



Gulf County, Florida

**Annual Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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Don Butler

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**GULF COUNTY, FLORIDA
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective

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

Other Matters

Required Supplementary Information

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

Other Information

The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550 Rule of the Auditor General of the State of Florida, and the combining nonmajor fund financial statements are presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, on our consideration of the Gulf County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulf County, Florida's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

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

General Information

Gulf County was incorporated in 1925 and is located in northwest Florida on the Gulf of Mexico. With an area of 557 square miles and a population of just under 16,000, Gulf County is a sparse, low density county. Gulf County is a noncharter county governed by the Board of County Commissioners.

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

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

Financial Highlights

- The County's total government-wide net position decreased \$811,589 from September 30, 2013, to September 30, 2014. The County's total business-type activity's net position decreased by \$21,023 from the balance at the end of the prior year and only comprise less than 1% of the County's total net position.
- During the year ended September 30, 2014, the County's general fund expenditures exceeded revenues by \$881,304, however, note the favorable variance when compared to budget as shown on page 19 of the attached financial statements. This may be compared to last year's results in which the County's general fund expenditures exceeded revenues by \$1,280,804 which was also favorable when compared to budget.
- For the year ended September 30, 2014, the County's capital assets net of accumulated depreciation decreased by \$1,020,520, or by 2%

- The County's property tax base reached a historical high in 2006-2007. However, property values began to decline in 2007-2008 as the United States began to witness the downturn of the real estate market. The County's property values began to increase in 2013-2014 for the first time since 2006-2007. Gulf County's most recent values and rates are depicted later in a graph under the subheading Taxable Value of Property and Millage Rates.
- Gulf County, as well as the rest of Florida and the United States, is continuing to experience a slowdown in housing starts and real estate sales. The declining local economy is marked with new foreclosures and high unemployment rates. Property values continued to decrease through the 2012 tax roll, but expect the positive trend seen in 2013 and 2014 to continue.
- The County consolidated several departments at the beginning of the 2010-2011 fiscal year in an effort to conserve funds and operate more efficiently. The departments that are now included in the consolidation are: work crews, maintenance, mosquito control, landfill, public works, and road department.
- Tourism is still an important economic factor in the County. It continues to be affected adversely by the downturn in the national economy. However, Bed-Tax revenues have increased and this trend appears to be continuing into 2014-2015.
- Sacred Heart Hospital on the Gulf, part of the Sacred Heart Health System, is now operational, opening in March 2010. The County adopted by ordinance in 2005 a discretionary ½ cent small county surtax to help fund the construction of the hospital. An inter-local agreement was entered into with the City of Wewahitchka and the City of Port St. Joe whereby the County will receive all funds generated from the small county surtax and such funds will be used as set forth in the agreement. The additional tax was effective January 1, 2006.
- The County is beginning to assess and evaluate its current economic situation for use in the 2015-2016 budget process.
- To offset declining property values the County has the option of raising the millage rate up to the statutory maximum, 10 mills. This offset could be a combination of some increase to millage rates, further reductions in present funding levels to outside agencies, and elimination of non-essential services. The County voted to increase the countywide millage rate for the 2013-2014 budget. This increase was primarily due to the need for equipment replacement, retirement expense increases, and other factors necessary to continue the same level of service.

Overview of the Financial Statements

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

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

In addition, this report presents certain required supplementary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. These statements combine and consolidate governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *statement of net position* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

- The *statement of net position* provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the County.
- The *statement of activities* presents information showing how the County's net position changed during the 2014 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the County's financial health is improving or deteriorating.

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities. The business-type activities of the County include three separate water and sewer systems.

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

Fund Financial Statements

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

- Governmental funds – these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.
- Proprietary funds – the County maintains one type of proprietary funds which is the enterprise funds. These funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to water and sewer systems in Gulf County. The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- Fiduciary (agency) funds – fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County's programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Infrastructure Assets

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

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. County's assets exceeded liabilities (governmental and business-type activities) by approximately \$48 million at the close of the fiscal year ended September 30, 2014, and \$49 million at September 30, 2013.

Net Position						
September 30,	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$18,447,819	\$18,387,548	\$ 26,077	\$ 26,064	\$18,473,896	\$18,413,612
Capital assets, net	44,701,386	45,721,906	299,343	320,379	45,000,729	46,042,285
Deferred charges & Other restricted assets	<u>2,493,517</u>	<u>2,640,210</u>	<u>—</u>	<u>—</u>	<u>2,493,517</u>	<u>2,640,210</u>
Total assets	<u>65,642,722</u>	<u>66,749,664</u>	<u>325,420</u>	<u>346,443</u>	<u>65,968,142</u>	<u>67,096,107</u>
Current liabilities	1,223,342	813,803	<u>—</u>	<u>—</u>	1,223,342	813,803
Long-term liabilities	<u>16,401,636</u>	<u>16,696,003</u>	<u>—</u>	<u>—</u>	<u>16,401,636</u>	<u>16,696,003</u>
Total liabilities	<u>17,624,978</u>	<u>17,509,806</u>	<u>—</u>	<u>—</u>	<u>17,624,978</u>	<u>17,509,806</u>
Deferred inflows	<u>254,865</u>	<u>385,624</u>	<u>—</u>	<u>—</u>	<u>254,865</u>	<u>385,624</u>
Net investment in capital assets	32,615,806	33,171,756	299,343	320,379	32,915,149	33,492,135
Net position - Restricted	10,664,328	10,048,296	<u>—</u>	<u>—</u>	10,664,328	10,048,296
Net position - Unrestricted	<u>4,482,745</u>	<u>5,634,182</u>	<u>26,077</u>	<u>26,064</u>	<u>4,508,822</u>	<u>5,660,246</u>
Total net position	<u>\$47,762,879</u>	<u>\$ 48,854,234</u>	<u>\$ 325,420</u>	<u>\$ 346,443</u>	<u>\$48,088,299</u>	<u>\$49,200,677</u>

Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2014 and 2013:

Changes in Net Position						
Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues -						
Charges for services	\$ 2,092,969	\$ 2,314,369	\$ —	\$ —	\$ 2,092,969	\$ 2,314,369
Operating grants and contributions	4,500,490	2,180,585	—	—	4,500,490	2,180,585
Capital grants and contributions	343,108	95,543	—	—	343,108	95,543
General Revenues -						
Property taxes	10,153,860	9,182,957	—	—	10,153,860	9,182,957
Sales taxes	2,248,183	2,615,661	—	—	2,248,183	2,615,661
State shared revenue	2,377,564	2,614,789	—	—	2,377,564	2,614,789
Investment earnings	50,835	46,630	13	25	50,848	46,655
Other	137,067	144,519	—	—	137,067	144,519
Total revenues	21,904,076	19,195,053	13	25	21,904,089	19,195,078
Expenses						
General government	5,538,687	5,199,459	—	—	5,538,687	5,199,459
Public safety	7,380,467	7,093,154	—	—	7,380,467	7,093,154
Physical environment	1,317,504	1,409,584	—	—	1,317,504	1,409,584
Transportation	3,573,485	2,406,711	—	—	3,573,485	2,406,711
Economic environment	2,552,505	1,616,349	—	—	2,552,505	1,616,349
Human services	1,374,955	1,672,939	—	—	1,374,955	1,672,939
Culture and recreation	379,778	981,616	—	—	379,778	981,616
Court related	598,284	613,498	—	—	598,284	613,498
Utilities	—	—	21,036	21,036	21,036	21,036
Total expenditures	22,715,665	20,993,310	21,036	21,036	22,736,701	21,014,346
Change in net position	\$ (811,589)	\$ (1,798,257)	\$ (21,023)	\$ (21,011)	\$ (832,612)	\$ (1,819,268)

Financial Analysis of Individual Funds

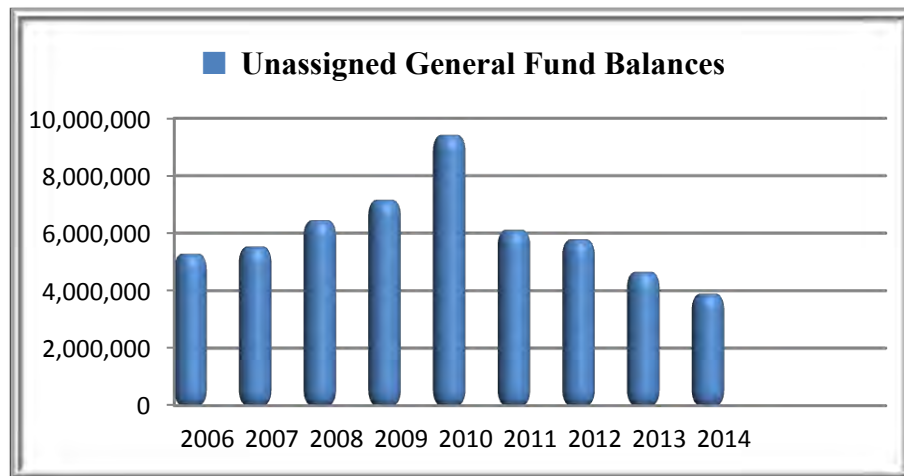
This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year.

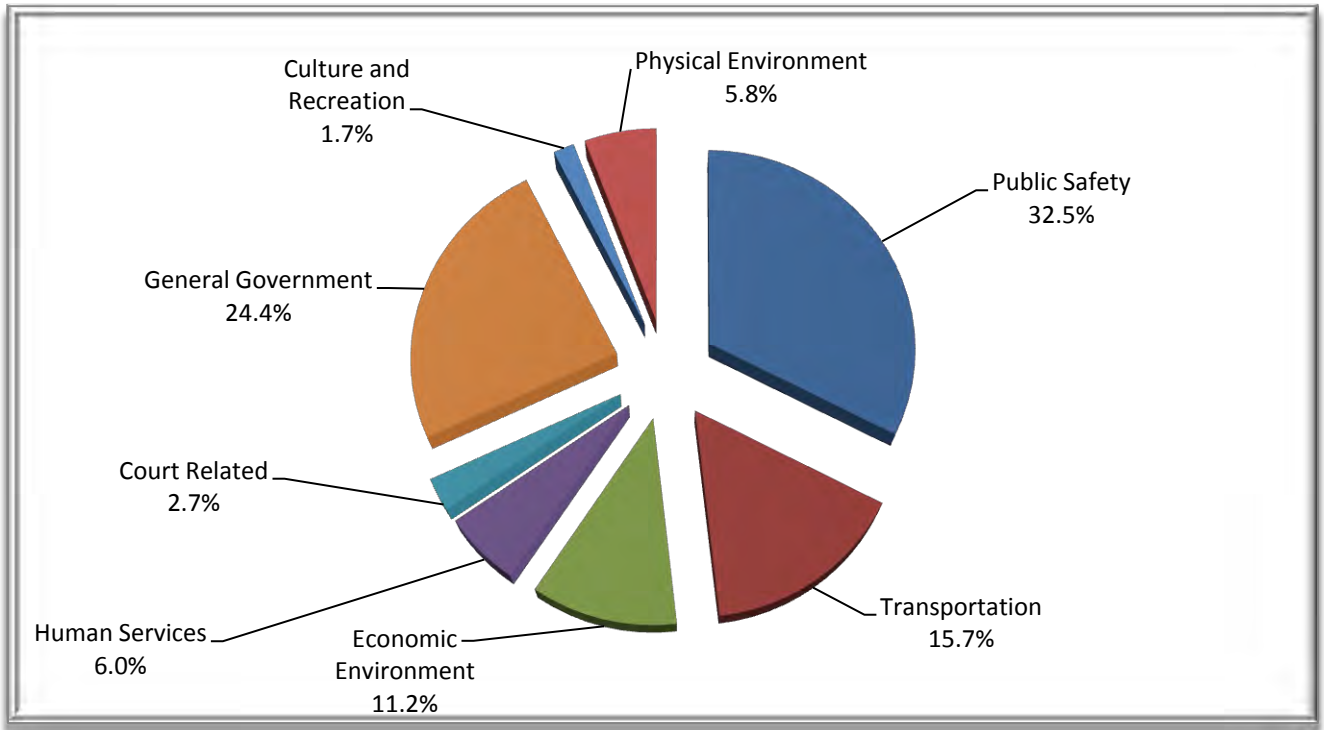
As of September 30, 2014 Gulf County governmental funds reported combined fund balances of \$18,510,624, a decrease of \$137,176 when compared to prior year combined fund balances. The governmental funds had non-spendable fund balances of \$9,601. The restricted fund balance was \$10,664,328 and consists of monies whose expenditure is externally constrained by grantors, creditors, binding law or enabling legislation. Of the remaining \$7,836,695 in fund balance, \$597,527 is classified as committed, \$3,348,278 is recorded as assigned and \$3,890,890 is recorded as unassigned.

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



- **Governmental Activities Expenses by Functions**

The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2014.



Major Funds

Governmental Funds

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

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

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

- The State Housing Initiative Partnership (SHIP) is used to account for the county's activity to produce and preserve affordable homeownership.
- Public Improvement Fund accounts for resources used to account for the accumulation of resources for and the payment of gas tax refunding and improvement revenue bonds.
- CDBG Fund accounts for resources used to aid in affordable housing and create jobs through expansion and retention of businesses.

Proprietary Funds

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

Budget Variances in Major Funds

The following budget variances occurred in the major funds during the year ended September 30, 2014.

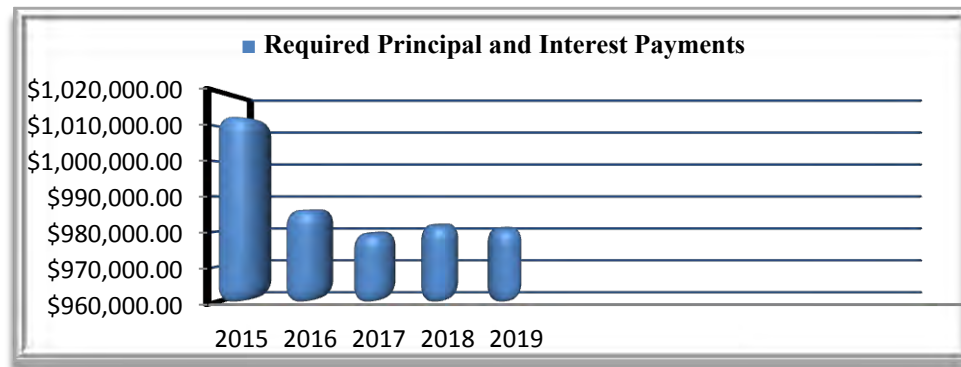
- Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is \$177,356 greater than budgeted in the general fund. Several grants and state shared revenues exceeded anticipated budgets in the 2013-2014 fiscal year.
- General fund miscellaneous revenue shows a positive variance of \$45,540. This positive variance is from a combination of rent, sales of fixed assets and surplus material scrap, and contributions not originally anticipated.
- All functionally categorized expenditures are less than budgeted with exception of the general government expenditures in the general fund which exceeded budget by 2.9%.

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

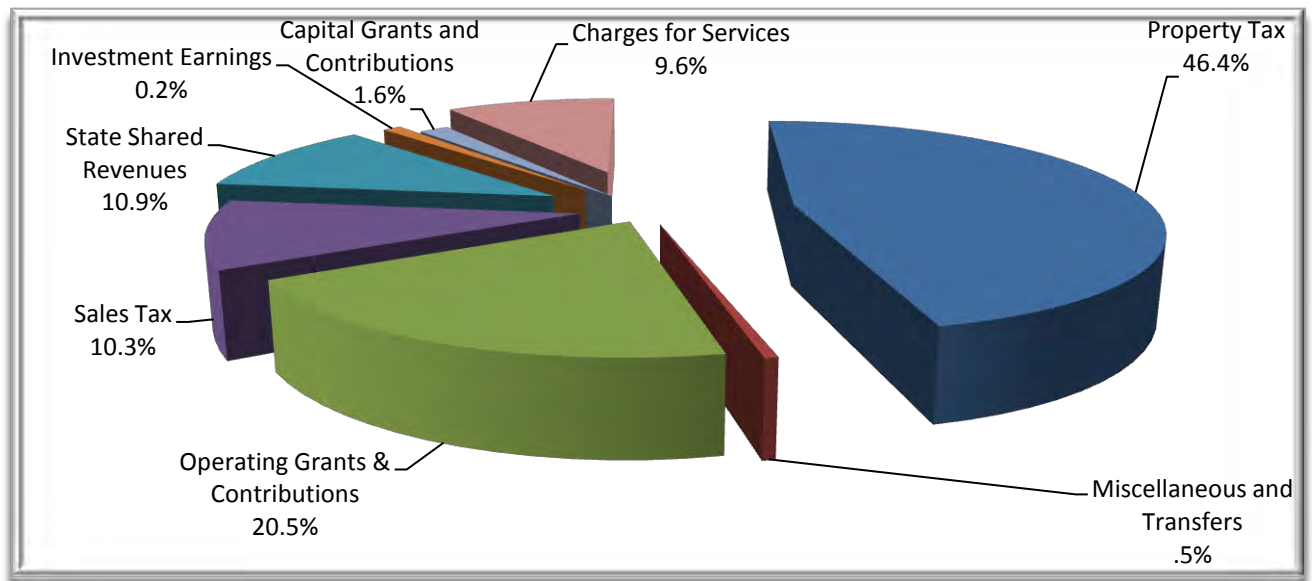
It should be noted that budget expenditure variances shown on the individual major funds are favorable in total.

Capital Assets and Long-Term Debt

- **Governmental Funds Outstanding Debt.** The following graph depicts future principal and interest payments required to be paid by the County from governmental fund resources on outstanding debt as of September 30, 2014. *Not shown on this graph are existing scheduled debt repayments for years 2019 through 2032.*



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

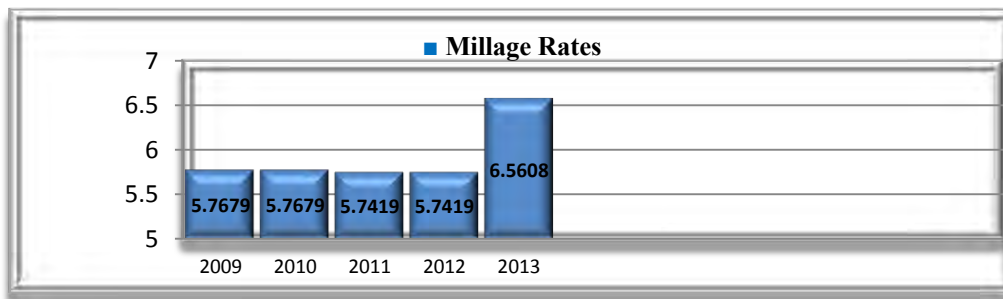


Significant Economic Factors

Taxable Value of Property and Millage Rates

During the year ended September 30, 2014 Gulf County received \$8,965,377 in property taxes based on the certified taxable value of property in Gulf County.

Certified Taxable Value by Tax Year



Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

GULF COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 15,407,544	\$ 26,077	\$ 15,433,621
Receivables (net):			
Accounts	619,859	—	619,859
Notes receivable	55,866	—	55,866
Prepaid expense	7,849	—	7,849
Due from other governments	2,356,701	—	2,356,701
Total Current Assets	18,447,819	26,077	18,473,896
Noncurrent assets			
Restricted cash and cash equivalents	2,493,517	—	2,493,517
Capital assets: Nondepreciable	3,929,766	737	3,930,503
Depreciable (net)	40,771,620	298,606	41,070,226
Total Noncurrent Assets	47,194,903	299,343	47,494,246
Total Assets	65,642,722	325,420	65,968,142
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	1,189,128	—	1,189,128
Due to other governments	34,214	—	34,214
Total Current Liabilities	1,223,342	—	1,223,342
Noncurrent liabilities			
Due in less than one year			
Compensated absences	345,859	—	345,859
Installment contracts and notes payable	30,717	—	30,717
Bonds payable	455,000	—	455,000
Due in more than one year			
Compensated absences	1,037,575	—	1,037,575
Installment contracts and notes payable	4,863	—	4,863
Bonds payable	11,595,000	—	11,595,000
Other postemployment benefits	361,000	—	361,000
Landfill closure liability	2,571,622	—	2,571,622
Total Noncurrent Liabilities	16,401,636	—	16,401,636
Total Liabilities	17,624,978	—	17,624,978
DEFERRED INFLOWS			
Unearned exchange transactions	254,865	—	254,865
Total Deferred Inflows	254,865	—	254,865
NET POSITION			
Net investment in capital assets	32,615,806	299,343	32,915,149
Restricted for:			
Debt service	2,530,317	—	2,530,317
Tourist Development	1,516,537	—	1,516,537
Conservation	2,621,916	—	2,621,916
Transportation	417,209	—	417,209
Public Safety	1,647,320	—	1,647,320
Public Health	1,110,157	—	1,110,157
Court Functions	540,928	—	540,928
Other purposes	279,944	—	279,944
Unrestricted	4,482,745	26,077	4,508,822
Total Net Position	\$47,762,879	\$ 325,420	\$ 48,088,299

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

		Net (Expense) Revenue and Changes in Net Position					
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 5,538,687	\$ 241,148	\$ 1,465	\$ —	\$ (5,296,074)	\$ —	\$ (5,296,074)
Public safety	7,380,467	1,141,712	761,685	9,817	(5,467,253)	—	(5,467,253)
Physical environment	1,317,504	185,880	365,987	52,015	(713,622)	—	(713,622)
Transportation	3,573,485	—	1,488,180	91,937	(1,993,368)	—	(1,993,368)
Economic environment	2,552,505	40,643	1,709,001	—	(802,861)	—	(802,861)
Human services	1,374,955	—	24,052	29,456	(1,321,447)	—	(1,321,447)
Culture and recreation	379,778	36,344	45,712	159,883	(137,839)	—	(137,839)
Court related	598,284	447,242	104,408	—	(46,634)	—	(46,634)
Total Governmental Activities	22,715,665	2,092,969	4,500,490	343,108	(15,779,098)	—	(15,779,098)
Business-Type Activities							
Water	21,036	—	—	—	—	(21,036)	(21,036)
Total Primary Government	\$22,736,701	\$2,092,969	\$ 4,500,490	\$ 343,108	(15,779,098)	(21,036)	(15,800,134)
General Revenues:							
Taxes:							
Property tax					10,153,860	—	10,153,860
Sales tax					2,248,183	—	2,248,183
State shared revenues					2,377,564	—	2,377,564
Investment earnings					50,835	13	50,848
Miscellaneous					137,067	—	137,067
Total General Revenues					14,967,509	13	14,967,522
Changes in Net Position					(811,589)	(21,023)	(832,612)
Net Position – Beginning of Year					48,854,234	346,443	49,200,677
Prior period adjustment (note 19)					(279,766)	—	(279,766)
Net Position – End of Year					\$47,762,879	\$ 325,420	\$ 48,088,299

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	State Housing Initiative Partnership	Public Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,612,469	\$ 681,391	\$ 1,546,403	\$ 6,567,281	\$ 15,407,544
Due from other funds	162,991	—	—	14,128	177,119
Due from other governments	1,744,836	—	217,953	403,495	2,366,284
Accounts receivable (net)	276,556	—	—	—	276,556
Prepaid expense	1,824	—	—	6,025	7,849
Notes receivable	—	55,866	—	278,381	334,247
Restricted assets					
Cash and cash equivalents	<u>1,768,218</u>	<u>—</u>	<u>725,299</u>	<u>—</u>	<u>2,493,517</u>
Total Assets	<u>10,566,894</u>	<u>737,257</u>	<u>2,489,655</u>	<u>7,269,310</u>	<u>21,063,116</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Vouchers payable	1,037,209	686	1,750	149,483	1,189,128
Due to other governments	34,214	—	—	—	34,214
Due to other funds	<u>49,555</u>	<u>—</u>	<u>—</u>	<u>72,225</u>	<u>121,780</u>
Total Liabilities	<u>1,120,978</u>	<u>686</u>	<u>1,750</u>	<u>221,708</u>	<u>1,345,122</u>
Deferred Inflows					
Unearned exchanged transactions	<u>279,414</u>	<u>635,198</u>	<u>—</u>	<u>292,758</u>	<u>1,207,370</u>
Total Deferred Inflows	<u>279,414</u>	<u>635,198</u>	<u>—</u>	<u>292,758</u>	<u>1,207,370</u>
Fund Balance					
Nonspendable	5,861	—	—	3,740	9,601
Restricted	1,903,442	101,373	2,487,905	6,171,608	10,664,328
Committed	64,074	—	—	533,453	597,527
Assigned	3,302,235	—	—	46,043	3,348,278
Unassigned	<u>3,890,890</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,890,890</u>
Total fund balance	<u>9,166,502</u>	<u>101,373</u>	<u>2,487,905</u>	<u>6,754,844</u>	<u>18,510,624</u>
Total Liabilities Deferred Inflows & Fund Balance	<u>\$ 10,566,894</u>	<u>\$ 737,257</u>	<u>\$ 2,489,655</u>	<u>\$ 7,269,310</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 44,701,386

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (16,401,636)

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 952,505

Net position of governmental activities **\$ 47,762,879**

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>State Housing Initiative Partnership</u>	<u>Public Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 9,150,010	\$ —	\$ 361,416	\$ 2,406,044	\$ 11,917,470
Licenses and permits	322,762	—	—	—	322,762
Intergovernmental	4,476,974	401,139	929,117	1,262,552	7,069,782
Fines and forfeitures	76,723	—	—	11,578	88,301
Charges for services	1,967,860	—	—	115,200	2,083,060
Investment earnings and other	<u>120,956</u>	<u>23,319</u>	<u>2,022</u>	<u>39,871</u>	<u>186,168</u>
Total Revenues	<u>16,115,285</u>	<u>424,458</u>	<u>1,292,555</u>	<u>3,835,245</u>	<u>21,667,543</u>
EXPENDITURES					
Current					
General government	5,263,356	—	—	2,563	5,265,919
Public safety	6,052,233	—	—	435,150	6,487,383
Physical environment	626,241	—	—	357,623	983,864
Transportation	2,228,223	—	—	37,422	2,265,645
Economic environment	208,091	444,683	—	1,847,163	2,499,937
Human services	787,838	—	—	424,740	1,212,578
Culture and recreation	234,404	—	—	—	234,404
Court related	560,350	—	—	23,492	583,842
Debt service	4,604	—	984,694	28,325	1,017,623
Capital outlay	<u>1,031,249</u>	<u>—</u>	<u>—</u>	<u>222,275</u>	<u>1,253,524</u>
Total Expenditures	<u>16,996,589</u>	<u>444,683</u>	<u>984,694</u>	<u>3,378,753</u>	<u>21,804,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(881,304)</u>	<u>(20,225)</u>	<u>307,861</u>	<u>456,492</u>	<u>(137,176)</u>
Other financing sources (uses)					
Transfers in	137,876	—	—	10,000	147,876
Transfers out	<u>(10,000)</u>	<u>—</u>	<u>—</u>	<u>(137,876)</u>	<u>(147,876)</u>
Total other financing sources (uses)	<u>127,876</u>	<u>—</u>	<u>—</u>	<u>(127,876)</u>	<u>—</u>
Net change in Fund Balance	(753,428)	(20,225)	307,861	328,616	(137,176)
Fund balance - beginning	<u>9,919,930</u>	<u>121,598</u>	<u>2,180,044</u>	<u>6,426,228</u>	<u>18,647,800</u>
Fund balance - ending	<u>\$ 9,166,502</u>	<u>\$ 101,373</u>	<u>\$ 2,487,905</u>	<u>\$ 6,754,844</u>	<u>\$ 18,510,624</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in fund balances – total governmental funds (page 17)	\$ (137,176)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities net of accumulated depreciation.	(1,020,520)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	294,367
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(170,203)
Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	<u>221,943</u>
Change in net position of governmental activities (page 15)	<u><u>\$ (811,589)</u></u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,371,147	\$ 9,371,147	\$ 9,150,010	\$ (221,137)
Licenses and permits	206,900	219,103	322,762	103,659
Intergovernmental	2,378,078	4,299,618	4,476,974	177,356
Fines and forfeitures	67,250	76,611	76,723	112
Charges for services	2,061,185	2,069,332	1,967,860	(101,472)
Miscellaneous revenues	16,819	75,416	120,956	45,540
Total revenues	14,101,379	16,111,227	16,115,285	4,058
Expenditures:				
Current				
General government	5,626,620	5,112,894	5,263,356	(150,462)
Public safety	6,411,512	6,977,264	6,052,233	925,031
Physical environment	784,623	795,111	626,241	168,870
Transportation	815,234	2,310,064	2,228,223	81,841
Economic environment	263,135	260,404	208,091	52,313
Human services	862,914	886,177	787,838	98,339
Culture and recreation	365,856	511,570	234,404	277,166
Court related	608,410	608,375	560,350	48,025
Debt service	4,733	4,779	4,604	175
Capital outlay	741,274	1,062,405	1,031,249	31,156
Total expenditures	16,484,311	18,529,043	16,996,589	1,532,454
Excess (deficiency) of revenues over (under) expenditures	(2,382,932)	(2,417,816)	(881,304)	1,536,512
Other financing sources (uses)				
Transfers in	136,122	137,876	137,876	—
Transfers out	—	(10,000)	(10,000)	—
Total other financing Sources (uses)	136,122	127,876	127,876	—
Net change in fund balance	(2,246,810)	(2,289,940)	(753,428)	1,536,512
Fund balance - beginning	9,919,930	9,919,930	9,919,930	—
Fund balance - ending	\$ 7,673,120	\$ 7,629,990	\$ 9,166,502	\$ 1,536,512

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – STATE HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 350,000	\$ 455,000	\$ 401,139	\$ (53,861)
Investment earnings and other	<u>—</u>	<u>—</u>	<u>23,319</u>	<u>23,319</u>
Total revenues	<u>350,000</u>	<u>455,000</u>	<u>424,458</u>	<u>(30,542)</u>
Expenditures:				
Current				
Economic Environment	<u>444,502</u>	<u>514,502</u>	<u>444,683</u>	<u>69,819</u>
Total expenditures	<u>444,502</u>	<u>514,502</u>	<u>444,683</u>	<u>69,819</u>
Excess (deficit) of revenues over (under) expenditures	(94,502)	(59,502)	(20,225)	39,277
Fund balances - beginning	<u>121,598</u>	<u>121,598</u>	<u>121,598</u>	<u>—</u>
Fund balances - ending	<u><u>\$ 27,096</u></u>	<u><u>\$ 62,096</u></u>	<u><u>\$ 101,373</u></u>	<u><u>\$ 39,277</u></u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – PUBLIC IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 912,852	\$ 912,852	\$ 929,117	\$ 16,265
Taxes	317,437	317,437	361,416	43,979
Investment earnings	815	815	2,022	1,207
Total revenues	<u>1,231,104</u>	<u>1,231,104</u>	<u>1,292,555</u>	<u>61,451</u>
Expenditures:				
Current				
Debt Service	<u>987,709</u>	<u>987,709</u>	<u>984,694</u>	<u>3,015</u>
Total expenditures	<u>987,709</u>	<u>987,709</u>	<u>984,694</u>	<u>3,015</u>
Excess (deficit) of revenues over (under) expenditures	243,395	243,395	307,861	64,466
Fund balances - beginning	<u>2,180,044</u>	<u>2,180,044</u>	<u>2,180,044</u>	<u>—</u>
Fund balances - ending	<u>\$ 2,423,439</u>	<u>\$ 2,423,439</u>	<u>\$ 2,487,905</u>	<u>\$ 64,466</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	Business-type Activities/Enterprise Funds		
	Oak Grove	Williamsburg and Methodist Hill	Total Business-type Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 26,077	\$ —	\$ 26,077
Total current assets	<u>26,077</u>	<u>—</u>	<u>26,077</u>
Noncurrent assets			
Capital assets			
Land	737	—	737
Buildings and utility system	269,453	571,925	841,378
Less allowance for depreciation	<u>(242,498)</u>	<u>(300,274)</u>	<u>(542,772)</u>
Total noncurrent assets	<u>27,692</u>	<u>271,651</u>	<u>299,343</u>
Total assets	<u>53,769</u>	<u>271,651</u>	<u>325,420</u>
Liabilities			
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Net position			
Net investment in capital assets	27,692	271,651	299,343
Unrestricted	<u>26,077</u>	<u>—</u>	<u>26,077</u>
Total net position	<u>\$ 53,769</u>	<u>\$ 271,651</u>	<u>\$ 325,420</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>Business-type Activities/Enterprise Funds</u>		
	<u>Oak Grove</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Operating revenues			
Charges for services	\$ —	\$ —	\$ —
Operating expenses			
Depreciation	6,736	14,300	21,036
Total operating expenses	6,736	14,300	21,036
Operating income (loss)	(6,736)	(14,300)	(21,036)
Nonoperating revenues (expenses)			
Interest income	13	—	13
Total nonoperating revenues (expenses)	13	—	13
Change in net position	(6,723)	(14,300)	(21,023)
Net position - beginning	60,492	285,951	346,443
Net position - ending	<u>\$ 53,769</u>	<u>\$ 271,651</u>	<u>\$ 325,420</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Business-type Activities/Enterprise Funds</u>		
	<u>Oak Grove</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Investing activities			
Interest earned	\$ 13	\$ —	\$ 13
Net increase in cash and cash equivalents	13	—	13
Cash and cash equivalents – beginning	<u>26,064</u>	<u>—</u>	<u>26,064</u>
Cash and cash equivalents – ending	<u><u>\$ 26,077</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 26,077</u></u>

(continued)

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2014

	<u>Business-type Activities/Enterprise Funds</u>		
	<u>Oak Grove</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (6,736)	\$ (14,300)	\$ (21,036)
Adjustments to reconcile Operating income (loss) To net cash provided By (used in) operating			
Depreciation	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
Total adjustments	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
Net cash provided by (used in) operating activities	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 776,973
Accounts receivable (net)	998
Due from other funds	<u>2,401</u>
Total Assets	<u>780,372</u>
Liabilities	
Accounts payable	1,186
Due to individuals	645,514
Due to other funds	30,911
Due to Board of County Commissioners	27,021
Due to other governments	<u>75,740</u>
Total Liabilities	<u>\$ 780,372</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports three major governmental funds:

- General Fund – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- State Housing Initiative Partnership – This fund is used to account for activity relating to the State Housing Initiative Partnership revenues and expenses.
- Public Improvement – This fund is used to account for the accumulation of resources for and the payment of gas tax refunding and improvement revenue bonds.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Enterprise Activities

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

G. Accounts Receivable

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” when applicable.

I. Inventories

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

J. Capital Assets

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

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

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

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Inflows

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

L. Compensated Absences

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

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

M. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2013 tax year millage rate assessed by the County was 6.5608 mils.

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

N. Implementation of New GASB Pronouncements

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year ended September 30, 2011. This GASB statement clarifies governmental fund balance classifications and fund type definitions. The basis for the division of fund balances is the level of constraint limiting the use of the resources reported in the governmental funds. GASB Statement No. 54 became effective for financial statement periods beginning after June 15, 2010.

O. Use of Estimates

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

P. Use of Restricted Assets

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Encumbrances

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

R. Long-Term Obligations

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

S. Subsequent Events

The County evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The County did not have any subsequent events requiring disclosure or recording in these financial statements.

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

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

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,401,636 difference are as follows:

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Bonds payable	\$12,050,000
Installment contracts and notes payable	35,580
Other Postemployment benefits	361,000
Landfill closure liabilities	2,571,622
Compensated absences	<u>1,383,434</u>

Net adjustment to reduce <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$16,401,636</u>
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Another element of that reconciliation states, “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$44,701,386 difference are as follows:

Cost of capital assets	\$76,760,625
Less: accumulated depreciation	<u>(32,059,239)</u>
Net adjustment to increase <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>\$44,701,386</u>

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. “The details of this (\$1,020,520) difference are as follows:

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Capital outlay	\$ 1,462,512
Disposal of capital assets	(24,195)
Depreciation expense	<u>(2,458,837)</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (1,020,520)</u>

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds” and “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$170,203) difference are as follows:

Increase in compensated absences	\$ (120,244)
Other Postemployment benefits	(7,679)
Landfill closure	<u>(42,280)</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (170,203)</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits Policies

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

Investments Policies

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

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

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

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

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

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

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

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

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

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

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

Auction Rate Securities rate AAA/aaa.

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

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

As of September 30, 2014, the County's deposits consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
Florida Local Government Investment Trust	<u>\$626,067</u>	Demand
Total	<u>\$626,067</u>	

Custodial Credit Risk of Deposits

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

At September 30, 2014, the County did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2014, the County did not hold any investments that were considered to be a credit risk.

Custodial Risk

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

Concentration of Credit Risk

At September 30, 2014, the County did not hold any investments that were considered to be a concentration of credit risk.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Internal balances at September 30, 2014, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 162,991	\$ 49,363
Special revenue funds	14,128	72,225
Agency funds	<u>2,401</u>	<u>57,932</u>
Total	<u>\$ 179,520</u>	<u>\$ 179,520</u>

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES (continued)

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

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2014, consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 137,876	\$ 10,000
Special revenue funds:		
Sheriff	10,000	—
Fire control	—	42,167
Tourist development	—	25,709
Hospital	—	70,000
Total	<u>\$ 147,876</u>	<u>\$ 147,876</u>

The transfers were for budgeted operations.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	September 30, 2013	Increases	Decreases	September 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,761,986	\$ —	\$ —	\$ 3,761,986
Construction in progress	17,800	216,400	(66,420)	167,780
Total capital assets, not being depreciated	<u>3,779,786</u>	<u>216,400</u>	<u>(66,420)</u>	<u>3,929,766</u>
Capital assets being depreciated:				
Buildings and improvements	15,994,292	144,698	(5,250)	16,133,740
Machinery and equipment	17,125,384	1,037,687	(1,095,512)	17,067,559
Infrastructure	39,499,413	130,147	—	39,629,560
Total capital assets being depreciated	<u>72,619,089</u>	<u>1,312,532</u>	<u>(1,100,762)</u>	<u>72,830,859</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,780,029)	(333,252)	—	(6,113,281)
Machinery	(12,244,570)	(1,376,668)	1,076,567	(12,544,671)
Infrastructure	(12,652,370)	(748,917)	—	(13,401,287)
Total accumulated depreciation	<u>(30,676,969)</u>	<u>(2,458,837)</u>	<u>1,076,567</u>	<u>(32,059,239)</u>
Total capital assets being depreciated, net	<u>41,942,120</u>	<u>(1,146,305)</u>	<u>(24,195)</u>	<u>40,771,620</u>
Total Governmental activities, capital assets, (net of accumulated depreciation)	<u>\$ 45,721,906</u>	<u>\$ (929,905)</u>	<u>\$ (90,615)</u>	<u>\$ 44,701,386</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6 - CAPITAL ASSETS (continued)

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

General Government	\$ 188,305
Public safety	850,352
Physical environment	306,862
Transportation	752,841
Economic environment	44,832
Human services	155,829
Culture and recreation	145,374
Court related	<u>14,442</u>
Total depreciation expense – governmental activities	<u>\$ 2,458,837</u>

	<u>September 30,</u> <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2014</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ <u>737</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>737</u>
Total capital assets, not being depreciated	<u>737</u>	<u>—</u>	<u>—</u>	<u>737</u>
Capital assets being depreciated:				
Buildings and utility systems	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Total capital assets being depreciated	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Less accumulated depreciation	<u>(521,736)</u>	<u>(21,036)</u>	<u>—</u>	<u>(542,772)</u>
Total capital assets being depreciated, net	<u>319,642</u>	<u>(21,036)</u>	<u>—</u>	<u>298,606</u>
Total business-type activities', capital assets, (net of accumulated depreciation)	<u>\$ 320,379</u>	<u>\$ (21,036)</u>	<u>\$ —</u>	<u>\$ 299,343</u>

Depreciation expense for the water fund for the year ended September 30, 2014 was \$21,036.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 - LONG - TERM DEBT

Long-term debt of the County at September 30, 2014, is as follows:

<u>Bonds Payable</u>	<u>Balance September 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>	<u>Due Within One Year</u>
Board of County Commissioners					
Gas Tax Revenue Bonds, Series 2006; proceeds used for capital improvements, refunding of 1995 gas tax refunding and improvement revenue bonds and Series 2001 gas tax revenue bonds (note 7-A).	\$ 12,485,000	\$ —	\$ (435,000)	\$12,050,000	\$ 455,000
Total governmental activities bonds payable	<u>\$ 12,485,000</u>	<u>\$ —</u>	<u>\$ (435,000)</u>	<u>\$12,050,000</u>	<u>\$ 455,000</u>
<u>Notes Payable</u>					
Board of County Commissioners					
Note payable to bank in annual payments of \$28,326 including interest at 4.25%, unsecured	\$ 52,986	\$ —	\$ (26,073)	\$ 26,913	\$ 26,913
Total governmental activities notes payable	<u>\$ 52,986</u>	<u>\$ —</u>	<u>\$ (26,073)</u>	<u>\$ 26,913</u>	<u>\$ 26,913</u>
<u>Installment Contracts Clerk of Court</u>					
Installment purchase agreement for Two copiers, payable in 63 monthly Installments of \$366 including Interest at 8.443%	\$ 12,164	\$ —	\$ (3,497)	\$ 8,667	\$ 3,804
Total governmental activities installments contracts	<u>\$ 12,164</u>	<u>\$ —</u>	<u>\$ (3,497)</u>	<u>\$ 8,667</u>	<u>\$ 3,804</u>
Long-term landfill closure and postclosure liability (note 12)	\$ 2,529,342	\$ 42,280	\$ —	\$ 2,571,622	\$ —
Other postemployment benefits	353,321	7,679	—	361,000	—
Liability for compensated absences	<u>1,263,190</u>	<u>393,902</u>	<u>(273,658)</u>	<u>1,383,434</u>	<u>345,859</u>
Total governmental activities bonds, notes, payable and other long-term debt	<u>\$16,696,003</u>	<u>\$ 443,861</u>	<u>\$ (738,228)</u>	<u>\$16,401,636</u>	<u>\$ 831,576</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 - LONG - TERM DEBT (continued)

Future debt service requirements on long-term debt are summarized below:

Year Ending September 30,	Series 2006 Capital Improvement Refunding Bonds	
	Principal	Interest
2015	\$ 455,000	\$ 529,644
2016	475,000	511,044
2017	490,000	489,294
2018	515,000	466,744
2019	535,000	445,744
2020 -2024	3,030,000	1,867,980
2025-2029	3,815,000	1,052,424
2030-2032	2,735,000	182,766
Total	<u>\$ 12,050,000</u>	<u>\$ 5,545,640</u>

Year Ending September 30,	Notes Payable	
	Principal	Interest
2015	\$ 26,913	\$ 1,144
Total	<u>\$ 26,913</u>	<u>\$ 1,144</u>

■ **Bonds Payable and Pledged Revenues**

- (A) 4% \$14,745,000 Gas Tax Refunding and Improvement Revenue Bonds Series 2006-\$12,050,000 balance. These bonds were issued in September 2006, for the purpose of (i) financing the cost of the acquisition, construction, paving enlargement or other improvements of certain roads and transportation systems within the County; (ii) refund all of the County's Outstanding Gas Tax Refunding and Improvement Revenue Bonds, Series 1995 and all of the County's Outstanding Gas Tax Revenue Bonds, Series 2001; (iii) paying the cost of the premium of a Surety Bond to fund the Reserve Account; and (iv) paying certain costs incurred in connection with the issuance of the Series 2006 Bonds. The Series 2006 bonds, mature serially beginning October 1, 2007 and are subject to redemption prior to maturity. The bonds are payable from and secured by a lien upon and pledge of (i) the Local Option Gas Tax, (ii) the Constitutional Gas Tax, (iii) the County Gas Tax., and (iv) interest earnings on certain funds. The remaining principal and interest payments on this debt as of September 30, 2014 was \$17,595,634. Annual principal and interest payments on the bond required 76% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues for the year were \$982,444 and \$1,290,533 respectively.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 - LONG - TERM DEBT (continued)

A portion of the proceeds from series 2006 bonds have been placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the series 1995 Tax Bonds and the series 2001 Gas Tax Revenue Bonds. These refunded bonds have not been included in the County's outstanding long-term debt since the County has legally satisfied its obligation with respect thereto through the consumption of the refunding transaction described therein.

NOTE 8 - EMPLOYEE BENEFITS

Retirement Plan

Plan Description

The County and the elected officials participate in the Florida Retirement System (FRS) a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at www.dos.state.fl.us/fgils/retirement.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and 55 for special risk, and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 8 - EMPLOYEE BENEFITS (continued)

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee contributory. The employees contribute 3.0%.

Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<u>10/1/2013 through 6/30/2014</u>	<u>7/1/2014 through 9/30/2014</u>
Regular class	6.95%	7.37%
Senior management service class	18.31%	21.14%
Elected County officials' class	33.03%	43.24%
Special risk employees' class	19.06%	19.82%
DROP plan participants	12.84%	12.28%
Ineligible regular	3.39%	3.80%
Ineligible special	8.03%	8.77%

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 8 - EMPLOYEE BENEFITS (continued)

Contribution rates equal actuarial determined rates. During the year ended September 30, 2014, total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<u>Payroll Expense</u>	<u>Retirement Contributions</u>
Board of County Commissioners	\$ 3,860,257	\$ 471,270
Clerk of the Circuit Court	680,956	87,888
Sheriff	1,548,871	244,368
Property Appraiser	287,339	50,380
Tax Collector	318,206	51,975
Supervisor of Elections	116,802	30,420
Total	<u>\$ 6,812,431</u>	<u>\$ 936,301</u>

The County's contributions to the Plan for the years ended September 30, 2014 and 2013 and 2012 were \$936,301, \$621,914 and \$644,271 respectively, which equal the required contributions. For the year ended September 30, 2014 retirement contributions represent 13.7% of County's total covered payroll.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Employees enrolled in DROP prior to July 1, 2011 earn interest on accumulated benefits in the Trust Fund at 6.5%; those enrolling on or after July 1, 2011 earn interest at 1.30%. The act of participating in the program does not change the individual employee's employment conditions.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective for the 2009-2010 fiscal year, the County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for benefits \$304,000 at transition, amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of implementation.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The County has established the Retiree's Health Insurance Other Post Employment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 138 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

Eligibility

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

Funding Policy

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

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

<u>Coverage</u>		
Retiree	\$	467
Retiree and Spouse		798
Retiree and Child		725
Retiree and Family		1,224

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$19,321 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

<u>Description</u>	
Normal cost (service cost for one year)	\$ 18,000
Amortization of unfunded actuarial accrued liability	<u>26,000</u>
Annual required contribution	44,000
Interest on net OPEB obligation	14,000
Adjustment to annual required contribution	<u>(31,000)</u>
Annual OPEB cost (expense)	27,000
Contribution toward the OPEB cost	<u>(19,321)</u>
Increase in net OPEB obligation	7,679
Net OPEB obligation, beginning of year	<u>353,321</u>
Net OPEB obligation, end of year	<u>\$ 361,000</u>

The County's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2014 was as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2012	\$ 103,325	14.5%	\$ 265,030
2013	103,325	14.5%	353,321
2014	27,000	70.0%	361,000

Funding Status and Funding Progress

The funding status and funding progress information can be found in the Schedule of Funding Progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2014. Actuarial valuations of an ongoing plan involve 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 and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB actuarial valuation method used for the County was the unit credit actuarial cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the County employees. The actuarial assumptions include a 4% rate of return on investments for the County. The actuarial assumptions also include an annual healthcare cost trend rate. For the County, this rate for the 2014-15 fiscal year is 8.0%. It fluctuates in the first four years reaching a future year's rate of 5.5%. The unfunded actuarial accrued liability is being amortized with a level dollar method. The remaining open amortization period at September 30, 2014 is 15 years.

NOTE 10 - RISK MANAGEMENT

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 - RISK MANAGEMENT (continued)

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

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

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

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

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

NOTE 11 - AMBULANCE SERVICES

The County has financial responsibility for providing ambulance services throughout the County. Ambulance accounts receivable, and revenues and expenditures are included in the general fund of the accompanying financial statement. Accounts receivable for the ambulance service for the year ended September 30, 2014 was \$1,744,008 which is net of \$1,487,298 allowance for uncollectible accounts.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,571,622 reported as landfill closure and postclosure care liability at September 30, 2014, represents the cumulative amount reported to date based on the use of 63.3% of the estimated capacity of the landfill cells placed in use. The Board will recognize the remaining estimated cost of closure and postclosure care of \$1,470,078 as the remaining estimated capacity is filled (approximately 5 years). These amounts are based on what it would cost to perform closure and post-closure care in 2014 on those cells placed in use. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2014, the Board held deposits with a fair value of \$1,768,218 for these purposes that are reported as restricted assets on the balance sheet. This amount includes \$1,768,218 that is restricted for closing Five Points Landfill. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 13 - LEGAL PROCEEDINGS

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 14 – NOTES RECEIVABLE

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

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

At September 30, 2014, notes receivable consisted of the following

	<u>Balance September 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Gulf Rifle Note	\$ 24,000	\$ —	\$ (3,000)	\$ 21,000
Port Authority	199,000	79,378	—	278,378
	<u>\$ 223,000</u>	<u>\$ 79,378</u>	<u>\$ (3,000)</u>	<u>\$ 299,378</u>

NOTE 15 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2014, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 16 - NET POSITION/FUND BALANCE CLASSIFICATION

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

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

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

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

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

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

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

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

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

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

Unrestricted: Balances are not restricted for specific purposes.

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

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

Spendable fund balance:

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

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

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

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

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

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

A detailed schedule of fund balances at September 30, 2014 is as follows:

	<u>General Fund</u>	<u>State Housing Initiative Partnership</u>	<u>Public Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepays/deposits	\$ 5,861	\$ —	\$ —	\$ 3,740	\$ 9,601
Total nonspendable fund balance	<u>5,861</u>	<u>—</u>	<u>—</u>	<u>3,740</u>	<u>9,601</u>
Restricted for:					
Community redevelopment	—	101,373	—	—	101,373
Transportation	—	—	—	417,209	417,209
Bond covenants or debt service	—	—	2,487,905	42,412	2,530,317
Growth related capital expansion	—	—	—	178,289	178,289
Capital projects	—	—	—	282	282
Tourist development	—	—	—	1,516,537	1,516,537
Conservation	1,768,218	—	—	853,698	2,621,916
Public Safety	69,412	—	—	1,577,908	1,647,320
Court functions	42,361	—	—	498,567	540,928
Health	23,451	—	—	1,086,706	1,110,157
Other purposes	—	—	—	—	—
Total restricted fund balance	<u>1,903,442</u>	<u>101,373</u>	<u>2,487,905</u>	<u>6,171,608</u>	<u>10,664,328</u>
Committed for:					
Public Safety	—	—	—	340,060	340,060
Conservation	64,074	—	—	193,393	257,467
Total committed fund balance	<u>64,074</u>	<u>—</u>	<u>—</u>	<u>533,453</u>	<u>597,527</u>
Assigned for:					
Infrastructure	239,816	—	—	—	239,816
Public Safety	—	—	—	46,043	46,043
Federal and state grants	12,404	—	—	—	12,404
Other purposes	3,050,015	—	—	—	3,050,015
Total assigned fund balance	<u>3,302,235</u>	<u>—</u>	<u>—</u>	<u>46,043</u>	<u>3,348,278</u>
Unassigned:	<u>3,890,890</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,890,890</u>
Total Fund Balances	<u>\$ 9,166,502</u>	<u>\$ 101,373</u>	<u>\$ 2,487,905</u>	<u>\$ 6,754,844</u>	<u>\$ 18,510,624</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 17 – COMMITMENTS

The Gulf County Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration therefore, the Sheriff receives payments of \$33,600 annually from the City.

The Gulf County Sheriff entered into a service agreement with the City of Port St. Joe Police Department, whereby the Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration for these services.

NOTE 18 - WATER SYSTEM OPERATIONS

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

NOTE 19 – ACCOUNTING CHANGES, ACCOUNTING STANDARDS AND PRIOR PERIOD ADJUSTMENT

In fiscal year 2014, the County implemented Governmental Accounting Standards Board (GASB) Statement 65 "Items Previously Reported as Assets and Liabilities". The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses expenditures) or inflows of resources (revenues).

The implementation of Statement 65 resulted in the reclassification of the beginning net position of the governmental activities in the government-wide financial statements. The deferred charges for issuance costs were reclassified as expense of prior periods and resulted in the adjustment below:

Net position at September 30, 2013	\$48,854,234
Change in reporting for deferred charges to debt issuance costs	<u>(279,766)</u>
Net position at September 30, 2013, restated	<u>\$48,574,468</u>

REQUIRED SUPPLEMENTARY INFORMATION

GULF COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

Schedule of Funding Progress for the Retiree's Health Insurance
Other Post Employment Benefits Plan

Actuarial Valuation Date As of <u>Oct 1,</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded Actuarial (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c)</u>
2014	\$ —	\$ 303,000	\$ 303,000	0.0%	N/A	N/A

Schedule of Employer Contributions for the Retiree's Health Insurance
Other Post Employment Benefits Plan

Fiscal Year Ended <u>September 30,</u>	Annual Required Contribution	Percentage Contributed	Annual OPEB Cost	Percentage Contributed
2013	\$ 105,000	14%	\$103,000	15%
2014	\$ 44,000	43%	\$ 27,000	70%
2015	\$ 45,000	42%	\$ 28,000	68%

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

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

TOURIST DEVELOPMENT TRUST – To account for a 4% local option tourist development tax levied for tourist promotion and beach and shoreline maintenance.

SHERIFF' SPECIAL REVENUE

Forfeiture fund – To account for revenues and expenditures relating to various forfeitures.

DRI/EAR IMPACT – To account for funds received associated with the development of regional impact for the Gulf County community, WindMark Beach.

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

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

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

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

Howard Creek
Tupelo

St. Joe
Overstreet

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

HOSPITAL – To account for local option discretionary sales surtax levied and expenditures that help fund operations at the local hospital.

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

Nonmajor Governmental Funds

Special Revenue Funds (continued)

PARKS AND RECREATION IMPACT FEE – To account for the receipt and expenditure of parks impact fees collected from all qualifying new construction. The impact fees must be used for the acquisition/construction of park facilities.

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

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

BEACH RENOVATION – To account for activity relating to the Cape San Blas beach re-nourishment and reconstruction project funded with bond proceeds.

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

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

CONSTRUCTION AND ACQUISITION – To account for activity relating to the construction and acquisition of assets.

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

Debt Service

M.S.T.U. DEBT SERVICE – To account for pledged ad valorem taxes and repayment of bonds issued for re-nourishment and reconstruction of the beachfront at Cape San Blas.

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Special Revenue					
	Fines and Forfeitures	Secondary Road and Bridge	Tourist Development Trust	Sheriff's Special Revenue	DRI/EAR Impact	Clerk Modernization Trust
Assets						
Cash and cash equivalents	\$ 345,889	\$ 417,209	\$ 1,506,091	\$ —	\$ 193,393	\$ 253,452
Due from other funds	—	—	—	—	—	4,131
Due from other governments	—	—	177,023	—	—	—
Prepaid expense	—	—	6,025	—	—	—
Notes receivable	—	—	—	—	—	—
Total assets	<u>345,889</u>	<u>417,209</u>	<u>1,689,139</u>	<u>—</u>	<u>193,393</u>	<u>257,583</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	4,619	—	134,973	—	—	—
Due to other funds	<u>193</u>	<u>—</u>	<u>1,699</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>4,812</u>	<u>—</u>	<u>136,672</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred Inflows						
Unearned exchange transactions	—	—	32,190	—	—	—
Total deferred inflows	<u>—</u>	<u>—</u>	<u>32,190</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances						
Nonspendable	—	—	3,740	—	—	—
Restricted	295,034	417,209	1,516,537	—	—	257,583
Committed	—	—	—	—	193,393	—
Assigned	<u>46,043</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>341,077</u>	<u>417,209</u>	<u>1,520,277</u>	<u>—</u>	<u>193,393</u>	<u>257,583</u>
Total liabilities and Fund balances	<u>\$ 345,889</u>	<u>\$ 417,209</u>	<u>\$ 1,689,139</u>	<u>\$ —</u>	<u>\$ 193,393</u>	<u>\$ 257,583</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2014

	Special Revenue					
	Administrative Order 86-12	HUD CDBG	Howard Creek Fire Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Assets						
Cash and cash equivalents	\$ 151,010	\$ 172	\$ 2,919	\$ 882,604	\$ 110,086	\$ 22,628
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—
Prepaid expense	—	—	—	—	—	—
Notes receivable	—	218,178	—	—	—	—
Total assets	<u>151,010</u>	<u>218,350</u>	<u>2,919</u>	<u>882,604</u>	<u>110,086</u>	<u>22,628</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	—	—	312	5,946	810	672
Due to other funds	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>312</u>	<u>5,946</u>	<u>810</u>	<u>672</u>
Deferred Inflows						
Unearned exchange transactions	—	199,000	—	—	—	—
Total deferred inflows	<u>—</u>	<u>199,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	151,010	19,350	2,607	876,658	109,276	21,956
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Total fund balances	<u>151,010</u>	<u>19,350</u>	<u>2,607</u>	<u>876,658</u>	<u>109,276</u>	<u>21,956</u>
Total liabilities and Fund balances	<u>\$ 151,010</u>	<u>\$ 218,350</u>	<u>\$ 2,919</u>	<u>\$ 882,604</u>	<u>\$ 110,086</u>	<u>\$ 22,628</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2014

	Special Revenue					
	<u>Disaster Contingency</u>	<u>Hospital</u>	<u>Wireless 911</u>	<u>Construction and Acquisition</u>	<u>Parks and Recreation</u>	<u>E911</u>
Assets						
Cash and cash equivalents	\$ 340,060	\$ 930,233	\$ 601	\$ 282	\$ —	\$ 254,040
Due from other funds	—	—	—	—	—	9,997
Due from other governments	—	226,472	—	—	—	—
Prepaid expense	—	—	—	—	—	—
Notes receivable	—	—	—	—	—	3
Total assets	<u>340,060</u>	<u>1,156,705</u>	<u>601</u>	<u>282</u>	<u>—</u>	<u>264,040</u>
Liabilities Deferred Inflows and fund balances						
Liabilities						
Vouchers payable	—	—	—	—	—	1,933
Due to other funds	—	<u>70,000</u>	—	—	—	<u>333</u>
Total liabilities	—	<u>70,000</u>	—	—	—	<u>2,266</u>
Deferred Inflows						
Unearned exchange transactions	—	—	—	—	—	—
Total deferred inflows	—	—	—	—	—	—
Fund balances						
Nonspendable	—	—	—	—	—	—
Restricted	—	1,086,705	601	282	—	261,774
Committed	340,060	—	—	—	—	—
Assigned	—	—	—	—	—	—
Total fund balances	<u>340,060</u>	<u>1,086,705</u>	<u>601</u>	<u>282</u>	<u>—</u>	<u>261,774</u>
Total liabilities and Fund balances	<u>\$ 340,060</u>	<u>\$ 1,156,705</u>	<u>\$ 601</u>	<u>\$ 282</u>	<u>\$ —</u>	<u>\$ 264,040</u> (Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2014

	Special Revenue			
	<u>Mosquito Control</u>	<u>Beach Renovation</u>	<u>Emergency Medical Services</u>	<u>Industrial Park EDA</u>
Assets				
Cash and cash equivalents	\$ 100,088	\$ 853,698	\$ 1,675	\$ 158,682
Due from other funds	—	—	—	—
Due from other governments	—	—	—	—
Prepaid expense	—	—	—	—
Notes receivable	—	—	—	60,200
Total assets	<u>100,088</u>	<u>853,698</u>	<u>1,675</u>	<u>218,882</u>
Liabilities Deferred Inflows and fund balances				
Liabilities				
Vouchers payable	218	—	—	—
Due to other funds	—	—	—	—
Total liabilities	<u>218</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred Inflows				
Unearned exchange transactions	—	—	1,568	60,000
Total deferred inflows	<u>—</u>	<u>—</u>	<u>1,568</u>	<u>60,000</u>
Fund balances				
Nonspendable	—	—	—	—
Restricted	99,870	853,698	107	158,882
Committed	—	—	—	—
Assigned	—	—	—	—
Total fund balances	<u>99,870</u>	<u>853,698</u>	<u>107</u>	<u>158,882</u>
Total liabilities and Fund balances	<u>\$ 100,088</u>	<u>\$ 853,698</u>	<u>\$ 1,675</u>	<u>\$ 218,882</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2014

	<u>Special Revenue Debt Service</u>		Total
		M.S.T.U.	Nonmajor
	CDBG	Debt	Governmental
		Service	Funds
Assets			
Cash and cash equivalents	\$ 57	\$ 42,412	\$ 6,567,281
Due from other funds	—	—	14,128
Due from other governments	—	—	403,495
Prepaid expense	—	—	6,025
Notes receivable	—	—	278,381
Total Assets	<u>57</u>	<u>42,412</u>	<u>7,269,310</u>
Liabilities Deferred Inflows			
and fund balances			
Liabilities			
Vouchers payable	—	—	149,483
Due to other funds	—	—	72,225
Total Liabilities	<u>—</u>	<u>—</u>	<u>221,708</u>
Deferred Inflows			
Unearned exchange transactions	—	—	292,758
Total deferred inflows	<u>—</u>	<u>—</u>	<u>292,758</u>
Fund balances			
Nonspendable	—	—	3,740
Restricted	57	42,412	6,171,608
Committed	—	—	533,453
Assigned	—	—	46,043
Total fund balances	<u>57</u>	<u>42,412</u>	<u>6,754,844</u>
Total liabilities and fund balances	<u>\$ 57</u>	<u>\$ 42,412</u>	<u>\$ 7,269,310</u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue					
	<u>Fines and Forfeitures</u>	<u>Secondary Road and Bridge</u>	<u>Tourist Development Trust</u>	<u>Sheriff's Special Revenue</u>	<u>DRI/EAR Impact</u>	<u>Clerk Modernization Trust</u>
Revenues						
Taxes	\$ —	\$ 65,678	\$ 1,188,483	\$ —	\$ —	\$ —
Intergovernmental	—	—	252,806	—	—	—
Charges for services	40,762	—	40,643	—	—	45,373
Investment earnings and other	<u>2,025</u>	<u>—</u>	<u>2,075</u>	<u>—</u>	<u>—</u>	<u>128</u>
Total revenues	<u>42,787</u>	<u>65,678</u>	<u>1,484,007</u>	<u>—</u>	<u>—</u>	<u>45,501</u>
Expenditures						
Current						
General government	—	—	—	—	—	2,563
Public safety	7,606	—	—	28,215	—	—
Physical environment	—	—	357,623	—	—	—
Economic environment	—	—	1,123,309	—	—	—
Transportation	—	37,422	—	—	—	—
Court related	4,192	—	—	—	—	19,300
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	58,047	—	—	9,646
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>11,798</u>	<u>37,422</u>	<u>1,538,979</u>	<u>28,215</u>	<u>—</u>	<u>31,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,989</u>	<u>28,256</u>	<u>(54,972)</u>	<u>(28,215)</u>	<u>—</u>	<u>13,992</u>
Other financing sources (uses)						
Transfers out	—	—	(25,709)	—	—	—
Transfers in	—	—	—	10,000	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>(25,709)</u>	<u>10,000</u>	<u>—</u>	<u>—</u>
Net change in fund balances	30,989	28,256	(80,681)	(18,215)	—	13,992
Fund balances - beginning	<u>310,088</u>	<u>388,953</u>	<u>1,600,958</u>	<u>18,215</u>	<u>193,393</u>	<u>243,591</u>
Fund balances - ending	<u>\$ 341,077</u>	<u>\$ 417,209</u>	<u>\$ 1,520,277</u>	<u>\$ —</u>	<u>\$ 193,393</u>	<u>\$ 257,583</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue					
	Administrative Order 86-12	HUD CDBG	Howard Creek Fire Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Revenues						
Taxes	\$ —	\$ —	\$ 15,135	\$ 322,655	\$ 49,358	\$ 21,201
Intergovernmental	—	—	572	8,258	3,700	1,159
Charges for services	—	—	—	—	—	—
Investment earnings and other	<u>77</u>	<u>19,178</u>	<u>—</u>	<u>361</u>	<u>—</u>	<u>—</u>
Total revenues	<u>77</u>	<u>19,178</u>	<u>15,707</u>	<u>331,274</u>	<u>53,058</u>	<u>22,360</u>
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	13,423	221,037	25,652	11,398
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	3,960	83,153	—	1,703
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,325</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>17,383</u>	<u>332,515</u>	<u>25,652</u>	<u>13,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77</u>	<u>19,178</u>	<u>(1,676)</u>	<u>(1,241)</u>	<u>27,406</u>	<u>9,259</u>
Other financing sources (uses)						
Transfers out	—	—	(1,476)	(33,100)	(5,061)	(2,530)
Transfers in	—	—	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>(1,476)</u>	<u>(33,100)</u>	<u>(5,061)</u>	<u>(2,530)</u>
Net change in fund balances	<u>77</u>	<u>19,178</u>	<u>(3,152)</u>	<u>(34,341)</u>	<u>22,345</u>	<u>6,729</u>
Fund balances - beginning	<u>150,933</u>	<u>172</u>	<u>5,759</u>	<u>910,999</u>	<u>86,931</u>	<u>15,227</u>
Fund balances - ending	<u>\$ 151,010</u>	<u>\$ 19,350</u>	<u>\$ 2,607</u>	<u>\$ 876,658</u>	<u>\$ 109,276</u>	<u>\$ 21,956</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue					
	<u>Disaster Contingency</u>	<u>Hospital</u>	<u>Wireless 911</u>	<u>Construction and Acquisition</u>	<u>Parks and Recreation</u>	<u>E911</u>
Revenues						
Taxes	\$ —	\$ 743,534	\$ —	\$ —	\$ —	\$ —
Intergovernmental	141,332	—	38,780	—	—	119,790
Charges for services	—	—	—	—	—	—
Investment earnings and other	—	421	8	—	—	350
Total revenues	<u>141,332</u>	<u>743,955</u>	<u>38,788</u>	<u>—</u>	<u>—</u>	<u>120,140</u>
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	28,964	—	—	94,493
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	417,604	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	9,817	—	25,396	—
Debt service	—	—	—	—	—	—
Total expenditures	<u>—</u>	<u>417,604</u>	<u>38,781</u>	<u>—</u>	<u>25,396</u>	<u>94,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,332</u>	<u>326,351</u>	<u>7</u>	<u>—</u>	<u>(25,396)</u>	<u>25,647</u>
Other financing sources (uses)						
Transfers out	—	(70,000)	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	—	—	—	—	—	—
Total other financing Sources (uses)	<u>—</u>	<u>(70,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>141,332</u>	<u>256,351</u>	<u>7</u>	<u>—</u>	<u>(25,396)</u>	<u>25,647</u>
Fund balances - beginning	<u>198,728</u>	<u>830,354</u>	<u>594</u>	<u>282</u>	<u>25,396</u>	<u>236,127</u>
Fund balances - ending	<u>\$ 340,060</u>	<u>\$ 1,086,705</u>	<u>\$ 601</u>	<u>\$ 282</u>	<u>\$ —</u>	<u>\$ 261,774</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Mosquito Control	Beach Renovation	Emergency Medical Services	Industrial Park EDA
Revenues				
Taxes	\$ —	\$ —	\$ —	\$ —
Intergovernmental	29,456	—	3,169	—
Charges for services	—	—	—	—
Investment earnings and other	<u>11,994</u>	<u>1,280</u>	<u>3</u>	<u>1,917</u>
Total revenues	<u>41,450</u>	<u>1,280</u>	<u>3,172</u>	<u>1,917</u>
Expenditures				
Current				
General government	—	—	—	—
Public safety	—	—	4,362	—
Physical environment	—	—	—	—
Economic environment	—	—	—	60,324
Transportation	—	—	—	—
Court related	—	—	—	—
Human services	7,136	—	—	—
Culture and recreation	—	—	—	—
Capital outlay	30,553	—	—	—
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>37,689</u>	<u>—</u>	<u>4,362</u>	<u>60,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,761</u>	<u>1,280</u>	<u>(1,190)</u>	<u>(58,407)</u>
Other financing sources (uses)				
Transfers out	—	—	—	—
Transfers in	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	3,761	1,280	(1,190)	(58,407)
Fund balances - beginning	<u>96,109</u>	<u>852,418</u>	<u>1,297</u>	<u>217,289</u>
Fund balances - ending	<u>\$ 99,870</u>	<u>\$ 853,698</u>	<u>\$ 107</u>	<u>\$ 158,882</u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2014

	<u>Special Revenue Debt Service</u>		Total
		M.S.T.U.	Nonmajor
	CDBG	Debt Service	Governmental
			Funds
Revenues			
Taxes	\$ —	\$ —	\$ 2,406,044
Intergovernmental	663,530	—	1,262,552
Charges for services	—	—	126,778
Investment earnings and other	—	54	39,871
Total Revenues	<u>663,530</u>	<u>54</u>	<u>3,835,245</u>
Expenditures			
Current			
General government	—	—	2,563
Public safety	—	—	435,150
Physical environment	—	—	357,623
Economic environment	663,530	—	1,847,163
Transportation	—	—	37,422
Court related	—	—	23,492
Human services	—	—	424,740
Culture and recreation	—	—	—
Capital outlay	—	—	222,275
Debt service	—	—	28,325
Total expenditures	<u>663,530</u>	<u>—</u>	<u>3,378,753</u>
Excess (deficiency) of			
revenues over (under)			
expenditures	<u>—</u>	<u>54</u>	<u>456,492</u>
Other financing sources (uses)			
Transfers out	—	—	(137,876)
Transfers in	—	—	10,000
Debt proceeds	—	—	—
Total other financing			
Sources (uses)	<u>—</u>	<u>—</u>	<u>(127,876)</u>
Net change in Fund balance	<u>—</u>	<u>54</u>	<u>328,616</u>
Fund balances – beginning	<u>57</u>	<u>42,358</u>	<u>6,426,228</u>
Fund balances – ending	<u><u>\$ 57</u></u>	<u><u>\$ 42,412</u></u>	<u><u>\$ 6,754,844</u></u>

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2014**

	Agency Funds – Clerk					
	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Jury and Witness</u>	<u>Bonds</u>
Assets						
Cash and cash equivalents	\$ 39,093	\$ 41,150	\$ 287,297	\$ 2,128	\$ 3,686	\$ 7,790
Accounts receivable (net)	34	—	—	14	—	—
Due from other funds	<u>16</u>	<u>260</u>	<u>1,300</u>	<u>—</u>	<u>825</u>	<u>—</u>
Total Assets	<u>39,143</u>	<u>41,410</u>	<u>288,597</u>	<u>2,142</u>	<u>4,511</u>	<u>7,790</u>
Liabilities						
Accounts payable	135	42	—	—	—	—
Due to individuals	5,703	783	288,597	—	825	7,790
Due to other funds	10,834	16,611	—	1,966	1,500	—
Due to Board of County Commissioners	2,690	6,0660	—	—	—	—
Due to other governments	<u>19,781</u>	<u>17,908</u>	<u>—</u>	<u>176</u>	<u>2,186</u>	<u>—</u>
Total Liabilities	<u>\$ 39,143</u>	<u>\$ 41,410</u>	<u>\$ 288,597</u>	<u>\$ 2,142</u>	<u>\$ 4,511</u>	<u>\$ 7,790</u>

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2014**

	Agency Funds Sheriff Individual Depository	Agency Funds Tax Collector Tax	Tag Agency	Totals
Assets				
Cash and cash equivalents	\$ 370	\$ 385,660	\$ 9,799	\$ 776,973
Accounts receivable (net)	950	—	—	998
Due from other funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,401</u>
Total Assets	<u>1,320</u>	<u>385,660</u>	<u>9,799</u>	<u>780,372</u>
Liabilities				
Accounts payable	—	1,009	—	1,186
Due to individuals	370	341,446	—	645,514
Due to other funds	—	—	—	30,911
Due to Board of County Commissioners	950	17,315	—	27,021
Due to other governments	<u>—</u>	<u>25,890</u>	<u>9,799</u>	<u>75,740</u>
Total Liabilities	<u>\$ 1,320</u>	<u>\$ 385,660</u>	<u>\$ 9,799</u>	<u>\$ 780,372</u>

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

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

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

We have examined the the Board of County Commissioners of Gulf County, Florida's (hereinafter referred to as the "Board") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board'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 Board'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 Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of Gulf, County, Florida, Board of County Commissioners, (hereinafter referred to as the "Board"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditors' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of Auditor General*. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Vance CPA LLC". The script is cursive and fluid.

Vance CPA LLC
June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Gulf County Florida's basic financial statements and have issued our report thereon dated June 23, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2014-001 and 2014-002).

Compliance and Other Matters

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

Gulf County Florida's Response to Findings

Gulf County Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Gulf County Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Vance CPA LLC

Vance CPA LLC
June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Gulf County Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Gulf County Florida's major federal programs and state projects for the year ended September 30, 2014. Gulf County Florida's major federal programs and state projects are identified in the summary of auditor's result section of the accompanying schedule of findings and responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gulf County, Florida's major federal programs and 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 and OMB Circular A-133 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 Gulf County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, Gulf County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of Gulf County, Florida 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 Gulf County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Gulf County Florida's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida, as of and for the year ended September 30, 2014, and the notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 23, 2015, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by 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*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014

Federal Awards Program	CFDA #	Contract/Grant Number	Expenditures
U.S. Department of Homeland Security			
Passed through Florida Department of Community Affairs			
State of Florida Homeland Security Grant Program (SHSGP) 97.067		13-DS-20-02-33-01-140	20,000
State of Florida Homeland Security Grant Program (SHSGP) 97.067		13-DS-97-02-33-01-496	<u>14,200</u>
Total CFDA			<u>34,200</u>
State and Local Asst (SLA) 14-15	97.042	15-FG- 4D-02-33-01-090	13,613
State and Local Asst (SLA) 13-14	97.042	14-FG-1M-02-33-01-090	<u>40,143</u>
Total CFDA			<u>53,756</u>
FEMA 4068-15-R HMGP	97.039	14-HM-6B-02-33-01-406	<u>95,250</u>
Total Department of Homeland Security			<u>183,206</u>
U.S. Department Of Housing and Urban Planning			
Passed through Florida Department of Community Affairs			
FFY 2011 Federally Funded Sub Grant (CDBG-Housing) 14.228		12DB-OH-02-33-01-H04	<u>663,530</u>
Total Department of Housing and Urban Development			<u>663,530</u>
U.S. Department of Health and Human Services			
Passed through Florida Department of Revenue			
2013-2014 Child Support Enforcement Title IV-D 93.563		CD323/CST23	1,786
2013-2014 Child Support Enforcement Title IV-D 93.563		CD323/CST23	104,408
2011-2012 Child Support Enforcement Title IV-D 93.563		CD323/CST23	<u>175</u>
Total CFDA			<u>106,369</u>
2009 HHS Polling Place Accessibility 93.617		HHS-2009-ACF- ADD-VOTE-0062	<u>1,290</u>
Total Department of Human and Health Services			<u>107,659</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)
YEAR ENDED SEPTEMBER 30, 2014

Federal Awards Program	CFDA #	Contract/Grant Number	Expenditures
U.S. Department Of Justice			
Passed through Florida Department of Law Enforcement			
Field Technology Upgrade	16.738	2014-JAGC-GULF-1-ES-099	<u>21,464</u>
Total Department of Justice			<u>21,464</u>
Federal Highway Administration			
Passed through Florida Department of Transportation			
Construction of Overstreet Road Signs & Pavement Markings	20.205	413202-2-58-01/ 413202-2-68-01	7,420
Design of CR386 Overstreet Road Sign & Pavement Markings	20.205	413202-2-38-01	<u>47,200</u>
Total CFDA			<u>54,620</u>
Total Federal Highway Administration			<u>54,620</u>
U.S. Department of the Interior			
Passed through Florida Fish & Wildlife Conservation			
Sport Fish Restoration – Boat Access (Lands Landing)	15.605	11146	113,912
Development of Habitat Conservation Plan	15.625	FIZAPO0157 and 13023	<u>47,946</u>
Total Department of the Interior			<u>161,858</u>
Total Federal			<u>\$1,192,337</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)
YEAR ENDED SEPTEMBER 30, 2014

State Financial Assistance Projects	CFDA #	Contract/Grant Number	Expenditures
Florida Department of Environmental Protection			
St. Joseph Peninsula Beach	37.003	13GU1	35,444
St. Joseph Peninsula Beach	37.003	13GU2	<u>62,399</u>
Total CFSA			<u>97,843</u>
Small County Solid Waste Grant	37.012	412 SC	<u>90,059</u>
Total Department of Environmental Protection			<u>187,902</u>
Florida Department of Transportation			
Small County Road Assistance	55.016	4435194-1-58-01	91,937
Service Development - GULFARC	55.012	4333115-1-94-0	24,052
Transportation Regional Incentive Program	55.026	422457-3-38-01	31,750
Transportation Regional Incentive Program	55.026	417-293-2-58-1	<u>1,401,810</u>
Total CFSA			<u>1,435,560</u>
Total Department of Transportation			<u>1,549,549</u>
Florida Department of Community Affairs – Emergency Management Programs			
Emergency Management Preparedness and Assistance	31.063	14-BG-83-02-33-01-023	75,342
Emergency Management Preparedness and Assistance	31.063	15-BG-83-02-33-01-023	<u>25,440</u>
Total CFSA			<u>100,782</u>
Total Department of Community Affairs			<u>100,782</u>
Florida Department of State			
Operation of Equalization State Aid Grants	45.030	14-ST-45	<u>45,712</u>
Total Department of State			<u>45,712</u>
Florida E911 Board			
2013-14 Rural County Grant Program	72.001	14-4-11	24,797
2013-14 Rural County Grant Program	72.001	13-10-10	4,167
2013-14 Rural County Grant Program	72.001	13-10-3	<u>9,816</u>
Total CFSA			<u>38,780</u>
Total Florida E911 Board			<u>38,780</u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)
YEAR ENDED SEPTEMBER 30, 2014

State Financial Assistance Projects	CFDA #	Contract/Grant Number	Expenditures
Florida Department of Health			
Bureau of Emergency Medical Services	64.003	C0023	2,065
Bureau of Emergency Medical Services	64.003	C1023	<u>1,104</u>
Total CFSA			<u>3,169</u>
Total Department of Health			<u>3,169</u>
Florida Housing Finance Authority			
2011-2012 State Housing Initiative Program	52.901	2011-2012	270,471
2012-2013 State Housing Initiative Program	52.901	2012/2013	25,000
2013-2014 State Housing Initiative Program	52.901	2013/2014	<u>120,668</u>
Total CFSA			<u>416,139</u>
Total Department of Finance Authority			<u>416,139</u>
Florida Department of Agriculture and Consumer Services			
Anthropod Control	42.003	2010/2011#16049	29,947
Mosquito Control/Waste Tire Abatement Grant	42.003	2009-2010	<u>7,742</u>
Total CFSA			<u>37,689</u>
Total Department of Agriculture and Consumer Services			<u>37,689</u>
Florida Department of Economic Opportunity			
2013-2014 CHRN Marketing	40.006	M-08592	<u>5,000</u>
Total Department of Agriculture and Consumer Services			<u>5,000</u>
Florida Fish and Wildlife Conservation Commission			
Florida Boating Improvement	77.006	12256	9,000
Sport Fish Restoration – Boat Access Program	15.605	11146	<u>36,971</u>
Total Florida Fish and Wildlife Conservation Commission			<u>45,971</u>
Total State			<u>\$2,430,693</u>

GULF COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Basis of Accounting

The supplementary schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the County. Expenditures are presented on the modified accrual basis of accounting. This method is consistent with the preparation of the County's financial statements.

Note 2 – Reporting Entity

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

Note 3 – Pass-Through Awards

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

**GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2014**

Section 1 – Summary of Auditor’s Results

Financial Statements

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

Federal Awards and State Financial Assistance

Internal control over major programs		
material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency (ies) identified not considered to be material weaknesses?	___ yes	<u>X</u> none Reported
Type of auditor’s report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) or Section 10.557, Rules of the Auditor General?	___ yes	<u>X</u> no

Identification of major federal awards/state financial assistance projects:

<u>CFDA/CSFA Number</u>	<u>Name of Federal Award/State Financial Assistance Project</u>
14.228	Community Development Block Grant
55.026	Transportation Regional Incentive Program

(continued)

**GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (continued)
YEAR ENDED SEPTEMBER 30, 2014**

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? X yes none

Section II – Financial Statement Findings

See Summary Schedule of Current Year Findings

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

No findings or questioned costs in the current year.

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

No findings or questioned costs in the current year.

Section V – Other Issues

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

**GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2014**

13-01 Segregation of Duties

Status: See current year findings.

13-02 Significant Adjustments to Financial Records

Status: Resolved.

13-03 Preparation of Financial Statements

Status: See current year findings.

GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2014

2014-001 Segregation of Duties (Prior Year 13-01, 12-01, 11-08 and 10-01)

The following Constitutional Officer was considered to lack proper segregation of duties necessary for proper internal controls: the Sheriff's Office. Proper segregation of accounting and administrative duties includes the requirement that no single person has (1) the ability to authorize transactions, (2) access to assets, and (3) the ability to record financial transactions. The failure to maintain separation of these functions subjects the County to risk that material misstatements or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks. The limited number of employees within the offices precludes ideal segregation of duties. We recommend that in the absence of the ability to hire additional employees, that alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risks caused by this deficiency in internal controls.

RECOMMENDATION – Mitigating procedures including additional oversight with regard to certain duties should be performed regularly in the absence of hiring additional employees

RESPONSE – Due to the limited number of employees, it is virtually impossible to maintain complete segregation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal controls.

2014-002 (Prior Year 13-03 and 12-03)

The following constitutional officer was considered to lack the proper internal controls: Tax Collector. Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a significant deficiency in internal control.

RECOMMENDATION – Resources should be obtained or made available to provide expertise necessary to prepare financial statements that comply with generally accepted accounting principles.

RESPONSE – Our Auditors assist us with the preparation of our financial statements. We do not feel that in the near future the benefits derived from investing in the resources necessary for us to prepare our own financial statements would outweigh the cost of those resources.

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

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E • Apalachicola, FL 32320

Tel. (888) 531-6408 • Fax (866) 406-7422

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2014**

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Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Gulf County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's fund financial statements as listed in the table of contents.

Management's Responsibility for the financial Statements

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

Independent Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund, modernization trust fund and administrative order 86-12 fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 and on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clerk's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

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

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 43,538	\$ 253,452	\$ 151,010	\$ 448,000
Accounts receivable	6	—	—	6
Due from other funds	26,664	4,131	—	30,795
Due from other governmental units	36,909	—	—	36,909
Due from Board of County Commissioners	<u>5,412</u>	<u>—</u>	<u>—</u>	<u>5,412</u>
Total Assets	<u>112,529</u>	<u>257,583</u>	<u>151,010</u>	<u>521,122</u>
Liabilities and fund balances:				
Liabilities				
Accounts payable and and accrued expenses	66,603	—	—	66,603
Due to other funds	825	—	—	825
Due to other governmental units	33,065	—	—	33,065
Due to Board of County Commissioners	<u>12,036</u>	<u>—</u>	<u>—</u>	<u>12,036</u>
Total Liabilities	<u>112,529</u>	<u>—</u>	<u>—</u>	<u>112,529</u>
Fund Balance:				
Spendable - Restricted	<u>—</u>	<u>257,583</u>	<u>151,010</u>	<u>408,593</u>
Total Liabilities and Fund Balances	<u>\$ 112,529</u>	<u>\$ 257,583</u>	<u>\$ 151,010</u>	<u>\$ 521,122</u>

See accompanying notes to the basic financial statements

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

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Charges for services	\$ 250,605	\$ 33,795	\$ —	\$ 284,400
Intergovernmental revenue	325,544	—	—	325,544
Fines and forfeitures	68,541	11,578	—	80,119
Interest and other income	17,237	128	77	17,442
Total revenue	<u>661,927</u>	<u>45,501</u>	<u>77</u>	<u>707,505</u>
Expenditures:				
General government				
Personal services	450,004	—	—	450,004
Operating expenditures	127,580	2,563	—	130,143
Capital outlay	42,848	7,282	—	50,130
Debt Service	2,276	—	—	2,276
Court-related				
Personal services	439,103	—	—	439,103
Operating expenditures	31,545	19,300	—	50,845
Capital outlay	—	2,364	—	2,364
Debt service	2,329	—	—	2,329
Total expenditures	<u>1,095,685</u>	<u>31,509</u>	<u>—</u>	<u>1,127,194</u>
Excess (deficit) of revenues over (Under) Expenditures	(433,758)	13,992	77	(419,689)
Other financing sources (uses)				
Transfers from Board of County Commissioners	450,666	—	—	450,666
Transfers to Board of County Commissioners	(12,036)	—	—	(12,036)
Remittance to State of Florida	(4,872)	—	—	(4,872)
Total other financing Sources (uses)	<u>433,758</u>	<u>—</u>	<u>—</u>	<u>433,758</u>
Net change in fund balances	—	13,992	77	14,069
Fund balances - beginning	<u>—</u>	<u>243,591</u>	<u>150,933</u>	<u>394,524</u>
Fund balance - ending	<u>\$ —</u>	<u>\$ 257,583</u>	<u>\$ 151,010</u>	<u>\$ 408,593</u>

See accompanying notes to the basic financial statements

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

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

YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Charges for services	\$ 258,900	\$ 260,899	\$ 250,605	\$ (10,294)
Intergovernmental revenue	296,136	325,537	325,544	7
Fines and forfeitures	63,000	70,000	68,541	(1,459)
Interest and other income	13,039	17,219	17,237	18
Total revenues	<u>631,075</u>	<u>673,655</u>	<u>661,927</u>	<u>(11,728)</u>
Expenditures:				
General Government				
Personal services	454,936	456,884	450,004	6,880
Operating expenditures	99,417	131,386	127,580	3,806
Capital outlay	17,477	44,165	42,848	1,317
Debt Service	2,298	2,309	2,276	33
Court-related				
Personal services	461,580	456,335	439,103	17,232
Operating expenditures	28,075	33,285	31,545	1,740
Debt service	2,435	2,470	2,329	141
Total expenditures	<u>1,066,218</u>	<u>1,126,834</u>	<u>1,095,685</u>	<u>31,149</u>
Excess (deficit) of revenues over (under) expenditures	<u>(435,143)</u>	<u>(453,179)</u>	<u>(433,758)</u>	<u>19,421</u>
Other financing sources (uses)				
Transfers from Other Funds	8,314	2,513	—	(2,513)
Transfers from Board of County Commissioners	426,829	450,666	450,666	—
Transfers to Board of County Commissioners	—	—	(12,036)	(12,036)
Remittance to State of Florida	—	—	(4,872)	(4,872)
Total other financing Sources (uses)	<u>435,143</u>	<u>453,179</u>	<u>433,758</u>	<u>(19,421)</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

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

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 36,500	\$ 34,500	\$ 33,795	\$ (705)
Intergovernmental revenue	—	—	—	—
Fines and forfeitures	10,000	12,000	11,578	(422)
Interest and other income	—	—	128	128
Total revenues	<u>46,500</u>	<u>46,500</u>	<u>45,501</u>	<u>(999)</u>
Expenditures:				
General Government				
Operating expenditures	12,000	15,000	2,563	12,437
Capital outlay	223,042	222,343	7,282	215,061
Court-related				
Personal services	—	—	—	—
Operating expenditures	30,579	34,079	19,300	14,779
Capital outlay	13,384	13,384	2,364	11,020
Total expenditures	<u>279,005</u>	<u>284,806</u>	<u>31,509</u>	<u>253,297</u>
Excess (deficit) of revenues over (under) expenditures	<u>(232,505)</u>	<u>(238,306)</u>	<u>13,992</u>	<u>252,298</u>
Other financing sources (uses)				
Transfers from Other Funds	(8,314)	(2,513)	—	2,513
Transfers from Board of County Commissioners	—	—	—	—
Transfers to Board of County Commissioners	—	—	—	—
Remittance to State of Florida	—	—	—	—
Total other financing Sources (uses)	<u>(8,314)</u>	<u>(2,513)</u>	<u>—</u>	<u>2,513</u>
Net change in fund balances	<u>(240,819)</u>	<u>(240,819)</u>	<u>13,992</u>	<u>254,811</u>
Fund balances - beginning	<u>243,591</u>	<u>243,591</u>	<u>243,591</u>	<u>—</u>
Fund balances - ending	<u><u>\$ 2,772</u></u>	<u><u>\$ 2,772</u></u>	<u><u>\$ 257,583</u></u>	<u><u>\$ 254,811</u></u>

See accompanying notes to the basic financial statements

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

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	\$ —	\$ —	\$ 77	\$ 77
Total revenues	<u>—</u>	<u>—</u>	<u>77</u>	<u>77</u>
Expenditures:				
Court-related				
Personal services	16,218	16,218	—	(16,218)
Operating expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Capital outlay	134,450	134,450	—	134,450
Total expenditures	<u>150,668</u>	<u>150,668</u>	<u>—</u>	<u>118,232</u>
Excess (deficit) of revenues over (under) expenditures	<u>(150,668)</u>	<u>(150,668)</u>	<u>77</u>	<u>118,309</u>
Net change in fund balances	<u>(150,668)</u>	<u>(150,668)</u>	<u>77</u>	<u>150,745</u>
Fund balances - beginning	<u>150,933</u>	<u>150,933</u>	<u>150,933</u>	<u>—</u>
Fund balances - ending	<u>\$ 265</u>	<u>\$ 265</u>	<u>\$ 151,010</u>	<u>\$ 150,745</u>

See accompanying notes to the basic financial statements

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

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

SEPTEMBER 30, 2014

ASSETS

Cash and Cash Equivalents	\$ 381,144
Accounts receivable (net)	34
Due from other funds	941
Due from other governments	14
Due from Board of County Commissioners	<u>1,460</u>

Total Assets \$ 383,593

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	177
Due to other funds	30,911
Due to other governments	40,051
Due to Board of County Commissioners	8,756
Due to Individuals	<u>303,698</u>

Total Liabilities \$ 383,593

See accompanying notes to the basic financial statements

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Clerk utilizes the following fund types:

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Clerk reports the following major governmental funds:

Governmental Fund Types

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

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

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

Fiduciary Fund Type

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

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

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

E. Budgets and Budgetary Accounting

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

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

The Clerk prepares the budget in three parts:

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

F. Cash and Cash Equivalents

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

G. Capital Assets

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

H. Liability for Compensated Absences

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

I. Related Organizations – Common Expenses

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

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Distribution of Excess Revenues

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

K. Fund Balance Reporting and Governmental Fund-Type Definitions

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

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

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

The adoption of GASB Statement No. 54 did not have an impact on the Clerk’s general fund financial statements at September 30, 2014, since the Clerk does not maintain fund balances in the general fund. Fund balances maintained in the modernization trust fund and administrative 86-12 fund are restricted pursuant to certain Florida Statutes and have been presented, as restricted fund balances in the fund financial statements in accordance with GASB Statement No. 54.

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Use of Estimates

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

M. Subsequent Events

The Clerk of the Court evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Clerk of the Court did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash Deposits

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

Investments

The Clerk held no investments at September 30, 2014.

Interest Rate Risk

At September 30, 2014, the Clerk did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2014 the Clerk did not hold any investments that were considered to be a credit risk.

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

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS (continued)

Custodial Risk

At September 30, 2014 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2014 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and 55 for special risk, and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

B. Funding Policy

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. Employees are required to contribute 3% of their earnings except for those in DROP. The rates, as a percentage of gross earnings, are as follows:

	10/1/2013 through 6/30/2014	7/1/2014 through 9/30/2014
Regular employees	6.95%	7.37%
Senior management	18.31%	21.14%
Elected county officials	33.03%	43.24%
DROP program participants	12.84%	12.28%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014 the total payroll for all employees was \$680,956 and the retirement contributions for all employees' covered by the System for the year ended September 30, 2014 2013 and 2012 were \$87,888, \$49,929 and \$26,489 respectively, which is equal to the required contribution for each year. Current year contributions represented 12.9% of covered payroll.

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable at September 30, 2014 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds		
General fund	\$ 26,664	\$ 825
Modernization trust fund	4,131	—
Agency funds		
Article V trust	—	16,611
Fee trust	16	10,834
Jury and witness	825	1,500
Registry of Court	100	—
Child support	—	1,966
Total	<u>\$ 31,736</u>	<u>\$ 31,736</u>

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

SEPTEMBER 30, 2014

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

As disclosed in note 1, the liability associated with compensated absences is reported on the county wide financial statement level. The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2014.

	<u>Balance</u> <u>9/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2014</u>
Accumulated compensated absences	\$ 22,620	\$ 1,096	\$ —	\$ 23,716

The current portion of compensated absences liability estimated to be paid during the next year is \$5,929.

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

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

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

NOTE 7 – ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2014.

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

SEPTEMBER 30, 2014

NOTE 8 – CAPITAL LEASE

The Clerk leases copiers under a lease expiring November 2016 which meets the criteria for capitalization. The lease is financed from General Fund resources.

The estimated value of the leased copiers at the inception of the lease amounted to \$18,570. The related present value of the remaining obligation under the capital lease which amounted to \$8,667 at September 30, 2014.

As noted in note 1, the liability associated with the capital lease is reported on the county wide financial statement level.

The future minimum obligations under the capital lease at September 30, 2014 is as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,804	\$ 587	\$ 4,391
2016	4,138	253	4,391
2017	725	8	733
Totals	<u>\$ 8,667</u>	<u>\$ 848</u>	<u>\$ 9,515</u>

COMBINING FINANCIAL STATEMENTS

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

SEPTEMBER 30, 2014

	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Jury & Witness</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Bond</u>	<u>Total Agency Funds</u>
Assets:							
Cash and cash equivalents	\$ 39,093	\$ 41,150	\$ 3,686	\$ 287,297	\$ 2,128	\$ 7,790	\$ 381,144
Accounts receivable (net)	34	—	—	—	—	—	34
Due from other funds	16	—	825	100	—	—	941
Due from other governments	—	—	—	—	14	—	14
Due from Board Of County Commissioners	—	260	—	1,200	—	—	1,460
Total assets	<u>39,143</u>	<u>41,410</u>	<u>4,511</u>	<u>288,597</u>	<u>2,142</u>	<u>7,790</u>	<u>383,593</u>
Liabilities:							
Accounts payable	135	42	—	—	—	—	177
Due to other funds	10,834	16,611	1,500	—	1,966	—	30,911
Due to other governments	19,781	17,908	2,186	—	176	—	40,051
Due to Board of County Commissioners	2,690	6,066	—	—	—	—	8,756
Due to individuals	<u>5,703</u>	<u>783</u>	<u>825</u>	<u>288,597</u>	<u>—</u>	<u>7,790</u>	<u>303,698</u>
Total Liabilities	<u>\$ 39,143</u>	<u>\$ 41,410</u>	<u>\$ 4,511</u>	<u>\$ 288,597</u>	<u>\$ 2,142</u>	<u>\$ 7,790</u>	<u>\$ 383,593</u>

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the ***Gulf County, Florida Clerk of Court*** (the “Clerk”), as of and for the year ended September 30, 2014, which collectively comprise the Clerk’s fund financial statements and have issued our report thereon dated June 23, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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

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

We have examined the Office of the Clerk of the Circuit Court of Gulf County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, and Florida Statutes 28.35 and 28.36 in regards to certain court-related functions for the year ended September 30, 2014.

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, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Clerk of Circuit Court of Gulf, County, Florida (hereinafter referred to as the "Clerk"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

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

Purpose of this Letter

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

Vance CPA LLC

Vance CPA LLC
June 23, 2015

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

SEPTEMBER 30, 2014

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

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Gulf County, Florida Sheriff

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY SHERIFF
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund and the aggregate remaining fund information of the Gulf County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Sheriff as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Gulf County, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheriff's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Nonmajor-Fund Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 193,913	\$ —	\$ 193,913
Due from Board of County Commissioners	3,008	—	3,008
Due from other Government	9,583	—	9,583
Total Assets	<u>206,504</u>	<u>—</u>	<u>206,504</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenses	197,654	—	197,654
Due to Board of County Commissioners	8,850	—	8,850
Total Liabilities	<u>206,504</u>	<u>—</u>	<u>206,504</u>
Fund Balances			
Restricted For:			
Public Safety	—	—	—
Total Fund Balances	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 206,504</u>	<u>\$ —</u>	<u>\$ 206,504</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

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

YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Nonmajor-Fund Special Revenue	Total Governmental Funds
REVENUES			
Charges for services	\$ 214,600	\$ —	\$ 214,600
Intergovernmental revenue	31,660	—	31,660
Interest and other miscellaneous income	9,295	—	9,295
Total Revenues	<u>255,555</u>	<u>—</u>	<u>255,555</u>
EXPENDITURES			
Public Safety			
Personal services	2,015,391	—	2,015,391
Operating expenditures	376,377	28,215	404,592
Capital outlay	280,353	—	280,353
Total Expenditures	<u>2,672,121</u>	<u>28,215</u>	<u>2,700,336</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,416,566)</u>	<u>(28,215)</u>	<u>(2,444,781)</u>
Other financing sources (uses)			
Sale of capital assets	44,824	—	44,824
Transfers from Board of County Commissioners	2,387,794	—	2,387,794
Transfers in from other funds	—	10,000	10,000
Transfers to Board of County Commissioners	(6,052)	—	(6,052)
Transfers out to other funds	(10,000)	—	(10,000)
Total Other Financing Sources (Uses)	<u>2,416,566</u>	<u>10,000</u>	<u>2,426,566</u>
Net change in fund balances	—	(18,215)	(18,215)
Fund balances - beginning	<u>—</u>	<u>18,215</u>	<u>18,215</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ 214,600	\$ 214,600	\$ 214,600	\$ —
Intergovernmental revenue	—	31,660	31,660	—
Interest and other income	—	9,295	9,295	—
Total revenues	<u>214,600</u>	<u>255,555</u>	<u>255,555</u>	<u>—</u>
Expenditures:				
Public Safety				
Personal services	2,047,473	2,015,391	2,015,391	—
Operating expenditures	405,314	400,129	376,377	23,752
Capital outlay	134,282	280,353	280,353	—
Total expenditures	<u>2,587,069</u>	<u>2,695,873</u>	<u>2,672,121</u>	<u>23,752</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,372,469)</u>	<u>(2,440,318)</u>	<u>(2,416,566)</u>	<u>23,752</u>
Other financing sources (uses)				
Sale of capital assets	—	44,824	44,824	—
Transfers from Board of County Commissioners	2,372,469	2,395,494	2,387,794	(7,700)
Transfers out to other funds	—	—	(10,000)	(10,000)
Transfers to Board of County Commissioners	—	—	(6,052)	(6,052)
Total other financing Sources (uses)	<u>2,372,469</u>	<u>2,440,318</u>	<u>2,416,566</u>	<u>(23,752)</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

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

SEPTEMBER 30, 2014

	<u>Individual Depository</u>
ASSETS	
Cash and Cash Equivalents	\$ 370
Accounts receivable (net)	<u>950</u>
Total Assets	<u>\$ 1,320</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to individuals	370
Due to Board of County Commissioners	<u>950</u>
Total Liabilities	<u>\$ 1,320</u>

See accompanying notes to the basic financial statements

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title “Nonmajor-Fund.”

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

Fiduciary Fund Types

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

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

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

E. Budgets and Budgetary Accounting

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

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

F. Cash and Cash Equivalents

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

G. Capital Assets

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

H. Liability for Compensated Absences

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

I. Use of Estimates

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

J. Related Organizations – Common Expenses

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

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Subsequent Events

The Sheriff evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Sheriff did not have any subsequent events requiring disclosure or recording in these financial statements.

L. Fund Balance

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

NOTE 2 - CASH AND INVESTMENTS

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

The Sheriff held no investments at September 30, 2014.

Interest Rate Risk

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

Credit Risk

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

Custodial Risk

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

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

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS – (continued)

Concentration of Credit Risk

At September 30, 2014, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

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

	<u>Balance</u> <u>9/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2014</u>
Vehicles, equipment and furniture	\$ 1,029,406	\$ 258,717	\$ (259,713)	\$ 1,028,410
Accumulated depreciation	<u>(784,230)</u>	<u>(123,256)</u>	<u>229,442</u>	<u>(678,044)</u>
Total	<u>\$ 245,176</u>	<u>\$ 135,461</u>	<u>\$ (30,271)</u>	<u>\$ 350,366</u>

Depreciation expense for the year ended September 30, 2014 was \$123,256 computed on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 7 years.

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

SEPTEMBER 30, 2014

NOTE 4 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

In accordance with Florida Law, the Sheriff participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd, Bldg B, Tallahassee, Florida, 32399-1560.

The system provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Vested employees may retire before age 62 for regular risk and 55 for special risk; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. As of 7/1/2011 Employees contribute 3% of their earnings to their retirement.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings are as follows:

	10/1/2013 through 6/30/2014	Employer 7/1/2014 through 9/30/2014
Regular employees	6.95%	7.37%
Elected County officials	33.03%	43.24%
Special risk employees	19.06%	19.82%
DROP plan participants	12.84%	12.28%
Ineligible regular	3.39%	3.80%
Ineligible special	8.03%	8.77%

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

SEPTEMBER 30, 2014

NOTE 4 – Employee Benefits (continued)

For the period October 1, 2013 through September 30, 2014, the total payroll for all covered employees was \$1,548,871 and the employer retirement contributions for all employees covered by FRS for the years ended September 30, 2014, 2013, and 2012 were \$244,368, \$177,579, and \$164,424 respectively, which is equal to the required contributions for each year. For 2014 these contributions represented 15.7% of covered payroll.

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2014</u>
Accrued compensated absences	125,507	196,387	(172,754)	149,140
Total long-term debt	<u>\$ 125,507</u>	<u>\$ 196,387</u>	<u>\$ (172,754)</u>	<u>\$ 149,140</u>

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

NOTE 6 – INTERLOCAL AGREEMENTS

The Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Gulf County Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration the Board of County Commission receives payments of \$33,600 annually from the City which is used by the Board to fund the Sheriff's annual budget.

The Gulf County Sheriff has a service agreement with the City of Port St. Joe Police Department, whereby the Gulf County Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration of these services. The Sheriff received \$66,000 for the year ended September 30, 2014.

The Sheriff has an interlocal agreement with the Gulf County School Board (District), whereby the Sheriff provides School Resource Officers to the district. As consideration the Sheriff receives payments of \$9,583 per month from the District. The Sheriff received \$115,000 for the year ended September 30, 2014.

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

SEPTEMBER 30, 2014

NOTE 7 – RISK MANAGEMENT

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

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

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

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$5,000,000 for professional liability and \$5,000,000 for public officials' coverage.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

SEPTEMBER 30, 2014

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

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

COMPLIANCE SECTION

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Certified Public Accountant

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the general fund and the aggregate remaining fund information of the **Gulf County, Florida Sheriff** (the "Sheriff"), as of and for the year ended September 30, 2014, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated June 23, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (14-01).

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*.

Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express non opinion on it.

Purpose of this Report

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



Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA - SHERIFF
FINDINGS AND RESPONSES**

SEPTEMBER 30, 2014

2014-001 (Prior year 13-01, 12-01 and 11-01) Lack of Segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Sheriff's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

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

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

We have examined the Office of the Sheriff of Gulf County, Florida's (hereinafter referred to as the "Sheriff") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

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

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as "financial statements") of the general fund and the aggregate remaining fund information of the Office of the Sheriff of Gulf County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Other Matters

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

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

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

Purpose of this Letter

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



Vance CPA LLC
June 23, 2015

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

SEPTEMBER 30, 2014

See management’s response in the schedule of findings and responses.

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Gulf County, Florida Tax Collector

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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GULF COUNTY, FLORIDA

**TAX COLLECTOR
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund and the aggregate remaining fund information of the Gulf County, Florida Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Tax Collector's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund and tax fund of Gulf County that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Gulf County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tax Collector's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 1,238</u>
Total Assets	<u>1,238</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Board of County Commissioners	<u>1,238</u>
Total Liabilities	<u>1,238</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,238</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

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

YEAR ENDED SEPTEMBER 30, 2014

	General Fund
REVENUES	
Interest and other income	\$ 298
Total Revenues	<u>298</u>
EXPENDITURES	
General government	
Personal services	407,125
Operating expenditures	<u>115,697</u>
Total Expenditures	<u>522,822</u>
Excess (deficit) of revenues over (under) expenditures	<u>(522,524)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	523,762
Transfers to Board of County Commissioners	<u>(1,238)</u>
Total Other Financing Sources (Uses)	<u>522,524</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	—	298	298	—
Total revenues	<u>\$ —</u>	<u>\$ 298</u>	<u>\$ 298</u>	<u>\$ —</u>
Expenditures:				
General Government				
Personal services	451,114	407,125	407,125	—
Operating expenditures	<u>82,934</u>	<u>115,697</u>	<u>115,697</u>	<u>—</u>
Total expenditures	<u>534,048</u>	<u>522,822</u>	<u>522,822</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	<u>(534,048)</u>	<u>(522,524)</u>	<u>(522,524)</u>	<u>—</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	534,048	523,762	523,762	—
Transfers to Board of County Commissioners	<u>—</u>	<u>(1,238)</u>	<u>(1,238)</u>	<u>—</u>
Total other financing Sources (uses)	<u>534,048</u>	<u>522,524</u>	<u>522,524</u>	<u>—</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

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

SEPTEMBER 30, 2014

ASSETS

Cash and Cash Equivalents	<u>\$ 395,459</u>
---------------------------	-------------------

Total Assets	<u>\$ 395,459</u>
---------------------	--------------------------

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	1,009
Due to individuals	341,446
Due to other governments	35,689
Due to Board of County Commissioners	<u>17,315</u>

Total Liabilities	<u>\$ 395,459</u>
--------------------------	--------------------------

See accompanying notes to the basic financial statements

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Tax Collector utilizes the following fund types:

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

Fiduciary Fund Type

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

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

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

D. Measurement Focus

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Requirements

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

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

F. Capital Assets

Capital assets purchased in the governmental fund type in excess of \$1,000 are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

The Tax Collector also utilizes certain computer equipment and software for vehicle and boat registrations and driver's license processing which belong to the State of Florida Department of Highway Safety and Motor Vehicles (DMV) and software licensed to the State of Florida Fish and Wildlife Conservation Commission (FFWCC). The cost of this equipment is not recognized in the statement of net assets of the County because ownership of the equipment and software is maintained by the DMV and FFWCC.

G. Liability for Compensated Absences

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Tax Collector's courthouse facilities are:

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

I. Use of Estimates

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

Chapter 197, Florida Statutes, governs property tax collections.

■ **Current Taxes**

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

■ **Unpaid Taxes – Sale of Tax Certificates**

The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

■ **Tax Deeds**

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Tax Collector of the Court administers these sales.

J. Subsequent Events

The Tax Collector evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Tax Collector did not have any subsequent events requiring disclosure or recording in these financial statements.

K. Net Assets and Fund Equity

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

NOTE 2 - CASH AND INVESTMENTS

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

Investments

The Tax Collector held no investments at September 30, 2014.

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

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS (continued)

Interest Rate Risk

At September 30, 2014, the Tax Collector did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2014 the Tax Collector did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2014 the Tax Collector did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2014 the Tax Collector did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS - (continued)

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 62 for regular risk and 55 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Employees are required to contribute 3% of their earnings to retirement. The rates for employees, as a percentage of gross earnings, are as follows:

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

	<u>10/1/2013 through 6/30/2014</u>	<u>7/1/2014 through 9/30/2014</u>
Regular employees	6.95%	7.37%
Elected county officials	33.03%	43.24%
Senior Management	18.31%	21.14%
Deferred Retirement Option Program (DROP)	12.84%	12.28%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014 the total payroll for all employees was \$318,206 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2014, 2013 and 2012 were \$51,975, \$25,720 and \$19,217 respectively, which is equal to the required contributions. These contributions represented 16.33% of covered payroll for the current year.

NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Tax Collector for the year ended September 30, 2014:

	<u>Balance 9/30/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2014</u>
Accumulated compensated absences	\$ <u>15,772</u>	\$ <u>—</u>	\$ <u>(1,310)</u>	\$ <u>14,462</u>

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

The portion of compensated absences liability estimated to be paid during the next year (current portion) is \$3,616.

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

SEPTEMBER 30, 2014

NOTE 5 – RISK MANAGEMENT

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

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

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

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA - TAX COLLECTOR
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2014

	<u>Taxes</u>	<u>Tag</u>	<u>Total Funds</u>
Assets:			
Cash and cash equivalents	\$ 385,660	\$ 9,799	\$ 395,449
Total assets	<u>385,660</u>	<u>9,799</u>	<u>395,449</u>
Liabilities & Fund Balances:			
Liabilities:			
Accounts payable	1,009	—	1,009
Due to individuals	341,446	—	341,446
Due to other governments	25,890	9,799	35,689
Due to Board of County Commissioners	<u>17,315</u>	<u>—</u>	<u>17,315</u>
Total Liabilities	<u>\$ 385,660</u>	<u>\$ 9,799</u>	<u>\$ 395,459</u>

COMPLIANCE SECTION

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Certified Public Accountant

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the general fund and the aggregate remaining fund information of the **Gulf County, Florida Tax Collector** (the "Tax Collector"), as of and for the year ended September 30, 2014, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated June 23, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (14-01).

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*.

Response to Findings

The Tax Collector's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Tax Collector's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express non opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vance CPA LLC

June 23, 2015

GULF COUNTY, FLORIDA – TAX COLLECTOR FINDINGS AND RESPONSES

SEPTEMBER 30, 2014

14-01 (Prior year 13-03 and 12-03) Inadequate design of internal control over the preparation of the financial statements being audited.

Management's response – Our Auditors assist us with the preparation of our financial statements. We do not feel that in the near future the benefits derived from investing in the resources necessary for us to prepare our own financial statements would outweigh the cost of those resources.

The Tax Collector's responses to the findings identified in our audit are included above. We did not audit the Tax Collector's responses and accordingly, we express no opinion on them.

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

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

We have examined the Office of the Tax Collector of Gulf County, Florida's (hereinafter referred to as the "Tax Collector") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

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, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements (hereinafter referred to as "financial statements") of the general fund and the tax fund of the Office of the Tax Collector of Gulf County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Other Matters

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

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

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

Purpose of this Letter

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



Vance CPA LLC
June 23, 2015

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

SEPTEMBER 30, 2014

See management’s response in the schedule of findings and responses.

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Gulf County, Florida Property Appraiser

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund of the Gulf County, Florida Property Appraiser (the "Appraiser"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Appraiser's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Appraiser's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2014

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 1,613</u>
Total Assets	<u>1,613</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Board of County Commissioners	<u>1,613</u>
Total Liabilities	<u>1,613</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,613</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

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

YEAR ENDED SEPTEMBER 30, 2014

	General Fund
REVENUES	
Interest and other income	\$ —
Total Revenues	<u>—</u>
EXPENDITURES	
General government	
Personal services	361,911
Operating expenditures	83,208
Capital outlay	<u>18,000</u>
Total Expenditures	<u>463,119</u>
Excess (deficit) of revenues over (under) expenditures	<u>(463,119)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	464,732
Transfers to Board of County Commissioners	<u>(1,613)</u>
Total Other Financing Sources (Uses)	<u>463,119</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	\$ —	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures:				
General Government				
Personal services	360,971	360,971	361,911	(940)
Operating expenditures	83,177	83,177	83,208	(31)
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>—</u>
Total expenditures	<u>462,148</u>	<u>462,148</u>	<u>463,119</u>	<u>(971)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(462,148)</u>	<u>(462,148)</u>	<u>(463,119)</u>	<u>(971)</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	462,148	462,148	464,732	2,584
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(1,613)</u>	<u>(1,613)</u>
Total other financing Sources (uses)	<u>462,148</u>	<u>462,148</u>	<u>463,119</u>	<u>971</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The operations of the Property Appraiser are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

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

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund types:

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

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

D. Measurement Focus

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

E. Budgetary Requirements

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

F. Capital Assets

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

G. Liability for Compensated Absences

Permanent full-time employees of the Property Appraiser accrue sick leave based upon pay periods worked and earned vacation time related to length of employment with the Property Appraiser's office. The vacation and sick time must be taken during the year earned and no payment for vacation or sick leave is made at termination.

H. Related Organizations – Common Expenses

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

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

I. Use of Estimates

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

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

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Subsequent Events

The Property Appraiser evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Property Appraiser did not have any subsequent events requiring disclosure or recording in these financial statements.

K. Fund Balance

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

NOTE 2 - CASH AND INVESTMENTS

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

Investments

The Property Appraiser held no investments at September 30, 2014.

Interest Rate Risk

At September 30, 2014, the Property Appraiser did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2014 the Property Appraiser did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2014 the Property Appraiser did not hold any deposits or investments that were considered to be a custodial risk.

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

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS - continued

Concentration of Credit Risk

At September 30, 2014 the Property Appraiser did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and 55 for special risk, and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final

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

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN (continued)

average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Employees contribute 3% of their earnings to retirement. The rates for employers, as a percentage of gross earnings, are as follows:

	<u>10/1/2013 through 6/30/2014</u>	<u>7/1/2014 through 9/30/2014</u>
Regular employees	6.95%	7.37%
Elected county officials	33.03%	43.24%
Senior Management	18.31%	21.14%
DROP plan participants	12.84%	12.28%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014 the total payroll for all employees was \$287,339 and the retirement contributions for all employees' coverage by FRS for the years ended September 30, 2014, 2013 and 2012 were \$50,380, \$25,776 and \$18,185 respectively, which is equal to the required contributions. These contributions represented 17.5% of covered payroll for the current year.

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

SEPTEMBER 30, 2014

NOTE 4 –RISK MANAGEMENT

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

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

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

COMPLIANCE SECTION

Vance CPA, LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

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

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Gulf County, Florida, Property Appraiser, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 23, 2015, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and other matters

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

Purpose of this Report

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

Vance CPA LLC

Vance CPA LLC
June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

We have examined the Office of the Property Appraiser' of Gulf County, Florida's (hereinafter referred to as the "Property Appraiser") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

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, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mitch Burke
Gulf County Property Appraiser
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Property Appraiser of Gulf, County, Florida (hereinafter referred to as the "Property Appraiser"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

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

Purpose of this Letter

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

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2014

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

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Gulf County, Florida Supervisor of Elections

**Special-Purpose
Financial Statements
September 30, 2014**

Vance CPA, LLC

Certified Public Accountant

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**GULF COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

Report on the Financial Statements

We have audited the accompanying fund financial statements of the general fund of the Gulf County, Supervisor of Elections, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Supervisor of Election's fund financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of that portion of the general fund attributable solely to the operations of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Supervisor of Election's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Election's internal control over financial reporting and compliance.

Vance CPA LLC

Vance CPA LLC
June 23, 2015

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>11,937</u>
Total Assets	<u>11,937</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	7,013
Due to Board of County Commissioners	<u>4,924</u>
Total Liabilities	<u>11,937</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,937</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>
REVENUES	
Intergovernmental revenue	\$ 1,290
Other revenue	<u>403</u>
Total Revenues	<u>1,693</u>
EXPENDITURES	
General government	
Personal services	167,523
Operating expenditures	<u>71,409</u>
Total Expenditures	<u>238,932</u>
Excess (deficit) of revenues over (under) expenditures	<u>(237,239)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	242,163
Transfers to Board of County Commissioners	<u>(4,924)</u>
Total Other Financing Sources (Uses)	<u>237,239</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental revenue	\$ —	\$ 1,290	\$ 1,290	\$ —
Other revenue	—	—	403	403
Total revenues	<u>—</u>	<u>1,290</u>	<u>1,693</u>	<u>403</u>
Expenditures:				
General government				
Personal services	227,107	227,107	167,523	59,584
Operating expenditures	30,710	32,000	71,409	(39,409)
Capital outlay	<u>7,394</u>	<u>7,394</u>	<u>—</u>	<u>7,394</u>
Total expenditures	<u>265,211</u>	<u>266,501</u>	<u>238,932</u>	<u>27,569</u>
Excess (deficit) of revenues over (under) expenditures	<u>(265,211)</u>	<u>(265,211)</u>	<u>(237,239)</u>	<u>27,972</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	265,211	265,211	242,163	(23,048)
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(4,924)</u>	<u>(4,924)</u>
Total other financing Sources (uses)	<u>265,211</u>	<u>265,211</u>	<u>237,239</u>	<u>(27,972)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

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

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Supervisor of Elections utilizes the following fund type:

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Type

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

C. Basis of Accounting

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

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

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

D. Measurement Focus

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

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund. Florida Statutes Chapter 129.201 governs the preparation, adoption, and administration of the Supervisor of election's annual budget.

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

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

F. Capital Assets

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

G. Liability for Compensated Absences

Permanent full-time employees of the Supervisor of Elections accrue sick and annual leave based on pay period worked and must be taken during the fiscal year earned. No payment for vacation or sick leave is made at termination.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

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

I. Subsequent Events

Supervisor of Elections evaluated subsequent events through June 23, 2015, the date which the financial statements were available to be issued. The Supervisor of Elections did not have any subsequent events requiring disclosure or recording in these financial statements.

J. Fund Equity

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

NOTE 2 - CASH AND INVESTMENTS

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

The Supervisor of Elections held no investments at September 30, 2014.

Interest Rate Risk

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

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 2 - CASH AND INVESTMENTS (continued)

Credit Risk

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

Custodial Risk

At September 30, the Supervisor of Elections did not hold any deposits or investment that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2014, the Supervisor of Elections did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 - EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

In accordance with Florida Law, the Supervisor of Elections participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

NOTE 3 - EMPLOYEE BENEFITS

RETIREMENT PLAN - (continued)

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or at age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 62 for regular risk and 55 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Until July 1, 2011 these acts provide that employers pay all contributions at rates determined each year by the legislature. Beginning July 1, 2011 employees are required to contribute 3% of their earnings to retirement. The rates, as a percentage of gross earnings, are as follows:

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

NOTE 3 – EMPLOYEE BENEFITS (continued)

	10/1/2013 through 6/30/2014	7/1/2014 through 9/30/2014
Regular employees	6.95%	7.37%
Elected county officials	33.03%	43.24%
Senior Management	18.31%	21.14%
DROP plan participants	12.84%	12.28%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014 the total payroll for all employees was \$116,802 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2014, 2013 and 2012 were \$30,420, \$13,373 and \$6,148 respectively, which is equal to the required contribution. These contributions represented 26.04% of covered payroll for the current year.

NOTE 4 – RISK MANAGEMENT

The Supervisor of elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The supervisor of Elections participates in the risk management program through the Gulf County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

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

- Real and personal property
- Public employees' bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION

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Certified Public Accountant

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

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Gulf County, Florida, Supervisor of Elections, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 23, 2015, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and other matters

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

Purpose of this Report

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

Vance CPA LLC

Vance CPA LLC
June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

We have examined the Office of the Supervisor of Elections' of Gulf County, Florida's (hereinafter referred to as the "Supervisor of Elections") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2014.

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

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

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Vance CPA LLC

Vance CPA LLC

June 23, 2015

Vance CPA, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable John M. Hanlon
Gulf County Supervisor of Elections
Gulf County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Gulf, County, Florida (hereinafter referred to as the "Supervisor of Elections"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550 Rules of Auditor General. Disclosures in those reports, which are dated June 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Other Matters

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

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

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

Purpose of this Letter

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

Vance CPA LLC

Vance CPA LLC

June 23, 2015

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER**

SEPTEMBER 30, 2014

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