

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

GADSDEN COUNTY, FLORIDA

SEPTEMBER 30, 2015

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS
GADSDEN COUNTY, FLORIDA
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INTRODUCTORY SECTION

GADSDEN COUNTY, FLORIDA
LIST OF ELECTED AND APPOINTED OFFICIALS

SERVING AS OF SEPTEMBER 30, 2015

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

County Administrator	Robert Presnell
County Attorney	David Weiss

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Gadsden County, Florida, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2015, 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.

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)

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the current year, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require employers participating in defined benefit pension plans to report the net pension liability and other pension related deferred inflows and outflows related to these plans. In connection with the implementation of these statements, the County decreased its beginning net position in the governmental activities by \$12,219,995. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining nonmajor fund statements are presented for purposes of additional analysis, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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 May 9, 2016, 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.

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gadsden County, Florida, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide Statements

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the fiscal year 2014-2015. GASB 68 requires governments with defined benefit pension plans to recognize their long-term obligation for the unfunded portion of the pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. Gadsden County's defined benefit pension plan is with the State of Florida, the Florida Retirement System (FRS). The implementation resulted in the restatement of the prior year's net position balance with a decrease of \$12,219,995.

The government-wide assets of the County exceeded liabilities at the close of the 2014-15 fiscal year by \$53,665,550 (*net position*). Of this amount, (\$4,426,520) (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$5,225,999 is restricted for specific purposes (*restricted net position*), and \$52,866,071 is *net investment in capital assets*.

Fund Statements

At September 30, 2015, the County's governmental funds reported combined ending fund balances of \$20,556,057, an increase of \$7,001,517 in comparison with the \$13,554,540 ending fund balances on September 30, 2014. Of this increase approximately \$6,400,000 is attributable to debt proceeds that were received, but not yet spent in the 2014-2015 year.

The general fund's unassigned fund balance at September 30, 2015, was \$4,586,616 or 24.2% of total general fund expenditures excluding transfers. This indicates a 4.7% decrease from the prior fiscal year which was 28.9% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

A brief description of the different financial statements follows.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities found on pages 13-14) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Statements (Concluded)

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 assets are an indicator of whether the financial health is improving or deteriorating.

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

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 Statement No. 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements.

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

Governmental Fund Financial Statements

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

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 pages 17 and 20.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net position of the County for fiscal years 2014 and 2015.

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

Gadsden County Florida
Summary of Net Position
September 30, 2014 and 2015

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 23,912,484	\$ 17,735,146
Capital Assets	65,560,340	69,194,751
Total Assets	\$ 89,472,824	\$ 86,929,897
Deferred Outflows of Resources	3,319,405	0
Pension Related:		
Current Liabilities	4,239,354	5,362,909
Non-current Liabilities	32,110,534	14,918,789
Total Liabilities	\$ 36,349,888	\$ 20,281,698
Deferred Inflows of Resources	2,776,791	0
Pension Related:		
Net Position		
Net Investment in		
Capital Assets	52,866,071	55,125,466
Restricted	5,225,999	4,819,417
Unrestricted	(4,426,520)	6,703,316
Total Net Position	\$ 53,665,550	\$ 66,648,199

(Fiscal year 2014 net position is not restated on this schedule.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

Gadsden County, Florida
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,005,453	\$ 5,167,995
Operating Grants and Contributions	2,583,222	2,226,347
Capital Grants and Contributions	684,708	9,314,558
Total Program Revenues	8,273,383	16,708,900
General Revenues:		
Property Taxes	11,225,408	11,208,643
Sales Tax and State Shared Revenue	6,128,373	5,900,504
Local Option Taxes	5,341,921	5,305,785
Motor Fuel Tax	2,336,615	2,310,254
Other	908,002	963,316
Total General Revenues	25,940,319	25,688,502
Total Revenues	34,213,702	42,397,402
Expenses:		
Program Expenses:		
General Government	7,529,366	7,620,171
Public Safety	12,229,331	12,411,114
Physical Environment	208,371	134,026
Transportation	7,587,560	7,244,812
Economic Environment	953,716	646,527
Human Services	2,977,011	3,093,827
Court Related	1,836,602	1,804,506
Culture/Recreation	1,150,115	1,112,567
Interest on Long-term Debt	504,284	405,897
Total Expenses	34,976,356	34,473,447
(Decrease) Increase in Net Position	(762,654)	7,923,955
Net Position October 1, 2014	* 54,428,204	58,724,244
Net Position September 30, 2015	\$ 53,665,550	\$ 66,648,199

* Net Position has been restated as of October 1, 2014, for the implementation of GASB 68.

As reflected in the changes in net position, the County had an operating net position decrease of \$762,654 in the current year, and an overall net position decrease of \$12,219,995 due to the implementation of GASB 68.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FUND FINANCIAL ANALYSIS

Governmental Funds

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

As of the end of fiscal year 2015, the County's governmental funds reported combined ending fund balances of \$20,556,057, an increase of \$7,001,517 in comparison with the prior year. Of the approximately \$20.5 million total fund balance, unassigned fund balance is \$4.6 million and is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County and had a decrease in fund balance of \$196,147. The total general fund balance was \$7,016,127, of which \$4,586,616 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 24% of total general fund expenditures excluding transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's budget increased during fiscal year 2014-2015 in the amount of \$853,121 from the original budget. This was due mainly to the increased use of \$667,222 of fund balance. The largest amount, a transfer out of \$600,000, was for assisting the Emergency Medical Services department's cash flow. The Property Appraiser's budget was adjusted in the amount of \$51,947, to comply with the budget on file with the Department of Revenue. Another \$15,275 was to provide matching funds for the Emergency Management grant, \$13,320, and the pending Courthouse grant in the amount of \$1,955.

A \$90,000 budgetary increase in transfer to General Fund from the Hospital Endowment fund dividends and interest, was made to replace the hospital chiller. Even though the budget was amended to increase for the purchase of the chiller, the replacement did not happen during the fiscal year, so the transfer was not made.

Actual General Fund revenues were more than the final revenue budget by \$992,816. The largest portion of this increase came from Taxes and Intergovernmental Revenue collections in the amounts of \$627,485 and \$229,226 respectively. Charges for services as well as Fines and Forfeitures showed a slight decrease in the amounts of \$366 and \$5,000, while Miscellaneous Revenue Collections increased over the final budget amount by \$111,953. This was due in large part to an adjusting entry to clear a stale dated item from the books, rather than actual cash collections.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The County’s investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$65.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure, net of depreciation.

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

The Public Works department bought 4 new Massey Ferguson tractors and 4 new bush hogs for a total cost of \$335,936.

The Animal Control department bought an animal cremation incinerator in the amount of \$39,900 and built a new shelter for \$14,309.

Building Inspection bought a 2015 Chevy Silverado at a cost of \$26,962. The Agriculture Extension office also bought a new Chevy Silverado at a cost of \$23,736.

Many major improvements to the buildings were made including replacing the boiler, air handler, and upgrade the fencing at the jail in the amount of \$22,811. Renovations to the Public Defender’s offices amounted to \$321,462.

Server upgrades for the Supervisor of Elections totaled \$26,344.

The Property Appraiser bought a new IBM server at a cost of \$29,659.

The Sheriff’s Office is leasing 7 new vehicles for a total cost \$210,492 which includes interest over a 12-month period.

The Clerk’s Office spent \$10,000 on the Public Inquiry Project and \$21,800 on phase 1 and 2 of a 3-part mandatory phase interface project with CCIS (Comprehensive Case Information System).

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

Gadsden County, Florida
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 1,997,104	\$ 2,009,104
Buildings	25,188,680	25,487,926
Improvements Other than Buildings	4,153,257	4,057,830
Machinery and Equipment	6,467,952	6,789,968
Construction in Progress	18,253	0
Infrastructure	27,735,094	30,849,923
Total	\$ 65,560,340	\$ 69,194,751

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

Debt Management

In an effort to provide immediate funds for road construction and improvements to roads within the County, the Board of Commissioners decided to refinance the 2013 Gas Tax Revenue Refunding Bond with the intentional addition of \$6,400,000 of loan proceeds. The 2015 Gas Tax Revenue Bond issued by Pinnacle Public Finance provided both the payout of the 2013 Gas Tax Revenue Bond with SunTrust Bank and the additional funding for further road construction/improvements. The 2015 Gas Tax Revenue Refunding Bond was issued at an interest rate of 2.43%, commencing June, 2015 through April, 2030. For the purpose of historical information: The County began the road improvement projects with the initial Gas Tax Bond issued in 2003, refinanced for better interest rates in 2013 and now for additional funding in 2015. Once again, the Constitutional fuel tax levied and received pursuant to Article XII, Section 9 (c) of the Florida Constitution and Sections 206.41 and 206.60, Florida Statutes, and the County Fuel Tax levied pursuant to Sections 206.41 and 206.60, Florida Statutes, have been pledged to secure the bond.

The County has two other bonds: The second most significant bond is the Sales Tax Refunding Revenue Bond issued in 2013 for the hospital renovations at a rate of 2.95% commencing March, 2013 through March, 2030. (Note: The revenue from the County Half-cent Indigent Surtax voted in during 2009 is pledged to secure the bond with BB&T bank.)

Florida Municipal Loan Council 2006B Revenue Bonds is the third significant debt the County has at an interest rate of 4.46%, commencing April, 2007 through October, 2022. This bond was issued for the construction of library facilities and is secured by the Local Government Half-cent Sales Tax.

The most significant increase in the County’s debt position, \$12,079,227, is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires governmental entities to disclose on their Statement of Net Position their portion of the unfunded liability of the pension plan. For Gadsden County that is the Florida Retirement System (FRS).

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

Gadsden County, Florida
Outstanding Debt

	2015	2014	Increase (Decrease)
Revenue Bonds	\$ 18,292,561	\$ 12,999,071	\$ 5,293,490
Notes and Loans Payable	780,006	1,039,943	(259,937)
Compensated Absences	1,624,431	1,660,599	(36,168)
Other Post Employment Benefits	1,479,200	1,412,600	66,600
Landfill Post-closure Costs	36,239	248,989	(212,750)
Net Pension Liability	12,079,227	0	12,079,227
Total	\$ 34,291,664	\$ 17,361,202	\$ 6,930,462

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Concluded)*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Gadsden County is Florida's 43rd most populous County, home to 2% of Florida's population. The percentage of the labor force 18 and older at the end of 2015 is 49.1%. (Information provided by the Florida Legislature Office of Economic and Demographic Research.) The unemployment rate at September 30, 2015 was 6.5% as compared to the state's percentage of 5.3%.

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

Gadsden County millage rate for the 2016 budget was adopted at 8.9064 mills, which is -0.12% less than the rolled back rate of 8.9175 mills from the 2015 budget. The total adopted budget of \$54,182,388 is an increase over 2015's budget in the amount of \$9,045,008, due in part to budgeting bond proceeds for road paving in the amount of \$6,400,000. The County will also be utilizing \$2,319,854 of its prior year fund balance. With aging infrastructure, it is necessary to replace equipment, resurface and pave roads, and repair buildings while providing a continuation of normal services to citizens. Because of its desire to provide jobs for its citizens and to help reduce the unemployment statistics, the Board of County Commissioners while striving to maintain operations and improve infrastructure, also has plans to offer economic incentives to attract new businesses desiring to locate in Gadsden County. The amount of those incentives are budgeted at \$700,000.

From a 2016 Real Estate perspective, the median sales price of single family homes has declined approximately 2% from the first quarter of 2015, however sales volume for single family residential properties during the first quarter of 2016 has increased over the same period for 2015, with the heaviest activity continuing to be in the eastern portion of the County.

Property values for the 2016 year are somewhat stagnant thus far in the residential markets; however, commercial sales, while not fully recovered have shown an increase in activity compared with the last couple of years with some new businesses being built in the commercial office park located at the I-10 and U.S. 90 interchange. Agricultural properties have seen a small increase in values as have other large acreage tracts and this trend is expected to level off during the second half of 2016.

While it is still early in the year, it appears that Ad Valorem taxes from real estate will increase only slightly. Taxes from Tangible Personal Property are currently being reported at the time of this writing and our estimate is that these values will be less than last year's reported values because of asset depreciation and the lack of any significant expansion or large equipment purchases.

For the 2016 tax year, we are not predicting a particularly significant gain. We are looking and hoping for an increase during 2017 because of the increase in recent building permits for commercial properties that should come on line later this year and be taxable for next year.

To summarize, we believe that taxable values for 2016 will remain close to last year's values and any increase or decrease will be minimal at best.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**GADSDEN COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Governmental Activities
Assets	
Current Assets:	
Cash	\$ 12,157,676
Investments	8,950,553
Accounts Receivables, Net	368,215
Due from Agency Funds	33,556
Due from Other Governments	2,253,200
Prepaid Items	34,598
Inventories	114,686
Total Current Assets	23,912,484
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	2,015,357
Depreciable, Net	63,544,983
Total Noncurrent Assets	65,560,340
Total Assets	89,472,824
Deferred Outflows of Resources	
Pension Related	3,319,405
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	875,965
Due to Agency Funds	16,462
Due to Other Governments	410,517
Accrued Wages Payable	516,437
Unearned Revenue	212,747
Unamortized Premium	4,175
Bonds and Notes Payable	1,533,139
Accrued Compensated Absences	657,832
Estimated Landfill Postclosure Costs	12,080
Total Current Liabilities	4,239,354
Noncurrent Liabilities:	
Unamortized Premium	21,921
Accrued Compensated Absences	966,599
Other Postemployment Benefits Obligation	1,479,200
Bonds and Notes Payable	17,539,428
Estimated Landfill Postclosure Costs	24,159
Net Pension Liability	12,079,227
Total Noncurrent Liabilities	32,110,534
Total Liabilities	36,349,888
Deferred Inflows of Resources	
Pension Related	2,776,791
Net Position	
Net Investment in Capital Assets	52,866,071
Restricted	5,225,999
Unrestricted	(4,426,520)
Total Net Position	\$ 53,665,550

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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 7,529,366	\$ 1,665,513	\$ 53,117	\$ 0	\$ (5,810,736)
Public Safety	12,229,331	2,348,093	781,310	0	(9,099,928)
Physical Environment	208,371	0	121,480	0	(86,891)
Transportation	7,587,560	162,213	46,440	684,708	(6,694,199)
Economic Environment	953,716	0	418,206	0	(535,510)
Human Services	2,977,011	9,874	84,307	0	(2,882,830)
Court-related	1,836,602	765,248	591,170	0	(480,184)
Culture and Recreation	1,150,115	54,512	487,192	0	(608,411)
Interest on Long-term Debt	504,284	0	0	0	(504,284)
Total Primary Government	\$ 34,976,356	\$ 5,005,453	\$ 2,583,222	\$ 684,708	(26,702,973)

General Revenues

Taxes:

Property Taxes	11,225,408
Franchise and Utility Taxes	129,518
Discretionary Sales Surtax	3,895,209
Local Option Gas Tax	1,317,194
Motor Fuel Tax	2,336,615
Other Taxes	359,734
Sales Tax and Other Shared Revenues	6,128,373
Investment Earnings	30,331
Miscellaneous	518,585
Transfer to Private Purpose Trust Fund	(648)
Total General Revenues	25,940,319
Change in Net Position	(762,654)
Net Position Beginning of Year (As Restated)	54,428,204
Net Position End of Year	\$ 53,665,550

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

GADSDEN COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	County Transportation
Assets		
Cash	\$ 6,205,454	\$ 1,035,609
Investments	1,047,851	314,197
Accounts Receivables (Net of Allowance for Uncollectibles)	41,046	30
Due from Other Funds	173,455	0
Due from Other Governments	722,553	504,366
Prepaid Expenses	34,598	0
Inventories, at Cost	60,183	54,503
Total Assets	8,285,140	1,908,705
Liabilities		
Accounts Payable and Accrued Expenses	628,774	77,019
Due to Other Funds	32,089	0
Due to Other Governments	25,912	0
Accrued Wages Payable	288,782	94,152
Unearned Revenues	1,000	0
Total Liabilities	976,557	171,171
Deferred Inflows of Resources		
Unavailable Revenues	292,456	274,466
Fund Balances		
Nonspendable	94,781	54,503
Restricted	126,035	1,408,565
Committed	0	0
Assigned	2,208,695	0
Unassigned	4,586,616	0
Total Fund Balances	7,016,127	1,463,068
Total Liabilities and Fund Balances	\$ 8,285,140	\$ 1,908,705

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

SHIP	Indigent Surtax	Capital Project Public Works	Other Governmental Funds	Total Governmental Funds
\$ 98,284	\$ 365,730	\$ 27,345	\$ 4,425,254	\$ 12,157,676
0	0	6,404,394	1,184,111	8,950,553
0	0	0	327,139	368,215
0	0	0	156,642	330,097
0	289,129	2,820	734,332	2,253,200
0	0	0	0	34,598
0	0	0	0	114,686
<u>98,284</u>	<u>654,859</u>	<u>6,434,559</u>	<u>6,827,478</u>	<u>24,209,025</u>
2,410	22,697	2,820	142,245	875,965
0	0	0	280,914	313,003
0	384,596	0	9	410,517
709	0	0	132,794	516,437
95,165	0	0	116,582	212,747
<u>98,284</u>	<u>407,293</u>	<u>2,820</u>	<u>672,544</u>	<u>2,328,669</u>
0	190,738	0	566,639	1,324,299
0	0	0	0	149,284
0	56,828	6,431,739	3,607,226	11,630,393
0	0	0	1,038	1,038
0	0	0	1,984,945	4,193,640
0	0	0	(4,914)	4,581,702
<u>0</u>	<u>56,828</u>	<u>6,431,739</u>	<u>5,588,295</u>	<u>20,556,057</u>
<u>\$ 98,284</u>	<u>\$ 654,859</u>	<u>\$ 6,434,559</u>	<u>\$ 6,827,478</u>	<u>\$ 24,209,025</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, 2015

Total Fund Balances of Governmental Funds \$ 20,556,057

**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. 65,560,340

Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 1,324,299

Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:

Deferred Outflows Related to Pensions	\$ 3,319,405	
Deferred Inflows Related to Pensions	<u>(2,776,791)</u>	542,614

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	(19,072,567)	
Unamortized Premium	(26,096)	
Accrued Compensated Absences	(1,624,431)	
Accrued Other Postemployment Benefits Obligation	(1,479,200)	
Estimated Landfill Postclosure Costs	(36,239)	
Net Pension Liability	<u>(12,079,227)</u>	<u>(34,317,760)</u>

Total Net Position of Governmental Activities \$ 53,665,550

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, 2015

	General Fund	County Transportation
Revenues		
Taxes	\$ 11,458,993	\$ 3,220,936
Licenses and Permits	129,518	0
Intergovernmental Revenues	5,659,075	465,881
Charges for Services	1,786,609	162,213
Fines and Forfeitures	215,763	0
Miscellaneous Revenues	260,986	27,861
Total Revenues	19,510,944	3,876,891
Expenditures		
Current:		
General Government	7,119,428	0
Public Safety	7,257,345	0
Physical Environment	281,462	0
Transportation	0	3,618,436
Economic Environment	412,813	0
Human Services	1,492,486	0
Court-related	1,425,132	0
Culture and Recreation	134,131	0
Debt Service:		
Principal	153,279	0
Interest	7,566	0
Other	0	0
Capital Outlay:		
General Government	298,331	0
Public Safety	232,263	0
Transportation	0	335,936
Physical Environment	24,799	0
Economic Environment	0	0
Human Services	54,209	0
Court-related	0	0
Culture and Recreation	62,674	0
(Total Expenditures)	(18,955,918)	(3,954,372)
Excess (Deficiency) of Revenues Over (Under) Expenditures	555,026	(77,481)
Other Financing Sources (Uses)		
Transfers in	8,038,410	241,782
Transfers (out)	(8,985,835)	0
Debt Proceeds	196,252	0
Debt Refunding	0	0
Total Other Financing Sources (Uses)	(751,173)	241,782
Net Change in Fund Balances	(196,147)	164,301
Fund Balances at Beginning of Year	7,212,274	1,298,767
Fund Balances at End of Year	\$ 7,016,127	\$ 1,463,068

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

SHIP	Indigent Surtax	Capital Projects Public Works	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,621,104	\$ 0	\$ 1,264,573	\$ 17,565,606
0	0	0	218,586	348,104
415,706	0	684,708	3,692,395	10,917,765
0	0	0	2,559,940	4,508,762
0	0	0	71,356	287,119
2,191	0	4,413	257,625	553,076
<u>417,897</u>	<u>1,621,104</u>	<u>689,121</u>	<u>8,064,475</u>	<u>34,180,432</u>
0	0	0	150,543	7,269,971
0	0	0	4,666,947	11,924,292
0	0	0	109,279	390,741
0	0	0	54,180	3,672,616
415,579	0	0	115,318	943,710
0	893,048	0	0	2,385,534
0	0	0	353,018	1,778,150
0	0	0	919,282	1,053,413
0	0	0	1,478,238	1,631,517
0	0	0	438,014	445,580
0	0	0	62,879	62,879
0	0	0	40,491	338,822
0	0	0	163,969	396,232
0	0	684,708	10,808	1,031,452
0	0	0	0	24,799
2,318	0	0	0	2,318
0	0	0	0	54,209
0	0	0	326,841	326,841
0	0	0	47,587	110,261
<u>(417,897)</u>	<u>(893,048)</u>	<u>(684,708)</u>	<u>(8,937,394)</u>	<u>(33,843,337)</u>
<u>0</u>	<u>728,056</u>	<u>4,413</u>	<u>(872,919)</u>	<u>337,095</u>
0	0	6,400,000	10,076,932	24,757,124
0	(761,384)	0	(15,010,553)	(24,757,772)
0	0	0	9,088,913	9,285,165
0	0	0	(2,620,095)	(2,620,095)
<u>0</u>	<u>(761,384)</u>	<u>6,400,000</u>	<u>1,535,197</u>	<u>6,664,422</u>
0	(33,328)	6,404,413	662,278	7,001,517
0	90,156	27,326	4,926,017	13,554,540
<u>\$ 0</u>	<u>\$ 56,828</u>	<u>\$ 6,431,739</u>	<u>\$ 5,588,295</u>	<u>\$ 20,556,057</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 7,001,517

**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	\$ 2,306,061	
Contributions and Gain/(Loss) on Disposal (Current Year Depreciation)	(188,110)	
	(5,752,362)	(3,634,411)

Repayment of long-term debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 4,251,612

The issuance of long-term debt provides current financial resources
to governmental funds, while it has no effect on the statement
of activities. (9,285,165)

Certain pension related amounts are being deferred and amortized
over a period of years or are being deferred as contributions to
the pension plans made after the measurement date:

Deferred Inflows Related to Pensions	4,146,250	
Deferred Outflows Related to Pensions	1,136,194	
	1,136,194	5,282,444

Amortization of debt premium is a component of interest expense
in the statement of activities, while it has no effect in the
governmental funds. 4,175

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	36,168	
Other Postemployment Benefits	(66,600)	
Landfill Postclosure Costs	212,750	
Net Pension Liability	(4,599,062)	(4,416,744)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in the governmental funds. 33,918

Change in Net Position - Governmental Activities \$ (762,654)

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 10,831,508	\$ 10,831,508	\$ 11,458,993	\$ 627,485
Licenses and Permits	100,000	100,000	129,518	29,518
Intergovernmental Revenues	5,344,772	5,429,849	5,659,075	229,226
Charges for Services	1,840,930	1,786,975	1,786,609	(366)
Fines and Forfeitures	218,800	220,763	215,763	(5,000)
Miscellaneous Revenues	146,640	149,033	260,986	111,953
Total Revenues	<u>18,482,650</u>	<u>18,518,128</u>	<u>19,510,944</u>	<u>992,816</u>
Expenditures				
Current:				
General Government	7,465,212	7,661,743	7,119,428	542,315
Public Safety	7,301,709	7,281,709	7,257,345	24,364
Physical Environment	285,413	297,413	281,462	15,951
Economic Environment	854,457	854,457	412,813	441,644
Human Services	1,652,724	1,672,724	1,492,486	180,238
Court-related	1,424,953	1,427,059	1,425,132	1,927
Culture and Recreation	191,013	179,013	134,131	44,882
Debt Service:				
Principal	152,900	152,900	153,279	(379)
Interest	9,100	9,100	7,566	1,534
Capital Outlay:				
General Government	370,949	483,211	298,331	184,880
Public Safety	235,252	235,252	232,263	2,989
Physical Environment	24,000	24,000	24,799	(799)
Human Services	60,000	60,000	54,209	5,791
Culture and Recreation	190,000	190,000	62,674	127,326
Contingency	86,000	3,000	0	3,000
(Total Expenditures)	<u>(20,303,682)</u>	<u>(20,531,581)</u>	<u>(18,955,918)</u>	<u>1,575,663</u>
Excess of Revenues Over				
 Expenditures	<u>(1,821,032)</u>	<u>(2,013,453)</u>	<u>555,026</u>	<u>2,568,479</u>
Other Financing Sources (Uses)				
Transfers in	8,480,197	8,570,197	8,038,410	(531,787)
Transfers (out)	(8,611,723)	(9,176,524)	(8,985,835)	190,689
Installment Purchases	196,252	196,252	196,252	0
Total Other Financing Sources (Uses)	<u>64,726</u>	<u>(410,075)</u>	<u>(751,173)</u>	<u>(341,098)</u>
Net Change in Fund Balance	(1,756,306)	(2,423,528)	(196,147)	2,227,381
Fund Balance, Beginning of Year	1,756,306	2,423,528	7,212,274	4,788,746
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,016,127</u>	<u>\$ 7,016,127</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,229,889	\$ 3,229,889	\$ 3,220,936	\$ (8,953)
Intergovernmental Revenues	463,568	463,568	465,881	2,313
Charges for Services	102,000	102,000	162,213	60,213
Miscellaneous Revenues	50,400	50,400	27,861	(22,539)
Total Revenues	<u>3,845,857</u>	<u>3,845,857</u>	<u>3,876,891</u>	<u>31,034</u>
Expenditures				
Current:				
Transportation	4,064,045	4,064,045	3,618,436	445,609
Capital Outlay:				
Transportation	221,000	561,000	335,936	225,064
(Total Expenditures)	<u>(4,285,045)</u>	<u>(4,625,045)</u>	<u>(3,954,372)</u>	<u>670,673</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(439,188)</u>	<u>(779,188)</u>	<u>(77,481)</u>	<u>701,707</u>
Other Financing Sources (Uses)				
Transfers in	241,782	241,782	241,782	0
Transfers (out)	(340,000)	0	0	0
Total Other Financing Sources (Uses)	<u>(98,218)</u>	<u>241,782</u>	<u>241,782</u>	<u>0</u>
Net Change in Fund Balance	(537,406)	(537,406)	164,301	701,707
Fund Balance, Beginning of Year	<u>537,406</u>	<u>537,406</u>	<u>1,298,767</u>	<u>761,361</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,463,068</u>	<u>\$ 1,463,068</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 0	\$ 510,366	\$ 415,706	\$ (94,660)
Miscellaneous Revenues	0	2,333	2,191	(142)
Total Revenues	<u>0</u>	<u>512,699</u>	<u>417,897</u>	<u>(94,802)</u>
Expenditures				
Current:				
Economic Environment	0	512,499	415,579	96,920
Capital Outlay	0	200	2,318	(2,118)
(Total Expenditures)	<u>0</u>	<u>(512,699)</u>	<u>(417,897)</u>	<u>94,802</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INDIGENT SURTAX
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,425,000	\$ 1,546,104	\$ 1,621,104	\$ 75,000
Total Revenues	<u>1,425,000</u>	<u>1,546,104</u>	<u>1,621,104</u>	<u>75,000</u>
Expenditures				
Current:				
Human Services	743,058	907,029	893,048	13,981
(Total Expenditures)	<u>(743,058)</u>	<u>(907,029)</u>	<u>(893,048)</u>	<u>13,981</u>
Excess of Revenues Over Expenditures	<u>681,942</u>	<u>639,075</u>	<u>728,056</u>	<u>88,981</u>
Other Financing Sources (Uses)				
Transfers (out)	(681,942)	(681,942)	(761,384)	(79,442)
Total Other Financing Sources (Uses)	<u>(681,942)</u>	<u>(681,942)</u>	<u>(761,384)</u>	<u>(79,442)</u>
Net Change in Fund Balance	0	(42,867)	(33,328)	9,539
Fund Balance, Beginning of Year	<u>0</u>	<u>42,867</u>	<u>90,156</u>	<u>47,289</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,828</u>	<u>\$ 56,828</u>

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

GADSDEN COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

	Private Purpose Trust Fund	Agency Funds	Total
Assets			
Cash	\$ 386,774	\$ 946,746	\$ 1,333,520
Investments	8,170,242	0	8,170,242
Accounts Receivable	1,141	7,989	9,130
Due from Other Funds	13,928	2,534	16,462
Total Assets	<u>8,572,085</u>	<u>957,269</u>	<u>9,529,354</u>
Liabilities			
Accounts Payable	0	12,144	12,144
Due to Other Funds	0	33,556	33,556
Due to Individuals	0	175	175
Due to Other Governments	0	88,100	88,100
Assets Held for Others	0	52,581	52,581
Installment Tax Deposits	0	232,790	232,790
Deposits	0	525,303	525,303
Unearned Revenues	0	12,620	12,620
Total Liabilities	<u>0</u>	<u>957,269</u>	<u>957,269</u>
Net Position			
Held in Trust	<u>\$ 8,572,085</u>	<u>\$ 0</u>	<u>\$ 8,572,085</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, 2015

	Private Purpose Trust Fund
Additions	
Investment Earnings:	
Net Appreciation in Fair Value of Investments	\$ (374,763)
Interest and Dividends	185,407
Transfer from Hospital Operating Fund	648
Total Additions	(188,708)
Deductions	
Administrative Fees	16,849
Other Expense	86,072
Total Deductions	(102,921)
Net (Decrease)	(291,629)
Net Position Held in Trust, Beginning of Year	8,863,714
Net Position Held in Trust, End of Year	\$ 8,572,085

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1 - Reporting Entity

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

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

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 1 - Reporting Entity (Concluded)

- **Quincy-Gadsden Airport Authority (the Airport Authority)**—The Airport Authority was created by Chapter 88-439, *Laws of Florida*. The Authority is composed of five members. Two members are appointed by the City of Quincy, Florida, two members are appointed by the Board, and one member is appointed by these four members. The Airport Authority is a local unit of special purpose government and is not considered a component unit of the County and is not included in the financial reporting entity.
- **Gadsden County Enterprise Zone Development Agency (the Agency)**—The Agency was created by ordinance of the Board pursuant to Chapter 290, Florida Statutes, to carry out economic development and redevelopment activities. The Agency Board members are appointed by the Board and the Board retains various powers including approving expenditures, borrowing funds, investing funds, and approving assistance to businesses within the enterprise zone. Accordingly, the activities of the Agency are included as a blended component unit in the County's financial statements. The Agency did not have any activity in fiscal year 2015.
- **Gadsden Hospital, Inc.**—The Gadsden Hospital, Inc. is a not-for-profit corporation established to assist with the operation of the Hospital and other health care facilities in Gadsden County. The Gadsden Hospital, Inc. members are appointed by the Board and the Board approves its funding and operations. Accordingly, the activities of Gadsden Hospital, Inc. have been included as a blended component unit in the County's financial statements, and has been included as a special revenue fund in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Concluded)

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

The County reports the following major governmental funds:

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

Investments

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

Receivables

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

Due from (to) Other Funds

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

Prepaid Items

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

Inventories

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

Long-term Obligations

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

Deferred Inflows/Outflows of Resources

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Inflows/Outflows of Resources (Concluded)

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

Compensated Absences

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

Postemployment Benefits Other than Pension Benefits (OPEB)

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

Adoption of New Accounting Standards

The County participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the County implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as required in 2015. GASB 68 requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers’ proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. Beginning net position of the County was reduced by \$12,219,995 due to the adoption of this statement. Components of this restatement are as follows:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Concluded)

Adoption of New Accounting Standards (Concluded)

Net Pension Liability	\$ 7,480,165
Pension Related Deferred Outflows	(1,788,796)
Pension Related Deferred Inflows	6,923,041
Deferred Outflows – Contributions Made after the Measurement Date	<u>(394,415)</u>
Total	<u>\$ 12,219,995</u>

Note 3 - Cash and Investments

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

Public Purpose

As of September 30, 2015, the County’s public purpose programs had the following in cash and investments:

	<u>Carrying Amount</u>
Cash on Hand	\$ 3,981
Deposits in Qualified Public Depositories	8,828,480
Money Market	4,271,961
SBA Florida PRIME	<u>8,950,553</u>
Total Cash and Investments	<u>\$ 22,054,975</u>

Credit Risk—Public Purpose Funds

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 3 - Cash and Investments (Continued)

Credit Risk—Public Purpose Funds (Concluded)

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.

The securities utilized by the financial institution to pledge against the County's overnight repurchase agreement at September 30, 2015, consist primarily of treasury notes and agency securities from the Federal National Mortgage Association and Government National Mortgage Association. The treasury notes are triple A-rated by a nationally recognized statistical rating organization. The agency securities are not fully rated.

Custodial Credit Risk—Public Purpose Funds

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The County's deposits in these qualified depositories are considered fully insured or collateralized. Bank and money market balances at September 30, 2015, were \$14,251,995.

Interest Rate Risk—Public Purpose Funds

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

Hospital Endowment Trust Fund

As of September 30, 2015, the Hospital Endowment Trust Fund had the following balances in investments:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 3 - Cash and Investments (Concluded)

Hospital Endowment Trust Fund (Concluded)

Investments at Capital City Trust Company:

	Fair Value
Cash	\$ 386,774
Repurchase Agreement	437,780
U.S. Government Agencies	419,093
Mutual Funds - (Fixed)	3,301,021
Equities	4,012,348
Total Cash and Investments	\$ 8,557,016

As of September 30, 2015, the Hospital Endowment Trust Fund had cash deposits of \$386,774 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.

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:

Investment Type	Fair Value	Less Than One Year	1-5 Years
U.S. Government Agencies	\$ 419,093	\$ 419,093	\$ 0
Non-Classifiable	7,751,149	0	0
Total	\$ 8,170,242	\$ 419,093	\$ 0

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 4 - Receivables

Receivables at September 30, 2015, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 41,046	\$ 0	\$ 41,046
County Transportation	30	0	30
Other Governmental Funds:			
Emergency Medical Services	6,281,247	(5,956,144)	325,103
Building Inspection	22	0	22
Tourist Development	2,014	0	2,014
Fiduciary Funds:			
Private Purpose Trust Fund	1,141	0	1,141
Agency Fund—Tax	7,989	0	7,989
Total Receivables	<u>\$ 6,333,489</u>	<u>\$ (5,956,144)</u>	<u>\$ 377,345</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2015, consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 173,455	\$ 32,089
Other Governmental Funds	156,642	280,914
Fiduciary Funds:		
Private Purpose Trust Fund	13,928	0
Agency Funds	2,534	33,556
Total	<u>\$ 346,559</u>	<u>\$ 346,559</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, 2015, consisted of the following:

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,038,410	\$ 8,985,835
County Transportation	241,782	0
Indigent Surtax	0	761,384
Capital Projects – Public Works	6,400,000	0
Other Governmental Funds	10,076,932	15,010,553
Private Purpose Trust Fund	648	0
Total Interfund Transfers	<u>\$ 24,757,772</u>	<u>\$ 24,757,772</u>

Private Purpose Trust Fund

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, 2015
(Continued)

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,009,104	\$ 0	\$ (12,000)	\$ 1,997,104
Construction Work in Progress	0	18,253	0	18,253
Total Capital Assets Not Being Depreciated	2,009,104	18,253	(12,000)	2,015,357
Capital Assets Being Depreciated:				
Buildings	36,421,834	468,256	(86,708)	36,803,382
Improvements Other Than Buildings	4,915,158	206,941	0	5,122,099
Machinery and Equipment:				
Board and Clerk	15,500,057	750,467	(1,211,798)	15,038,726
Sheriff	3,551,929	312,634	0	3,864,563
Total Machinery and Equipment	19,051,986	1,063,101	(1,211,798)	18,903,289
Infrastructure	61,736,379	549,510	0	62,285,889
Total Capital Assets Being Depreciated	122,125,357	2,287,808	(1,298,506)	123,114,659
Less Accumulated Depreciation:				
Buildings	(10,933,908)	(727,905)	47,111	(11,614,702)
Improvements Other Than Buildings	(857,328)	(111,514)	0	(968,842)
Machinery and Equipment	(12,262,018)	(1,248,604)	1,075,285	(12,435,337)
Infrastructure	(30,886,456)	(3,664,339)	0	(34,550,795)
Total Accumulated Depreciation	(54,939,710)	(5,752,362)	1,122,396	(59,569,676)
Total Capital Assets Being Depreciated, Net	67,185,647	(3,464,554)	(176,110)	63,544,983
Total Governmental Activities Capital Assets, Net	\$ 69,194,751	\$ (3,446,301)	\$ (188,110)	\$ 65,560,340

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

General Government	\$ 228,094
Public Safety	660,156
Physical Environment	31,607
Transportation	3,994,503
Economic Environment	10,404
Human Services	604,792
Court-related	108,779
Culture and Recreation	114,027
Total Depreciation Expense Governmental Activities	\$ 5,752,362

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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, 2015:

	Balance			Balance	Due Within
	10/1/14	Additions	Deductions	9/30/15	One Year
Estimated Landfill Postclosure Costs	\$ 248,989	\$ 0	\$ (212,750)	\$ 36,239	\$ 12,080
Employee Compensated Absences Payable	1,660,599	1,225,514	(1,261,682)	1,624,431	657,832
Other Postemployment Benefits	1,412,600	66,600	0	1,479,200	0
Net Pension Liability	7,480,165	4,599,062	0	12,079,227	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	1,490,000	0	(155,000)	1,335,000	165,000
Loan with SunTrust Bank for 2013 Gas Tax Revenue Refunding Bond, Monthly Principal and Interest Payments of \$62,555, Commencing September 2013, Interest at 1.44% Funds Used for Refunding of 2003B Revenue Bonds	3,033,979	0	(3,033,979)	0	0
Gas Tax Revenue and Refunding Bond, Series 2015, Monthly Principal and Interest Payments of \$60,588, Commencing June 2015, Interest at 2.43%, Funds used for Refunding the 2013 Gas Tax Revenue Refunding Bond and for Construction and Improvement of Certain Roads in Gadsden County	0	9,088,913	(168,629)	8,920,284	516,018
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	8,475,092	0	(437,815)	8,037,277	450,906
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	36,454	0	(19,573)	16,881	16,881

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 7 - Long-term Debt (Continued)

Summary of Changes in Long-term Debt (Continued)

	<u>Balance</u> <u>10/1/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/15</u>	<u>Due Within</u> <u>One Year</u>
Purchase of 20 Vehicles, Payable in 12 Quarterly Payments of \$29,364 Including Interest at 4.95%, Commencing September 2012	\$ 85,532	\$ 0	\$ (85,532)	\$ 0	\$ 0
Purchase of 10 Ambulances, Payable in 5 Annual Installments of \$189,173 Including Interest at 1.68%, Commencing March 2013	548,970	0	(179,950)	369,020	182,973
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	243,987	0	(79,978)	164,009	81,321
Purchase of Equipment for the Sheriff, Payable in 11 Quarterly Installments of \$12,469 Including Interest at 6.32%	125,000	0	(42,981)	82,019	45,763
Purchase of Vehicles for the Sheriff, Payable in 12 Quarterly Installments of \$17,541 Including Interest at 5.2%	0	196,252	(48,175)	148,077	74,277
Total	<u>\$ 24,841,367</u>	<u>\$ 15,176,341</u>	<u>\$ (5,726,044)</u>	<u>\$ 34,291,664</u>	<u>\$ 2,203,051</u>

Interest expense and other debt related charges during 2015 on long-term debt totaled \$508,459, none of which was capitalized.

Maturities of Long-term Debt

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,533,139	\$ 517,132
2017	1,540,148	474,653
2018	1,217,278	431,643
2019	1,237,577	394,805
2020	1,275,943	358,838
2021-2025	6,258,124	1,238,276
2026-2030	6,020,942	380,008
Other Years (Including Compensated Absences, Other Postemployment Benefits, Estimated Landfill Postclosure Costs, and Net Pension Liability)	15,208,513	0
Total	<u>\$ 34,291,664</u>	<u>\$ 3,795,355</u>

Original Issue Premium

Unamortized original issue premium at September 30, 2015, was \$26,095.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 7 - Long-term Debt (Concluded)

During the year, the County issued the Gas Tax Revenue Refunding Bond, Series 2015. The purpose of this issue was to refund the Gas Tax Revenue Refunding Bond, Series 2013 and to finance the costs of certain roadway improvements. The refunding resulted in a savings of interest cost of \$23,484 and a net present value cost of \$11,464.

Note 8 - Pledged Revenues

The County has pledged certain revenues to repay bonds outstanding as of September 30, 2015. 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, 2015.

<u>Pledged Revenue</u>	<u>Description of Bonds</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
County Fuel Tax	Revenue Bond for Infrastructure Revenue Bond, Series 2015	\$ <u>1,521,128</u>	\$ <u>689,053</u>	45.29%	\$ <u>10,602,939</u>	2030
Local Half-cent Tax	Revenue Bond for Library Revenue Bond, Series 2006B	\$ <u>1,226,141</u>	\$ <u>222,131</u>	18.11%	\$ <u>1,573,455</u>	2022
Indigent Surtax Revenues	Sales Tax and Revenue Refund Bond, Series 2013	\$ <u>1,621,104</u>	\$ <u>681,942</u>	42.06%	\$ <u>9,888,014</u>	2030

Note 9 - Employee Retirement Plan

General Information about the Florida Retirement System

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

General Information about the Florida Retirement System (Concluded)

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

The County's pension expense totaled \$1,042,282 for the fiscal year ended September 30, 2015, (all plans).

FRS Pension Plan

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. *(Concluded)*

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the County's 2014-15 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
FRS, Special Risk Regular	3.00	18.52	3.00	20.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The County's contributions (employer) to the FRS Plan totaled \$1,493,376 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a liability of \$7,836,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the County's proportion was .060673599%, which was an increase of .001186319 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$662,464 related to the Plan. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. (Concluded)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 370,759	\$ 0
Difference Between Expected and Actual Experience	827,335	185,865
Changes of Assumptions	520,155	0
Changes in Proportion and Difference Between County Contributions and Proportionate Share of Contributions	1,144,047	675,315
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	1,871,297
Total	<u>\$ 2,862,296</u>	<u>\$ 2,732,477</u>

The deferred outflows of resources related to pensions, totaling \$370,759, resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2016	\$ (517,776)
2017	(517,776)
2018	(517,776)
2019	1,026,104
2020	230,641
Thereafter	55,643
Total	<u>\$ (240,940)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions. (Concluded)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Annual Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.65% in the July 1, 2014 valuation.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

FRS – County:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
County’s Proportionate Share of the Net Pension Liability	\$ 20,306,945	\$ 7,836,809	\$ (2,540,392)

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County’s contributions to the HIS Plan totaled \$172,438 for the fiscal year ended September 30, 2015.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a net pension liability of \$4,242,418 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the County's proportionate share was .041598744%, which was an increase of .000417302 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$319,969 related to the HIS Plan. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 51,179	\$ 0
Changes of Assumptions	333,768	0
Changes in Proportion and Difference between County Contributions and Proportionate Share of Contributions	69,866	44,314
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,296	0
Total	<u>\$ 457,109</u>	<u>\$ 44,314</u>

The deferred outflows of resources related to pensions, totaling \$51,179, resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2016	\$ 62,034
2017	62,034
2018	62,034
2019	61,567
2020	61,343
Thereafter	52,604
Total	<u>\$ 361,616</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	3.80% Net of Pension Plan Investment Expense, Including Inflation

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
County's Proportionate Share of the Net Pension Liability	<u>\$ 4,834,037</u>	<u>\$ 4,242,418</u>	<u>\$ 3,749,095</u>

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Continued)

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

Note 9 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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

The County's Investment Plan pension expense totaled \$59,849 for the fiscal year ended September 30, 2015.

Note 10 - Risk Management

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

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

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

Note 11 - Hospital Endowment Trust Fund

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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, 2015, 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.

Construction Commitments

The following is a summary of major commitments of the County and contracts in progress as of September 30, 2015:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Expended as of September 30, 2015</u>
Road Resurfacing – Lewis Lane	Capital Projects Public Works	\$ 35,000	\$ 18,253
Total		<u>\$ 35,000</u>	<u>\$ 18,253</u>

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

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

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

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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

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	\$ 21,500	\$ 6,300	\$ 1,200	\$ 53,100	\$ 1,300	\$ 400	\$ 83,800
Interest on Net OPEB Obligation	21,900	3,300	1,200	28,600	1,000	500	56,500
Adjustment to the ARC	<u>(22,100)</u>	<u>(3,300)</u>	<u>(1,200)</u>	<u>(28,800)</u>	<u>(1,000)</u>	<u>(500)</u>	<u>(56,900)</u>
Annual OPEB Cost (Employer Contributions)	21,300	6,300	1,200	52,900	1,300	400	83,400
	<u>(3,100)</u>	<u>0</u>	<u>(900)</u>	<u>(12,800)</u>	<u>0</u>	<u>0</u>	<u>(16,800)</u>
Increase in Net OPEB Obligation	18,200	6,300	300	40,100	1,300	400	66,600
Net OPEB Obligation, Beginning of Year	<u>547,400</u>	<u>81,800</u>	<u>30,900</u>	<u>716,200</u>	<u>24,300</u>	<u>12,000</u>	<u>1,412,600</u>
Net OPEB Obligation End of Year	<u>\$ 565,600</u>	<u>\$ 88,100</u>	<u>\$ 31,200</u>	<u>\$ 756,300</u>	<u>\$ 25,600</u>	<u>\$ 12,400</u>	<u>\$ 1,479,200</u>

Funded Status and Funding Progress—As of the most recently completed actuarial valuation (October 1, 2014), the unfunded actuarial accrued liability for benefits was \$795,800, all of which was unfunded. The County’s covered payroll (annual payroll of active employees covered by the plan) was \$10,696,600. The ratio of the County’s actuarial accrued liability to the County’s covered payroll was 7.44%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions 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.

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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

Actuarial Methods and Assumptions—(Concluded)

For the October 1, 2014 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; initial healthcare cost increase of 20.87% for Pre-Medicare coverage for the fiscal year beginning on October 1, 2014, with an increase of 8% for the fiscal year beginning October 1, 2015, 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 with a 2.75% increase over a 30-year open amortization period.

Note 15 - Other Disclosures

Deficits in Fund Balance

The following nonmajor governmental funds had a deficit in fund balance as of September 30, 2015:

Federal and State Grants	\$ <u>(4,914)</u>
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Budget Over-Expenditure

Transfers out exceeded budget by \$79,442 in the Indigent Surtax Fund. This resulted from the transfer of funds for debt service in the Hospital Debt Service Fund being higher than originally anticipated.

Fund Balance Classifications

The following is a summary of the County's fund balance classifications and the purpose of each as of September 30, 2015:

Nonspendable Fund Balance

Prepaid Expenses	\$ 34,598
Inventory	114,686
Total Nonspendable Fund Balance	\$ <u>149,284</u>

Restricted Fund Balance

Transportation	\$ 1,987,413
Public Safety	1,395,010
Capital Projects - Roads	6,431,739
Federal and State Grants	1,413
Indigent Surtax	819,375
Court Facilities	80,116
Landfill Escrow	50,394
Judicial Services	179,359
Tourist Development	312,525
Boating Improvements	126,035
Building Inspection	81,510
Public Records Modernization	165,504
Total Restricted Fund Balance	\$ <u>11,630,393</u>

GADSDEN COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Concluded)

Note 15 - Other Disclosures (Concluded)

Fund Balance Classifications (Concluded)

Committed Fund Balance

Teen Court	\$ <u>1,038</u>
Total Committed Fund Balance	\$ <u>1,038</u>

Assigned Fund Balance

Capital Projects	\$ 408,301
Subsequent Year's Budget	2,119,854
Public Safety	544,962
Landfill	276,102
Library Services	317,313
Debt Service	<u>527,108</u>
Total Assigned Fund Balance	\$ <u>4,193,640</u>

REQUIRED SUPPLEMENTARY INFORMATION

**GADSDEN COUNTY, FLORIDA
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 SEPTEMBER 30, 2015**

	September 30, 2015
County's Proportion of the Net Pension Liability	0.060673599%
County's Proportionate Share of the Net Pension Liability	\$ 7,836,809
County's Covered-Employee Payroll (FYE 9/30)	12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	61.31%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%

Notes to Schedule:

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

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

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

**GADSDEN COUNTY, FLORIDA
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>September 30, 2015</u>
Contractually Required Contributions	\$ 1,493,376
Contributions in Relation to the Contractually Required Contribution	<u>(1,493,376)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 12,782,607
Contributions as a Percentage of Covered-Employee Payroll	11.68%

Note to Schedule:

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

**GADSDEN COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
AS OF SEPTEMBER 30, 2015**

	September 30, 2015
County's Proportion of the Net Pension Liability	0.0415987%
County's Proportionate Share of the Net Pension Liability	\$ 4,242,418
County's Covered-Employee Payroll (FYE 9/30)	12,782,607
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.50%

Notes to Schedule:

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

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

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

**GADSDEN COUNTY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>September 30, 2015</u>
Contractually Required Contributions	\$ 172,438
Contributions in Relation to the Contractually Required Contribution	<u>(172,438)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
County's Covered-Employee Payroll	\$ 12,782,607
Contributions as a Percentage of Covered-Employee Payroll	1.35%

Note to Schedule:

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

**GADSDEN COUNTY, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	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	9.00%
10/1/2013*	0	1,218,100	1,218,100	0.0%	12,447,683	9.79%
10/1/2014	0	795,800	795,800	0.0%	10,696,600	7.44%

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 0.5% 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.

Certain actuarial assumptions were changed with the October 1, 2014 valuation. The medical trend rate has been set to start at a 20.87% rate increase for 2014/15 to be in line with actual premium increases. The trend will continue with a 8% increase for 2015/16 with a decrease of .5% per year until a rate of 5% is reached. The claim costs have been updated to reflect the most recent premium rates. The mortality table has been updated to the RP-2014 Mortality Tables with Generational Improvement Scale MP-2014. The retirement tables have been updated to be consistent with the July 1, 2014 FRS Pension Plan valuation. Since recent experience shows that participant coverage election at retirement is significantly lower than 60%, the election percentage has been reduced to 50% and will be monitored going forward.

*This information was based on a roll-forward of data from the prior valuation.

COMBINING NONMAJOR FUND STATEMENTS

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Special Revenue		
	Landfill	Fines and Forfeitures	Emergency Medical Services
Assets			
Cash	\$ 190,379	\$ 560,519	\$ 318,297
Investments	50,394	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	325,103
Due from Other Funds	0	29,105	0
Due from Other Governments	0	2,865	1,925
Total Assets	240,773	592,489	645,325
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	1,065	0	8,870
Due to Other Funds	0	10,574	0
Due to Other Governments	0	0	0
Accrued Wages	2,053	0	93,082
Unearned Revenue	0	0	0
Total Liabilities	3,118	10,574	101,952
Deferred Inflows of Resources			
Unavailable Revenues	0	0	239,134
Fund Balances			
Restricted	50,394	341,192	0
Committed	0	0	0
Assigned	187,261	240,723	304,239
Unassigned	0	0	0
Total Fund Balances	237,655	581,915	304,239
Total Liabilities and Fund Balances (Deficits)	\$ 240,773	\$ 592,489	\$ 645,325

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 442,241	\$ 192,650	\$ 714,892	\$ 83,656	\$ 0	\$ 307,226	\$ 41,361
0	0	0	0	0	0	0
0	0	0	0	0	2,014	0
0	0	0	0	0	0	0
0	0	202,302	0	0	16,696	83,316
<u>442,241</u>	<u>192,650</u>	<u>917,194</u>	<u>83,656</u>	<u>0</u>	<u>325,936</u>	<u>124,677</u>
6,464	13,291	72,543	3,540	0	5,476	25,372
0	0	0	0	0	0	101,556
0	0	0	0	0	0	9
24,464	0	3,620	0	0	287	1,241
94,000	0	0	0	0	0	0
<u>124,928</u>	<u>13,291</u>	<u>76,163</u>	<u>3,540</u>	<u>0</u>	<u>5,763</u>	<u>128,178</u>
0	0	133,458	0	0	7,648	0
0	179,359	707,573	80,116	0	312,525	1,413
0	0	0	0	0	0	0
317,313	0	0	0	0	0	0
0	0	0	0	0	0	(4,914)
<u>317,313</u>	<u>179,359</u>	<u>707,573</u>	<u>80,116</u>	<u>0</u>	<u>312,525</u>	<u>(3,501)</u>
<u>\$ 442,241</u>	<u>\$ 192,650</u>	<u>\$ 917,194</u>	<u>\$ 83,656</u>	<u>\$ 0</u>	<u>\$ 325,936</u>	<u>\$ 124,677</u>

**GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
(Continued)**

	Special Revenue			
	GHI	E-911	Building Insp. Fund	CDBG
Assets				
Cash	\$ 13,928	\$ 35,493	\$ 80,670	\$ 32
Investments	0	0	0	0
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	22	0
Due from Other Funds	0	0	0	0
Due from Other Governments	0	15,450	7,769	0
Total Assets	13,928	50,943	88,461	32
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	0	4,679	913	32
Due to Other Funds	13,928	30,479	0	0
Due to Other Governments	0	0	0	0
Accrued Wages	0	0	6,038	0
Unearned Revenue	0	0	0	0
Total Liabilities	13,928	35,158	6,951	32
Deferred Inflows of Resources				
Unavailable Revenues	0	0	0	0
Fund Balances				
Restricted	0	15,785	81,510	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	0	15,785	81,510	0
Total Liabilities and Fund Balances (Deficits)	\$ 13,928	\$ 50,943	\$ 88,461	\$ 32

Debt Service				Capital Projects
Debt Service Hospital	Debt Service Library	Debt Service Public Works	Debt Service IT Equipment	Capital Projects General
\$ 136,348	\$ 428,330	\$ 60,987	\$ 0	\$ 328,301
626,199	0	427,518	0	80,000
0	0	0	0	0
0	0	0	0	0
0	209,106	166,414	0	0
<u>762,547</u>	<u>637,436</u>	<u>654,919</u>	<u>0</u>	<u>408,301</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	110,328	76,071	0	0
762,547	0	578,848	0	0
0	0	0	0	0
0	527,108	0	0	408,301
0	0	0	0	0
<u>762,547</u>	<u>527,108</u>	<u>578,848</u>	<u>0</u>	<u>408,301</u>
<u>\$ 762,547</u>	<u>\$ 637,436</u>	<u>\$ 654,919</u>	<u>\$ 0</u>	<u>\$ 408,301</u>

GADSDEN COUNTY, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
(Concluded)

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 322,431	\$ 167,513	\$ 4,425,254
Investments	0	0	1,184,111
Accounts Receivables (Net of Allowance for Uncollectible)	0	0	327,139
Due from Other Funds	127,537	0	156,642
Due from Other Governments	28,489	0	734,332
Total Assets	478,457	167,513	6,827,478
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	0	0	142,245
Due to Other Funds	124,377	0	280,914
Due to Other Governments	0	0	9
Accrued Wages	0	2,009	132,794
Unearned Revenue	22,582	0	116,582
Total Liabilities	146,959	2,009	672,544
Deferred Inflows of Resources			
Unavailable Revenues	0	0	566,639
Fund Balances			
Restricted	330,460	165,504	3,607,226
Committed	1,038	0	1,038
Assigned	0	0	1,984,945
Unassigned	0	0	(4,914)
Total Fund Balances	331,498	165,504	5,588,295
Total Liabilities and Fund Balances (Deficits)	\$ 478,457	\$ 167,513	\$ 6,827,478

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Special Revenue</u>		
	<u>Landfill</u>	<u>Fine and Forfeitures</u>	<u>Emergency Medical Services</u>
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0
Intergovernmental	48,120	200,476	0
Charges for Services	0	80,203	1,920,231
Fines and Forfeitures	0	16,076	0
Miscellaneous	192	7,905	4,443
Total Revenues	<u>48,312</u>	<u>304,660</u>	<u>1,924,674</u>
Expenditures			
Current:			
General Government	0	0	0
Public Safety	0	110,678	2,766,427
Physical Environment	34,677	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Court-related	0	0	0
Culture and Recreation	0	0	0
Debt Service:			
Principal Payments	0	0	0
Interest	0	0	0
Other	0	0	0
Capital Outlay:			
General Government	0	0	0
Public Safety	0	0	0
Physical Environment	10,808	0	0
Court-related	0	0	0
Culture and Recreation	0	0	0
(Total Expenditures)	<u>(45,485)</u>	<u>(110,678)</u>	<u>(2,766,427)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,827</u>	<u>193,982</u>	<u>(841,753)</u>
Other Financing Sources (Uses)			
Transfers in	57,276	6,939,773	969,790
Transfers (out)	0	(7,129,673)	0
Debt Proceeds	0	0	0
Debt Refunding	0	0	0
Total Other Financing Sources (Uses)	<u>57,276</u>	<u>(189,900)</u>	<u>969,790</u>
Net Change in Fund Balances	60,103	4,082	128,037
Fund Balances, Beginning of Year	<u>177,552</u>	<u>577,833</u>	<u>176,202</u>
Fund Balances, End of Year	<u>\$ 237,655</u>	<u>\$ 581,915</u>	<u>\$ 304,239</u>

Special Revenue

Library Services	Judicial Services Fund	Fire Assessment	Court Facilities	Hospital Operating	Tourist Development	General Grants
\$ 0	\$ 0	\$ 1,133,850	\$ 0	\$ 0	\$ 130,723	\$ 0
0	0	0	0	0	0	0
421,930	0	0	0	0	2,500	469,885
22,468	89,916	0	248,586	0	0	0
0	0	0	0	0	0	298
12,617	0	0	185	0	197	13
<u>457,015</u>	<u>89,916</u>	<u>1,133,850</u>	<u>248,771</u>	<u>0</u>	<u>133,420</u>	<u>470,196</u>
0	0	0	0	0	0	39,964
0	0	943,267	0	0	0	10,900
0	0	0	0	0	0	74,602
0	0	0	0	0	0	54,180
0	0	0	0	0	115,318	0
0	193,368	0	159,650	0	0	0
889,572	0	0	0	0	0	29,710
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	23,852	0	0	0	36,123
0	0	0	0	0	0	0
0	5,379	0	321,462	0	0	0
7,080	0	0	0	0	0	40,507
<u>(896,652)</u>	<u>(198,747)</u>	<u>(967,119)</u>	<u>(481,112)</u>	<u>0</u>	<u>(115,318)</u>	<u>(285,986)</u>
<u>(439,637)</u>	<u>(108,831)</u>	<u>166,731</u>	<u>(232,341)</u>	<u>0</u>	<u>18,102</u>	<u>184,210</u>
409,684	168,730	130,000	0	0	0	16,320
(3,000)	0	0	0	(648)	0	(234,460)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>406,684</u>	<u>168,730</u>	<u>130,000</u>	<u>0</u>	<u>(648)</u>	<u>0</u>	<u>(218,140)</u>
<u>(32,953)</u>	<u>59,899</u>	<u>296,731</u>	<u>(232,341)</u>	<u>(648)</u>	<u>18,102</u>	<u>(33,930)</u>
<u>350,266</u>	<u>119,460</u>	<u>410,842</u>	<u>312,457</u>	<u>648</u>	<u>294,423</u>	<u>30,429</u>
<u>\$ 317,313</u>	<u>\$ 179,359</u>	<u>\$ 707,573</u>	<u>\$ 80,116</u>	<u>\$ 0</u>	<u>\$ 312,525</u>	<u>\$ (3,501)</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
(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	218,586	0
Intergovernmental	0	215,578	0	0
Charges for Services	0	0	37,089	0
Fines and Forfeitures	0	0	0	0
Miscellaneous	86,072	42	0	0
Total Revenues	<u>86,072</u>	<u>215,620</u>	<u>255,675</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	0	112,297	231,799	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Court-related	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal Payments	0	0	0	0
Interest	0	0	0	0
Other	0	0	0	0
Capital Outlay:				
General Government	0	0	0	0
Public Safety	0	0	3,625	0
Physical Environment	0	0	0	0
Court-related	0	0	0	0
Culture and Recreation	0	0	0	0
(Total Expenditures)	<u>0</u>	<u>(112,297)</u>	<u>(235,424)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>86,072</u>	<u>103,323</u>	<u>20,251</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers in	0	0	24,014	0
Transfers (out)	0	(101,618)	0	0
Debt Proceeds	0	0	0	0
Debt Refunding	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(101,618)</u>	<u>24,014</u>	<u>0</u>
Net Change in Fund Balances	86,072	1,705	44,265	0
Fund Balances, Beginning of Year	<u>(86,072)</u>	<u>14,080</u>	<u>37,245</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 15,785</u>	<u>\$ 81,510</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
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	1,226,141	1,057,532	0	0
0	0	0	0	0
0	0	0	0	0
667	529	4,294	0	216
<u>667</u>	<u>1,226,670</u>	<u>1,061,826</u>	<u>0</u>	<u>216</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
437,815	155,000	582,513	259,928	0
244,127	67,131	106,540	13,322	0
0	3,290	59,589	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
<u>(681,942)</u>	<u>(225,421)</u>	<u>(748,642)</u>	<u>(273,250)</u>	<u>0</u>
<u>(681,275)</u>	<u>1,001,249</u>	<u>313,184</u>	<u>(273,250)</u>	<u>216</u>
761,384	0	0	273,250	0
0	(899,372)	(6,641,782)	0	0
0	0	9,088,913	0	0
0	0	(2,620,095)	0	0
<u>761,384</u>	<u>(899,372)</u>	<u>(172,964)</u>	<u>273,250</u>	<u>0</u>
80,109	101,877	140,220	0	216
682,438	425,231	438,628	0	408,085
<u>\$ 762,547</u>	<u>\$ 527,108</u>	<u>\$ 578,848</u>	<u>\$ 0</u>	<u>\$ 408,301</u>

GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
(Concluded)

	Constitutional Officer Sheriff Special Revenues	Constitutional Officer Clerk of the Circuit Court	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 0	\$ 0	\$ 1,264,573
Licenses and Permits	0	0	218,586
Intergovernmental	50,233	0	3,692,395
Charges for Services	114,058	47,389	2,559,940
Fines and Forfeitures	0	54,982	71,356
Miscellaneous	140,151	103	257,626
Total Revenues	<u>304,442</u>	<u>102,474</u>	<u>8,064,476</u>
Expenditures			
Current:			
General Government	0	110,579	150,543
Public Safety	491,579	0	4,666,947
Physical Environment	0	0	109,279
Transportation	0	0	54,180
Economic Environment	0	0	115,318
Court-related	0	0	353,018
Culture and Recreation	0	0	919,282
Debt Service:			
Principal Payments	42,982	0	1,478,238
Interest	6,894	0	438,014
Other	0	0	62,879
Capital Outlay:			
General Government	0	40,491	40,491
Public Safety	100,369	0	163,969
Physical Environment	0	0	10,808
Court-related	0	0	326,841
Culture and Recreation	0	0	47,587
(Total Expenditures)	<u>(641,824)</u>	<u>(151,070)</u>	<u>(8,937,394)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(337,382)</u>	<u>(48,596)</u>	<u>(872,918)</u>
Other Financing Sources (Uses)			
Transfers in	326,711	0	10,076,932
Transfers (out)	0	0	(15,010,553)
Debt Proceeds	0	0	9,088,913
Debt Refunding	0	0	(2,620,095)
Total Other Financing Sources (Uses)	<u>326,711</u>	<u>0</u>	<u>1,535,197</u>
Net Change in Fund Balances	(10,671)	(48,596)	662,279
Fund Balances, Beginning of Year	<u>342,169</u>	<u>214,100</u>	<u>4,926,016</u>
Fund Balances, End of Year	<u>\$ 331,498</u>	<u>\$ 165,504</u>	<u>\$ 5,588,295</u>

**GADSDEN COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
SEPTEMBER 30, 2015**

	Agency Funds Clerk of the Courts		
	Trust Funds	Cash Bond	Child Support
Assets			
Cash	\$ 321,641	\$ 231,991	\$ 175
Accounts Receivable	0	0	0
Due from Other Funds	0	0	0
Total Assets	321,641	231,991	175
Liabilities			
Accounts Payable	0	0	0
Due to Other Funds	17	0	0
Due to Individuals	0	0	175
Due to Other Governments	28,312	0	0
Installment Tax Deposits	0	0	0
Assets Held for Others	0	0	0
Deposits	293,312	231,991	0
Unearned Revenue	0	0	0
Total Liabilities	\$ 321,641	\$ 231,991	\$ 175

Agency Funds Sheriff				Agency Funds Tax Collector	
Civil Account	Suspense	Confiscated Funds	Inmate Commissary	Tax	Totals
\$ 141	\$ 0	\$ 23,441	\$ 71,421	\$ 297,936	\$ 946,746
0	0	0	0	7,989	7,989
0	0	0	0	2,534	2,534
141	0	23,441	71,421	308,459	957,269
0	0	0	11,223	921	12,144
0	0	0	31,199	2,340	33,556
0	0	0	0	0	175
0	0	0	0	59,788	88,100
0	0	0	0	232,790	232,790
141	0	23,441	28,999	0	52,581
0	0	0	0	0	525,303
0	0	0	0	12,620	12,620
\$ 141	\$ 0	\$ 23,441	\$ 71,421	\$ 308,459	\$ 957,269

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 THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
Institute of Museum and Library Services			
Passed through State of Florida Department of State:			
LSTA - Every Toddler Has a Story	45.310	14-LSTA-B-02	\$ 65,262
U.S. Department of Justice			
Bullet Proof Vest Award	16.607	2015-BUBX15078282	9,367
Passed Through the State of Florida Office of the Attorney General:			
Victims of Crime Act	16.575	V11227	39,336
Passed Through the State of Florida Department of Law Enforcement:			
SCAPP - State Criminal Alien Assistance Program	16.606	2014 - Award	2,490
County-wide Narcotics Taskforce	16.738	2015-JAGC-GADS-1-R3-141	43,181
Total U.S. Department of Justice			<u>94,374</u>
U.S. Department of Transportation/Federal Highway Administration			
Passed Through Florida Department of Transportation:			
Local Agency Program Agreement - Gateway Signage and Landscape	20.205	428101-2-58-01	110,500
Local Agency Program Agreement - South Atlanta Street	20.205	435252-1-38-01	18,253
Subtotal Expenditures - CFDA No. 20.205			<u>128,753</u>
Passed Through City of Tallahassee, Florida:			
Job Access and Reverse Commute Program	20.516	FL-37-X071-00	27,090
Total U.S. Department of Transportation/Federal Highway Administration			<u>155,843</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

Federal Grantor/Pass-Through Grantor/ Grant Program	Federal CFDA Number	Grant ID Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through State of Florida Department of Revenue:			
Child Support Enforcement	93.563	CSS20	\$ 6,006
Child Support Reimbursement Payments	93.563	CD320	231,413
Subtotal Expenditures - CFDA No. 93.563			<u>237,419</u>
Passed Through State of Florida Department of State:			
Voting Access for Individuals with Disabilities	93.617	2015-2016-0002	<u>13,153</u>
Total U.S. Department of Health and Human Services			<u>250,572</u>
U.S. Department of Homeland Security			
Passed Through State of Florida Division of Emergency Management:			
Emergency Management Preparedness Grant	97.042	15-FG-4D-02-30-01-087	50,438
State Homeland Security Grant Program	97.067	14-DS-L5-02-29-01-474	30,900
Total U.S. Department of Homeland Security			<u>81,338</u>
Total Federal Expenditures			<u>\$ 647,389</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Division of Emergency Management			
Emergency Management Preparedness Grant	31.063	15-BG-83-02-30-01-020	\$ 77,869
Emergency Management Preparedness Grant	31.063	16-BG-83-02-30-01-019	36,870
Total Florida Division of Emergency Management			<u>114,739</u>
Florida Department of Environmental Protection			
Small County Solid Waste	37.012	509SC	<u>73,360</u>
Florida Department of Agriculture and Consumer Services			
Arthropod Control/Mosquito Control	42.003	Contract 021310	<u>21,515</u>
Florida Department of Economic Opportunity			
Department of Economic Opportunity Technical Assistance Grant DEO	40.024	P0127	<u>39,964</u>
Florida Department of State			
Division of Library and Information Systems:			
State Aid to Libraries	45.030	15-ST-11	<u>405,091</u>
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Grant	52.901	Unknown	<u>417,897</u>
Florida Department of Transportation			
SCOP - Lewis Lane	55.009	431327-1-58-01	549,510
SCRAP - Hogan Lane	55.016	435197-1-58-01	6,445
Total Florida Department of Transportation			<u>555,955</u>

GADSDEN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Concluded)

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through/ Grantor Number	State Expenditures
Florida Department of Health			
EMS County Grant 13/14	64.005	C2020	\$ 5,367
EMS County Grant 14/15	64.005	C3020	10,756
Subtotal Expenditures - CSFA No. 64.005			<u>16,123</u>
Total Florida Department of Health			<u>16,123</u>
Florida Department of Management Services			
2013-2014 E911 Map Maintenance	72.001	Grant 14-10-8	46,399
2014-2015 E911 System Maintenance and Map Maintenance	72.001	Grant 15-4-27	1,394
Total Florida Department of Management Services			<u>47,793</u>
Total State Financial Assistance			<u>1,692,437</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 2,339,826</u>

GADSDEN COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY 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

Report on Compliance for Each Major Federal Program and Each Major State Project

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 the County's major federal program and state projects for the year ended September 30, 2015. The County's major federal program and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2015.

Certified Public Accountants

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Continued)**

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General* and which is described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2015-01. Our opinion on each major state project is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the federal program and major state projects 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 project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as State Project Finding No. 2015-01 that we consider to be a significant deficiency.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control Over Compliance (Concluded)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, Constitutional Officers, and 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.

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

**GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I - Summary of Independent Auditors' Results

Financial Statements

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

Federal Awards

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	No
Type of Auditors' Report Issued on Compliance for Major Programs	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
Identification of Major Program:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.563	Child Support Enforcement

Dollar Threshold used to Distinguish Between Type A and Type B Programs	\$ 300,000
Auditee Qualified as Low-risk Auditee?	Yes

State Financial Assistance

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

<u>CFDA Number</u>	<u>Name of State Project</u>
52.901	State Housing Initiative Partnership
55.009	Small County Outreach Program

Dollar Threshold Used to Distinguish Between Type A and Type B Projects	\$ 300,000
--	------------

GADSDEN COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Concluded)

Section II - Financial Statement Findings

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

Section III - Findings and Questioned Costs – Federal Program

There were no findings relative to the major federal program.

Section IV - Findings and Questioned Costs – State Projects

State Project Finding Number 2015-01

State Agency:	Florida Housing Finance Corporation
CSFA Number:	52.901
Program Title:	State Housing Initiative Partnership Program (SHIP)
Compliance Requirement:	Allowable Costs
Finding Type:	Noncompliance and Significant Deficiency
Questioned Costs:	None

For the fiscal year 2014-2015, the County reported expenditures of \$417,897 for the SHIP program. A significant portion of these SHIP funds were used to provide rehabilitation of homes owned by eligible participants. During fiscal year 2014-2015, only one cost estimate was received from contractors for each SHIP rehabilitation project approved. Each of these rehabilitation projects exceeded \$5,001 in total costs.

The County's procurement policy requires competitive sealed bids for purchases over \$5,001. During fiscal year 2014-2015, formal sealed bids were not obtained for SHIP rehabilitation projects that were approved.

We recommend that formal sealed bids be obtained for SHIP rehabilitation projects that exceed \$5,001 in total costs as required by the County's procurement policy.

Summary Schedule of Prior Year 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, 2015, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 9, 2016. 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*.

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.

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida's, (the County) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

Certified Public Accountants

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

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

We have examined Gadsden County, Florida's, (the County) compliance with Section 365.172(10), and Section 365.173(2)(d) Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Gadsden County, Florida (the County), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 9, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Reports on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 9, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations in the preceding annual financial report. Additional corrective actions can be found in the respective reports of the Constitutional Officers.

Official Title and Legal Authority

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

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Annual Financial Report

- Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

- Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

- Sections 10.554(1)(i)2., *Rules of the Auditor General*, require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of 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.

Purpose of this Letter

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

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida



COMMISSIONERS:

ERIC F. HINSON
District 1
ANTHONY O.
VIEGBESIE, PH.D.
District 2
GENE MORGAN
District 3
BRENDA A. HOLT
District 4
SHERRIE D. TAYLOR
District 5

GADSDEN COUNTY
Board of County Commissioners
EDWARD J. BUTLER
GADSDEN COUNTY GOVERNMENTAL COMPLEX

ROBERT M. PRESNELL
County Administrator

DAVID J. WEISS
County Attorney

May 4, 2016

Mr. Ryan Tucker, CPA
Purvis Gray & Company
P. O. Box 23999
Gainesville, Florida 32602-0999

RE: Gadsden County Board of County Commissioners Management Letter Comments Response

Dear Mr. Tucker:

After reviewing the management letter comments regarding the audit performed by Purvis, Gray & Company for the fiscal year end September 30, 2015, we would like to respond as follows:

State Project Finding Number 2015-01

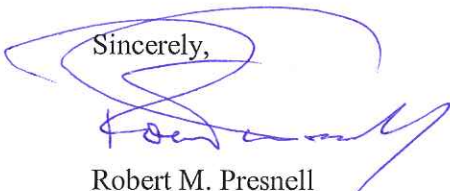
Per the Audit, for the fiscal year 2014-2015, the County reported expenditures of \$417,897 for the SHIP program. A significant portion of these SHIP funds were used to provide rehabilitation of homes owned by eligible participants. During fiscal year 2014-2015, only one cost estimate was received from contractors for each SHIP rehabilitation project approved. Each of these rehabilitation projects exceeded \$5,001 in total costs.

The County's procurement policy requires competitive sealed bids for purchases over \$5001. During fiscal year 2014-2015, formal sealed bids were not obtained for SHIP rehabilitation projects that were approved.

Response

Per the County's procurement policy, formal seal bids will be obtained for all future new SHIP projects that exceed \$5,001 in total cost.

Sincerely,


Robert M. Presnell
County Administrator
Gadsden County, Florida

RMP/lb

Enclosure

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2015, and the respective changes in financial position and budgetary comparison for the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds, and the aggregate remaining fund information of Gadsden County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2015, and the changes in its financial position, budgetary comparisons, or 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 these matters.

Other Matters

Other Financial Information

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

Other Reporting Required by *Government Auditing Standards*

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


May 5, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Assets				
Cash	\$ 14,726	\$ 100,436	\$ 167,513	\$ 282,675
Due from Other Funds	17	0	0	17
Due from Other Governments	40,447	27,286	0	67,733
Total Assets	<u>55,190</u>	<u>127,722</u>	<u>167,513</u>	<u>350,425</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	13,266	8,284	0	21,550
Due to Other Governments	4,898	20,240	0	25,138
Accrued Wages and Benefits	37,026	99,198	2,009	138,233
Total Liabilities	<u>55,190</u>	<u>127,722</u>	<u>2,009</u>	<u>184,921</u>
Fund Balances				
Restricted for Records Modernization	<u>0</u>	<u>0</u>	<u>165,504</u>	<u>165,504</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>165,504</u>	<u>165,504</u>
Total Liabilities and Fund Equity	<u>\$ 55,190</u>	<u>\$ 127,722</u>	<u>\$ 167,513</u>	<u>\$ 350,425</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	Major			Total Governmental Funds
	General Fund	Court Fund	Public Records Trust Fund	
Revenues				
Intergovernmental Revenues	\$ 231,413	\$ 359,757	\$ 0	\$ 591,170
Charges for Services	136,542	623,773	47,389	807,704
Fines and Forfeitures	0	215,763	54,982	270,745
Interest	217	204	103	524
Miscellaneous	15,737	0	0	15,737
Total Revenues	<u>383,909</u>	<u>1,199,497</u>	<u>102,474</u>	<u>1,685,880</u>
Expenditures				
General Government:				
Personal Services	931,995	0	110,579	1,042,574
Operating Expenditures	237,271	0	0	237,271
Capital Outlay	784	0	40,491	41,275
Court Related:				
Personal Services	0	1,085,239	0	1,085,239
Operating Expenditures	0	109,703	0	109,703
(Total Expenditures)	<u>1,170,050</u>	<u>1,194,942</u>	<u>151,070</u>	<u>2,516,062</u>
(Deficiency) Excess of Expenditures (Under) Over Revenues	<u>(786,141)</u>	<u>4,555</u>	<u>(48,596)</u>	<u>(830,182)</u>
Other Financing Sources				
Transfers from Board of County Commissioners	786,141	0	0	786,141
Excess Fees Due to State	0	(4,555)	0	(4,555)
Total Other Financing Sources (Uses)	<u>786,141</u>	<u>(4,555)</u>	<u>0</u>	<u>781,586</u>
Net Change in Fund Balances	0	0	(48,596)	(48,596)
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>214,100</u>	<u>214,100</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 165,504</u>	<u>\$ 165,504</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, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 215,000	\$ 231,413	\$ 231,413	\$ 0
Charges for Services	135,240	136,542	136,542	0
Interest	500	217	217	0
Miscellaneous	12,950	15,737	15,737	0
Total Revenues	363,690	383,909	383,909	0
Expenditures				
General Government:				
Personal Services	939,908	931,995	931,995	0
Operating Expenditures	196,423	237,271	237,271	0
Capital Outlay	13,500	784	784	0
(Total Expenditures)	(1,149,831)	(1,170,050)	(1,170,050)	0
(Deficiency) of Expenditures (Under) Revenues	(786,141)	(786,141)	(786,141)	0
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners	786,141	786,141	786,141	0
Total Other Financing Sources (Uses)	786,141	786,141	786,141	0
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	\$ 0	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT
(Continued)**

	Court Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 294,620	\$ 359,131	\$ 359,757	\$ 626
Charges for Services	688,030	623,773	623,773	0
Fines and Forfeitures	213,800	215,763	215,763	0
Interest	315	204	204	0
Total Revenues	<u>1,196,765</u>	<u>1,198,871</u>	<u>1,199,497</u>	<u>626</u>
Expenditures				
Court Related:				
Personal Services	1,110,410	1,082,810	1,085,239	(2,429)
Operating Expenditures	86,355	116,061	109,703	6,358
(Total Expenditures)	<u>(1,196,765)</u>	<u>(1,198,871)</u>	<u>(1,194,942)</u>	<u>3,929</u>
Excess of Expenditures Over Revenues	0	0	4,555	4,555
Other Financing Sources (Uses)				
Excess Fees Due to State	0	0	(4,555)	(4,555)
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 47,392	\$ 47,389	\$ (3)
Fines and Forfeitures	0	54,982	54,982	0
Interest	0	103	103	0
Total Revenues	<u>0</u>	<u>102,477</u>	<u>102,474</u>	<u>(3)</u>
Expenditures				
General Government:				
Personal Services	0	110,579	110,579	0
Capital Outlay	0	40,491	40,491	0
(Total Expenditures)	<u>0</u>	<u>(151,070)</u>	<u>(151,070)</u>	<u>0</u>
Net Change in Fund Balances	0	(48,593)	(48,596)	(3)
Fund Balances, Beginning of Year	<u>294,931</u>	<u>208,557</u>	<u>214,100</u>	<u>5,543</u>
Fund Balances, End of Year	<u>\$ 294,931</u>	<u>\$ 159,964</u>	<u>\$ 165,504</u>	<u>\$ 5,540</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

Assets	
Cash	\$ 553,807
Total Assets	<u>553,807</u>
Liabilities	
Due to Other Funds	17
Due to Other Governments	28,312
Deposits	525,303
Due to Individuals	175
Total Liabilities	<u>\$ 553,807</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

Fund Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

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

■ **Governmental Fund Types**

● **Major Funds**

▶ **General Fund**

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

▶ **Court Fund**

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

▶ **Public Records Trust Fund**

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

■ **Fiduciary Fund Type**

● **Agency Funds**

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

Basis of Accounting

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

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

Measurement Focus

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

Capital Assets

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

Compensated Absences

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

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

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

Use of Estimates

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Transfers In and Out

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

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

Fund Balance Reporting

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

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting (Concluded)

- **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.

New Accounting Pronouncement

The Clerk participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Clerk implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers’ proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plans).

Note 2 - Cash

As of September 30, 2015, the Clerk had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,600
Deposits in Qualified Public Depositories	834,882
Total Cash	\$ 836,482

Credit Risk

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

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

Note 2 - Cash (Concluded)

Credit Risk (Concluded)

- 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, 2015, were \$1,104,675.

Note 3 - Employees' Retirement and Benefit Plans

General Information about the Florida Retirement System (FRS)

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

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

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

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

FRS Pension Plan

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

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

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

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

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

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

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011</i>	
Retirement up to Age 62 or up to 30 Years of Service	1.60
Retirement at Age 63 or with 31 Years of Service	1.63
Retirement at Age 64 or with 32 Years of Service	1.65
Retirement at Age 65 or with 33 or more Years of Service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011</i>	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement at Age 66 or with 34 Years of Service	1.63
Retirement at Age 67 or with 35 Years of Service	1.65
Retirement at Age 68 or with 36 or more Years of Service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
DROP - Applicable to Members				
from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Clerk's contributions (employer) to the FRS Plan totaled \$201,799 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

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

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

FRS Pension Plan (Continued)

Pension Liabilities and Pension Expense. At September 30, 2015, the Clerk's proportionate share of the FRS net pension liability was \$1,076,133. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportion was .008331565%, which was an increase of .000627305 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Clerk's pension expense related to the plan (full accrual basis) was \$165,619. The Clerk's pension expense, proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$45,153 and \$46,485, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

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

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

FRS Pension Plan (Concluded)

Actuarial Assumptions. (Concluded)

<u>Asset Class</u>	<u>Annual Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

⁽¹⁾ As Outlined in the FRS Pension Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
Clerk's Proportionate Share of the Net Pension Liability	\$ 2,788,505	\$ 1,076,133	\$ (348,841)

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

HIS Pension Plan

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

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

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

HIS Pension Plan (Continued)

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Clerk contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate Trust Fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Clerk's contributions to the HIS Plan totaled \$20,504 for the fiscal year ended September 30, 2015.

At September 30, 2015, the Clerk's proportionate share of the HIS net pension liability was \$509,684. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Clerk's proportionate share of the net pension liability was based on the Clerk's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Clerk's proportion was .0049977%, which was a decrease of .0000419 from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Clerk's pension expense related to the HIS plan (full accrual basis) was \$38,087. The Clerk's pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$5,764 and \$4,364, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used determine the total pension liability.

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Return	3.80% Net of Pension Plan Investment Expense, Including Inflation

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

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

HIS Pension Plan (Concluded)

Actuarial Assumptions. (Concluded)

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on certain results of an actuarial experience study of the FRS Plan for the period July 1, 2008 through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Clerk's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Clerk's Proportionate Share of the Net Pension Liability	\$ 580,762	\$ 509,684	\$ 450,417

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

FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class,

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

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

FRS - Defined Contribution Pension Plan (Concluded)

Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Elected County Officers	11.34%
FRS, Senior Management Service	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

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

The Clerk's contributions to the Investment Plan totaled \$0 for the fiscal year ended September 30, 2015.

Note 4 - Long-term Liabilities

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

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015
Liability for Compensated Absences	\$ 189,713	\$ 200,269	\$ (206,327)	\$ 183,655
Other Postemployment Benefits	81,800	6,300	0	88,100
Net Pension Liabilities	941,289	644,528	0	1,585,817
Total	\$ 1,212,802	\$ 851,097	\$ (206,327)	\$ 1,857,572

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

Note 4 - Long-term Liabilities (Concluded)

Of the \$183,655 liability for accrued compensated absences, management estimates that \$93,725 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, 2015. 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 7 for a description of other postemployment benefits.

See Note 3 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

Note 5 - Operating Leases

The Clerk has non-cancellable operating leases for copiers and a postage meter, which expire in May 2017, September 2017, January 2018, and September 2018, respectively. The Clerk also has an operating lease for copiers, which is on a 90-day renewal period. For the year ended September 30, 2015, the equipment lease expense was \$26,324.

Future rental payments for the leases are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 26,249
2017	21,088
2018	<u>4,676</u>
Total	<u>\$ 52,013</u>

Note 6 - Risk Management

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

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

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

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

Note 7 - Other Postemployment Benefits

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

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

Annual Other Postemployment Benefit (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, 2015, totaled \$88,100. 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, 2015
GADSDEN COUNTY CLERK OF THE CIRCUIT COURT

	<u>General Trust</u>	<u>Cash Bonds</u>	<u>Child Support</u>	<u>Total of All Agency Funds</u>
Assets				
Cash	\$ 321,641	\$ 231,991	\$ 175	\$ 553,807
Total Assets	<u>321,641</u>	<u>231,991</u>	<u>175</u>	<u>553,807</u>
Liabilities				
Due to Other Funds	17	0	0	17
Due to Other Governments	28,312	0	0	28,312
Deposits	293,312	231,991	0	525,303
Due to Individuals	0	0	175	175
Total Liabilities	<u>\$ 321,641</u>	<u>\$ 231,991</u>	<u>\$ 175</u>	<u>\$ 553,807</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Clerk of the Circuit Court of Gadsden County, Florida, (the Clerk) as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

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

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

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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


May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Sections 28.35 and 28.36, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(b), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Clerk's (the Clerk) compliance with the requirements of Section 61.181, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(d), *Rules of the Auditor General*. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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


May 5, 2016
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 5, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Reports on our examinations conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 5, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

MANAGEMENT LETTER
(Concluded)

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or 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.

Purpose of this Letter

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

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

Durvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GADSDEN COUNTY SHERIFF
GADSDEN COUNTY, FLORIDA**

SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the major funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gadsden County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Gadsden County, Florida as of September 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Other Financial Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



May 9, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Radio Communi- cations	Inmate Welfare	Emergency Management		
Assets						
Cash	\$ 149,244	\$ 214,261	\$ 84,550	\$ 0	\$ 23,620	\$ 471,675
Prepays	22,173	0	0	0	0	22,173
Due from Other Funds	124,377	450	31,199	0	0	156,026
Due from Board of County Commissioners	9,367	0	0	36,870	59,018	105,255
Due from Other Governments	0	0	0	9,147	19,342	28,489
Total Assets	305,161	214,711	115,749	46,017	101,980	783,618
Liabilities and Fund Balance						
Liabilities						
Accounts Payable and Accrued Expenses	265,988	0	0	0	0	265,988
Due to Board of County Commissioners	38,723	0	0	0	0	38,723
Due to Other Funds	450	0	0	46,017	78,360	124,827
Unearned Revenues	0	0	0	0	22,582	22,582
Total Liabilities	305,161	0	0	46,017	100,942	452,120
Fund Balances						
Restricted:						
Radio Communications	0	214,711	0	0	0	214,711
Inmate Welfare	0	0	115,749	0	0	115,749
Committed:						
Teen Court	0	0	0	0	1,038	1,038
Total Fund Balances	0	214,711	115,749	0	1,038	331,498
Total Liabilities and Fund Balances	\$ 305,161	\$ 214,711	\$ 115,749	\$ 46,017	\$ 101,980	\$ 783,618

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Radio Communi- cations	Inmate Welfare	Emergency Management		
Revenues						
Intergovernmental Revenue	\$ 0	\$ 0	\$ 0	\$ 9,147	\$ 41,086	\$ 50,233
Charges for Services	0	88,586	0	0	25,470	114,056
Miscellaneous Revenue	624	0	89,177	0	50,974	140,775
Total Revenues	<u>624</u>	<u>88,586</u>	<u>89,177</u>	<u>9,147</u>	<u>117,530</u>	<u>305,064</u>
Expenditures						
Public Safety:						
Personal Services	5,246,416	0	62,725	74,015	207,165	5,590,321
Operating	1,727,327	28,720	20,643	34,398	63,911	1,874,999
Capital Outlay	212,265	27,417	0	29,718	43,234	312,634
Debt Service:						
Principal	133,706	0	42,982	0	0	176,688
Interest	6,584	0	6,894	0	0	13,478
(Total Expenditures)	<u>(7,326,298)</u>	<u>(56,137)</u>	<u>(133,244)</u>	<u>(138,131)</u>	<u>(314,310)</u>	<u>(7,968,120)</u>
(Deficiency) Excess of Expenditures (Under) Over Revenues	<u>(7,325,674)</u>	<u>32,449</u>	<u>(44,067)</u>	<u>(128,984)</u>	<u>(196,780)</u>	<u>(7,663,056)</u>
Other Financing Sources (Uses)						
Transfers from Board of County Commissioners	7,139,040	0	0	128,984	197,727	7,465,751
Transfers to Board of County Commissioners	(9,618)	0	0	0	0	(9,618)
Installment Purchases	196,252	0	0	0	0	196,252
Total Other Financing Sources (Uses)	<u>7,325,674</u>	<u>0</u>	<u>0</u>	<u>128,984</u>	<u>197,727</u>	<u>7,652,385</u>
Net Change in Fund Balances	0	32,449	(44,067)	0	947	(10,671)
Fund Balances, Beginning of Year	<u>0</u>	<u>182,262</u>	<u>159,816</u>	<u>0</u>	<u>91</u>	<u>342,169</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 214,711</u>	<u>\$ 115,749</u>	<u>\$ 0</u>	<u>\$ 1,038</u>	<u>\$ 331,498</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, 2015
GADSDEN COUNTY SHERIFF**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous Revenue	\$ 624	\$ 624	\$ 624	\$ 0
Total Revenues	<u>624</u>	<u>624</u>	<u>624</u>	<u>0</u>
Expenditures				
Public Safety:				
Personal Services	5,247,354	5,247,354	5,246,416	938
Operating	1,724,943	1,724,943	1,727,327	(2,384)
Capital Outlay	213,252	213,252	212,265	987
Debt Service:				
Principal	134,400	134,400	133,706	694
Interest	6,600	6,600	6,584	16
(Total Expenditures)	<u>(7,326,549)</u>	<u>(7,326,549)</u>	<u>(7,326,298)</u>	<u>251</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(7,325,925)</u>	<u>(7,325,925)</u>	<u>(7,325,674)</u>	<u>251</u>
Other Financing Sources (Uses)				
Transfers from Board of County Commissioners	7,129,673	7,129,673	7,139,040	9,367
Transfers to Board of County Commissioners	0	0	(9,618)	(9,618)
Installment Purchases	196,252	196,252	196,252	0
Total Other Financing Sources (Uses)	<u>7,325,925</u>	<u>7,325,925</u>	<u>7,325,674</u>	<u>(251)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RADIO COMMUNICATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF**

	Radio Communications Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for Services	\$ 56,137	\$ 56,137	\$ 88,586	\$ 32,449
Total Revenues	<u>56,137</u>	<u>56,137</u>	<u>88,586</u>	<u>32,449</u>
Expenditures				
Public Safety:				
Operating	28,717	28,717	28,720	(3)
Capital Outlay	27,420	27,420	27,417	3
(Total Expenditures)	<u>(56,137)</u>	<u>(56,137)</u>	<u>(56,137)</u>	<u>0</u>
Net Change in Fund Balances	0	0	32,449	32,449
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>182,262</u>	<u>182,262</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 214,711</u>	<u>\$ 214,711</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - INMATE WELFARE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 133,330	\$ 133,330	\$ 89,177	\$ (44,153)
Total Revenues	<u>133,330</u>	<u>133,330</u>	<u>89,177</u>	<u>(44,153)</u>
Expenditures				
Public Safety:				
Personal Services	62,780	62,780	62,725	55
Operating	18,300	18,300	20,643	(2,343)
Debt Service:				
Principal	45,250	45,250	42,982	2,268
Interest	7,000	7,000	6,894	106
(Total Expenditures)	<u>(133,330)</u>	<u>(133,330)</u>	<u>(133,244)</u>	<u>86</u>
Net Change in Fund Balances	0	0	(44,067)	(44,067)
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>159,816</u>	<u>159,816</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115,749</u>	<u>\$ 115,749</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EMERGENCY MANAGEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF**

	Emergency Management			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 9,147	\$ 9,147	\$ 9,147	\$ 0
Total Revenues	<u>9,147</u>	<u>9,147</u>	<u>9,147</u>	<u>0</u>
Expenditures				
Public Safety:				
Personal Services	73,998	73,998	74,015	(17)
Operating	33,491	34,415	34,398	17
Capital Outlay	29,718	29,718	29,718	0
(Total Expenditures)	<u>(137,207)</u>	<u>(138,131)</u>	<u>(138,131)</u>	<u>0</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(128,060)</u>	<u>(128,984)</u>	<u>(128,984)</u>	<u>0</u>
Other Financing Sources				
Transfers in	128,060	128,984	128,984	0
Total Other Financing Sources	<u>128,060</u>	<u>128,984</u>	<u>128,984</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF

Assets	
Cash	\$ 95,003
Total Assets	<u>95,003</u>
Liabilities	
Accounts Payable	11,223
Due to Other Funds	31,199
Assets Held for Others	52,581
Total Liabilities	<u>\$ 95,003</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

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

Fund Accounting

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The Sheriff reports the following major and nonmajor governmental funds:

■ **Major Governmental Funds**

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

■ **Nonmajor Governmental Funds**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Concluded)

■ **Nonmajor Governmental Funds (Concluded)**

● **Special Revenue Funds (Concluded)**

- ▶ **LEEF Training**—Accounts for the activities related to law enforcement training.
- ▶ **DEM Federal**—Accounts for the activities related to the emergency management preparedness grant funded by the U.S. Department of Homeland Security passed through the Gadsden County Board of County Commissioners.
- ▶ **Towing and Impound**—Accounts for the activities related to funds received from program generated income for narcotic-related activities from the Justice Assistance Grant.

■ **Fiduciary Funds**

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

Basis of Accounting

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

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

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

Measurement Focus

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

Budgets and Budgetary Accounting

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. Budgets are adopted for the General Fund 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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Concluded)

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 FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Liability for Compensated Absences

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

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

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

Transfers In and Out

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

Related Organizations - Service Fees and Common Expenses

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

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

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Fund Balance Reporting

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

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

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

New Accounting Pronouncement

The Sheriff participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. As a participating employer, the Sheriff implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plans).

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 2 - Cash

As of September 30, 2015, the Sheriff had the following in cash:

	Carrying Amount
Deposits in Qualified Public Depositories	\$ 566,678
Total Cash	\$ 566,678

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, 2015, were \$683,545.

Note 3 - Capital Assets

A summary of the changes in capital assets for the year ended September 30, 2015, follows:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015
Vehicles, Furniture and Equipment	\$ 3,551,929	\$ 312,633	\$ 0	\$ 3,864,562
(Accumulated Depreciation)	(3,036,368)	(263,098)	0	(3,299,466)
Capital Assets, Net	\$ 515,561	\$ 49,535	\$ 0	\$ 565,096

Depreciation expense for the Sheriff's assets was recorded in the County's government-wide financial statements in the amount of \$263,098.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 4 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2015</u>
Capital Leases	\$ 210,532	\$ 196,252	\$ (176,688)	\$ 230,096
Liability for Compensated Absences	597,669	367,756	(402,105)	563,320
Other Postemployment Benefits	716,200	81,700	(41,600)	756,300
Net Pension Liabilities	<u>2,520,731</u>	<u>1,390,114</u>	<u>0</u>	<u>3,910,845</u>
Total	<u>\$ 4,045,132</u>	<u>\$ 2,035,822</u>	<u>\$ (620,393)</u>	<u>\$ 5,460,561</u>

Of the \$563,320 liability for accrued compensated absences, management estimates that \$203,995 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, 2015.

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.

See Note 7 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

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

Note 5 - Lease Obligations

Capital Leases

The Sheriff has commitments under capital leases for the purchase of vehicles for the purchase of a body security screening system. Annual payments under the leases are reported as debt service principal and interest expenditures.

The capital lease agreement for the purchase of vehicles provides for 12 quarterly payments of \$17,541, including interest, beginning April 2015 and ending January 2018. The net present value of the capital lease was computed utilizing an interest rate of 5.2%, which was the rate provided in the terms of the lease agreement.

The capital lease agreement for the purchase of the body security screening system provides for an upfront payment of \$60,000 and then 11 quarterly payments of \$12,469, including interest, beginning August 2014 and ending May 2017. The net present value of the capital lease was computed utilizing an interest rate of 6.32%, which was the rate imputed from the terms of the lease agreement.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 5 - Lease Obligations (Concluded)

Capital Leases (Concluded)

At September 30, 2015, aggregate future minimum lease payments are as follows:

September 30, 2015	Amount
2016	\$ 120,040
2017	107,571
2018	17,541
Total Future Minimum Lease Payments	245,152
(Less Amount Representing Interest)	(15,056)
Present Value of Net Minimum Lease Payments	\$ 230,096

Operating Lease

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

Year	Amount
2016	\$ 10,000
2017	9,443
2018	3,935
Total	\$ 23,378

Note 6 - Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2015, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 124,377	\$ 450
Special Revenue Funds		
Radio Communications	450	30,479
Inmate Welfare	31,199	0
VOCA	0	16,142
Emergency Management	0	46,017
Justice Assistance	0	15,475
Justice Assistance Program Income	0	3,200
SCAAP	0	2,490
Leaf Training Fund	0	10,574
Agency Funds		
Inmate Commissary	0	31,199
Totals	\$ 156,026	\$ 156,026

Note 7 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

General Information about the Florida Retirement System (FRS) (Concluded)

effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

FRS Pension Plan

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Plan Description. (Concluded)

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

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
FRS, Special Risk Regular	3.00	18.52	3.00	20.34
DROP – Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Sheriff contributions (employer), to the FRS Plan totaled \$493,328 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

At September 30, 2015, the Sheriff's proportionate share of the FRS net pension liability was \$2,613,524. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Sheriff's proportion was .020234242%, which was a decrease of .001388130 from its proportion measured as of June 30, 2014.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Pension Liabilities and Pension Expense. For the year ended September 30, 2015, the Sheriff's pension expense related to the Plan (full accrual basis) was \$37,797. The Sheriff's pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$138,860 and \$133,644, respectively.

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Annual Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

⁽¹⁾ As Outlined in the FRS Pension Plan's Investment Policy.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Sheriff's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Sheriff's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Sheriff's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Sheriff's Proportionate Share of the Net Pension Liability	\$ 6,772,231	\$ 2,613,524	\$ (847,204)

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Sheriff contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

HIS Pension Plan (Continued)

Contributions. (Concluded)

The Sheriff's contributions to the HIS Plan totaled \$48,627 for the fiscal year ended September 30, 2015, (modified accrual basis).

Pension Liabilities and Pension Expense. At September 30, 2015, the Sheriff's proportionate share of the HIS net pension liability was \$1,297,321. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Sheriff's proportionate share of the net pension liability was based on the Sheriff's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Sheriff's pension expense proportion was .01272080%, which was a decrease of .00012857 from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Sheriff's pension expense related to the HIS Plan (full accrual basis) was \$90,654. The Sheriff's pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$17,119 and \$12,857, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability.

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Return	3.80% Net of Pension Plan Investment Expense, Including Inflation

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study of the FRS for the period July 1, 2008 through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

Sensitivity of the Sheriff's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Sheriff's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Sheriff's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Sheriff's Proportionate Share of the Net Pension Liability	\$ 1,478,237	\$ 1,297,321	\$ 1,146,464

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SHERIFF
(Continued)

Note 7 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

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

The Sheriff's Investment Plan pension expense totaled \$89,236 for the fiscal year ended September 30, 2015.

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, 2015, was \$92,223.

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, 2015, was \$34,573.

NOTES TO 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, 2015, was \$125,812.

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, 2015. 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, 2015, totaled \$756,300. 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, 2015
GADSDEN COUNTY SHERIFF**

	<u>VOCA</u>	<u>E-911</u>	<u>Justice Assistance</u>	<u>Justice Asst. Prog Income</u>	<u>Teen Court</u>
Assets					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,038
Due from Board of County Commissioners	0	30,479	15,475	0	0
Due from Other Governments	16,142	0	0	3,200	0
Total Assets	<u>16,142</u>	<u>30,479</u>	<u>15,475</u>	<u>3,200</u>	<u>1,038</u>
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	16,142	30,479	15,475	3,200	0
Unearned Revenues	0	0	0	0	0
Total Liabilities	<u>16,142</u>	<u>30,479</u>	<u>15,475</u>	<u>3,200</u>	<u>0</u>
Fund Balances					
Committed:					
Teen Court	0	0	0	0	1,038
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,038</u>
Total Liabilities and Fund Balances	<u>\$ 16,142</u>	<u>\$ 30,479</u>	<u>\$ 15,475</u>	<u>\$ 3,200</u>	<u>\$ 1,038</u>

Victims Special	SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Total Other Governmental Funds
\$ 17,686	\$ 0	\$ 0	\$ 0	\$ 4,896	\$ 23,620
0	2,490	10,574	0	0	59,018
0	0	0	0	0	19,342
<u>17,686</u>	<u>2,490</u>	<u>10,574</u>	<u>0</u>	<u>4,896</u>	<u>101,980</u>
0	2,490	10,574	0	0	78,360
<u>17,686</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,896</u>	<u>22,582</u>
<u>17,686</u>	<u>2,490</u>	<u>10,574</u>	<u>0</u>	<u>4,896</u>	<u>100,942</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,038</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,038</u>
<u>\$ 17,686</u>	<u>\$ 2,490</u>	<u>\$ 10,574</u>	<u>\$ 0</u>	<u>\$ 4,896</u>	<u>\$ 101,980</u>

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015
GADSDEN COUNTY SHERIFF**

	VOCA	E-911	Justice Assistance	Justice Asst. Prog Income	Teen Court
Revenues					
Intergovernmental Revenue	\$ 39,336	\$ 0	\$ 0	\$ 1,750	\$ 0
Charges for Services	0	0	0	0	25,470
Miscellaneous Revenue	0	0	0	0	50,974
Total Revenues	<u>39,336</u>	<u>0</u>	<u>0</u>	<u>1,750</u>	<u>76,444</u>
Expenditures					
Public Safety:					
Personal Services	39,336	94,758	41,107	0	30,022
Operating	0	6,860	2,074	1,750	45,475
Capital Outlay	0	0	0	0	0
(Total Expenditures)	<u>(39,336)</u>	<u>(101,618)</u>	<u>(43,181)</u>	<u>(1,750)</u>	<u>(75,497)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>0</u>	<u>(101,618)</u>	<u>(43,181)</u>	<u>0</u>	<u>947</u>
Other Financing Sources					
Transfers from Board of County Commissioners	0	101,618	43,181	0	0
Total Other Financing Sources	<u>0</u>	<u>101,618</u>	<u>43,181</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0	947
Fund Balances, Beginning of Year	<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>\$ 1,038</u>

Victims Special	SCAAP	LEEF Training Fund	DEM Federal	Towing and Impound	Total Other Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,086
0	0	0	0	0	25,470
0	0	0	0	0	50,974
0	0	0	0	0	117,530
0	1,942	0	0	0	207,165
0	548	0	7,204	0	63,911
0	0	0	43,234	0	43,234
0	(2,490)	0	(50,438)	0	(314,310)
0	(2,490)	0	(50,438)	0	(196,780)
0	2,490	0	50,438	0	197,727
0	2,490	0	50,438	0	197,727
0	0	0	0	0	947
0	0	0	0	0	91
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,038

**COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2015
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	\$ 141	\$ 0	\$ 71,421	\$ 95,003
Total Assets	<u>23,441</u>	<u>141</u>	<u>0</u>	<u>71,421</u>	<u>95,003</u>
Liabilities					
Accounts Payable	0	0	0	11,223	11,223
Due to Other Funds	0	0	0	31,199	31,199
Assets Held for Others	23,441	141	0	28,999	52,581
Total Liabilities	<u>\$ 23,441</u>	<u>\$ 141</u>	<u>\$ 0</u>	<u>\$ 71,421</u>	<u>\$ 95,003</u>

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Gadsden County, Florida, (the Sheriff) as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2016.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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.

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Sheriff's (the Sheriff) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Gadsden County, Florida, Sheriff (the Sheriff), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 9, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 9, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year finding has been corrected by management.

Official Title and Legal Authority

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

Other Matters

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

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

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

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

Purpose of this Letter

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

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

Durvis, Gray and Company, LLP

May 9, 2016
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2015, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules) of the State Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund, and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida, as of September 30, 2015, and the changes in its financial position, budgetary comparisons, or 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 these matters.

Other Reporting Required by *Government Auditing Standards*

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



May 5, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2015
GADSDEN COUNTY TAX COLLECTOR**

Assets	
Cash	\$ 25,316
Due from Others	1,269
Due from Other Funds	2,340
Total Assets	<u>28,925</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	1,030
Due to Other Funds	2,534
Due to Board of County Commissioners	25,360
Due to Other Governments	1
Total Liabilities	<u>28,925</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Equity	<u>\$ 28,925</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 GADSDEN COUNTY TAX COLLECTOR**

Revenues	
Charges for Services	\$ 810,583
Miscellaneous	4,160
Total Revenues	814,743
 Expenditures	
Current:	
General Government:	
Personal Services	615,711
Operating	195,751
Capital Outlay	2,804
(Total Expenditures)	(814,266)
 Excess of Revenues Over Expenditures	 477
 Other Financing (Uses)	
Transfers (out) to Board of County Commissioners	(477)
Total Other Financing (Uses)	(477)
 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, 2015
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	\$ 785,260	\$ 785,260	\$ 810,583	\$ 25,323
Miscellaneous	4,250	4,250	4,160	(90)
Total Revenues	<u>789,510</u>	<u>789,510</u>	<u>814,743</u>	<u>25,233</u>
Expenditures				
Current:				
General Government:				
Personal Services	615,283	615,715	615,711	4
Operating	187,840	195,757	195,751	6
Capital Outlay	2,679	2,804	2,804	0
(Total Expenditures)	<u>(805,802)</u>	<u>(814,276)</u>	<u>(814,266)</u>	<u>10</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(16,292)</u>	<u>(24,766)</u>	<u>477</u>	<u>25,243</u>
Other Financing (Uses)				
Budget Deficiency - Transfer from Board of County Commissioners	16,292	24,766	0	(24,766)
Transfers (out) to Board of County Commissioners	0	0	(477)	(477)
Total Other Financing Sources (Uses)	<u>16,292</u>	<u>24,766</u>	<u>(477)</u>	<u>(25,243)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2015
GADSDEN COUNTY TAX COLLECTOR

Assets	
Cash	\$ 297,936
Due from Others	7,989
Due from Other Funds	<u>2,534</u>
Total Assets	<u><u>308,459</u></u>
Liabilities	
Accounts Payable	921
Due to Other Funds	2,340
Due to Other Governments	59,788
Unearned Revenue	12,620
Installment Tax Deposits	<u>232,790</u>
Total Liabilities	<u><u>\$ 308,459</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

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

The Tax Collector reports the following fund types:

■ **Governmental Fund Type**

● **Major Fund**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

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

Basis of Presentation *(Concluded)*

■ **Fiduciary Fund Type**

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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

Budgets are prepared on the modified accrual basis of accounting.

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

Accrued Compensated Absences

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

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

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Excess Revenues

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

Related Organizations - Service Fees and Common Expenses

The Tax Collector's charges for services included approximately \$451,114 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

New Accounting Standard

The Tax Collector participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Tax Collector implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*, as required in 2015. GASB 68 requires employers participating in cost-sharing, multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plan).

Note 2 - Cash

As of September 30, 2015, the Tax Collector had the following in cash:

	Carrying Amount
Cash on Hand	\$ 1,921
Deposits in Qualified Public Depositories	321,331
Total Cash	\$ 323,252

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 2 - Cash (Concluded)

Credit Risk (Concluded)

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

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

Custodial Credit Risk

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

Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Tax Collector's deposits are therefore considered fully insured or collateralized. Bank balances at September 30, 2015, were \$345,566.

Tax Collector funds are maintained in an interest-bearing demand deposit account, which is collateralized pursuant to Section 280.04, Florida Statutes.

Note 3 - Employee Retirement Plan

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement,

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

General Information about the Florida Retirement System (FRS) (Concluded)

and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.
- *Regular Class Retirees Reemployed*—Retired members who are reemployed after July 1, 2010.

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

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Benefits Provided. (Concluded)

years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Certain members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned.

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Contributions. (Concluded)

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
DROP – Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Tax Collector contributions (employer) to the FRS Plan totaled \$74,649 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities and Pension Expense. At September 30, 2015, the Tax Collector’s proportionate share of the FRS net pension liability was \$398,868. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Tax Collector’s proportionate share of the net pension liability was based on the Tax Collector’s 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Tax Collector’s proportion was 003088088%, which was an increase of .000381843 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Tax Collector expense related to the FRS plan (full accrual basis) was \$64,744. The Tax Collector’s pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$18,146 and \$18,787, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65% Net of Pension Plan Investment Expense, Including Inflation

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions. (Concluded)

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Annual Geometric Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	<u>100%</u>			
Assumed Inflation – Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Tax Collector's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Tax Collector's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Tax Collector's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
Tax Collector's Proportionate Share of the Net Pension Liability	\$ 1,033,557	\$ 398,868	\$ (129,298)

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Tax Collector contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Tax Collector's contributions to the HIS Plan totaled \$6,746 for the fiscal year ended September 30, 2015.

Pension Liabilities and Pension Expense. At September 30, 2015, the Tax Collector's proportionate share of the HIS net pension liability was \$166,525. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Tax Collector's proportionate share of the net pension liability was based on the Tax Collector's 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Tax Collector's proportion was .0016328%, which was a decrease of .0000131 from its proportion measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Tax Collector's pension expense related to the HIS plan (full accrual basis) was \$10,848. The Tax Collector's pension expense, proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are recognized at the County-wide level.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Continued)

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Continued)

Deferred Outflows of Resources Related to Pensions. Employer contributions for the quarters ended September 30, 2015 and 2014, were \$2,061 and \$1,557, respectively. These amounts will be included in deferred outflows as contributions subsequent to the measurement date on the County-wide statements.

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2014, and recalculated as of June 30, 2015, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability.

Inflation	2.60%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	3.80% Net Pension Plan Investment Expense, Including Inflation

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Tax Collector's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Tax Collector's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Tax Collector's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Tax Collector's Proportionate Share of the Net Pension Liability	\$ 189,747	\$ 166,525	\$ 147,161

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

Note 3 - Employee Retirement Plan (Continued)

HIS Pension Plan (Concluded)

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

FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officer, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment members’ accounts during the 2014-15 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

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

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan (Concluded)

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

The Tax Collector’s contributions to the Investment Plan totaled \$5,727 for the fiscal year ended September 30, 2015.

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 a follows:

	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2015</u>
Liability for Compensated Absences	\$ 51,415	\$ 22,322	\$ (18,482)	\$ 55,255
Net Pension Liabilities	319,019	246,374	0	565,393
Other Postemployment Benefits	24,300	2,300	(1,000)	25,600
Total	<u>\$ 394,734</u>	<u>\$ 270,996</u>	<u>\$ (19,482)</u>	<u>\$ 646,248</u>

Of the \$55,255 liability for accrued compensated absences, management estimates that \$15,781 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, 2015. As discussed in Note 1, the liability is reported on the statement of net position in the County-wide financial statements.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY TAX COLLECTOR
(Concluded)

Note 5 - Long-term Liabilities (Concluded)

See Note 3 for a description of the Net Pension Liabilities related to the FRS and HIS Pension Plans.

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 \$2,534 consists of an amount to cover bank service charges in excess of interest earned. The Agency Fund due to the General Fund of \$2,340 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 Other Postemployment Benefits (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 Governmental Accounting Standard Board 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, 2015, totaled \$25,600. 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 also leasing a copier under an operating lease that concludes during the fiscal year ending September 30, 2018. During the fiscal year ended September 30, 2015, the lease payments on all operating leases amounted to \$4,911. Total subsequent lease payments payable during 2016, 2017, and 2018 are \$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 FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Gadsden County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2015, and the related notes to the financial statements and have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Durvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the 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, 2015, and have issued our report thereon dated May 5, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 5, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Other Matters

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

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

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

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

Purpose of this Letter

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

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


May 5, 2016
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

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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 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, 2015, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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, 2015, and the respective changes in financial position and budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2015, the changes in its financial position, budgetary comparisons, or 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 these matters.

Other Reporting Required by *Government Auditing Standards*

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


May 5, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2015
GADSDEN COUNTY PROPERTY APPRAISER**

Assets	
Cash	\$ 24,162
Total Assets	<u>24,162</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	1,294
Accrued Wages Payable	<u>22,868</u>
Total Liabilities	<u>24,162</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 24,162</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY PROPERTY APPRAISER**

Revenues	
Charges for Services	\$ 6,229
Total Revenues	<u>6,229</u>
Expenditures	
Current:	
General Government:	
Personal Services	648,796
Operating	135,471
Capital Outlay	34,423
(Total Expenditures)	<u>(818,690)</u>
(Deficiency) of Revenues	
(Under) Expenditures	<u>(812,461)</u>
Other Financing Sources (Uses)	
Transfers in from Board of County Commissioners	832,746
Transfers (out) to Board of County Commissioners	(20,285)
Total Other Financing Sources (Uses)	<u>812,461</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, 2015
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	\$ 6,229	\$ 6,229
Total Revenues	<u>0</u>	<u>0</u>	<u>6,229</u>	<u>6,229</u>
Expenditures				
Current:				
General Government:				
Personal Services	618,760	665,944	648,796	17,148
Operating	151,607	137,517	135,471	2,046
Capital Outlay	0	34,853	34,423	430
Non Operating	16,000	0	0	0
(Total Expenditures)	<u>(786,367)</u>	<u>(838,314)</u>	<u>(818,690)</u>	<u>19,624</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(786,367)</u>	<u>(838,314)</u>	<u>(812,461)</u>	<u>25,853</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	786,367	838,314	832,746	(5,568)
Transfers (out) to Board of County Commissioners	<u>0</u>	<u>0</u>	<u>(20,285)</u>	<u>(20,285)</u>
Total Other Financing Sources (Uses)	<u>786,367</u>	<u>838,314</u>	<u>812,461</u>	<u>(25,853)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

The Gadsden County, Florida Property Appraiser (the Property Appraiser) is an elected official of the County pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is a part of the primary government of the County. The Florida Department of Revenue approves the Property Appraiser's total operating budget, and effective June 2011, the Clerk of Court was responsible for accounting for the Property Appraiser's transactions. The Property Appraiser is responsible for the administration and operation of the Property Appraiser's office, and the Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of the County. There were no component units related to the Property Appraiser.

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

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

Basis of Presentation

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

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

The Property Appraiser reports the following fund type:

■ **Governmental Fund Type**

● **Major Fund**

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

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

Basis of Accounting

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

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

Measurement Focus

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

Budgetary Requirement

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

Budgets are prepared on the modified accrual basis of accounting.

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

Permanent full-time employees of the Property Appraiser are entitled to accrue annual leave time. At the time of termination, employees will be compensated for 100% of their accrued annual leave hours.

Sick leave is accumulated at the rate of four hours for each full calendar month of continuous employment during the first year and eight hours during each subsequent year. There is no limit on the amount of sick leave that can be accumulated. At the time of termination, employees will be compensated for 50% of their accrued sick leave hours.

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

Transfers In and Out

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

Related Organizations - Common Expenses

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

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

New Accounting Standard

The Property Appraiser participates in the Florida Retirement System (FRS) defined benefit Pension Plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Property Appraiser implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), as required in 2015. GASB 68 requires employers participating in cost-sharing, multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plan).

Note 2 - Cash

As of September 30, 2015, the carrying amount of the Property Appraiser's deposits was \$24,162.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 2 - Cash (Concluded)

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 Retirement Plan

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

General Information about the Florida Retirement System (FRS) (Continued)

by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The Property Appraiser's contributions paid for the years ended September 30, 2015, 2014, and 2013, were \$49,047, \$46,498, and \$31,404, respectively, which is equal to the required contribution for each year. The net pension liability for the Property Appraiser is not calculated separately but is reported as part of the County's total net pension liability and shown in the county-wide statement of net position for Gadsden County, Florida.

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

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

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
DROP – Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Property Appraiser contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

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

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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Continued)

Note 4 - Risk Management (Concluded)

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

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

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

Note 5 - Long-term Liabilities

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

	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2015</u>
Liability for Compensated Absences	\$ 63,834	\$ 40,382	\$ (40,178)	\$ 64,038
Other Postemployment Benefits	<u>30,900</u>	<u>1,200</u>	<u>(900)</u>	<u>31,200</u>
Total	<u>\$ 94,734</u>	<u>\$ 41,582</u>	<u>\$ (41,078)</u>	<u>\$ 95,238</u>

Of the \$64,038 liability for accrued compensated absences, management estimates that \$23,036 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, 2015. 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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY PROPERTY APPRAISER
(Concluded)

Note 6 - Other Postemployment Benefits

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, 2015, totaled \$31,200. 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 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, 2015, and the related notes to the financial statements we have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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The Honorable 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 FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Concluded)**

Compliance and Other Matters

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

Purpose of this Report

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


May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Property Appraiser's (the Property Appraiser) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2015, and have issued our report thereon dated May 5, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 5, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Other Matters

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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Other Matters (Concluded)

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

Purpose of this Letter

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

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


May 5, 2016
Gainesville, Florida

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

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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, 2015, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the *Rules of the Auditor General* of the State of Florida (the Rules). In conformity with the Rules, the accompanying financial statements are intended to present the financial position, changes in financial position, and budgetary comparisons of each major fund and the aggregate remaining fund information, where applicable, only for that portion of the major funds and the aggregate remaining fund information of Gadsden County, Florida, that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position as a whole of Gadsden County, Florida as of September 30, 2015, and the changes in its financial position, budgetary comparisons, or 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 these matters.

Other Reporting Required by *Government Auditing Standards*

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


May 5, 2016
Gainesville, Florida

FINANCIAL STATEMENTS

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2015
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Assets	
Cash	\$ 45,053
Due from State	9,562
Total Assets	<u>54,615</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	42,866
Accrued Wages and Benefits	11,749
Total Liabilities	<u>54,615</u>
Fund Balance	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 54,615</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
GADSDEN COUNTY SUPERVISOR OF ELECTIONS**

Revenues	
Intergovernmental	\$ 13,153
Total Revenues	13,153
 Expenditures	
General Government:	
Personal Services	333,417
Operating Expenditures	223,683
Capital Outlay	35,994
(Total Expenditures)	(593,094)
 (Deficiency) of Expenditures (Under) Revenues	 (579,941)
 Other Financing Sources (Uses)	
Transfers in from Board of County	
Commissioners	834,503
Transfers (out) to Board of County	
Commissioners	(254,562)
Total Other Financing Sources (Uses)	579,941
 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, 2015
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	\$ 13,153	\$ 13,153	\$ 0
Total Revenues	<u>0</u>	<u>13,153</u>	<u>13,153</u>	<u>0</u>
Expenditures				
General Government:				
Personal Services	393,243	393,243	333,417	59,826
Operating Expenditures	213,790	226,943	223,683	3,260
Capital Outlay	227,470	227,470	35,994	191,476
(Total Expenditures)	<u>(834,503)</u>	<u>(847,656)</u>	<u>(593,094)</u>	<u>254,562</u>
(Deficiency) of Expenditures (Under)				
Revenues	<u>(834,503)</u>	<u>(834,503)</u>	<u>(579,941)</u>	<u>254,562</u>
Other Financing Sources (Uses)				
Transfers in from Board of County Commissioners	834,503	834,503	834,503	0
Transfers (out) to Board of County Commissioners	<u>0</u>	<u>0</u>	<u>(254,562)</u>	<u>(254,562)</u>
Total Other Financing Sources (Uses)	<u>834,503</u>	<u>834,503</u>	<u>579,941</u>	<u>(254,562)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Basis of Presentation

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

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

The Supervisor of Elections reports the following fund type:

■ **Governmental Fund**

● **Major Fund**

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

Measurement Focus

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

Budgetary Requirement

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

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

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

Capital Assets

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

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

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

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

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

Transfers In and Out

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

Related Organizations—Common Expenses

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

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

New Accounting Standard

The Supervisor of Elections participates in the Florida Retirement System (FRS) defined benefit Pension Plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the Supervisor of Elections implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), as required in 2015. GASB 68 requires employers participating in cost-sharing, multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. However, these liabilities would be recorded in government-wide financial statements, which are not required in this special-purpose presentation. As such, only the applicable disclosures required by GASB 68 have been presented herein. In addition, the cost-sharing multiple-employer plans mentioned above operate on a fiscal year ended June 30 (see Note 3 for additional disclosures regarding the plan).

Note 2 - Cash

As of September 30, 2015, the carrying amount of the Supervisor of Elections' deposits was \$45,053.

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

Note 2 - Cash (Concluded)

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 Retirement Plan

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit

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

Note 3 - Employee Retirement Plan (Continued)

General Information about the Florida Retirement System (FRS) (Concluded)

plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The Supervisor of Elections' contributions to the System for the years ended September 30, 2015, 2014, and 2013, were \$47,254, \$40,986, and \$22,237, respectively, equal to the required contributions for each year. The net pension liability for the Supervisor of Elections is not calculated separately but is reported as part of the County's total net pension liability and shown in the countywide statement of net position for Gadsden County, Florida.

FRS Pension Plan

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

- *Regular Class*—Members of the Plan who do not qualify for membership in the other classes.
- *Elected County Officer Class*—Members who hold specified elective offices in local government.
- *Senior Management Service Class*—Members in senior management level positions.

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

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

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Continued)

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-2015 fiscal year were as follows:

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

Note 3 - Employee Retirement Plan (Continued)

FRS Pension Plan (Concluded)

Contributions. (Concluded)

<u>Class</u>	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2016</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	6.07	3.00	5.56
FRS, Elected County Officers	3.00	41.94	3.00	40.57
FRS, Senior Management Service	3.00	19.84	3.00	19.73
DROP – Applicable to Members from All of the Above Classes	0.00	11.02	0.00	11.22
FRS, Reemployed Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2016 and 2015, the contribution rates were 1.66% and 1.26% of payroll respectively, pursuant to Section 112.363, Florida Statutes. The Supervisor of Elections contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

Note 3 - Employee Retirement Plan (Concluded)

FRS – Defined Contribution Pension Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Plan is transferred to the Investment Plan, the member must have the years of service required for Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

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

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

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.

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, 2015:

	<u>Balance</u>				<u>Balance</u>
	<u>October 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>		<u>September 30, 2015</u>
Liability for Compensated Absences	\$ 12,781	\$ 12,514	\$ (12,165)	\$	13,130
Other Postemployment Benefits	<u>12,000</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>12,400</u>
Total	<u>\$ 24,781</u>	<u>\$ 12,914</u>	<u>\$ (12,165)</u>	<u>\$</u>	<u>25,530</u>

Of the \$13,130 liability for accrued compensated absences, management estimates that \$5,653 will be due and payable within one year. The liability is not reported in the financial statements of the Supervisor of Elections since they are not payable from available resources at September 30, 2015. 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 Supervisor of Elections (see Note 6 for a description of other postemployment benefits).

Note 6 - Other Postemployment Benefits (OPEB)

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.

NOTES TO FINANCIAL STATEMENTS
GADSDEN COUNTY SUPERVISOR OF ELECTIONS
(Concluded)

Note 6 - Other Postemployment Benefits (OPEB) *(Concluded)*

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, 2015, totaled \$12,400. 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.

OTHER REPORTS

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the year ended September 30, 2015, and the related notes to the financial statements have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

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

Compliance and Other Matters

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

Purpose of this Report

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


May 5, 2016
Gainesville, Florida

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

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

We have examined Gadsden County, Florida, Supervisor of Election's (the Supervisor of Elections) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

In our opinion, the Supervision of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Purvis, Gray and Company, LLP

May 5, 2016
Gainesville, Florida

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

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund of the Gadsden County, Florida, Supervisor of Elections (the Supervisor of Elections), as of and for the year ended September 30, 2014, and have issued our report thereon dated May 5, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 5, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

MANAGEMENT LETTER
(Concluded)

Other Matters

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

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

Purpose of this Letter

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

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



May 5, 2016
Gainesville, Florida