0	0	3,880
Assets Held for Others	23,441	5,237	343	17,865	46,886
Total Liabilities	<u>\$ 23,441</u>	<u>\$ 9,117</u>	<u>\$ 343</u>	<u>\$ 17,865</u>	<u>\$ 50,766</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Sheriff of Gadsden County, Florida, (the Sheriff) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated March 4, 2014.

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 4, 2014
Tallahassee, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 4, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated March 4, 2014, should be considered in conjunction with this management letter.

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

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

Prior Year Findings and Recommendations

- **2010-2—Information Technology Controls (IT)**
There is currently no formalized business continuity planning and/or documentation. We recommend that a comprehensive disaster recovery plan be developed, continually updated, and tested to the extent possible to ensure continuity of IT operations in the case of any disaster. The information should include detailed documentation of current IT infrastructure, including diagrams and full system-wide configurations and settings. Other minimum information to be included is emergency contact information, backup procedures and storage locations, vendor information for replacement equipment and software products, alternative physical locations or "Hot Sites," and a priority of the systems to be restored.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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 determination of financial statement amounts that is less than material, but which warrants the attention of those charge with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The name or official title and legal authority for the primary government of the reporting entity is disclosed in Note 1 of the notes to the special purpose financial statements. The Sheriff has no component units.

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

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

Purvis, Gray and Company, LLP

March 4, 2014
Gainesville, Florida



March 12, 2014

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

Dear Mr. Tucker:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company, LLP for the fiscal year end September 30, 2013, we would like to respond as follows:

Current Year Findings and Recommendations

▪ Information Technology Controls

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

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

Management's Response

The Sheriff's Office began the development and implementation of its comprehensive disaster recovery plan for Information Technology operations in fiscal year 2012, however due to changes in IT staffing, the implementation was delayed and will be completed in fiscal year 2014. In August 2013, we hired an IT Manager to fill the position of our previous IT Manager (deceased). The new IT Manager is currently working with AllCol Technologies, Inc. on the development and implementation of our Comprehensive Disaster Recovery Plan.

Sincerely,


Morris A. Young
Gadsden County Sheriff

MAY: kp

**SPECIAL PURPOSE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
GADSDEN COUNTY TAX COLLECTOR
GADSDEN COUNTY, FLORIDA
SEPTEMBER 30, 2013**

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2013, including the related notes to the 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 financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2013, and the respective changes in financial position of its general fund and the respective budgetary comparison for the general fund, for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Tax Collector are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013
GADSDEN COUNTY TAX COLLECTOR**

Assets	
Cash	\$ 74,237
Due from Others	212
Due from Other Funds	3,686
Total Assets	<u>78,135</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	608
Due to Other Funds	1,581
Due to Board of County Commissioners	75,773
Due to Other Governments	173
Total Liabilities	<u>78,135</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Equity	<u>\$ 78,135</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013
 GADSDEN COUNTY TAX COLLECTOR**

Revenues	
Charges for Services	\$ 857,530
Total Revenues	<u>857,530</u>
Expenditures	
Current:	
General Government:	
Personal Services	579,578
Operating	199,500
Capital Outlay	2,679
(Total Expenditures)	<u>(781,757)</u>
Excess of Revenues Over Expenditures	<u>75,773</u>
Other Financing Sources (Uses)	
Transfers (out) to Board of County Commissioners	
	(75,773)
Total Other Financing Sources (Uses)	<u>(75,773)</u>
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	<u>0</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY TAX COLLECTOR**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 848,650	\$ 848,650	\$ 857,530	\$ 8,880
Total Revenues	<u>848,650</u>	<u>848,650</u>	<u>857,530</u>	<u>8,880</u>
Expenditures				
Current:				
General Government:				
Personal Services	608,844	608,844	579,578	29,266
Operating	200,255	200,255	199,500	755
Capital Outlay	2,679	2,679	2,679	0
(Total Expenditures)	<u>(811,778)</u>	<u>(811,778)</u>	<u>(781,757)</u>	<u>30,021</u>
Excess of Revenues Over Expenditures	<u>36,872</u>	<u>36,872</u>	<u>75,773</u>	<u>38,901</u>
Other Financing Sources (Uses)				
Transfers (out) to Board of County Commissioners	<u>(36,872)</u>	<u>(36,872)</u>	<u>(75,773)</u>	<u>(38,901)</u>
Total Other Financing Sources (Uses)	<u>(36,872)</u>	<u>(36,872)</u>	<u>(75,773)</u>	<u>(38,901)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2013
GADSDEN COUNTY TAX COLLECTOR

Assets	
Cash	\$ 340,082
Due from Others	9,783
Due from Other Funds	<u>1,581</u>
Total Assets	<u><u>351,446</u></u>
Liabilities	
Accounts Payable	525
Due to Other Funds	3,686
Due to Other Governments	75,990
Installment Tax Deposits	<u>271,245</u>
Total Liabilities	<u><u>\$ 351,446</u></u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits* requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector, as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

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

■ **Fiduciary Fund Type**

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

Basis of Accounting

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

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

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

Measurement Focus

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

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

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

Budgets and Budgetary Accounting

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

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenses, capital outlay, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance - budget and actual, reflect all approved budget amendments.

Capital Assets

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

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

Accrued Compensated Absences

It is the Tax Collector's policy to grant all full-time employees annual and sick leave. Annual leave can be accumulated, but it is limited to an accumulation of 240 hours at the end of each calendar year. Excess annual leave at December 31 is converted to sick leave. There is no limitation on the accumulation of sick leave. Upon termination of employment, the employee can receive a cash benefit for certain balances of their annual and sick leave based upon the employee's current wage rate. The maximum payout of annual leave will not exceed 240 hours. After five years of employment, sick leave in excess of 240 hours is paid at 15%; 25% after 15 years of employment.

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Excess Revenues

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

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services included approximately \$480,627 received from the Board as fees for real and tangible property tax collections.

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

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

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

Note 2 - Cash

As of September 30, 2013, the Tax Collector had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,525
Deposits in Qualified Public Depositories	412,794
Total Cash	\$ 414,319

Credit Risk

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

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

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

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

Note 2 - Cash (Concluded)

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2013, were \$401,415.

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

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

The Tax Collector and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The current contribution rates by member class are as follows: regular members 6.95%, senior management employees 18.31%, DROP employees 12.84%, and elected officials 33.03%. The Tax Collector's contributions paid for the years ended September 30, 2013, 2012, and 2011, were \$41,788, \$31,569, and \$50,647, respectively, which is equal to the required contribution for each year.

Note 4 - Risk Management

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

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

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

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

Note 5 - Long-term Liabilities

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

	Balance				Balance
	<u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>		<u>September 30, 2013</u>
Liability for Compensated Absences	\$ 55,960	\$ 22,677	\$ (28,293)	\$	50,344
Other Postemployment Benefits	19,100	3,100	0		22,200
Total	<u>\$ 75,060</u>	<u>\$ 25,777</u>	<u>\$ (28,293)</u>	<u>\$</u>	<u>72,544</u>

Of the \$50,344 liability for accrued compensated absences, management estimates that \$13,947 will be due and payable within one year. The liability is not reported in the financial statements of the Tax Collector since it is not payable from available resources at September 30, 2013. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

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

Note 5 - Long-term Liabilities (Concluded)

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Tax Collector. See Note 7 for a description of the other postemployment benefits.

Note 6 - Interfund Receivables and Payables

The General Fund due to the Agency Fund of \$1,581 consists of an amount to cover bank service charges in excess of interest earned. The Agency Fund due to the General Fund of \$3,686 consists of fees on transactions collected by the Agency Fund. These payments were made shortly after the fiscal year-end.

Note 7 - Other Postemployment Benefits

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

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

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

The Tax Collector's portion of the other postemployment benefits liability at September 30, 2013, totaled \$22,200. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

Note 8 - Operating Leases

The Tax Collector is leasing a postage machine under an operating lease that concludes during the fiscal year ending September 30, 2016. The Tax Collector is leasing a paper folding machine under an operating lease that concludes during the fiscal year ending September 30, 2015. The Tax Collector is also leasing a copier under an operating lease that concludes during the fiscal year ended September 30, 2018. During the fiscal year ended September 30, 2013, the lease payments on all operating leases amounted to \$3,953. Total subsequent lease payments payable during 2014, 2015, 2016, 2017, and 2018 are \$4,511, \$4,511, \$2,404, \$1,116, and \$558, respectively.

OTHER REPORTS

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

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

We have audited 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 special purpose financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements and for other reasons.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, which is dated March 10, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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.

Certified Public Accountants

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

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Tax Collector.

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

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2013, including the related notes to the 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 financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the Property Appraiser as of September 30, 2013, and the respective changes in financial position of its general fund and the respective budgetary comparisons for the general fund for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Property Appraiser are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013
GADSDEN COUNTY PROPERTY APPRAISER**

Assets	
Cash	\$ 21,531
Due from Board of County Commissioners	57
Due from Individual	200
Total Assets	<u>21,788</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	2,357
Accrued Liabilities	19,263
Due to Other Governments	168
Total Liabilities	<u>21,788</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 21,788</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY PROPERTY APPRAISER**

Revenues	
Charges for Services	\$ 5,404
Total Revenues	<u>5,404</u>
Expenditures	
Current:	
General Government:	
Personal Services	548,513
Operating	152,346
Capital Outlay	8,235
(Total Expenditures)	<u>(709,094)</u>
(Deficiency) of Revenues	
(Under) Expenditures	<u>(703,690)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	729,436
Transfers (out) to Board of County Commissioners	(25,746)
Total Other Financing Sources (Uses)	<u>703,690</u>
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	<u>0</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY PROPERTY APPRAISER**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 0	\$ 0	\$ 5,404	\$ 5,404
Total Revenues	<u>0</u>	<u>0</u>	<u>5,404</u>	<u>5,404</u>
Expenditures				
Current:				
General Government:				
Personal Services	557,514	558,235	548,513	9,722
Operating	161,144	151,317	152,346	(1,029)
Capital Outlay	0	9,827	8,235	1,592
Non Operating	10,000	10,000	0	10,000
(Total Expenditures)	<u>(728,658)</u>	<u>(729,379)</u>	<u>(709,094)</u>	<u>20,285</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(728,658)</u>	<u>(729,379)</u>	<u>(703,690)</u>	<u>25,689</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	728,658	729,379	729,436	57
Transfers (out) to Board of County Commissioners	<u>0</u>	<u>0</u>	<u>(25,746)</u>	<u>(25,746)</u>
Total Other Financing Sources (Uses)	<u>728,658</u>	<u>729,379</u>	<u>703,690</u>	<u>(25,689)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Gadsden County, Florida Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, and effective June 2011, the Clerk of Court was responsible for accounting for the Property Appraiser's transactions. The Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County.

The operations of the Property Appraiser are funded by the Board and the Northwest Florida Water Management District. The receipts from the Board are recorded as other financing sources on the Property Appraiser's special purpose financial statements.

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

Basis of Presentation

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

Section 10.556(4), *Rules of the Auditor General—Local Governmental Entity Audits*, requires the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Property Appraiser as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

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

Basis of Presentation *(Concluded)*

The financial transactions of the Property Appraiser are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Property Appraiser reports the following fund type:

■ **Governmental Fund Type**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The Property Appraiser considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay, which is not recorded until paid.

Measurement Focus

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

Budgets and Budgetary Accounting

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The budget and the subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriations categories (personal services, operating expenses, capital outlay, debt service, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying statement of revenues, expenditures and changes in fund balance - budget and actual, reflect all approved amendments.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Capital Assets

Capital assets purchased in the Governmental Fund type are recorded as expenditures (capital outlay) at the time of purchase. The tangible personal property used by the Property Appraiser is reported as capital assets, at cost, in the statement of net position in the County-wide financial statements.

Accrued Compensated Absences

It is the Property Appraiser's policy to grant all full-time employees annual leave based on the number of years of continuous employment for agencies operating under the Florida Retirement System. Annual leave accrued above 240 hours is not carried forward to the subsequent calendar year. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken, not to exceed 240 hours.

Sick leave is accumulated at the rate of four hours for each full calendar month of continuous employment during the first year and eight hours during each subsequent year. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees with 20 years or more continuous employment can receive payment based upon the employee's current wage rate for 50% of accumulated sick leave above 300 hours. For fifteen to nineteen years, the percentage is 45%, twelve to fourteen years the percentage is 40%, nine to eleven years is 30%, six to eight years is 20%, and three to five years is 10%.

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

Transfers In and Out

The Board funds primarily all the operating budget of the Property Appraiser. The payments by the Board to fund the operations of the Property Appraiser are recorded as transfers in on the financial statements of the Property Appraiser. In accordance with Florida Statutes, the Property Appraiser distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year.

Related Organizations - Common Expenses

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

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 2 - Cash

As of September 30, 2013, the carrying amount of the Property Appraiser's deposits was \$21,531.

Credit Risk

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

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

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

Custodial Credit Risk

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

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

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Property Appraiser and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received: (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The current contribution rates by member class are as follows: regular members 6.95%, DROP employees 12.84%, and elected officials 33.03%. The Property Appraiser's contributions paid for the years ended September 30, 2013, 2012, and 2011, were \$31,404, \$26,264, and \$50,325, respectively, which is equal to the required contribution for each year.

Note 4 - Risk Management

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

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

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

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

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 5 - Long-term Liabilities

A summary of the Property Appraiser's long-term liabilities is as follows:

	<u>Balance</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2013</u>
Liability for Compensated Absences	\$ 57,686	\$ 43,929	\$ (40,327)	\$ 61,288
Other Postemployment Benefits	<u>27,500</u>	<u>2,500</u>	<u>(600)</u>	<u>29,400</u>
Total	<u>\$ 85,186</u>	<u>\$ 46,429</u>	<u>\$ (40,927)</u>	<u>\$ 90,688</u>

Of the \$61,288 liability for accrued compensated absences, management estimates that \$19,506 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since they are not payable from available resources at September 30, 2013. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

Other postemployment benefits represent the portion of the liability based upon current and retired employees of the Property Appraiser (see Note 6 for a description of other postemployment benefits).

Note 6 - Other Postemployment Benefits

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

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

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

The Property Appraiser's portion of the other postemployment benefits liability at September 30, 2013, totaled \$29,400. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Concluded)

Note 7 - Operating Lease

The Property Appraiser is leasing a vehicle under an operating lease that concludes during the fiscal year ending September 30, 2014. During the fiscal year ended September 30, 2013, the lease payments on this lease agreement amounted to \$5,639. Total future lease payments payable are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Payments</u>
2014	\$ 1,880
Total	\$ 1,880

OTHER REPORTS

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

The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

We have audited 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 special purpose financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements we have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

We have audited the special purpose financial statements of the Gadsden County, Florida, Property Appraiser (the Property Appraiser) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 10, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.
- 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.
- 10.554(1)(i)3., *Rules of the Auditor General*, Section 10.554(1)(i)3., requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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.

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The Honorable Clay VanLandingham
Gadsden County Property Appraiser
Gadsden County, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VII, Section 1(d). There were no component units related to the Property Appraiser.

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 State of Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

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

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

SEPTEMBER 30, 2013

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

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

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2013, including the related notes to the 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 financial reporting provisions of the State of Florida Auditor General. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the Supervisor of Elections as of September 30, 2013, and the respective changes in financial position of its general fund and the respective budgetary comparisons for the general fund for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the State of Florida Auditor General, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Florida Auditor General. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Supervisor of Elections are intended to present the financial position, the changes in financial position, and budgetary comparisons, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2013, the changes in its financial position or budgetary comparisons, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Restriction on Use

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2013
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Assets	
Cash	\$ 11,380
Total Assets	<u>11,380</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	1,070
Accrued Wages and Benefits	10,310
Total Liabilities	<u>11,380</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 11,380</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Revenues	
Intergovernmental	\$ 26,336
Miscellaneous Revenue	4
Total Revenues	26,340
Expenditures	
General Government:	
Personal Services	325,968
Operating Expenditures	161,650
Capital Outlay	66,604
(Total Expenditures)	(554,222)
(Deficiency) of Expenditures (Under) Revenues	(527,882)
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	
	527,962
Transfers (out) to Board of County Commissioners	
	(80)
Total Other Financing Sources (Uses)	527,882
Net Change in Fund Balance	0
Fund Balance, Beginning of Year	0
Fund Balance, End of Year	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 0	\$ 26,336	\$ 26,336	0
Miscellaneous Revenue	0	4	4	0
Total Revenues	<u>0</u>	<u>26,340</u>	<u>26,340</u>	<u>0</u>
Expenditures				
General Government:				
Personal Services	318,375	321,275	325,968	(4,693)
Operating Expenditures	207,117	230,557	161,650	68,907
Capital Outlay	2,470	2,470	66,604	(64,134)
(Total Expenditures)	<u>(527,962)</u>	<u>(554,302)</u>	<u>(554,222)</u>	<u>80</u>
(Deficiency) of Expenditures (Under)				
Revenues	<u>(527,962)</u>	<u>(527,962)</u>	<u>(527,882)</u>	<u>80</u>
Other Financing Sources (Uses)				
Transfers in from Board of County				
Commissioners	527,962	527,962	527,962	0
Transfers (out) to Board of County				
Commissioners			(80)	(80)
Total Other Financing Sources (Uses)	<u>527,962</u>	<u>527,962</u>	<u>527,882</u>	<u>(80)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**NOTES TO SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) is an elected official of the County, pursuant to the *Constitution of the State of Florida*, Article VIII, Section 1(d) and is a part of the primary government of the County. The Board approves the Supervisor of Elections' total operating budget and the Clerk of Court is responsible for accounting for the Supervisor of Elections' transactions. The Supervisor of Elections is responsible for the administration and operation of the Supervisor of Elections' office, and the Supervisor of Elections' special purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County. There were no component units related to the Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

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

Basis of Presentation

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

Section 10.556(4), Florida Statutes, *Rules of the Auditor General—Local Governmental Entity Audits* requires, the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of entity-wide, full accrual financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Supervisor of Elections as of September 30, 2013, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with U.S. generally accepted accounting principles (GAAP).

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

The financial transactions of the Supervisor of Elections are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

- ▶ **General Fund**—The General Fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Basis of Accounting

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they are received in cash or when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred and/or will be paid from expendable available financial resources, except for accumulated sick and vacation pay, which are not recorded until paid.

The Supervisor of Elections considers receivables collected within 30 days after year-end to be available and susceptible to accrual as revenues of the current year. The following major revenue is considered susceptible to accrual intergovernmental revenue.

Measurement Focus

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

Budgetary Requirement

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the General Fund.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Budgetary Requirement (Concluded)

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

Budget to actual comparisons are provided in the financial statements for the General Fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property is recorded as expenditures in the General Fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the Board. The Supervisor of Elections maintains custodial responsibility for the capital assets used by her office.

Accrued Compensated Absences

Permanent full-time employees of the Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 240 hours of vacation time. Upon termination, employees can be paid up to 240 hours of vacation time and up to one-fourth of unused sick time, with the payment of one-fourth of unused sick time being subject to three years of consecutive employment.

The Supervisor of Elections' accrued compensated absences are reported in the statement of net position in the County-wide financial statements.

Transfers In and Out

The Board funds primarily the entire operating budget of the Supervisor of Elections. The payments by the Board to fund the operations of the Supervisor of Elections are recorded as transfers in on the financial statements of the Supervisor of Elections. In accordance with Florida Statutes, the Supervisor of Elections distributes all General Fund revenues in excess of expenditures to the Board within 31 days following the end of the fiscal year.

Related Organizations – Common Expenses

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

- Occupancy Costs
- Janitorial Service
- Utilities (Except Telephone)
- Property Insurance

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 2 - Cash

As of September 30, 2013, the carrying amount of the Supervisor of Elections' deposits was \$11,380.

Credit Risk

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

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

The Supervisor of Elections does not have an investment policy that would further limit its investment choices.

Custodial Credit Risk

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

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

Note 3 - Employee Benefits

Defined Benefit Pension Plan

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

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Continued)

Note 3 - Employee Benefits (Concluded)

Defined Benefit Pension Plan (Concluded)

The Supervisor of Elections and all full-time employees are eligible to participate in the System. Employees participating in the Pension Plan are entitled to a retirement benefit, payable monthly for life. If employed prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. The vesting requirement changes to eight years of creditable service for those employed on or after July 1, 2011. For those employed prior to July 1, 2011, normal retirement is after 30 years of service or age 62. If employed on or after July 1, 2011, normal retirement is after 33 years of service or age 65. The monthly benefit received (1) average monthly compensation in the highest five years of creditable service; (2) creditable service during the appropriate period; and (3) the appropriate benefit percentage. Vested employees may retire early and receive reduced retirement benefits. Employees participating in the Investment Plan are vested after one year of service with no age requirement. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

The Florida Legislature has established a uniform contribution rate system for the System covering both the Pension Plan and the Investment Plan. Prior to July 1, 2011, members were not required to make employee contributions. Effective July 1, 2011, all System members (except those in DROP) are required to contribute 3% of their gross compensation on a pre-tax basis. The current contribution rates by member class are as follows: regular members 6.95%, DROP employees 12.84%, and elected officials 33.03%. The Supervisor of Elections' contributions to the System for the years ended September 30, 2013, 2012, and 2011, were \$22,237, \$16,422, and \$23,991, respectively, equal to the required contributions for each year.

Note 4 - Risk Management

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

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

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

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

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

Note 5 - Long-term Liabilities

The following is a summary of the changes in long-term liabilities of the Supervisor of Elections for the year ended September 30, 2013:

	Balance			Balance
	<u>October 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2013</u>
Liability for Compensated Absences	\$ 20,911	\$ 17,258	\$ (17,831)	\$ 20,338
Other Postemployment Benefits	<u>10,100 *</u>	<u>1,100</u>	<u>0</u>	<u>11,200</u>
Total	<u>\$ 31,011</u>	<u>18,358</u>	<u>(17,831)</u>	<u>31,538</u>

The portion of the compensated absences liability estimated to be paid during the next year (current portion) is \$8,052.

* This amount was reported as a Board of County Commissioner liability as of September 30, 2012.

Note 6- Other Postemployment Benefits

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

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

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

The Supervisor of Elections’ portion of the other postemployment benefits liability at September 30, 2013, totaled \$11,200. This liability will be included in long-term liabilities in the County-wide financial statements. Details and other required disclosures can be found in the County-wide annual financial report.

OTHER REPORTS

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

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

We have audited 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 special purpose financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2013, and the related notes to the special purpose financial statements have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control Over Financial Reporting

In planning and performing our audit of the special purpose 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

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

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

Certified Public Accountants

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida

MANAGEMENT LETTER

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

We have audited the special purpose financial statements of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 10, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters. Disclosures in that report, if any, which is dated March 10, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, *Florida Statutes*.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address 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.

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

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)5, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special purpose financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Supervisor of Elections.

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

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

Purvis, Gray and Company, LLP

March 10, 2014
Gainesville, Florida