

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

**GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Glades County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Glades County, Florida (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, and the aggregate remaining fund information of Glades County, Florida as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 12, page 50, and pages 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and the Florida Single Audit Act, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 basic financial statements taken as a whole.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 28, 2013

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

This section of the report presents our discussion and analysis of the County's performance during the fiscal year that ended September 30, 2012. Please read it in conjunction with the County's financial statements, which follow this section.

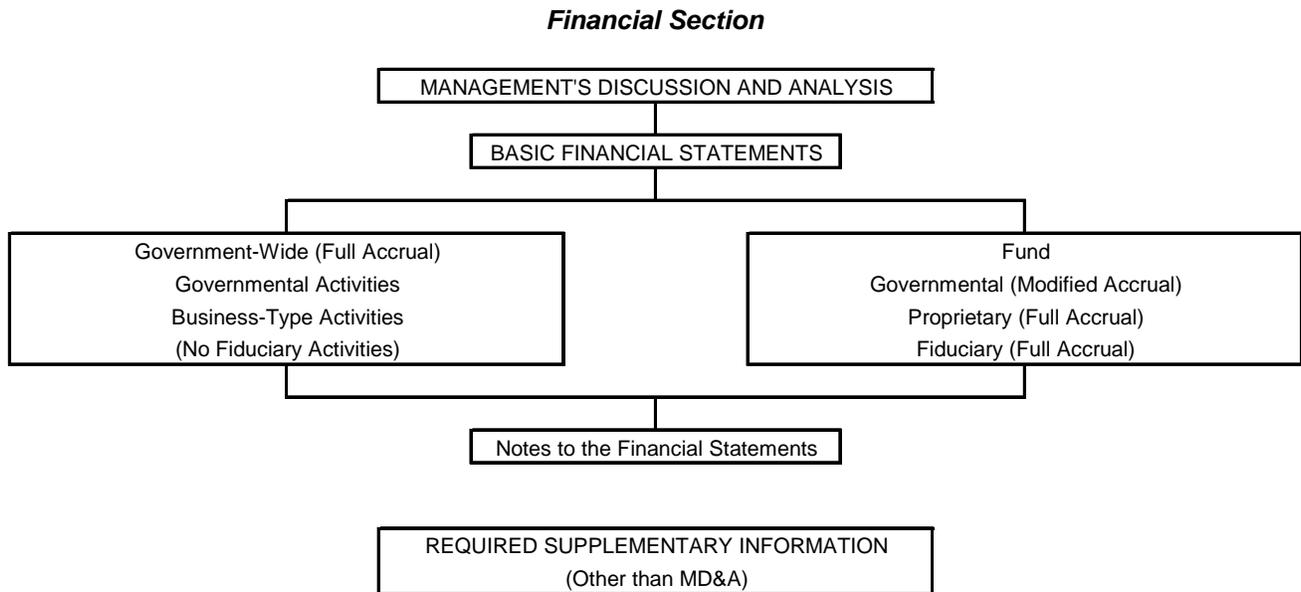
Financial Highlights

The County's total net assets increased by approximately \$127,000 over the course of this year's operations. The net assets of our business-type activities increased by approximately \$78,000 and net assets of our governmental activities increased by approximately \$49,000.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.6 million, or 37% of total general fund expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of four parts-management's discussion and analysis (this section), the basic financial statements, notes to the financial statements, and required supplementary information.



GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-Wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary activities)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private business	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses and changes in fund balances • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets and long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term

Basic Financial Statements

Government-wide financial statements – The focus of the *government-wide financial statements* is on the overall financial position and activities of the County. Reporting is similar to that of a private-sector business. The government-wide financial statements report information about the County as a whole and about its activities in a way that helps answer questions about the financial health of the County and whether the activities of the year contributed positively or negatively to that health.

The County's government-wide financial statements include the statement of net assets and statement of activities. As described below, these statements do not include the County's fiduciary activities because resources of these funds cannot be used to finance the County's activities. However, the financial statements of fiduciary activities are included in the County's fund financial statements, because the County is financially accountable for those resources, even though they belong to other parties.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- The *Statement of Net Assets* presents information on the assets held and liabilities owed by the County, both long and short-term. Assets are reported when acquired by the County and liabilities are reported when they are incurred, regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities. For example, the County reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the County. On the other hand, the County reports liabilities, such as notes payable or litigation claims, even though these liabilities might not be paid until several years into the future.

The difference between the County's total assets and total liabilities is *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Although the purpose of the County is not to accumulate net assets in general, as this amount increases it indicates that the financial position of the County is improving over time.

- The *Statement of Activities* presents the revenues and expenses of the County. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenue (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 safety, physical environment, transportation, culture and recreation, human services, economic environment, and court-related costs. The business-type activities include solid waste.

Fund Financial Statements – Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the County rather than the County as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund – Financial statements consist of a balance sheet and a statement of revenue, expenditures and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The fund balance is the difference between a fund's total assets and total liabilities, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are recorded when incurred.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting bases are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental fund balance sheet that reconciles the total fund balances for all governmental funds to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis after the statement of revenue, expenditures and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the statement of activities.

Proprietary Fund – Financial statements consist of a statement of net assets, statement of revenue, expenses, and changes in fund net assets and statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds.

The County uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County presents a separate column for its major enterprise fund, Solid Waste. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. Fiduciary financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning various issues such as a comparison between the County's adopted and final budget and actual financial results for its general fund and major special revenue funds. The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

The table below presents a summary of net assets as of September 30, 2012 and 2011, derived from the government-wide Statement of Net Assets:

	Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 16,953	\$ 17,385	\$ 582	\$ 496	\$ 17,535	\$ 17,881
Capital assets	36,007	35,000	534	563	36,541	35,563
Total Assets	<u>52,960</u>	<u>52,385</u>	<u>1,116</u>	<u>1,059</u>	<u>54,076</u>	<u>53,444</u>
Other Liabilities	3,523	3,273	1	4	3,524	3,277
Non-current liabilities outstanding	1,456	1,181	548	566	2,004	1,747
Total Liabilities	<u>4,979</u>	<u>4,454</u>	<u>549</u>	<u>570</u>	<u>5,528</u>	<u>5,024</u>
Net Assets:						
Invested in capital assets, net of related debt	35,896	34,944	534	563	36,430	35,507
Restricted	6,377	6,177	-	-	6,377	6,177
Unrestricted	5,708	6,810	33	(74)	5,741	6,736
Total Net Assets	<u>\$ 47,981</u>	<u>\$ 47,931</u>	<u>\$ 567</u>	<u>\$ 489</u>	<u>\$ 48,548</u>	<u>\$ 48,420</u>

Capital assets for the governmental activities increased \$1.0 million due mostly to an increase in construction of two roads projects, Williams and Benbow Roads, and Phase II of the Ranch Lake Estates waste water project. Overall, total liabilities increased \$525,000 due to increase in construction payables at year end, lower unearned revenue balances, and timing of payment of accrued expenses.

Liabilities of the business-type activities decreased by approximately \$21,000 due to a change in estimated closure costs of Cell 1 of the landfill.

As noted earlier, net assets may serve, over time as a useful indication of a government's financial position. At the close of the most recent fiscal year, the County's assets exceeded liabilities by \$48.5 million. The largest portion of the County's net assets is invested in capital assets and is 75.0% of total net assets. This category reflects its investment in capital assets net of any outstanding related debt used to acquire these assets. The County uses these capital assets to provide services to the citizens of the County; consequently these net assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

Restricted net assets represent 13.2% of total net assets. Restricted net assets represent resources that are subject to external restrictions on how they can be used. Unrestricted net assets represent 11.8% of the total net assets. Unrestricted net assets represent resources that are available for spending.

The net assets increased by approximately \$127,000 during the fiscal year. This increase is attributed to increases in ongoing revenues such as charges for services, operating grants, and capital grants outstripping similar increases in ongoing expenses.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

The table below presents a summary of changes in net assets for the years ended September 30, 2012 and 2011, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 10,815	\$ 9,439	\$ 402	\$ 345	\$ 11,217	\$ 9,784
Operating Grants	4,078	4,510	60	72	4,138	4,582
Capital Grants	2,209	5,009	-	-	2,209	5,009
General revenues:						
Property taxes	6,434	6,830	-	-	6,434	6,830
Other taxes	1,070	1,006	-	-	1,070	1,006
Other revenues	225	209	1	4	226	213
Total Revenues	<u>24,831</u>	<u>27,003</u>	<u>463</u>	<u>421</u>	<u>25,294</u>	<u>27,424</u>
Expenses:						
General government	4,468	4,183	-	-	4,468	4,183
Public safety	16,193	15,090	-	-	16,193	15,090
Physical environment	1,193	773	-	-	1,193	773
Transportation	1,715	1,490	-	-	1,715	1,490
Culture and recreation	252	210	-	-	252	210
Human services	598	588	-	-	598	588
Economic environment	330	474	-	-	330	474
Court-related costs	28	27	-	-	28	27
Interest on long-term debt	5	4	-	-	5	4
Solid Waste	-	-	385	(1,687)	385	(1,687)
Total Expenses	<u>24,782</u>	<u>22,839</u>	<u>385</u>	<u>(1,687)</u>	<u>25,167</u>	<u>21,152</u>
Excess before Transfers	49	4,164	78	2,108	127	6,272
Transfers	-	30	-	(30)	-	-
Change in net assets	49	4,194	78	2,078	127	6,272
Net Assets - beginning	47,932	43,738	489	(1,589)	48,421	42,149
Net Assets - ending	<u>\$ 47,981</u>	<u>\$ 47,932</u>	<u>\$ 567</u>	<u>\$ 489</u>	<u>\$ 48,548</u>	<u>\$ 48,421</u>

Over time, increases and decreases in net assets measure whether the County's financial position is improving or deteriorating. During this fiscal year, the net assets of the governmental activities increased by approximately \$49,000 or 0.1%, and the net assets of the business-type activities increased by approximately \$78,000 or 13.8%.

Governmental Activities – Governmental activities increased the County's net assets by approximately \$49,000, accounting for 38.6% of the total increase in net assets. Overall revenues decreased \$2.2 million and expenses increased \$1.9 million. Key elements of these changes are as follows:

- Charges for services increased \$1.4 million mainly due to the increase in forfeiture amounts realized by Sheriff’s Office.
- Operational grants decreased \$432,000 due primarily to American Recovery Act Grant was not renewed and a deduction in Emergency Awards Grants.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- Capital Grants decreased \$2.8 million due to completion of health department building and reduction of road construction projects commencing in 2012.
- Property tax revenues decreased approximately \$396,000 due to decreases in property values.
- General governmental expenses increased approximately \$285,000 due to increase in contractual and professional fees.
- Public Safety increased \$1.1 million due to increase in personnel, operations, capital outlay and debt services costs related to Law Enforcement.
- Transportation increased \$225,000 mostly due to road construction projects completed during the year.
- Economic Environment decreased \$144,000 due to reduction in professional services and contracted services

Business-type Activities – Business-type activities increased the County's net assets by approximately \$78,000. Overall revenues increased \$42,000 and expenses increased by \$2.1 million.

Financial Analysis of Glades County, Florida's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The General Fund is the chief operating fund of the County. At end of the current fiscal year, unassigned fund balance of the General Fund was \$6.6 million while the total fund balance reached \$7.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 36.6% of total general fund expenditures and 86.8% of the general fund balance.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, committed or assigned for other projects such as cemetery perpetual care and funding capital projects.

The fund balance of the County's General Fund decreased by approximately \$800,000 during the current fiscal year, reflecting normal activities of the County.

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an decrease of approximately \$45,000 due to decrease in revenues and increases in expenditures.
- SHIP Fund had no change in fund balance.
- Capital Outlay Fund had an increase of approximately \$140,000 resulting primarily from the increase in receipts of the discretionary sales tax from the State of Florida.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

- Sheriff Asset Forfeiture had an increase of approximately \$325,000 resulting primarily from monies received in excess of the amount spent on qualified law enforcement activities.

Proprietary Funds

The Solid Waste Fund showed an approximate \$78,000 increase in net assets from the prior year. The increase is due primarily to a change in the estimated liability for the closure costs of Cell 1 of the landfill.

General Fund Budgetary Highlights

Actual revenues were under budget by \$179,000. Expenditures were under budget by \$221,000. Some significant changes were as follows:

- Increase of \$200,000 in Ad Valorem Tax revenue offset by the decrease of \$156,000 for the Amendment One Offset revenue.
- SHIP had increase by \$350,000 for grant received that wasn’t expected.
- MSTU increased taxes by \$100,000.
- Increase in Transportation Department by \$336,000 for Small County Opportunity Program Grant.
- Capital Outlay had decrease from budget by \$700,000 due to legislative project not being completed
- Expenditures were under budget by \$221,000 due primarily to reduced public safety costs.

The comparison between final amended budget and actual was a positive net change of approximately \$800,000.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2012 and 2011, the County had \$36.5 million and \$35.6 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and construction in progress	\$ 2,309	\$ 3,638	\$ 25	\$ 25	\$ 2,334	\$ 3,663
Land improvements	-	-	574	574	574	574
Infrastructure	42,302	38,268	-	-	42,302	38,268
Building	20,685	20,450	45	45	20,730	20,495
Equipment, furniture and vehicles	10,862	10,385	301	294	11,163	10,679
K-9 Unit	18	13	-	-	18	13
Less: Accumulated depreciation	(40,169)	(37,753)	(411)	(375)	(40,580)	(38,128)
Total	<u>\$ 36,007</u>	<u>\$ 35,001</u>	<u>\$ 534</u>	<u>\$ 563</u>	<u>\$ 36,541</u>	<u>\$ 35,564</u>

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Major capital asset events during the year included:

- The completion of construction of Benbow Road with costs of approximately \$600,000.
- The completion of construction of Williams Road with costs of approximately \$746,000.

Additional information on capital assets can be found in the notes to the financial statements.

Debt Administration

As of year-end, the County had outstanding long-term liabilities of \$1.5 million in governmental activities, which is an increase in the prior year balance and \$548,000 in business-type activities which is less than the balance in the prior year.

The debt position of the County is summarized below and is more fully explained in the notes to the financial statements:

	Long-Term Liabilities (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Leases payable	\$ 111	\$ 57	\$ -	\$ -	\$ 111	\$ 57
OPEB obligation	445	304	-	-	445	304
Landfill closure obligation	-	-	547	565	547	565
Estimated liability for compensated absences	900	820	1	1	901	821
Total	<u>\$ 1,456</u>	<u>\$ 1,181</u>	<u>\$ 548</u>	<u>\$ 566</u>	<u>\$ 2,004</u>	<u>\$ 1,747</u>

Under Florida statutes, no debt limit margin is placed on local governments.

- The County currently has capital lease agreements for police cars.
- A increase in compensated absences indicates employees are using less time than earned.
- There was a decrease in the estimated liability for landfill closure and post-closure care costs resulting from the closing of Cell 1 of the County's landfill.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Economic Factors and Next Year's Budgets and Rates

The Board of County Commissioners has established goals and priorities, which included: a financially sound County government, quality municipal services, and a strong partnership with our stakeholders. These goals were used as a guide to prioritize funding for the fiscal year 2012-2013 budget. The County expenditures have been strategically linked to the goals, objectives, core businesses, and existing obligations of the County. The impact on the budgetary process has been an increase in capital improvements, infrastructure improvements, and development service related costs.

General economic conditions both globally and in our state will require the County to closely monitor revenue and expenditure trends during current and future years. Interest rates have remained low, keeping investment earnings down, which have typically been used to help fund existing programs.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions about this report or need additional information, contact the Chief Deputy Clerk, 500 Avenue J, Moore Haven, Florida 33471, or by calling (893) 946-6013.

**GLADES COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 10,430,019	\$ 330,181	\$ 10,760,200	\$ 23,207
Investments	3,472,905	-	3,472,905	-
Restricted assets:				
Cash and cash equivalents	1,409,723	-	1,409,723	-
Accounts receivable, net	1,043,899	60,622	1,104,521	-
Internal balances	2,833	(2,833)	-	-
Due from other governments	501,448	10,508	511,956	-
Inventories	68,805	-	68,805	-
Prepaid expenses	22,756	-	22,756	-
Noncurrent restricted assets:				
Investments	-	184,390	184,390	-
Capital assets (net of accumulated depreciation):				
Nondepreciable capital assets	2,309,163	25,000	2,334,163	-
Depreciable capital assets, net	33,698,076	508,570	34,206,646	-
Total Assets	<u>52,959,627</u>	<u>1,116,438</u>	<u>54,076,065</u>	<u>23,207</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued liabilities	913,540	1,412	914,952	-
Due to other governmental units	966,300	-	966,300	-
Unearned revenue	1,642,533	-	1,642,533	-
Noncurrent liabilities:				
Due within one year	687,712	1,217	688,929	-
Due in more than one year	768,533	547,141	1,315,674	-
Total Liabilities	<u>4,978,618</u>	<u>549,770</u>	<u>5,528,388</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	35,896,450	533,570	36,430,020	-
Restricted for:				
Capital project	4,103,566	-	4,103,566	-
Other uses	2,272,847	-	2,272,847	-
Unrestricted	5,708,146	33,098	5,741,244	23,207
Total Net Assets	<u>\$ 47,981,009</u>	<u>\$ 566,668</u>	<u>\$ 48,547,677</u>	<u>\$ 23,207</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 4,467,997	\$ 807,668	\$ 1,655,521	\$ -	\$ (2,004,808)	\$ -	\$ (2,004,808)
Public safety	8,930,322	3,354,566	888,121	7,000	(4,680,635)	-	(4,680,635)
Physical environment	1,193,282	115,788	55,000	623,440	(399,054)	-	(399,054)
Transportation	1,715,282	900	1,277,968	1,459,182	1,022,768	-	1,022,768
Culture/Recreation	251,647	21,492	152,199	119,824	41,868	-	41,868
Human services	597,852	1,125	20,000	-	(576,727)	-	(576,727)
Economic environment	330,322	1,862	28,928	-	(299,532)	-	(299,532)
Court-related costs	27,831	55,551	-	-	27,720	-	27,720
Jail operations	7,262,428	6,456,438	-	-	(805,990)	-	(805,990)
Interest on long-term debt	5,075	-	-	-	(5,075)	-	(5,075)
Total Governmental Activities	<u>24,782,038</u>	<u>10,815,390</u>	<u>4,077,737</u>	<u>2,209,446</u>	<u>(7,679,465)</u>	<u>-</u>	<u>(7,679,465)</u>
Business-type Activities:							
Solid waste	385,671	402,277	59,946	-	-	76,552	76,552
Total Business-type Activities	<u>385,671</u>	<u>402,277</u>	<u>59,946</u>	<u>-</u>	<u>-</u>	<u>76,552</u>	<u>76,552</u>
Total Primary Government	<u>\$ 25,167,709</u>	<u>\$ 11,217,667</u>	<u>\$ 4,137,683</u>	<u>\$ 2,209,446</u>	<u>(7,679,465)</u>	<u>76,552</u>	<u>(7,602,913)</u>
Component Unit							
Glades Soil and Water Conservation District	\$ 2,732	\$ -	\$ 2,075	\$ -			\$ (657)
Total Component Unit	<u>\$ 2,732</u>	<u>\$ -</u>	<u>\$ 2,075</u>	<u>\$ -</u>			<u>(657)</u>
General revenues:							
Property taxes, levied for general purposes				5,331,731	-	5,331,731	-
Property taxes, levied for other purposes				1,102,741	-	1,102,741	-
Public service, sales and miscellaneous taxes				1,069,692	-	1,069,692	-
Investment earnings				30,656	1,161	31,817	47
Miscellaneous				186,476	-	186,476	-
Gain on disposal of capital assets				7,388	-	7,388	-
Total general revenues and transfers				<u>7,728,684</u>	<u>1,161</u>	<u>7,729,845</u>	<u>47</u>
Change in net assets				49,219	77,713	126,932	(610)
Net assets - beginning				47,931,790	488,955	48,420,745	23,817
Net assets - ending				<u>\$ 47,981,009</u>	<u>\$ 566,668</u>	<u>\$ 48,547,677</u>	<u>\$ 23,207</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	General Fund	Transportation Trust	SHIP	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 6,038,373	\$ 443,555	\$ 396,525	\$ 654,957
Restricted cash and cash equivalents	278,496	-	-	30,361
Investments	1,123,030	1,623,391	1	726,483
Restricted Investments	280,294	-	-	820,572
Accounts receivable, net	778,557	200,181	-	48,988
Due from other funds	250,127	-	-	22,819
Due from other governments	94,374	2,329	-	404,745
Inventories	-	68,805	-	-
Prepaid expenses	20,665	-	975	-
Total Assets	\$ 8,863,916	\$ 2,338,261	\$ 397,501	\$ 2,708,925
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 423,838	\$ 8,080	\$ 333	\$ 64,992
Due to other funds	23,084	40,720	975	43,431
Due to other governments	187,647	-	-	-
Deferred or unearned revenue	271,632	1,749	396,193	938,853
Other accrued expenditures	400,810	-	-	-
Total Liabilities	1,307,011	50,549	397,501	1,047,276
FUND BALANCES				
Nonspendable:				
Prepaid Items	20,665	-	975	-
Inventory	-	68,805	-	-
Restricted:				
Capital projects	223,010	2,218,907	-	1,661,649
Cemetery care	130,479	-	-	-
Law enforcement	35,806	-	-	-
Impact fees	-	-	-	-
Public safety	-	-	-	-
Other	183,928	-	-	-
Assigned:				
Law enforcement	361,876	-	-	-
Unassigned	6,601,141	-	(975)	-
Total Fund Balances	7,556,905	2,287,712	-	1,661,649
Total Liabilities and Fund Balances	\$ 8,863,916	\$ 2,338,261	\$ 397,501	\$ 2,708,925

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2012

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,658,260	\$ 238,349	\$ 10,430,019
Restricted cash and cash equivalents	-	-	308,857
Investments	-	-	3,472,905
Restricted Investments	-	-	1,100,866
Accounts receivable, net	4,695	11,478	1,043,899
Due from other funds	265	-	273,211
Due from other governments	-	-	501,448
Inventories	-	-	68,805
Prepaid expenses	-	1,116	22,756
Total Assets	\$ 2,663,220	\$ 250,943	\$ 17,222,766
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,878	\$ 5,609	\$ 512,730
Due to other funds	143,030	19,138	270,378
Due to other governments	778,653	-	966,300
Deferred or unearned revenue	-	34,106	1,642,533
Other accrued expenditures	-	-	400,810
Total Liabilities	931,561	58,853	3,792,751
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	1,116	22,756
Inventory	-	-	68,805
Restricted:			
Capital projects	-	-	4,103,566
Cemetery care	-	-	130,479
Law enforcement	-	16,335	52,141
Impact fees	-	27	27
Public safety	1,731,659	2,663	1,734,322
Other	-	171,949	355,877
Assigned:			
Law enforcement	-	-	361,876
Unassigned			
	-	-	6,600,166
Total Fund Balances	1,731,659	192,090	13,430,015
Total Liabilities and Fund Balances	\$ 2,663,220	\$ 250,943	\$ 17,222,766

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Total Fund Balance - Governmental Funds \$ 13,430,015

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.

Nondepreciable	2,309,163	
Depreciable, net	<u>33,698,076</u>	36,007,239

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.

Leases payable	(110,789)	
Compensated absences	(900,138)	
OPEB obligation	<u>(445,318)</u>	(1,456,245)

Net Assets of Governmental Activities \$ 47,981,009

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad valorem taxes	\$ 5,331,731	\$ 53,792	\$ -	\$ -
Sales and miscellaneous taxes	1,653,957	1,602,565	-	378,484
Fees and fines	96,223	-	-	-
Licenses and permits	-	900	-	-
Intergovernmental	905,477	-	136,293	1,579,005
Charges for services	7,479,566	-	-	-
Investment earnings	16,453	4,094	908	3,959
Miscellaneous	161,926	24,398	-	150
Franchise fees	89,420	-	-	-
Total Revenues	<u>15,734,753</u>	<u>1,685,749</u>	<u>137,201</u>	<u>1,961,598</u>
EXPENDITURES				
Current				
General government	3,754,322	-	-	-
Public safety	4,968,763	-	-	17,390
Jail operations	7,262,428	-	-	-
Physical environment	840,629	-	-	1,875
Transportation	-	1,175,927	-	-
Human services	434,064	-	-	-
Culture/Recreation	110,207	120,611	-	32,836
Economic development	61,377	-	137,201	-
Court-related costs	20,361	-	-	-
Capital outlay	432,206	449,774	-	1,699,124
Debt service				
Principal	35,697	-	-	-
Interest	4,804	-	-	-
Contributions to others	-	-	-	50,000
Other uses	88,442	-	-	-
Total Expenditures	<u>18,013,300</u>	<u>1,746,312</u>	<u>137,201</u>	<u>1,801,225</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,278,547)</u>	<u>(60,563)</u>	<u>-</u>	<u>160,373</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	17,709	15,965	-	-
Proceeds from long-term debt	303,692	-	-	-
Operating transfer in	1,219,676	-	-	-
Operating transfers out	(45,000)	-	-	(19,975)
Distribution of excess fees - other governments	(17,654)	-	-	-
Total Other Financing Sources (Uses)	<u>1,478,423</u>	<u>15,965</u>	<u>-</u>	<u>(19,975)</u>
Change in Fund Balances	(800,124)	(44,598)	-	140,398
Fund Balance - beginning	8,357,029	2,332,310	-	1,521,251
Fund Balances - ending	<u>\$ 7,556,905</u>	<u>\$ 2,287,712</u>	<u>\$ -</u>	<u>\$ 1,661,649</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ -	\$ 1,048,950	\$ 6,434,473
Sales and miscellaneous taxes	-	43,986	3,678,992
Fees and fines	3,104,682	-	3,200,905
Licenses and permits	-	82,292	83,192
Intergovernmental	18,538	320,571	2,959,884
Charges for services	-	49,865	7,529,431
Investment earnings	4,194	1,048	30,656
Miscellaneous	-	-	186,474
Franchise fees	-	-	89,420
Total Revenues	<u>3,127,414</u>	<u>1,546,712</u>	<u>24,193,427</u>
EXPENDITURES			
Current			
General government	-	19,313	3,773,635
Public safety	1,300,971	150,983	6,438,107
Jail operations	-	-	7,262,428
Physical environment	-	134,195	976,699
Transportation	-	-	1,175,927
Human services	-	-	434,064
Culture/Recreation	-	-	263,654
Economic development	-	-	198,578
Court-related costs	-	-	20,361
Capital outlay	384,909	490,857	3,456,870
Debt service			
Principal	213,791	-	249,488
Interest	271	-	5,075
Contributions to others	23,753	-	73,753
Other Uses	778,653	-	867,095
Total Expenditures	<u>2,702,348</u>	<u>795,348</u>	<u>25,195,734</u>
Excess (Deficiency) of Revenues over Expenditures	<u>425,066</u>	<u>751,364</u>	<u>(1,002,307)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the disposal of capital assets	285	-	33,959
Proceeds from long-term debt	-	-	303,692
Operating transfer in	-	45,000	1,264,676
Operating transfers out	(100,000)	(1,099,701)	(1,264,676)
Distribution of excess fees - other governments	-	-	(17,654)
Total Other Financing Sources (Uses)	<u>(99,715)</u>	<u>(1,054,701)</u>	<u>319,997</u>
Change in Fund Balances	325,351	(303,337)	(682,310)
Fund Balance - beginning	1,406,308	495,427	14,112,325
Fund Balances - ending	<u>\$ 1,731,659</u>	<u>\$ 192,090</u>	<u>\$ 13,430,015</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Net Change in Fund Balance - Governmental Funds \$ (682,310)

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

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. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 3,456,870	
Depreciation	<u>(3,041,156)</u>	415,714

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).	591,071
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Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal Debt Payments		249,487
Debt Proceeds		<u>(303,692)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Current change in compensated absences	(80,080)	
Current change in other postemployment benefits	<u>(140,971)</u>	<u>(221,051)</u>

Change in Net Assets of Governmental Activities \$ 49,219

**GLADES COUNTY, FLORIDA
STATEMENT OF NET ASSETS- PROPRIETARY FUNDS
SEPTEMBER 30, 2012**

	Enterprise Funds
	Solid Waste
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 330,181
Accounts receivable, net	60,622
Due from other governments	10,508
Total Current Assets	401,311
NONCURRENT ASSETS	
Restricted assets:	
Investments	184,390
Capital assets	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	300,735
Total Capital Assets	945,589
Less accumulated depreciation	(412,019)
Net Capital Assets	533,570
Total Noncurrent Assets	717,960
Total Assets	1,119,271
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	1,412
Due to other funds	2,833
Compensated absences	1,217
Total Current Liabilities	5,462
NONCURRENT LIABILITIES	
Liability for landfill closure	547,141
Total Liabilities	552,603
NET ASSETS	
Invested in capital assets, net of related debt	533,570
Unrestricted net assets	33,098
Total Net Assets	\$ 566,668

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
OPERATING REVENUES	
Charges for services	\$ 402,277
Operating grants and contributions	59,946
Total Operating Revenue	462,223
OPERATING EXPENSES	
Personal services	36,927
Contractual services	281,473
Utilities	6,504
Materials and supplies	11,359
Repairs and maintenance	3,936
Miscellaneous	9,262
Depreciation	36,210
Total Operating Expenses	385,671
Operating Income	76,552
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,161
Total Non-operating Revenues (Expenses)	1,161
Change in Net Assets	77,713
Total Net Assets - beginning	488,955
Total Net Assets - ending	\$ 566,668

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 454,851
Cash paid to other funds	(21)
Cash paid to suppliers	(332,416)
Cash paid to employees	(36,881)
Net Cash Provided (Used) by Operating Activities	<u>85,533</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(6,697)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,697)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income received	1,161
Purchase of investments	<u>(563)</u>
Net Cash Provided (Used) by Investing Activities	<u>598</u>
Net Decrease in Cash and Cash Equivalents	79,434
CASH AND CASH EQUIVALENTS, beginning of year	<u>250,747</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 330,181</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds
	Solid Waste
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 76,552
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	36,210
Changes in net assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(7,770)
Due to/from other funds	(21)
Due to/from other governments	398
Increase (decrease) in:	
Accounts payable and accrued expenses	(2,378)
Liability for landfill closure	(17,504)
Compensated absences	46
	46
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 85,533

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2012**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 437,749
Other receivables	14,994
Total Assets	<u><u>\$ 452,743</u></u>
LIABILITIES	
Due to other governmental units	\$ 422,690
Due to individuals	30,053
Total Liabilities	<u><u>\$ 452,743</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glades County, Florida (the "County"), is a political subdivision of the State of Florida. The County operates as a noncharter government pursuant to Article VIII, Section (1)(f), of the Constitution of the State of Florida and is governed by an elected Board of County Commissioners (the "Board"), a five-member board elected by the County citizenry at large. The County operates under a Commission-Manager form of government with separation of legislative and executive functions. In addition to the members of the Board, there are five elected Constitutional Officers: the Sheriff, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. The Board fully funds the operating budget of all the Constitutional Officers with the exception of the Property Appraiser, whose budget is funded on a pro rata basis by all of the governments levying Ad Valorem Taxes in the County.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board Codification, Section 2100, has been considered and there are no agencies or entities other than disclosed in the following paragraph which are required to be included in the County's financial statements.

Discretely Presented Component Unit - The Glades Soil and Water Conservation District (the "District") requested and received permission from the State of Florida to be considered a dependent district of Glades County. The District's governing board is elected by the voters of Glades County, Florida. However, the County is financially accountable for the District because the Board of County Commissioners approves the District's budget and funds its operations.

Complete financial statements of the Glades Soil and Water Conservation District may be obtained from the Clerk of the Circuit Court, P.O. Box 1018, Moore Haven, FL 33471.

Basis of Presentation

The financial statements for the County have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

Government-Wide Statements

The government-wide financial statements (i.e. statement of net assets and changes in net assets) report information on all the nonfiduciary activities of the primary government (the County) and its component units. For the most part, the effect of interfund activity has been removed from these statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Statements (Continued)

Governmental activities, which normally are 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 for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for the County's funds, including governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of the fund financial statements is on major governmental and enterprise funds, each of which are displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Transportation Trust Fund: This is used to account for funds received for the construction and maintenance of roads, bridges, and traffic re-engineering.

State Housing Initiative Program ("SHIP") Fund: This fund is used to account for funds related to the State Housing Initiative Program which provides housing assistance to certain citizens of the County. This fund is presented as major for public interest reasons.

Sheriff Asset Forfeiture Fund: This is used to account for funds received from asset forfeitures for law enforcement activities..

Capital Projects Fund

Capital Outlay Fund: This is used to account for capital outlay projects not routine in nature and not considered normal operating expenditures.

The County reports the following major enterprise fund:

Solid Waste Fund: This is used to account for the operation of the County landfill and other solid waste activities.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The County also reports the following fund types:

Agency Funds: These funds account for taxes and licenses collected on behalf of the County and other tax entities; funds received and disbursed by the Clerk's office in a fiduciary capacity; and various other funds and fees received and disbursed in a fiduciary capacity.

Measurement Focus, Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes when levied, franchise taxes, licenses, interest revenue, charges for services, and intergovernmental revenue when eligibility requirements are met. Gross receipts and sales tax are considered "measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time." Fines and permits are not susceptible to accrual because generally they are not recognized until received in cash. 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, claims and judgments, and other postemployment benefits, are recorded only when payment is due.

Proprietary Fund Financial Statements - 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 the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services and grants for general operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting (Continued)

Fiduciary Fund Financial Statements - Agency funds report only assets and liabilities, have no measurement focus, and use the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and propriety fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. While governments have the option of following subsequent private sector guidance for their business-type activities, the County has elected not to follow subsequent private-sector guidance.

Cash and Cash Equivalents

The County considers all cash on hand, money market, and all other short-term investments including restricted cash, that are highly liquid as cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, and, at the day of purchase have a maturity date no longer than three months. All investments are carried at fair value as determined from quoted market prices. The County reports its deposits with the Florida State Board of Administration Local Government Surplus Funds Trust Fund ("Florida Prime") and interest bearing certificates of deposit as investment balances at September 30, 2012.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Inventories

Cemetery inventory consists of burial plots available for sale at the Ortona Cemetery which are recorded at cost. Per Ordinance, permanent residents or owners of real property may purchase up to eight burial plots from the County. Cemetery inventory is expensed when a deed is filed with the Clerk's office upon purchase, subsequent sale or subsequent transfer.

Other inventories are valued at cost using the first-in/first-out ("FIFO") method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain cash balances are classified as restricted assets because their use is completely restricted by grants or other agreements.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land, infrastructure, vehicles, equipment, and buildings acquired or constructed for general governmental purposes, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are reported at cost or estimated historical cost. Donated assets are capitalized at their fair value at the time received. Capital assets are defined by the County as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$1,000.

Infrastructure assets include roads, underground pipe (other than related to utilities), traffic signals, etc. The County has elected to implement the retrospective reporting of infrastructure assets provision of GASB Statement No. 34. The historical cost on the infrastructure assets is based on current replacement cost. All infrastructure assets are recorded, including those acquired before June 30, 1980.

Depreciation is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Roads and bridges	20 - 30
Buildings	40 - 50
Improvements other than buildings	5 - 50
Equipment, furniture, and vehicles	5 - 10

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

In the governmental fund financial statements, capital assets (i.e., capital outlay) are recorded as expenditures and no depreciation expense is reported.

Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. Vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the County will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The County uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future. A liability is recognized at the government-wide level and in the enterprise fund financial statements when the benefits are earned by employees.

For governmental funds, reporting a fund liability and expenditures for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations or retirements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned / Deferred Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available, are recorded as deferred revenue in the governmental fund financial statements.

Prepaid

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represents items which are applicable to future accounting periods. Reported amounts in governmental funds equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed – Amounts that are constrained for specific purposes imposed by the County's formal action of highest level of decision making authority.

Assigned – Includes spendable fund balances intended to be used for specific purposes as determined by the County Manager, but which are neither restricted nor committed.

Unassigned – Represents the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the County would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as investments in capital assets (net of related debt), restricted, and unrestricted. Invested in capital assets (net of related debt) represents capital assets, less accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvements of these assets. Restricted net assets are assets which have third-party limitations on their use. The limitations can be externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Interfund Transactions

During the course of normal operations, it is necessary for the County to enter into transactions among its various funds. These transactions consist of the following:

- Reimbursements to a fund, for expenditures or expenses initially made from it that are properly applicable to another fund.
- Transfers in and out, as appropriate, for all other interfund transactions, which are reported as other financing sources (uses).

Postemployment Benefits Other than Pensions (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 provides these benefits in accordance with the vesting and retirement requirements for all employees. The County is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the County records a net OPEB obligation in its proprietary and government-wide financial statements related to the implicit subsidy. Please refer to Note 8 for further information.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. Property taxes are levied in October and are payable November 1, with discounts of 1 % to 4% if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 of the following year. Pursuant to Florida law, the Tax Collector advertises and sells tax certificates on all real property for which there are unpaid taxes. Accordingly, there is no property taxes receivable as of September 30, 2012.

The Board is permitted by Article 7, Section 9, of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general government services (other than the payment of principal and interest on general obligation long-term debt) for the year ended September 30, 2012 was \$10 per \$1,000.

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2012, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 11,505,850
Certificates of deposit	4,562,385
State of Florida Board of Administration Surplus Funds Trust Fund	195,776
Cash on hand	956
	<u>\$ 16,264,967</u>

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GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 10,760,200
Restricted cash and cash equivalents	1,409,723
Investments	3,472,905
Restricted investments	184,390
Fiduciary funds cash and cash equivalents	437,749
	<u>\$ 16,264,967</u>

Deposits

The County's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All of the County's deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, "Florida Security of Public Deposits Act." Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 50% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Authorized Investments

The County's policy for investments is to follow Florida Statutes, Section 218.415. The Florida State Board of Administration Local Government Surplus Funds Trust Fund ("Florida Prime") is not a registrant with the Securities and Exchange Commission (SEC); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Florida Prime is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of Florida Prime. The County's investments include certificates of deposit that mature in less than one year which are recorded at amortized cost.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

Investment Type	Fair Value	Investment Maturities Less Than One Year
Certificate of Deposits, at cost	\$ 4,562,385	\$ 4,562,385
Florida Prime	195,776	195,776
	<u>\$ 4,758,161</u>	<u>\$ 4,758,161</u>

Credit Risk

Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings used by nationally recognized statistical rating organizations (NRSROs). The County's policy is to limit its investments in commercial paper to the top rating issued by NRSROs. The County's investment in the SBA Florida Prime investment pool was rated AAAM by Standard and Poor's as of September 30, 2012.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a formal investment policy that limits investments with any one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County does not have a formal investment policy that limits investment with any one counter party.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2012:

<u>Governmental Activities:</u>	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	2,775,697	2,351,090	3,680,046	1,446,741
Total Capital Assets Not Being Depreciated	<u>3,638,119</u>	<u>2,351,090</u>	<u>3,680,046</u>	<u>2,309,163</u>
Capital assets being depreciated:				
Infrastructure	38,267,869	4,034,340	-	42,302,209
Buildings	20,449,573	235,916	-	20,685,489
Equipment, furniture and vehicles	10,385,111	1,141,012	664,622	10,861,501
Livestock	13,300	5,000	-	18,300
Total Capital Assets Being Depreciated	<u>69,115,853</u>	<u>5,416,268</u>	<u>664,622</u>	<u>73,867,499</u>
Less accumulated depreciation for:				
Infrastructure	27,073,640	1,519,077	-	28,592,717
Buildings	3,844,967	507,003	-	4,351,970
Equipment, furniture and vehicles	6,832,847	1,012,819	625,251	7,220,415
Livestock	2,064	2,257	-	4,321
Total Accumulated Depreciation	<u>37,753,518</u>	<u>3,041,156</u>	<u>625,251</u>	<u>40,169,423</u>
Capital Assets Being Depreciated, Net	<u>31,362,335</u>	<u>2,375,112</u>	<u>39,371</u>	<u>33,698,076</u>
Governmental Activities Capital Assets, Net	<u>\$35,000,454</u>	<u>\$ 4,726,202</u>	<u>\$ 3,719,417</u>	<u>\$36,007,239</u>
<u>Business-type Activities:</u>	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total Capital Assets Not Being Depreciated	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Capital assets being depreciated:				
Land improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, furniture and vehicles	294,037	6,697	-	300,734
Total Capital Assets Being Depreciated	<u>913,891</u>	<u>6,697</u>	<u>-</u>	<u>920,588</u>
Less accumulated depreciation for:				
Land improvements	161,228	11,639	-	172,867
Buildings	37,920	556	-	38,476
Equipment, furniture and vehicles	176,660	24,015	-	200,675
Total Accumulated Depreciation	<u>375,808</u>	<u>36,210</u>	<u>-</u>	<u>412,018</u>
Capital Assets Being Depreciated, Net	<u>538,083</u>	<u>(29,513)</u>	<u>-</u>	<u>508,570</u>
Business-type Activities Capital Assets, Net	<u>\$ 563,083</u>	<u>\$ (29,513)</u>	<u>\$ -</u>	<u>\$ 533,570</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the various governmental and business-type activity functions as follows:

Governmental Activities:

General government	\$ 690,120
Public safety	1,360,782
Transportation	414,166
Physical environment	215,152
Economic development	131,744
Culture and recreation	58,306
Human services	163,416
Court related costs	7,470
Total Depreciation Expense, Governmental Activities	<u>\$ 3,041,156</u>

Business-type Activities:

Solid Waste	\$ 36,210
Total Depreciation Expense, Business-type Activities	<u>\$ 36,210</u>

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2012, interfund receivables and payables were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	\$ 250,127	\$ 23,084
Transportation Trust	-	40,720
SHIP	-	975
Capital Outlay	22,819	43,431
Building Department	-	11,499
Enhanced 911	-	7,639
Sheriff Special Revenue Funds	265	143,030
Total Governmental Activities	<u>273,211</u>	<u>270,378</u>
Business-type Activities:		
Solid Waste	-	2,833
Total	<u>\$ 273,211</u>	<u>\$ 273,211</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2012, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$ 1,219,676	\$ 45,000
Capital Outlay	-	19,975
EMSBU	-	3,849
EMSTU	-	1,095,852
Building Department	45,000	-
Sheriff Special Revenue Funds	-	100,000
Total Governmental Activities	<u>1,264,676</u>	<u>1,264,676</u>
Total	<u>\$ 1,264,676</u>	<u>\$ 1,264,676</u>

The outstanding balances between funds result mainly from the time lag between the dates transactions are recorded in the accounting system and when payments between funds are made.

Transfers are used to move revenues from various funds to finance various programs that the government must account for in other funds in accordance with budgetary or governing authorizations.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 LONG-TERM LIABILITIES

During the year ended September 30, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 820,058	\$ 1,047,957	\$ 967,877	\$ 900,138	\$ 638,035
Leases payable	56,584	303,692	249,487	110,789	49,677
OPEB obligation	304,347	169,033	28,062	445,318	-
	<u>\$ 1,180,989</u>	<u>\$ 1,520,682</u>	<u>\$ 1,245,426</u>	<u>\$ 1,456,245</u>	<u>\$ 687,712</u>
Business-type Activities:					
Compensated absences	\$ 1,171	\$ 2,118	\$ 2,072	\$ 1,217	\$ 1,217
Landfill	564,645	-	17,504	547,141	-
	<u>\$ 565,816</u>	<u>\$ 2,118</u>	<u>\$ 19,576</u>	<u>\$ 548,358</u>	<u>\$ 1,217</u>

Leases Payable

The County entered into a lease agreement for financing the purchase of law enforcement vehicles. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception dates. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 49,677	\$ 4,323	\$ 54,000
2014	52,167	1,833	54,000
2015	8,945	55	9,000
	<u>\$ 110,789</u>	<u>\$ 6,211</u>	<u>\$ 117,000</u>

The cost and accumulated depreciation of capital assets acquired under the capital leases is approximately \$457,605 and \$76,451, respectively.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET ASSETS

Restricted cash and investments at September 30, 2012 consisted of the following:

Purpose	General Fund	Capital Outlay	Total Governmental Funds
Cemetery Perpetual Care	\$ 130,479	\$ -	\$ 130,479
Buckhead Ridge Utility	223,010	-	223,010
Law Enforcement Trust	17,073	-	17,073
Intergovernmental Radio	139,054	-	139,054
Driver's Education	6,859	-	6,859
Tourism Development	38,016	-	38,016
Capital Outlay	-	850,933	850,933
EMS Grant Funds	4,299	-	4,299
	<u>\$ 558,790</u>	<u>\$ 850,933</u>	<u>\$ 1,409,723</u>

Restricted net assets at September 30, 2012 consisted of the following:

Governmental Activities	Balance
Capital projects	<u>\$ 4,103,566</u>
Other uses:	
Cemetery Perpetual Care	130,479
Law enforcement activities	52,141
Public safety	1,734,322
Intergovernmental Radio	139,054
Driver's Education	6,859
Impact Fees	27
Tourism Development	38,016
Enhanced 911 Program	39,530
Public Record Modernization	132,419
Total Other Uses	<u>2,272,847</u>
Total Restricted Net Assets	<u>\$ 6,376,413</u>

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 7 PENSION PLAN

Plan Description

Substantially all full-time employees of the County are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The County has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 7 PENSION PLAN (CONTINUED)

Funding Policy

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; special risk employees, 14.10 and 23.25%; DROP employees, 4.42% and 12.25%; and elected officials, 11.14 and 18.64%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; special risk employees, 14.90%; DROP employees, 5.44%; and elected officials, 10.23%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The County's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$941,214, \$1,468,521, and \$1,690,074, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Healthcare Plan

The County participates in the Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency created by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plan offered by the County are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums.

The Sheriff participates in the Florida Sheriffs Multiple Employers Trust (FSMET). The Sheriff and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the Sheriff are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The plan does not issue separate stand alone financial statements.

Health, Dental, and Life Insurance Plan

The Sheriff purchases commercial insurance for health, dental, and life insurance for Sheriff employees. Eligible employees can participate in these plans at the group rate. The Sheriff provides eligible sworn personnel with \$20,000 of group term life insurance and accidental death and dismemberment insurance (AD&D); Civil Personnel have \$10,000 Life/AD&D. Retirees continue to receive the group term life insurance with a benefit of \$5,000 without AD&D.

The plans do not issue stand-alone financial statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Funding Policy

The contribution requirements of plan members are established and may be amended by the County. The County is required by Florida Statute 112.0801 to allow their retirees (and eligible participants) to continue participation in the group insurance plan. Retirees must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees which results in an implicit subsidy as defined by GASB 45. During the year ended September 30, 2012, the County contributed \$28,062 towards the plans.

OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount contributed to the plan, and changes in the net OPEB obligation as of fiscal year ended September 30, 2012:

Annual Required Contribution	\$	174,134
Interest on net OPEB obligation		13,696
Adjustment to Annual Required Contribution		<u>(18,797)</u>
Annual OPEB Cost		169,033
Contributions Made		<u>(28,062)</u>
Increase in Net OPEB Obligation		140,971
Net OPEB Obligation - beginning of year		<u>304,347</u>
Net OPEB Obligation - end of year	\$	<u><u>445,318</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2012 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2012	\$ 169,033	16.6%	\$ 445,318
September 30, 2011	163,380	19.0	304,347
September 30, 2010	144,073	18.7	172,020

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Funded Status and Funding Progress: The plan is financed on a "pay-as-you-go" basis. The funded status of the plan as of the most recent actuarial valuation date, which was October 1, 2010, is as follows:

Actuarial Accrued Liability (AAL)	\$	828,483
Actuarial Value of Assets (AVA)		-
Unfunded Actuarial Accrued Liability (UAAL)		828,483
Funded Ratio		0.0%
Covered Payroll	\$	9,540,387
Ratio of UAAL to Covered Payroll		8.7%

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, mortality, and the healthcare cost trend. 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.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date:	10/1/2011
Actuarial cost method:	Entry age actuarial cost method
Actuarial Amortization method:	Level Percent of Payroll
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Mortality rate	RP-2000 Combined Mortality Table.
Investment rate of return	4.5% per year, compounded annually, net of investment related expenses.
Retirement Rates	Annual retirement probabilities have been determined based on the Florida Retirement System Actuarial Valuation as of July 1, 2006.
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.
Disability Rates	None applied.
Health Care Participation	25% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65.
Healthcare inflation rate-Pre-Medicare	9.0% in 2012, 8.5% in fiscal 2013 decreasing 1.0% each year until the ultimate rate of 4.5% in 2017.
Healthcare inflation rate-Post-Medicare	9.0% in 2012, 8.5% in fiscal 2013 decreasing 1.0% each year until the ultimate rate of 4.5% in 2017.
Medical Aging Factors	4% per year prior to age 65; 3% per year between ages 65 and 75; 2% per year between ages 75 and 85; 0% per year thereafter.
Health Claims	Developed using a blend of manual and active fully insured rates.
Administrative Expenses	\$8,103 annually, added to Normal Cost.
Inflation	0.0% per year.
Projected Salary Increases	3.0% per year.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 9 LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its Ortona landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as operating expense in each period based on landfill capacity used at each financial statement date.

During fiscal year 2009 the County permanently capped the Fill Area 1 of the landfill. At September 30, 2012, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$547,141. The County has accrued this amount as a long-term liability based on amortizing the total estimated cost over the operational life of Fill Area 1, which was permanently capped during the year ended September 30, 2009. Instead of continuing to use the remaining cells of the landfill, the County established a transfer station and an agreement with a waste hauling company to remove the waste.

The County is required by state and federal laws and regulations to make annual contributions to a landfill management escrow account to finance the closure and post-closure care costs described above. At September 30, 2012, investments of \$184,390 are held for these purposes.

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 and omissions; and natural disasters.

Employee Benefits Group

The County participates in the Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency created by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. A loss fund is established to pay a self-insured retention amount of \$100,000 per person. Any claims in excess of this limit are paid by aggregate excess or stop loss insurance. Any liability related to such claims is reported in the government-wide financial statements. The governmental fund financial statements report only those expenditures as payments are due.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Property and Casualty Group

The County participates in Public Risk Management of Florida (PRM), a quasi-governmental agency created by an interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide a comprehensive risk management program. A loss fund is established to pay the self-insured retention amounts. Self-insured per occurrence limits are \$200,000 for property and liabilities claims, \$650,000 for Workers' Compensation, and \$25,000 for crime-related claims. Any claims in excess of these established limits are paid by aggregate excess or stop loss insurance. The County is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of governmental agencies to individual claims of \$100,000/\$200,000 for all claims relating to the same incident. Any liability related to such claims is reported in the government-wide financial statements. The governmental fund financial statements report only those expenditures as payments are due.

The County currently reports all of its risk management activities in the General Fund. Claims expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claims expenditures are reported in the governmental fund financial statements as payments are due. The amount of settlements has not exceeded insurance coverage in the past three years.

The Sheriff's coverage for general liability, workers' compensation, and comprehensive crime loss is covered through a comprehensive property and liability risk management program, the Florida Sheriff's Self-Insurance Fund. The program is a self-insurance program whereby the Sheriff makes annual contributions along with other members of the program. The Sheriff is subject to a special assessment in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member in excess of the reinsurance available, such deficiency is solely the responsibility of that member. The Sheriff is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which generally limits the amount of the liability of the Sheriff to individual claims of \$100,000 or \$200,000 for all claims relating to the same incident.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS

The County, through an interlocal agreement with the City of Moore Haven, Florida, created the City-County Public Works Authority (the "Authority"). The Authority provides water, sewer, and reclaimed water facilities within its boundaries. The Authority's governing board is comprised of the Glades County Board of County Commissioners and the City Council of Moore Haven. The Authority is an independent entity organized under the laws of the State of Florida and neither the County nor the City has a participating ownership interest in the Authority. The County constructed a wastewater treatment facility, which is being operated by the Authority. The construction was funded with grant revenue. Financial statements for the Authority can be obtained at the City of Moore Haven, Florida, City Hall, 99 Riverside Drive, Moore Haven, Florida 33471.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Construction Contracts

The County entered into the following contracts for the completion of project costs:

<u>Project</u>	<u>Total Project Authorization</u>	<u>Expended at September 30, 2012</u>	<u>Balance to Complete</u>
Washington Park Community Center - Roofing	\$ 77,581	\$ -	\$ 77,581
Washington Park Community Center - Construction	95,960	-	95,960
Washington Park Community Center - Plumbing	11,966	-	11,966
	<u>\$ 185,507</u>	<u>\$ -</u>	<u>\$ 185,507</u>

Litigation

The County is currently the defendant in a number of litigation issues and claims that arise in the normal course of operations. County management has indicated that they intend to vigorously defend such matters, the ultimate outcome of which, in the opinion of management and legal counsel, will not have a material adverse effect on the financial condition of the County.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, might constitute a liability of the applicable funds. It is management's opinion that there are no significant contingent liabilities relating to these grants.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Glades Correctional Development Corporation

The Sheriff entered into an agreement with Glades Correctional Development Corporation ("GCDC"), to manage, operate, and maintain the GCDC prison facility. The facility is a 440 bed prison located in Moore Haven, Florida. The agreement is effective through September 30, 2030. For the year ended September 30, 2012, the Sheriff received \$5,956,438 from GCDC, which was used to fund payroll expenditures related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and was paid in 12 equal payments during the fiscal year.

In 2006, the County transferred a parcel of land valued at \$550,000 to GCDC on which the prison facility was constructed. GCDC issued First Mortgage Revenue Bonds, Series 2006 in the amount of \$33,000,000 on March 14, 2006 to fund the construction of the prison facility. When all the Bonds are discharged, GCDC will transfer fee simple title of the facility and land to Glades County. GCDC has executed a deed of the facility and land to the County which is being held by a trustee in escrow and will be delivered to the County after all the Bonds are paid. The County has the right and option to defease or redeem the bonds prior to their maturity date and take title to the project at such time. The bonds are payable solely from rents and other revenues generated from the operations of the prison facility, and neither Glades County nor the Sheriff is liable for this debt.

Asset Forfeiture Funds, Sheriff

During the year the Department of Justice ("DOJ") performed a review of the Sheriff's asset forfeiture expenditures. The results of the review noted there was \$51,919 in disallowed costs which the Sheriff will return in fiscal year 2013. In addition, the DOJ requested all remaining asset forfeiture funds held by the Sheriff be remitted to DOJ. The Sheriff has recorded a due to other governments and expense for the full amount to be returned in fiscal year 2013 of \$867,095.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**GLADES COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS –
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
YEAR ENDED SEPTEMBER 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2011	\$ -	\$ 828,483	\$ 828,483	0.00 %	\$ 9,540,387	8.68 %
10/1/2010	-	766,867	766,867	0.00	8,970,113	8.55
10/1/2009	-	592,858	592,858	0.00	9,049,467	6.55

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 5,070,533	\$ 5,370,368	\$ 5,331,731	\$ (38,637)
Sales and miscellaneous taxes	1,641,909	1,648,605	1,653,957	5,352
Fees and fines	54,787	96,223	96,223	-
Licenses and permits	-	-	-	-
Intergovernmental	503,455	779,741	905,477	125,736
Charges for services	1,036,635	7,413,146	7,479,566	66,420
Investment earnings	88,992	16,203	16,453	250
Miscellaneous	19,281	495,502	161,926	(333,576)
Franchise fees	94,600	94,420	89,420	(5,000)
Total Operating Revenues	<u>8,510,192</u>	<u>15,914,208</u>	<u>15,734,753</u>	<u>(179,455)</u>
EXPENDITURES				
Current				
General government	5,640,771	3,790,923	3,754,322	36,601
Public safety	4,220,461	5,377,457	4,968,763	408,694
Jail operations	1,690,744	7,262,391	7,262,428	(37)
Physical environment	150,881	840,430	840,629	(199)
Human services	322,234	315,858	434,064	(118,206)
Culture/Recreation	126,980	109,657	110,207	(550)
Economic development	115,429	62,352	61,377	975
Court-related costs	47,231	20,123	20,361	(238)
Capital outlay	303,082	415,091	432,206	(17,115)
Debt service				
Principal	-	35,696	35,697	(1)
Interest	-	4,804	4,804	-
Other uses	-	-	88,442	(88,442)
Total Expenditures	<u>12,617,813</u>	<u>18,234,782</u>	<u>18,013,300</u>	<u>221,482</u>
Deficiency of Revenues over Expenditures	<u>(4,107,621)</u>	<u>(2,320,574)</u>	<u>(2,278,547)</u>	<u>42,027</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	30,494	17,709	17,709	-
Proceeds from long-term debt	-	303,692	303,692	-
Operating transfer in	1,197,313	1,305,485	1,219,676	(85,809)
Operating transfers out	(274,060)	(52,673)	(45,000)	7,673
Distribution of excess fees - other governments	-	-	(17,654)	(17,654)
Total Other Financing Sources (Uses)	<u>953,747</u>	<u>1,574,213</u>	<u>1,478,423</u>	<u>(95,790)</u>
Appropriated Fund Balance	<u>3,153,874</u>	<u>746,361</u>	<u>-</u>	<u>(746,361)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(800,124)</u>	<u>\$ (800,124)</u>
Fund Balance - beginning			<u>8,357,029</u>	
Fund Balance - ending			<u>\$ 7,556,905</u>	

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 52,664	\$ 53,792	\$ 53,792	\$ -
Sales and miscellaneous taxes	1,666,665	1,602,565	1,602,565	-
Licenses and permits	1,783	900	900	-
Intergovernmental	-	4,390	-	(4,390)
Investment earnings	24,076	4,094	4,094	-
Miscellaneous	6,688	24,398	24,398	-
Total Operating Revenues	<u>1,751,876</u>	<u>1,690,139</u>	<u>1,685,749</u>	<u>(4,390)</u>
EXPENDITURES				
Current				
Transportation	1,780,143	1,173,766	1,175,927	(2,161)
Culture/Recreation	512,000	120,611	120,611	-
Capital outlay	731,086	452,603	449,774	2,829
Total Expenditures	<u>3,023,229</u>	<u>1,746,980</u>	<u>1,746,312</u>	<u>668</u>
Deficiency of Revenues over Expenditures	<u>(1,271,353)</u>	<u>(56,841)</u>	<u>(60,563)</u>	<u>(3,722)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	5,455	15,965	15,965	-
Total Other Financing Sources (Uses)	5,455	15,965	15,965	-
Appropriated Fund Balance	<u>1,265,898</u>	<u>40,876</u>	<u>-</u>	<u>(40,876)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(44,598)</u>	<u>\$ (44,598)</u>
Fund Balance - beginning			2,332,310	
Fund Balance - ending			<u>\$ 2,287,712</u>	

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – STATE
HOUSING INITIATIVES PROGRAM (SHIP) FUND
YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 350,000	\$ 136,293	\$ (213,707)
Investment earnings	200	908	908	-
Total Operating Revenues	<u>200</u>	<u>350,908</u>	<u>137,201</u>	<u>(213,707)</u>
EXPENDITURES				
Current				
Economic development	121,734	137,201	137,201	-
Total Expenditures	<u>121,734</u>	<u>137,201</u>	<u>137,201</u>	<u>-</u>
Deficiency of Revenues over Expenditures	<u>(121,534)</u>	<u>213,707</u>	<u>-</u>	<u>(213,707)</u>
Appropriated Fund Balance	<u>121,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 213,707</u>	<u>-</u>	<u>\$ (213,707)</u>
Fund Balance - beginning			<u>-</u>	
Fund Balance - ending			<u>\$ -</u>	

GLADES COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012

NOTE 1 BUDGETARY ACCOUNTING

State Statutes require that all County governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and accounting principles generally accepted in the United States. The Board has established the following procedures in establishing, adopting and maintaining the operating budget.

On or before July 15 of each year, each constitutionally elected officer and the Executive Director of Social Services submits to the Board a tentative budget for the fiscal year commencing the following October 1. Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments. The budget is legally adopted through Board Resolution.

The Board, at any time within a fiscal year, may amend a budget for that year as follows:

1) Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed.

2) Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.

3) A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts, or reimbursements for damages, may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.

- It is unlawful for the Board to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparisons presented herein are on a basis consistent with accounting principles generally accepted in the United States and are only prepared for the general fund and major special revenue funds, where applicable.

- The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

- During fiscal year 2012, supplemental appropriations totaling (\$2,666,105) in the General Fund, (\$1,205,556) in the Transportation Trust Fund, and (\$175,589) in the SHIP Fund was required to fund unanticipated operating and capital outlay expenditures.

GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT

**GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2012**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Federal, State, or Pass-Through Contract/Grant Number</u>	<u>Expenditures</u>
<u>FEDERAL AWARDS</u>			
<u>Department of Justice</u>			
Direct Programs:			
Equitable Sharing of Federally Forfeited Property	16.922	N/A	\$ 1,362,358
Passed through Florida Office of the Attorney General			
Victims of Crime Act - Glades County Victim Advocate	16.575	V11173	28,492
Passed through Florida Department of Law Enforcement			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-JAGC-GLAD-1-C4-100	<u>63,049</u>
Total Department of Justice			<u>1,453,899</u>
<u>Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter Program Cluster			
Emergency Food and Shelter National Board Program	97.024	N/A	1,862
Passed through Florida Division of Emergency Management			
Emergency Management Performance Grants	97.042	13-FG-86-09-32-01-089	14,993
Emergency Management Performance Grants	97.042	12-FG-R3-09-32-01-089	<u>2,409</u>
			<u>17,402</u>
Total Department of Homeland Security			<u>19,264</u>
<u>Department of Housing and Urban Development</u>			
Passed through Florida Department of Housing & Urban Development			
CDBG - State-Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program	14.228	10-DB-K4-09-32-01-K14	<u>429</u>
Total Department of Housing and Urban Development			<u>\$ 429</u>

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Federal, State, or Pass-Through Contract/Grant Number</u>	<u>Expenditures</u>
<u>Department of Health and Human Services</u>			
Direct Programs:			
Child Support Enforcement	93.563	CD322	\$ 27,366
Total Department of Health and Human Services			<u>27,366</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,500,958</u></u>
 <u>STATE FINANCIAL ASSISTANCE</u>			
<u>Department of Community Affairs</u>			
Passed through Florida Division of Emergency Management			
Emergency Management Programs	52.008	12-BG-05-09-32-01-022	\$ 96,862
			<u>96,862</u>
Emergency Management Projects Hazardous Analysis	52.023	12-CP-03-09-32-01-189	901
Emergency Management Projects	52.023	08-CP-04-09-32-01-023	463
			<u>1,364</u>
Growth Management Implementation	52.033	08-DR-90-09-32-01-016	17,607
Total Department of Community Affairs			<u>115,833</u>
<u>Department of Environmental Protection</u>			
Direct Projects:			
Small County Consolidated Grants	37.012	211SC	59,568
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP22020	137,228
Total Department of Environmental Protection			<u>196,796</u>
<u>Department of State, Division of Library and Information Services</u>			
Direct Projects:			
State Aid to Libraries	45.030	12-ST-14	15,556
Total Division of Library and Information Services			<u>\$ 15,556</u>

**GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Federal, State, or Pass-Through Contract/Grant Number</u>	<u>Expenditures</u>
<u>Department of Health</u>			
Direct Projects:			
County Grant Awards-EMS	64.005	C9022	\$ 1,952
County Grant Awards-EMS	64.005	C0022	6,959
Total Department of Health-Bureau of Emergency Medical Services (EMS)			8,911
<u>Department of Management Services</u>			
Passed through Florida E911 Board			
Wireless 911 Emergency Telephone System	72.001	11-10-07	23,314
Wireless 911 Emergency Telephone System	72.001	11-10-21	3,250
Wireless 911 Emergency Telephone System	72.001	11-12-42	9,600
Wireless 911 Emergency Telephone System	72.001	11-12-43	44,480
			<u>80,644</u>
E911 State Grant Program	72.002	S4-11-06-06	115,510
Total State of Florida Wireless 911			196,154
<u>Florida Housing Finance Corporation</u>			
Direct Projects:			
State Housing Initiatives Partnership Program	52.901	N/A	137,201
Total Department of Housing			137,201
<u>Department of Transportation</u>			
Direct Projects:			
Small County Outreach Program	55.009	424201 1 58 01	380,143
Small County Outreach Program/Small County Road Assistance Program	55.009/55.016	425848 1 58 01	741,129
Total Department of Transportation			1,121,272
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 1,791,723

**GLADES COUNTY, FLORIDA
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance includes the federal and state grant activity of Glades County, Florida, and is presented on the modified accrual basis of accounting for grants reported in governmental funds and the accrual basis for grants reported in the proprietary fund. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and Chapter 10.550, Rules of the Auditor General.

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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 County
Commission and County Manager
Glades County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Glades County, Florida (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Honorable Members of the County
Commission and County Manager
Glades County, Florida

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 listed below and described in the accompanying schedule of findings and questioned costs to be material weaknesses.

- 2010-01 Audit Adjustments
- 2010-04 Accounting Policies and Procedures
- 2012-01 Journal Entries
- 2012-02 Account Reconciliations
- 2012-03 Information Sent to Actuary

Compliance and Other Matters

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

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 28, 2013



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

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

Compliance

We have audited Glades County, Florida's (the "County"), compliance with the types of compliance requirements described in *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 the County's major federal programs and state projects for the year ended September 30, 2012. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-04, 2010-05, and 2010-06.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-05 and 2010-06 to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 28, 2013

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be a material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over compliance:	
Material weakness(es) identified?	Yes
Were significant deficiency(ies) identified not considered to be a material weakness(es)	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 section 510 (a)	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
16.922	Equitable Sharing of Federally Forfeited Property

Dollar threshold used to determine Type A Federal programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

State Financial Assistance Section

Internal control over compliance:

Material weakness(es) identified? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) None Reported

Type of auditors' report issued on compliance for major projects: Unqualified

Identification of major State projects:

CSFA Number	Name of State Project
55.009	Small County Outreach Program
55.016	Small County Road Assistance Program

Dollar threshold used to determine Type A State projects \$300,000

Part II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2010-01 Audit Adjustments

Criteria

County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's receipts and disbursements, including reclassifications between funds, year-end accruals, and activity of all investing and savings accounts.

Condition

As part of the audit, we proposed audit adjustments to revise the County's financial statements at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications.

Effect

The design of the internal controls over recording receipts and disbursements, including reclassifications, could affect the ability of the County to detect or prevent a misappropriation of assets or fraudulent activity.

Recommendation

We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

View of Responsible Officials

Glades County management will make every effort to be informed of all policies and procedures for recording receipts, disbursements and reclassifications and the internal control policies that are being developed for the Accounting and Finance Department to ensure proper recording of these items.

2010-04 Accounting Policies and Procedures

Criteria

The County should maintain current written accounting policies and procedures.

Condition

The County has few current written accounting policies and procedures to document processes for many accounting functions.

Cause

The County has a limited number of personnel in the Finance Department and has relied upon the knowledge of a long-tenured employee.

Effect

Without written policies and procedures, there is an increased chance that errors may occur and that intended internal control procedures are not followed. As an example, timely account reconciliations are not being performed resulting in errors in account balances. Over time, original policies and procedures are adjusted based on experiences and situations that have occurred. Without written policies and procedures to properly communicate these changes, employees could continue to follow old procedures. While the County has been able to rely on certain long-tenured employees to communicate current policies and procedures, turnover in key positions could result in policies and procedure being missed if they are not in writing.

Recommendation

We recommend that the County identify and document its significant accounting processes. Processes include activities and procedures involved in recurring accounting transactions or events, such as hiring new employees, recording receipts, paying invoices, processing payroll, taking physical inventory, preparing journal entries, etc. Accounting processes include procedures to initiate, authorize, record, process, review, and report transaction.

View of Responsible Officials

Glades County is in the process of developing written accounting policies and procedures to document processes for accounting functions.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

2012-01 Journal Entries

Criteria

All journal entries should be prepared by one person and reviewed by another, with each person documenting the steps performed and their approval of the entry.

Condition

The Finance Director is currently preparing journal entries, without an independent review prior to posting to the general ledger. Because of this, there is an excessive number of journal entries being recorded over the course of the year. During our testing of journal entries, we discovered many of the same entries were being made multiple times, and entries were being booked to incorrect accounts.

Cause

The County has a limited number of personnel in the Finance Department.

Effect

When one person has control over all aspects of a journal entry, fraudulent or erroneous journal entries may be entered into the accounting system and not be detected.

Recommendation

We recommend that County management take the proper steps to ensure a process is in place for journal entry preparation to ensure that all journal entries are supported by adequate documentation and an appropriate review is performed prior to posting to the general ledger.

View of Responsible Officials

The Clerk will be establishing a process for journal entry preparation to ensure that all journal entries are supported by adequate documentation and an appropriate review is performed prior to posting to the general ledger.

2012-02 Account Reconciliations

Criteria

All financial statement accounts with material balances should be reconciled throughout the course of the fiscal year and within a reasonable amount of time after year end.

Condition

Many accounts were not reconciled for the year ended September 30, 2012. In numerous instances, reports provided to us for audit had balances that did not agree to the respective general ledger balance.

Cause

The County has a limited number of personnel in the Finance Department. Therefore, they do not have the resources to have one person prepare the reconciliations and a separate individual to review them. In addition, finance personnel are not taking the time to perform a self-review to assure reports and reconciliations prepared by them are complete and accurate.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

Effect

Not performing timely reconciliations that are complete and accurate can result in inaccurate and potentially materially misstated financial statements.

Recommendation

We recommend that the Finance Director be given the sole responsibility to review schedules and reconciliations prepared by her staff. She is currently operating as a staff member whereas she should be working at a much higher level and should have the responsibility of reviewing rather than preparing.

View of Responsible Officials

The Finance Director will be assigning schedules and reconciliations to be performed throughout the year and she will be responsible for reviewing the schedules.

2012-03 Information Sent to Actuary

Criteria

Information provided to the actuary for use in the preparation of the OPEB liability calculation should be reviewed for accuracy and completeness prior to being sent and a copy of the information sent should be retained in the County's files.

Condition

A copy of the census file provided to the actuary was not retained by the County. This information had to be reconstructed for the audit.

Cause

The County has a limited number of personnel in the Finance Department. Policies are not in place to assure accurate preparation, review and retention of the census information.

Effect

The actuarial valuation may be incorrect resulting in misstatements in the County's financial statements.

Recommendation

We recommend management assign an individual to be responsible for checking the accuracy of the information sent to the actuary and for maintaining the records of that information. In addition the individual should be assigned the task of reviewing the final report to verify it agrees to census information sent.

View of Responsible Officials

A policy will be established to assure that information submitted to the Actuary is accurate and complete prior to the submission. The Finance Director will review the information before submission.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

Part III - Findings and Questioned Costs – Major Federal Programs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133, Section .510.

Our audit disclosed the following findings required to be reported in accordance with OMB Circular A-133, Section .510.

Compliance Finding

2012-04 – Procurement Procedures and Documentation

Department – Sheriff

CFDA Number – 16.922

Program Title – Equitable Sharing of Federally Forfeited Property

Compliance Requirement – Allowable Costs

Federal Agency – US Department of Justice

Federal Grant/Contract Number and Grant Year – Not applicable

Criteria

Expenditures of equitable sharing funds are required to be for allowable purposes based on the Department of Justice Guide to Equitable Sharing.

Condition

During the testing of expenditures certain grant matching payments related to salaries and hotel reimbursement amounts were not allowable based on the Department of Justice Guide to Equitable Sharing.

Questioned Costs

Known Questioned Costs = \$16,233

Likely Questioned Costs = \$20,084

Context

The finding is considered isolated to specific expenditure types. During our auditing procedures, 60 disbursements were reviewed and five items were noted that did not appear to be allowable. All of the items were for two purposes, hotel reimbursement and matching amounts on a salaries related grant.

Cause

Based on discussions with management, it was noted that management did review the Department of Justice (DOJ) Guide to Equitable Sharing (Guide) and determined that the hotel reimbursement followed the state statute which allows for actual cost with a receipt. However, per the DOJ, the Guide only allows for per diem rates.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

Per our inquiries of management, we noted that management did review the Guide and determined that the matching salaries qualified under the matching funds and specialized program exception for salaries. However, the salary match was for an employee of the Sheriff's office who was not a certified law enforcement officer which is not allowable for reimbursement under the Guide.

Effect

Questioned costs have had to be returned to the Department of Justice.

Recommendation

We recommend that the Sheriff or his designee contact DOJ to confirm interpretations of allowable expenditures and maintain a record of the conversation for future reference if needed.

View of Responsible Officials

Contact Person: Shelly Ridgill, Finance Director

The Glades County Sheriff's Office paid law enforcement travel costs in accordance with the agency's per diem policy. The Sheriff's Office will contact DOJ for further clarification of permissible travel costs.

The Glades County Sheriff's Office was informed by DOJ that the grant matching payments related to salaries were not allowable for reimbursement under the Guide during FY12-13. As a result, the above questioned costs have been refunded to DOJ.

Anticipated Completion Date: Completed

See Internal Control Findings 2010-05 and 2010-06

Internal Control Finding

2011-05 – Procurement Procedures and Documentation

Department – Sheriff

CFDA Number – 16.922

Program Title – Equitable Sharing of Federally Forfeited Property

Compliance Requirement – Procurement, Suspension & Debarment

Federal Agency – US Department of Justice

Federal Grant/Contract Number and Grant Year – Not applicable

Criteria

For contracts for goods or services equal to or exceeding \$25,000, the file should document that a search of the Excluded Parties List System (EPLS) was performed to verify the vendor is not currently excluded from receiving federal funds.

Condition

Subsequent to year-end, a memo was prepared by the Chief Deputy documenting the procedures performed in determining where to purchase the items. These procedures did not include documentation of verification that the vendor was not suspended or disbarred.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

Questioned Costs

Not applicable

Context

The finding is considered systemic in nature. During the auditing procedures four purchases in excess of \$25,000 were reviewed and two had no documentation that a review for suspension and debarment was performed.

Cause

Based on discussions with management it was noted that there were no written policies related to procurement procedures or grant purchasing documentation requirements for most of the current fiscal year. After the prior audit comment a policy was put into place but was after the items tested were already purchased.

Effect

Subsequent review of the EPLS system did not indicate either vendor had been suspended or debarred. Had a vendor been suspended or debarred the Sheriff's Office would have the potential for charges to be subject to disallowance by the Federal Awarding Agency.

Recommendation

We understand that the Sheriff has implemented a written policy to address this comment. We understand the policy was implemented at the end of the fiscal year under audit and therefore was not in place during the majority of the year. We are required to communicate finding when items selected for testing do not meet the single audit requirements.

View of Responsible Officials

Contact Person: Shelly Ridgdill, Finance Director

The Glades County Sheriff's Office has adopted a written policy that documents the various purchase approval levels, bid requirements, and exceptions to the bid requirements. This policy also documents the requirement to maintain a contract file and the information required to be included in that file.

Anticipated Completion Date: Completed

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

2011-06 – Equipment and Real Property Management

Department – Board of County Commissioners

CFDA Number – 93.667

Program Title – Social Services Block Grant

Compliance Requirement – Equipment and Real Property Management

Federal Agency – US Department of Health and Human Services

Federal Grant/Contract Number and Grant Year – N/A

Criteria

In accordance with OMB Circular A-102 Common Rule, an appropriate system must be in place to manage and safeguard equipment acquired with federal funds. Property records must include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and ultimate disposition data including the date of disposal and sale price of the property.

Condition

We noted that the County's capital asset records did not specifically identify property and equipment purchased with federal funds.

Questioned Costs

Not applicable

Context

The finding is considered systemic in nature. During the review of the depreciation schedule, no assets purchased with federal funding were identified.

Cause

Management was not aware of the specific requirements related to accounting for property and equipment acquired with federal funds prior to last years comment. The County is in the process of addressing this comment but it is taking more time than expected.

Effect

Failure to properly identify all property and equipment acquired with federal funds may result in management not being able to accurately track and account for property and equipment. This could result in improper disposition and misappropriation of an item acquired with federal funds.

Recommendation

We recommend a policy be adopted and adhered to that requires that property and equipment acquired with federal funds are listed and recorded to help ensure that all items are properly accounted for in a manner consistent with the requirements of OMB Circular A-102 Common Rule. This would include that the property records contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date, cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data, including the date of disposal and sales price or method used to determine current fair market value.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2012**

View of Responsible Officials

Contact Person: Nancy Dean, Chief Deputy Clerk

Glades County will adopt a policy requiring all property and equipment acquired with federal funds be listed and recorded to ensure that all items are property accounted for in a manner consistent with the requirements of OMB Circular A0102 Common Rule. The property records will contain the property number, serial number or other identification number, source, who holds title, acquisition date, cost, percentage of Federal cost, location, condition, and disposition data including the date of disposal and sales price or method used to determine current fair market value.

Anticipated Completion Date: September 30, 2013

Part IV - Findings and Questioned Costs – Major State Projects

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported under Chapter 10.557, Rules of the Auditor General.

There were no such instances required to be reported.

Part V – Other Matters

The Corrective Action Plans are reported in Parts III and IV for those items required to be reported under the Federal or Florida Single Audit Acts.

**GLADES COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2012**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED
IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS***

2010-01 Audit Adjustments

This comment still applies and is included as current year comment 2010-01.

2010-04 Accounting Policies and Procedures

This comment still applies and is included as current year comment 2010-04.

2011-03 Budget

Corrective action has been implemented.

2011-04 Budget Amendment

Corrective action has been implemented.

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE**

2010-05 – Procurement Procedures and Documentation

Department – Sheriff

CFDA Number – 16.922

Program Title – Equitable Sharing of Federally Forfeited Property

Compliance Requirement – Procurement, Suspension & Debarment

This comment still applies and is included as current year comment 2010-05. The Sheriff implemented a policy to address this comment at the end of the current fiscal year.

2010-06 – Equipment and Real Property Management

Department – Board of County Commissioners

CFDA Number – 93.887

Program Title – Health Care and Other Facilities

Compliance Requirement – Equipment and Real Property Management

While this grant was not tested in the current year, inquiry was performed and the County is still working on addressing this comment. This comment still applies and is included as current year comment 2010-06. The County is working to adjust the asset records to include all required information but the process is taking more time than anticipated.

MANAGEMENT LETTER

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

We have audited the basic financial statements of Glades County, Florida (the "County"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 28, 2013.

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 and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated June 28, 2013, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, Florida Statutes.

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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 Glades County, Florida, Board of County Commissioners was established by the Constitution of the State of Florida, Article VIII, Section 1 (e). Glades Soil and Water Conservation District was established by resolution of the State of Florida according to Chapter 582, Florida Statutes of 1941.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 28, 2013

GLADES COUNTY, FLORIDA
 MANAGEMENT LETTER
 SEPTEMBER 30, 2012

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2010-01 Audit Adjustments	Material Weakness			X
2010-04 Accounting Polices and Procedures	Material Weakness			X
2011-03 Budget	Compliance	X		
2011-04 Budget Amendment	Compliance	X		
2010-05 Procurement Procedures and Documentation	Compliance		X	
2010-06 Equipment and Real Property Management	Compliance			X

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

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2012

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the year ended September 30, 2012. These special-purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Clerk and are not intended to present fairly the financial position of Glades County, Florida as of September 30, 2012, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 14 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
ASSETS			
Cash	\$ 24,849	\$ 132,419	\$ 157,268
Other receivables	4,615	-	4,615
Prepaid items	750	-	750
Total Assets	\$ 30,214	\$ 132,419	\$ 162,633
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 11,190	\$ -	\$ 11,190
Other accrued liabilities	6,352	-	6,352
Deferred revenue	3,493	-	3,493
Due to Board of County Commissioners	9,098	-	9,098
Due to other governments	81	-	81
Total Liabilities	30,214	-	30,214
Fund Balances:			
Nonspendable:			
Prepaid items	750	-	750
Restricted	-	132,419	132,419
Unassigned	(750)	-	(750)
Total Fund Balances	-	132,419	132,419
Total Liabilities and Fund Balance	\$ 30,214	\$ 132,419	\$ 162,633

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 471,025	\$ -	\$ 471,025
Charges for services	-	49,865	49,865
Investment earnings	-	230	230
Total Revenues	471,025	50,095	521,120
Expenditures:			
Current - General government:			
Personal services	722,059	-	722,059
Operating expenditures	101,445	19,313	120,758
Capital outlay	28,730	27,760	56,490
Total Expenditures	852,234	47,073	899,307
Excess (Deficiency) of Revenues over Expenditures	(381,209)	3,022	(378,187)
Other Financing Sources (Uses)			
Transfers in	407,045	-	407,045
Transfers out	(9,001)	-	(9,001)
Unexpended appropriation: State of Florida	(16,835)	-	(16,835)
Total Other Financing Sources (Uses)	381,209	-	381,209
Net Change in Fund Balance	-	3,022	3,022
Fund Balance, beginning of year	-	129,397	129,397
Fund Balance, end of year	\$ -	\$ 132,419	\$ 132,419

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 325,617
Due from others	<u>14,922</u>
Total Assets	<u><u>\$ 340,539</u></u>

LIABILITIES

Due to other governments	\$ 310,486
Due to others	<u>30,053</u>
Total Liabilities	<u><u>\$ 340,539</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), is a separately elected constitutional officer pursuant to the Constitution of the State of Florida. The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

For financial reporting purposes, the Clerk is deemed to be a part of the primary government of the County. As such, the Clerk's special-purpose financial statements are included in the financial statements of the County. There are no component units included in the Clerk's special-purpose financial statements.

The Clerk is charged with many duties in addition to serving as the Clerk of the Circuit Court. The Clerk serves as the clerk and accountant to the Board of County Commissioners (the "Board"), and serves as an agent for the Florida Department of Revenue. The duties as Clerk of the Circuit Court are generally described in Chapter 28, Florida Statutes, and the duties regarding the County Court are described in Chapter 34, Florida Statutes.

Description of Funds

The accounting records of the Clerk are organized on the basis of funds classified for reporting purposes into two basic fund types:

Governmental Funds

- *General Fund* is used to account for all financial activity of the Clerk not accounted for in other funds. With the implementation of Revision 7 to Article V on July 1, 2004, the Clerk's activities are now classified as court-related and non court-related. Non court-related activity is funded through the collection of ad valorem taxes by the County's General Fund, which is reported as transfers in. Court-related activities are funded by the State in the form an appropriation. This appropriation is restricted to be used exclusively for funding court-related operations. Court-related activities are tracked and recorded in a sub-fund within the Clerk's General Fund.
- *Public Records Modernization Fund* is a special revenue fund and is used to account for proceeds from recording fees which are restricted by Chapter 29.008, Florida Statutes, and are to be used for modernization of the Clerk's public records systems and for the cost of court-related technology needs. This fund also accounts for the proceeds from 10% of all court-related fines collected by the Clerk which are restricted by Chapter 28.37(2), Florida Statutes, and are to be used for additional court-related operational needs and program enhancements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds (Continued)

Fiduciary Funds

- *Agency Funds* are used to account for assets held by the Clerk in the capacity of a trustee or agent for individuals, private organizations, other funds or other governmental units. The Clerk's agency funds are: Fines and Forfeitures Fund, Support Fund, Registry Fund, Tax Redemption Fund, Documentary Stamp Fund, Intangible Tax Fund, Jury and Witness Fund, Local Criminal Justice Fund, and the Escrow Fund.

Basis of Presentation

The Clerk's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2012 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund and Public Records Modernization Fund are presented as a major governmental fund.

The County funds the operating budget of the Clerk

Basis of Accounting and Measurement Focus

The governmental fund type measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Exceptions to this general rule include accumulated sick and vacation pay, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

Charges for services are considered measurable and have been recognized as revenue of the current fiscal period, if available. Investment earnings are recorded as earned since they are measurable and available.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (continued)

The Agency fund does not measure results of operations, but assets and liabilities are measured on the accrual basis of accounting. These funds are used to account for assets held by the Clerk as trustee or agent for individuals and/or other governmental units.

Prepaid Items

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represents items which are applicable to future accounting periods. Reported amounts in governmental funds equally offset by non-spendable of fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Fund Balance

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Clerk is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed – Amounts that are constrained for specific purposes imposed by the Clerk's formal action of highest level of decision making authority.

Assigned – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned – Represents the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Clerk considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Clerk would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

During the course of normal operations it is necessary for the Clerk to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund receivables or payables as of September 30, 2012.
- Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources (uses). The following is a summary of interfund transfers as of September 30, 2012:

The amount transferred by the Board to fund the 2012 budget of the Clerk was \$407,045.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Those amounts are recorded as a transfer out in the basic financial statements of the Clerk. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due to the Board. At September 30, 2012, the excess fees were \$9,001 and are included in amounts due to the Board at fiscal year-end. In addition to the undistributed excess fees, the Clerk reported amounts due to the Board of \$95 for investment income.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Clerk will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Clerk to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2012, the book balance of deposits was \$482,885 and the bank balance was \$521,027. As of September 30, 2012, all surplus funds held by the Clerk were held by depositories. In accordance with its policy, the Clerk's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Clerk's operations is recorded as an expenditure in the governmental fund types of the Clerk at the time of purchase. Capital assets with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County. The Clerk maintains custodial responsibility for the capital assets.

Capital asset activity for the year ended September 30, 2012 was as follows:

<u>Capital Assets</u>	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
Capital assets being depreciated:				
Equipment	\$ 101,890	\$ 56,490	\$ (1,220)	\$ 157,160
Less accumulated depreciation:				
Equipment	59,801	19,016	(1,220)	77,597
Total Capital Assets, Net	<u>\$ 42,089</u>	<u>\$ 37,474</u>	<u>\$ -</u>	<u>\$ 79,563</u>

NOTE 4 COMPENSATED ABSENCES

It is the Clerk's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Clerk will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The Clerk uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future.

The change in accumulated compensated absences during the year is as follows:

Balance, October 1, 2011	\$ 22,714
Increase	40,982
Decrease	<u>(53,365)</u>
Balance, September 30, 2012	<u>\$ 10,331</u>
Amounts due within one year	<u>\$ 9,675</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN

Plan Description

Substantially all full-time employees of the Clerk are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The Clerk has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN (CONTINUED)

Funding Policy

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; DROP employees, 4.42% and 12.25%; senior management, 6.27% and 14.57%; and elected officials, 11.14 and 18.64%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; DROP employees, 5.44%; senior management, 6.30%; and elected officials, 10.23%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Clerk's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$24,271, \$50,370, and \$59,720, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Clerk is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 Clerk currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Clerk is financing its share of other postemployment benefits on a pay-as-you go basis.

As determined by an actuarial valuation, the County records a net OPEB obligation (asset) in its governmental activities for any differences between the annual required contribution and the actual contributions made based on the implicit subsidy. This amount includes the portion associated with the Clerk since Clerk employees are part of the County plan.

The County participates in the Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency created by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the County are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The Clerk participates in the County plan. The plan does not issue separate stand alone financial statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

In the County's actuarial valuation for the year ended September 30, 2012, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Clerk is \$26,264, Unfunded Actuarial Accrued Liability (UAAL) is \$26,264, and Annual Required Contribution (ARC) is \$3,639. The Clerk's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides coverage for the above risks and no cost is charged to the Clerk. There have been no claims in excess of insurance coverage limits during the last three years.

NOTE 8 LITIGATION

From time to time, the office of the Clerk is involved as a defendant in certain claims, litigation, and various legal proceedings incidental to the ordinary course of its operations. The County would be required to fund any claim payments arising from such actions that exceed the Clerk's ability to pay; therefore, this would not materially affect the operations of the office of the Clerk. At September 30, 2012, there is no pending, or, to the knowledge of the County, any threatened litigation against the Clerk.

REQUIRED SUPPLEMENTAL INFORMATION

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 442,826	\$ 471,138	\$ 471,025	\$ (113)
Expenditures:				
Current - general government:				
Personal services	766,929	745,118	722,059	23,059
Operating expenditures	51,692	118,257	101,445	16,812
Capital outlay	1,250	14,808	28,730	(13,922)
Total Expenditures	819,871	878,183	852,234	25,949
Deficiency of Revenues over Expenditures	(377,045)	(407,045)	(381,209)	25,836
Other Financing Sources (Uses):				
Transfers in	377,045	407,045	407,045	-
Transfers out	-	-	(9,001)	(9,001)
Unexpended appropriation: State of Florida	-	-	(16,835)	(16,835)
Total Other Financing Sources	377,045	407,045	381,209	(25,836)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

Pursuant to Chapter 129, Florida Statutes, the Board of County Commissioners (the "Board") follows the procedures below in establishing, adopting and maintaining the operating budget, which includes the budget of the Clerk's office:

- On or before June 1st of each year, the Clerk submits to the Board a tentative budget for his office for the fiscal year commencing the following October 1st. Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- The Board, at any time within a fiscal year, may amend a budget for that year as follows:
 - 1) Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, may establish procedures by which the Clerk may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed. The Public Records Modernization Fund does not have a legally adopted budget.
 - 2) Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 - 3) A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.
- It is unlawful for the Clerk to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparison schedule presented herein is on a basis consistent with accounting principles generally accepted in the United States of America.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

SUPPLEMENTAL REPORTS



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

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

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*.

We noted certain matters that we reported to management of the Clerk in a separate letter dated June 24, 2013.

The Clerk’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Clerk’s response and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013



MANAGEMENT LETTER

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

We have audited the special-purpose financial statements of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 24, 2013.

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. We have issued our 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 Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated June 24, 2013, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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 except as disclosed in the accompanying schedule of findings and responses.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Honorable Sandra Brown
Clerk of the Circuit Court
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did have a finding which is disclosed as ML 2010-01 in the accompanying schedule of findings and responses.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. See Note 1 in the notes to the special-purpose financial statements.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the clerk of the courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk substantially complied with such requirements. However, our audit disclosed deficiencies in the processes for reporting performance and collection data, which are disclosed as ML 2010-03 in the accompanying schedule of findings and responses.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013

**GLADES COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2012**

Prior Year Comments

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
IC 2011-01: Financial Reporting Process (formerly IC 2010-01)	Significant Deficiency	X		
ML 2010-01: Timely Remittance of Agency Transactions	Control Deficiency and Compliance			X
ML 2010-03: Performance Measures	Compliance		X	
ML 2011-02: Collections Reporting	Compliance	X		

ML 2010-01: TIMELY REMITTANCE OF AGENCY TRANSACTIONS

Criteria

GASB 34, paragraph 73 states “Agency funds should be used to report resources held by the reporting government in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.” Florida laws and statutes govern the disposition and remittance of amounts collected through the court-related and official records functions of the Clerk’s office.

Condition

The Clerk’s agency fund contained balances that were not current, or for those balances that are held for a period of time, were not supported by subsidiary schedules that are reconciled to the general ledger.

Cause

Written policy and procedures do not clearly address the accounting, remittance, and monitoring of agency fund transactions.

Effect

Governmental entities, individuals, or others have not received amounts that are due to them.

Recommendation

Agency fund balances should be reconciled timely and supported. For those general ledger accounts with unidentified balances, the amounts should be investigated in order to determine the makeup of account and disposition of the balance. For tax deeds, bonds, court registry, and similar amounts that are depository in nature, subsidiary schedules should be maintained that track the receipt, holding, and eventual disposition of those funds. For court-related fines, fees, service charges and costs, intangible taxes, documentary stamps, and similar amounts that are remitted on a recurring monthly or weekly basis, the remittances should be reconciled to the general ledger account balances to ensure all amounts have been appropriately disbursed. In addition, if the payee does not claim the funds timely, the Clerk should follow Florida escheat statutes.

**GLADES COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2012**

ML 2010-01: TIMELY REMITTANCE OF AGENCY TRANSACTIONS (continued)

Current Status

The finding was noted again in the current year. As of September 30, 2012, the Clerk has investigated and made some minor corrections to certain agency fund balance as part of their planned corrective action.

Views of Responsible Officials and Planned Corrective Action

We have implemented a spreadsheet to track the remittances of fine and fees in order to create a subsidiary schedule that will take care of current and future events.

We have been and are currently working to reconcile the old fines and fees in order to remit funds where they need to be paid; however, we are working with limited amount of staff and time to dedicate ourselves, but we are hoping that we can resolve these issues by the end of next fiscal year (9/30/13), if not sooner.

ML 2010-03: PERFORMANCE MEASURES

Criteria

The Florida Clerks of Court Operations Corporation (CCOC) serves to support the Clerks of Court in all 67 counties in the State of Florida by reviewing and certifying court-related proposed budgets under the oversight of the Florida Legislature, the Governor, the Chief Financial Officer, and the Department of Revenue. The CCOC tracks performance measures and efficiencies of Clerks' offices via output and outcome performance measures. It is the responsibility of the individual Clerks of Court to ensure that timely and precise data is submitted to the CCOC so that performance measure information can be accurately compiled and maintained.

Condition

During performance measurement testing we noted the following:

1. Four instances in which the date that was entered for the filed date did not agree with the date stamp on the related document.
2. A case was entered into the Court system under the wrong case type. This entry was subsequently deleted and re-entered under the correct case type.
3. Collection reports documenting the amount of cumulative collections and amounts assessed for a quarter were not printed or saved in electronic format.

Cause

There are no written policies and procedures requiring the review of data input of the saving of various reports generated.

**GLADES COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2012**

ML 2010-03: PERFORMANCE MEASURES (CONTINUED)

Effect

The performance measurement data submitted to the CCOC contained minor inaccuracies. However, the performance standards were met by the Clerk and the exceptions noted above did not affect the passing or failing of such requirements.

Recommendation

We recommend that all manual processes, such as input of filing dates, be independently reviewed and verified prior to submission to the CCOC. We also recommend that written policies and procedures be implemented for CCOC related activity.

Current Status:

After the finding was originally communicated to management in June 2011, certain planned corrective actions were developed and implemented as of September 30, 2011. Conditions identified in our current audit include:

1. Civil traffic initial clocking dates that are not in agreement with the actual receipt of the case. This is a systemic issue for civil traffic cases that are auto docketed. The initial clocking date is being entered the same as the case open date by the software.
2. Detailed collection reports documenting the amount of cumulative collections and amounts assessed for the September 30, 2011 quarter were not printed or saved in electronic format.
3. Detailed case count reports documenting the number of docket entries and reopens for the September 30, 2011 quarter were not printed or saved in electronic format.

Views of Responsible Officials and Planned Corrective Action

1. Civil Traffic initial clocking dates were being auto docketed by the system. Clerk's staff is now manually changing the file date to the clocked in date.
2. All Collection Reports' documentation is now being saved in electronic format. A Standard Operating Procedure is in place.
3. Detailed case count reports documenting the number of docket entries and reopens are now being saved either in electronic format or printed. A Standard Operating Procedure is in place.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2012

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

We have audited the special-purpose financial statements of the general fund of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2012. These special-purpose financial statements are the responsibility of the Property Appraiser's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall special-purposed financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose financial statements present only the Property Appraiser and are not intended to present fairly the financial position and changes in financial position of Glades County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose 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, 2012, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 11 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 20, 2013

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 21,146
	<u>21,146</u>
Total Assets	\$ 21,146
	<u><u>21,146</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 2,917
Due to Board of County Commissioners	17,410
Due to other governments	819
	<u>21,146</u>

Total Liabilities 21,146

Fund Balance -

Total Liabilities and Fund Balance \$ 21,146

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

Revenues:	
Charges for services	\$ 41,111
Miscellaneous	150
	41,261
Total Revenues	41,261
 Expenditures:	
Current	
Personal services	440,657
Operating expenditures	97,888
Capital outlay	4,742
	543,287
Total Expenditures	543,287
Deficiency of Revenues over Expenditures	(502,026)
 Other Financing Sources (Uses):	
Transfers in	530,840
Distribution of excess fees:	
Board of County Commissioners	(27,995)
Other governments	(819)
	502,026
Total Other Financing Sources	502,026
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
Fund Balance, end of year	\$ -

See accompanying Notes to Special-Purpose Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Property Appraiser, Glades County, Florida (the "Property Appraiser"), is a separately elected constitutional officer pursuant to the Constitution of the State of Florida. Pursuant to the Florida Statutes, the Property Appraiser's budget is submitted to the Florida Department of Revenue for approval and a copy is forwarded to the Glades County Board of County Commissioners (the "Board"). The Property Appraiser's financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

For financial reporting purposes, the Property Appraiser is deemed to be a part of the primary government of the County. As such, the Property Appraiser's financial statements are included in the financial statements of the County. There are no component units included in the Property Appraiser's financial statements.

Basis of Presentation

The Property Appraiser's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Property Appraiser as of September 30, 2012 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. For this purpose the Property Appraiser considers revenue to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund transactions

During the course of normal operations, it is necessary for the County to enter into transactions among its various funds. These transactions consist of the following:

- Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources (uses). The amount transferred by the Board to fund the 2012 budget of the Property Appraiser was \$530,840.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. Excess fees of \$27,995 were due to the Board of County Commissioners general fund at September 30, 2012.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Property Appraiser will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Property Appraiser to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2012, the book balance of deposits was \$21,094 and the bank balance was \$64,157. As of September 30, 2012, all surplus funds held by the Property Appraiser were held by depositories. In accordance with its policy, the Property Appraiser's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Property Appraiser's operations is recorded as expenditure in the general fund of the Property Appraiser at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Property Appraiser maintains custodial responsibility for these capital assets.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
Capital assets being depreciated:				
Equipment	\$ 181,306	\$ 4,742	\$ (12,040)	\$ 174,008
Less accumulated depreciation:				
Equipment	121,007	16,937	(12,040)	125,904
Total Capital Assets, net	<u>\$ 60,299</u>	<u>\$ (12,195)</u>	<u>\$ -</u>	<u>\$ 48,104</u>

NOTE 4 COMPENSATED BALANCES

It is the Property Appraiser's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. In fund financial statements, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Property Appraiser will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The Property Appraiser uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future.

Changes in compensated absences for the year ended September 30, 2012 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2011	\$ 7,588
Increases	28,963
Decreases	<u>(26,218)</u>
Balance, September 30, 2012	<u>\$ 10,333</u>
Amounts due within one year	<u>\$ 10,333</u>

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN

Substantially all full-time employees of the Property Appraiser are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The Property Appraiser has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; DROP employees, 4.42% and 12.25%; elected officials, 11.14 and 18.64%; and senior management, 6.27% and 14.57%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; DROP employees, 5.44%; elected officials, 10.23%; and senior management, 6.30%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Property Appraiser's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$16,640, \$32,926, and \$35,393, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Property Appraiser is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 Property Appraiser currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Property Appraiser is financing its share of other postemployment benefits on a pay-as-you go basis.

As determined by an actuarial valuation, the County records a net OPEB obligation (asset) in its governmental activities for any differences between the annual required contribution and the actual contributions made based on the implicit subsidy. This amount includes the portion associated with the Property Appraiser since it is part of the County plan.

The County participates in the Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency create by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the County are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The Property Appraiser participates in the County plan. The plan does not issue separate stand alone financial statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

In the County's latest actuarial plan dated September 30, 2011, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Property Appraiser is \$14,243, Unfunded Actuarial Accrued Liability (UAAL) is \$14,243, and Annual Required Contribution (ARC) is \$2,020. The Property Appraiser's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides coverage for the above risks and no cost is charged to the Property Appraiser.

REQUIRED SUPPLEMENTARY INFORMATION

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 25,659	\$ 25,685	\$ 41,111	\$ 15,426
Miscellaneous	-	-	150	150
Total Revenues	<u>25,659</u>	<u>25,685</u>	<u>41,261</u>	<u>15,576</u>
Expenditures:				
Current				
Personal services	446,042	446,618	440,657	5,961
Operating expenditures	105,007	105,007	97,888	7,119
Capital outlay	4,900	4,900	4,742	158
Total Expenditures	<u>555,949</u>	<u>556,525</u>	<u>543,287</u>	<u>13,238</u>
Deficiency of Revenues over Expenditures	(530,290)	(530,840)	(502,026)	(28,814)
Other Financing Sources (Uses):				
Transfers in	530,290	530,840	530,840	-
Distribution of excess fees:				
Board of County Commissioners	-	-	(27,995)	27,995
Other governments	-	-	(819)	819
Total Other Financing Sources	<u>530,290</u>	<u>530,840</u>	<u>502,026</u>	<u>28,814</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			-	
Fund Balance, end of year			<u>\$ -</u>	

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2012**

NOTE 1 BUDGETARY ACCOUNTING

Pursuant to Chapter 129 and 195.087, Florida Statutes govern the preparation, adoption, and administration of the budget of the Property Appraiser. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- On or before June 1 of each year, the Property Appraiser concurrently submits to the Department of Revenue (the “DOR”) and the Board of County Commissioners (the “Board”), a budget for the operation of his office for the ensuing fiscal year.
- On or before August 15, the DOR makes final amendments or changes to the budget and provides notice thereof to the Property Appraiser and the Board.
- Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- Once the budget is legally adopted by the Board and the DOR, the Board may not make any amendments without the approval of the DOR. No transfer of funds between appropriations categories may be made without the written approval of the DOR; however, transfers may be made within these categories. All monies received by the Property Appraiser in complying with Chapter 119.07, Florida Statutes, may be used and expended in the same manner and to the same extent as funds budgeted for the office, and no budget amendment shall be required.
- It is unlawful for the Property Appraiser to expend or contract for, in any fiscal year, expenditures which exceed the amount budgeted, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparison schedule presented herein is on a basis consistent with accounting principles generally accepted in the United States of America.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

SUPPLEMENTAL REPORTS

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

The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

We have audited the special-purpose financial statements of the General Fund of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, 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 following deficiencies in the Property Appraiser's internal control to be material weaknesses:

IC 2011-01 – Adjustment of Prior Financial Records

Criteria

Management is responsible for establishing and maintaining internal controls for the proper recording of all the Property Appraiser's financial records.

Condition

The Property Appraiser uses QuickBooks software to manage the accounting functions. QuickBooks is user friendly and meets the Property Appraiser's needs. If periods are not "closed" in QuickBooks, there is no safeguard to prevent adjusting or deleting transactions which may change previously reported financial information. During our review of the fund balance accounts, it was noted that prior period transactions were modified in QuickBooks. We subsequently proposed an adjusting entry to reconcile the beginning fund balance to the prior year's financial statements.

Cause

The Property Appraiser has a limited number of personnel and resources. Adjustments were made to QuickBooks transactions to adjust account balances without anticipating the affect on the prior period information.

Effect

By changing prior period information, additional time at year end is required to determine the differences in prior year balances as well as QuickBooks not providing an accurate audit trail of transactions.

Recommendation

We recommend the Property Appraiser adopt a policy prohibiting the deletion or change of financial records once entered into the accounting software. If changes need to be made to the financial records, an adjusting entry should be made which will provide an audit trail in the financial records. We also suggest that once the trial balance is provided to the auditors, no adjustments or changes should be made to the year under audit except for adjusting entries provided by the auditor or adjusting entries noted by the Property Appraiser provided to the auditor. After the audit is completed and the QuickBooks trial balance is agreed to the audited trial balance, the period should be "closed" in QuickBooks, thereby eliminating the ability to post entries to prior periods.

View of Responsible Official

In connection with the audit ending September 30, 2012 which was under the management of my predecessor The Honorable Larry R. Luckey, and regarding a deficiency in internal control (IC 2011-01), as per your recommendation, I have implemented a policy prohibiting the deletion or change of financial transactions entered in the QuickBooks Software. Furthermore, I have created procedures to follow in the event that a posting error may occur. These procedures will ensure a proper audit trail while prohibiting modification of fund balances.

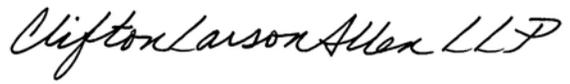
The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

Compliance and Other Matters

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

The Property Appraiser’s response to the findings identified in our audit is included above. We did not audit the Property Appraiser’s response and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 20, 2013

MANAGEMENT LETTER

The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

We have audited the special-purpose financial statements of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 20, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated June 20, 2013, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The matter reported in the preceding annual financial audit report was not corrected. See Appendix A.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Honorable Larry Luckey
Property Appraiser
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Property Appraiser is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Property Appraiser.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 20, 2013

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2012**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings and Recommendations		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
IC 2011-01 Adjustment of Prior Financial Records	Material Weakness			X

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS
YEAR ENDED SEPTEMBER 30, 2012**

**SHERIFF
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have audited the accompanying special-purpose financial statements of each major fund of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2012. These special-purpose financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Sheriff and are not intended to present fairly the financial position of Glades County, Florida as of September 30, 2012, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each of the major funds of the Sheriff as of September 30, 2012, and the respective changes in financial position thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 17 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 654,554	\$ 2,658,260	\$ 3,312,814
Accounts receivable	396,487	4,695	401,182
Prepaid	796	-	796
Due from other funds	143,030	265	143,295
Due from other governments	5,939	-	5,939
Due from Board of County Commissioners	<u>5,027</u>	<u>-</u>	<u>5,027</u>
 Total Assets	 <u>\$ 1,205,833</u>	 <u>\$ 2,663,220</u>	 <u>\$ 3,869,053</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 170,893	\$ 9,878	\$ 180,771
Other accrued expenditures	225,022	-	225,022
Due to other funds	265	143,030	143,295
Due to other governments	88,482	778,653	867,135
Due to Board of County Commissioners	<u>339,766</u>	<u>-</u>	<u>339,766</u>
 Total Liabilities	 824,428	 931,561	 1,755,989
Fund Balances:			
Nonspendable:			
Prepaid items	796	-	796
Restricted			
Public safety	-	1,731,659	1,731,659
Training	5,647	-	5,647
Donations	13,086	-	13,086
Assigned			
Personnel expenditures	361,876	-	361,876
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>381,405</u>	<u>1,731,659</u>	<u>2,113,064</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,205,833</u>	 <u>\$ 2,663,220</u>	 <u>\$ 3,869,053</u>

See accompanying Notes to Special-Purpose Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
Revenues:			
Fines and forfeitures	\$ 47,505	\$ 3,104,682	\$ 3,152,187
Intergovernmental	57,732	18,538	76,270
Charges for services	6,466,487	-	6,466,487
Investment earnings	271	4,194	4,465
Miscellaneous income	40,309	-	40,309
	<u>6,612,304</u>	<u>3,127,414</u>	<u>9,739,718</u>
Total Revenues			
Expenditures:			
Current:			
Public safety			
Personal services	2,535,528	489,678	3,025,206
Operating expenditures	835,155	811,293	1,646,448
Jail operations			
Personal services	5,804,356	-	5,804,356
Operating expenditures	1,458,072	-	1,458,072
Debt Service:			
Principal	35,696	213,791	249,487
Interest and other charges	4,804	271	5,075
Capital outlay	303,692	384,909	688,601
Aid to other governments	-	23,753	23,753
Asset forfeiture refund	88,442	778,653	867,095
	<u>11,065,745</u>	<u>2,702,348</u>	<u>13,768,093</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(4,453,441)	425,066	(4,028,375)
Other Financing Sources (Uses):			
Transfers in	4,416,161	-	4,416,161
Transfers out	(338,858)	(100,000)	(438,858)
Proceeds from the disposal of capital assets	4,627	285	4,912
Capital lease proceeds	303,692	-	303,692
	<u>4,385,622</u>	<u>(99,715)</u>	<u>4,285,907</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(67,819)	325,351	257,532
Fund Balances, beginning of year	<u>449,224</u>	<u>1,406,308</u>	<u>1,855,532</u>
Fund Balances, end of year	<u>\$ 381,405</u>	<u>\$ 1,731,659</u>	<u>\$ 2,113,064</u>

See accompanying Notes to Special-Purpose Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Sheriff, Glades County, Florida (the "Sheriff"), is a separately elected county official established pursuant to the Constitution of the State of Florida. The Sheriff's budget is submitted to the Glades County, Florida, Board of County Commissioners (the "Board") for approval. The Sheriff's financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

For financial reporting purposes, the Sheriff is deemed to be a part of the primary government of the County. As such the Sheriff's financial statements are included in the financial statements of the County. There are no component units included in the Sheriff's financial statements.

Description of Funds

The accounting records of the Sheriff are organized on the basis reporting purpose.

Governmental Funds

- *General Fund* is used to account for all financial activity of the Sheriff not accounted for in other funds. The funding is primarily from transfers in from the Glades County Board of County Commissioners and Charges for Services revenues from the Glades Correctional Development Corporation.
- *Asset Forfeiture Fund* is a special revenue fund used to account for assets and transactions resulting from confiscations of property.

Basis of Presentation

The Sheriff's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Sheriff as of September 30, 2012 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund and asset forfeiture funds are presented as a major governmental fund.

The County funds the operating budget of the Sheriff.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

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

The general fund and special revenue funds are governmental funds which use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance expenditures of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until due.

Prepaid

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represents items which are applicable to future accounting periods. Reported amounts in governmental funds equally offset by non-spendable of fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Fund Balance

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Sheriff is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed – Amounts that are constrained for specific purposes imposed by the Sheriff's formal action of highest level of decision making authority.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned – Represents the residual positive fund balance within the General Fund which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Sheriff uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Sheriff would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions

During the course of normal operations, it is necessary for the Sheriff to enter into transactions among its various funds. These transactions consist of the following:

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. The following is a summary of interfund receivables and payables as of September 30, 2012:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 143,030	\$ 265
Asset Forfeiture Fund	265	143,030
	\$ 143,295	\$ 143,295

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount transferred by the Board to fund the 2012 budget of the Sheriff was \$4,416,161.

The Board requires that the excess of the County appropriations (and other revenues) over expenditures be returned to the Board at the end of the fiscal year. Repayments to the County are recorded as a transfer out in the basic financial statements of the Sheriff and as a transfer in, in the basic financial statements of the County. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due to the Board.

The amount of undistributed excess fees of \$338,858 was due to the Board's general fund at September 30, 2012, and is reported as a transfer out. In addition, the Sheriff's asset forfeiture fund recorded a transfer out to the Board for \$100,000 for deposit into the law enforcement trust held by the County as of September 30, 2012.

In addition to the undistributed excess fees, The Sheriff reported amounts due to the Board's general fund of \$908 for interest income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Sheriff will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Sheriff to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2012, the book balance of deposits was \$3,312,814 and the bank balance was \$3,397,336. As of September 30, 2012, all surplus funds held by the Sheriff were held by depositories. In accordance with its policy, the Sheriff's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Sheriff's operations is recorded as expenditure in the governmental fund types of the Sheriff at the time of purchase. Capital assets with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County. The Sheriff maintains record keeping and custodial responsibility for certain tangible capital assets used by his office.

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
Capital Assets, Being Depreciated:				
Motor Vehicles	\$ 1,962,344	\$ 365,980	\$ 265,848	\$ 2,062,476
Equipment and Furniture	2,090,687	317,621	69,074	2,339,234
Livestock	13,300	5,000	-	18,300
Total Capital Assets, Being Depreciated	<u>4,066,331</u>	<u>688,601</u>	<u>334,922</u>	<u>4,420,010</u>
Less Accumulated Depreciation for:				
Motor Vehicles	1,273,671	290,595	249,949	1,314,317
Equipment and Furniture	1,376,558	214,649	67,263	1,523,944
Livestock	2,064	2,257	-	4,321
Total Accumulated Depreciation	<u>2,652,293</u>	<u>507,501</u>	<u>317,212</u>	<u>2,842,582</u>
Capital Assets, Net	<u>\$ 1,414,038</u>	<u>\$ 181,100</u>	<u>\$ 17,710</u>	<u>\$ 1,577,428</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 CAPITAL LEASE OBLIGATIONS

The Sheriff entered into a lease agreement for financing the purchase of law enforcement vehicles. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception dates. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2012 are as follows:

Fiscal Year Ending September 30

		\$ 54,000
2013		54,000
2014		9,000
2015		<u>117,000</u>
Total minimum lease payments		(6,211)
Less amount representing interest		<u><u>\$ 110,789</u></u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$457,605 and \$76,451, respectively, as of September 30, 2012.

The principal balance outstanding under this capital lease obligation is recorded as a liability in the basic financial statements of the County (statement of net assets). The change in the capital lease obligation is as follows:

Balance, October 1, 2011	\$	56,584
Proceeds		303,692
Principal Retirements		<u>(249,487)</u>
Balance, September 30, 2012	\$	<u><u>110,789</u></u>
Amounts Due Within One Year	\$	<u><u>49,677</u></u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 OPERATING LEASE OBLIGATIONS

The Sheriff leases a vehicle and office equipment under operating leases. These leases expire on various dates through 2016. In most cases the Sheriff expects that in the normal course of operations, these leases will be renewed or replaced by other leases.

Total rental expenditures for all operating leases for the year ended September 30, 2012 were \$16,423.

The future minimum lease obligations as of September 30, 2012 are as follows:

<u>Fiscal Year Ending September 30</u>	
2013	\$ 11,446
2014	11,446
2015	3,879
2016	<u>1,243</u>
Total minimum lease payments	<u>\$ 28,014</u>

NOTE 6 COMPENSATED ABSENCES

It is the Sheriff's policy to permit employees to accumulate a limited amount of earned but unused vacation, holiday, and sick leave based upon length of employment, which will be paid upon separation of service. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within governmental activities of the County's basic financial statements, vacation and holiday are accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation and holiday liability and it is probable that the Sheriff will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The Sheriff uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future. The total compensated absence liability consists of two components:

- 100% of earned, but unused vacation and holiday leave
- 25% of earned, but unused sick leave, for employees with greater than five years of service (125 hours maximum for employees with five to ten years of service and 250 hours maximum for employees with over 10 years of service)

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 COMPENSATED ABSENCES (CONTINUED)

The following is a summary of changes in the compensated absences liability during fiscal year 2012.

Balance, October 1, 2011	\$	625,281
Increases		744,808
Decreases		<u>(653,689)</u>
Balance, September 30, 2012	\$	<u>716,400</u>
Amounts Due Within One Year	\$	<u>501,480</u>

NOTE 7 RETIREMENT PLAN

Substantially all full-time employees of the Sheriff are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

The majority of the Sheriff's employees participate in the System as members of the Special Risk Class. The Special Risk Class was created due to the physical and mental demands placed on deputies, which prohibits them from performing their required duties until normal retirement age.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

Effective July 1, 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The Sheriff has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; special risk employees, 14.10 and 23.25%; DROP employees, 4.42% and 12.25%; and elected officials, 11.14 and 18.64%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; special risk employees, 14.90%; DROP employees, 5.44%; and elected officials, 10.23%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Sheriff's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$719,185, \$1,099,137, and \$1,212,903, respectively, equal to the actuarially determined contribution requirements for each year.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Sheriff is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 Sheriff currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Sheriff is financing their share of other postemployment benefits on a pay-as-you-go basis.

As determined by an actuarial valuation, the County records a net OPEB obligation (asset) in its governmental activities for any differences between the annual required contribution and the actual contributions made based on the implicit subsidy. This amount includes the portion associated with the Sheriff since Sheriff employees are part of the County plan.

In accordance with Florida Statutes Section 112.0801, the Sheriff offers retiring employees the opportunity to continue participating in the group insurance plan. The Sheriff participates in the Florida Sheriffs Multiple Employers Trust ("FSMET"). The Sheriff and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the Sheriff are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The plan does not issue separate stand alone financial statements.

In the County's actuarial valuation for the year ended September 30, 2012, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Sheriff is \$585,099, Unfunded Actuarial Accrued Liability (UAAL) is \$585,099, and Annual Required Contribution (ARC) is \$139,313. The Sheriff's employer-paid premiums, as paid to the County-wide plan, include the portion related to Postemployment Benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

NOTE 9 RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Therefore, the Sheriff carries commercial insurance, in which the agency retains no risk of loss. There have been no claims in excess of insurance coverage limits during the last three years.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 9 RISK MANAGEMENT (CONTINUED)

The coverage for general liability, workers' compensation, and comprehensive crime loss is covered through a comprehensive property and liability risk management program, the Florida Sheriff's Self-Insurance Fund. The program is a self-insurance program whereby the Sheriff makes annual contributions along with other members of the program. The Sheriff is subject to a special assessment in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member in excess of the reinsurance available, such deficiency is solely the responsibility of that member. The Sheriff is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which generally limits the amount of the liability of the Sheriff to individual claims of \$100,000 or \$200,000 for all claims relating to the same incident.

The Sheriff purchases commercial insurance policies for health and dental.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Glades Correctional Development Corporation

The Sheriff entered into an agreement with Glades Correctional Development Corporation ("GCDC"), to manage, operate, and maintain the GCDC prison facility. The facility is a 440 bed prison located in Moore Haven, Florida. The agreement is effective through September 30, 2030. For the year ended September 30, 2012, the Sheriff received \$5,956,438 from GCDC, which was used to fund payroll expenses related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and will be paid in 12 equal payments during the fiscal year.

In 2006, the County transferred a parcel of land valued at \$550,000 to GCDC on which the prison facility was constructed. GCDC issued First Mortgage Revenue Bonds, Series 2006 in the amount of \$33,000,000 on March 14, 2006 to fund the construction of the prison facility. When all the bonds are discharged, GCDC will transfer fee simple title of the facility and land to Glades County. GCDC has executed a deed of the facility and land to the County which is being held by a trustee in escrow and will be delivered to the County after all the bonds are paid. The County has the right and option to defease or redeem the bonds prior to their maturity date and take title to the project at such time. The bonds are payable solely from rents and other revenues generated from the operations of the prison facility, and neither Glades County nor the Sheriff is liable for this debt.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Asset Forfeiture Funds

During the year, the Department of Justice (“DOJ”) performed a review of the Sheriff’s asset forfeiture expenditures. The results of the review noted there was \$51,919 in disallowed costs which the Sheriff will return in fiscal year 2013. In addition, the DOJ requested all remaining asset forfeiture funds held by the Sheriff be remitted to DOJ. The Sheriff has recorded a due to other governments and expense for the full amount to be returned in fiscal year 2013 of \$867,095.

Litigation

The Sheriff’s Office is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of the management of the Sheriff’s Office, based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the Sheriff’s Office.

REQUIRED SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ 47,505	\$ 47,505	\$ -
Intergovernmental	-	57,732	57,732	-
Charges for services	-	6,466,486	6,466,487	1
Investment earnings	-	271	271	-
Miscellaneous income	-	23,959	40,309	16,350
Carryover from prior year	-	340,794	-	(340,794)
	<u>-</u>	<u>340,794</u>	<u>-</u>	<u>(340,794)</u>
 Total Revenues	 \$ -	 \$ 6,936,747	 \$ 6,612,304	 \$ (324,443)
Expenditures:				
Current:				
Public safety				
Personal services	1,962,541	2,535,528	2,535,528	-
Operating expenditures	554,803	826,400	835,155	(8,755)
Jail operations				
Personal services	-	5,804,355	5,804,356	(1)
Operating expenditures	1,690,744	1,458,036	1,458,072	(36)
Debt service:				
Principal	-	35,696	35,696	-
Interest and other charges	-	4,804	4,804	-
Capital outlay	68,098	303,692	303,692	-
Asset forfeiture refund	-	-	88,442	(88,442)
Carryover to next year	-	367,281	-	367,281
	<u>-</u>	<u>367,281</u>	<u>-</u>	<u>367,281</u>
 Total Expenditures	 4,276,186	 11,335,792	 11,065,745	 270,047
 Excess (Deficiency) of Revenues over Expenditures	 (4,276,186)	 (4,399,045)	 (4,453,441)	 (54,396)
Other Financing Sources (Uses):				
Transfers in	4,276,186	4,429,584	4,416,161	(13,423)
Transfers out	-	(338,858)	(338,858)	-
Proceeds from the disposal of capital assets	-	4,627	4,627	-
Capital lease proceeds	-	303,692	303,692	-
	<u>-</u>	<u>303,692</u>	<u>303,692</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 4,276,186	 4,399,045	 4,385,622	 (13,423)
 Net Change in Fund Balance	 \$ -	 \$ -	 \$ (67,819)	 \$ (67,819)

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

Pursuant to Chapter 129, Florida Statutes, the Board of County Commissioners (the "Board") follows the procedures below in establishing, adopting, and maintaining the operating budget, which includes the budget of the Sheriff's office:

- On or before June 1st of each year, the Sheriff submits to the Board a tentative budget for his office for the fiscal year commencing the following October 1st. Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- The Board, at any time within a fiscal year, may amend a budget for that year as follows:
 - 1) Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, may establish procedures by which the Sheriff may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed. The Asset Forfeiture Special Revenue Fund does not have a legally adopted budget.
 - 2) Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 - 3) A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts, or reimbursements for damages, may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.
- It is unlawful for the Sheriff to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparison schedule presented herein is on a basis consistent with GAAP.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

SUPPLEMENTAL REPORTS



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

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have audited the financial statements of each major fund of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Compliance and Other Matters

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

We also noted certain matters that we reported to management of the Sheriff in a separate letter dated June 25, 2013.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

MANAGEMENT LETTER

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have audited the financial statements of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated June 25, 2013, should be considered in conjunction with this management letter.

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

- 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 report. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.
- Section 10.554(1)(i)2, Rules of the Auditor General, require our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit we determined that the Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendation is as follows:

ML 2012-01 Cash Disbursement Check Authorization

Criteria

The Sheriff's policy requires dual signatures on all checks written.

Condition

Of the 40 disbursements tested, one was not signed by two authorized signers as required.

Cause

Inadvertent oversight of verifying dual signatures were on the check prior to mailing.

Effect

Without proper authorization of checks disbursed, fraudulent or erroneous disbursements may be made or misappropriation of assets may occur.

Recommendation

We recommend that existing policy and procedures for disbursements approval be further strengthened.

Views of Responsible Officials and Planned Corrective Action

The importance of signature verification will be addressed with all Finance Staff to ensure that all checks are reviewed for dual signatures before mailing.

ML 2012-02 Payroll Timesheet Approval

Criteria

Proper controls over the approval of employee timesheet by relevant supervisor should be documented in the timesheet report. This would include documenting who approved respective employees' timesheets and when such approvals were authorized.

Condition

Testing of payroll disbursement testing revealed an employee timesheet without required supervisor approval.

Cause

The lack of a formal written policy has lead to enforcement issues related to supervisor approval.

Effect

Without proper approval of employee timesheets, employees may be paid for hours not worked.

Recommendation

We recommend that existing policy and procedures for timesheet approval be further strengthened and periodically monitored to assess control effectiveness.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Views of Responsible Officials and Planned Corrective Action

The Glades County Sheriff's Office will amend existing policy and procedures to include deadlines for approval of all timesheets. The payroll clerk will verify that all timesheets are approved before they are processed. In the event that a supervisor is not available to approve a timesheet, the timesheet will be processed and the supervisor will approve timesheet upon return.

- Section 10.554(1)(i)4, Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5, Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Sheriff is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Sheriff.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

**SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2012**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
IC 2011-01 Individual Depositor Account	Material Weakness	X		
C 2011-01 Budget	Compliance	X		
C 2011-02 Budget Amendment	Compliance	X		
ML 2010-02 Debit Card Purchases	Management Letter	X		

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2012

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2012. These special-purpose financial statements are the responsibility of the Supervisor of Elections' management. Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Supervisor of Elections and are not intended to present fairly the financial position and changes in financial position of Glades County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose 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, 2012, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 12 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Prepaid Expenses	<u>\$ 13,129</u>
Total Assets	<u><u>\$ 13,129</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Board of County Commissioners	<u>\$ 13,129</u>
Total Liabilities	<u>13,129</u>

Fund Balances:

Nonspendable:	
Prepaid items	13,129
Unassigned	<u>(13,129)</u>
Total Fund Balance	-

Total Liabilities and Fund Balance	<u><u>\$ 13,129</u></u>
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**SUPERVISOR OF ELECTIONS
 GLADES COUNTY, FLORIDA
 SPECIAL-PURPOSE STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2012**

REVENUES	<u>\$ -</u>
EXPENDITURES:	
Current - General Government:	
Personal services	129,841
Operating expenditures	60,700
Capital outlay	<u>4,600</u>
Total Expenditures	<u>195,141</u>
OTHER FINANCING SOURCES:	
Transfer in	208,270
Transfer out	<u>(13,129)</u>
Total Other Financing Sources	<u>195,141</u>
NET CHANGE IN FUND BALANCE	-
Fund Balance, beginning of year	<u>-</u>
Fund Balance, end of year	<u><u>\$ -</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), is a separately elected constitutional officer pursuant to the Constitution of the State of Florida. The Supervisor of Elections' budget is submitted to the Board of County Commissioners (the "Board") for approval. The Supervisor of Elections' financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

For financial reporting purposes, the Supervisor of Elections is deemed to be a part of the primary government of the County. As such, the Supervisor of Elections' financial statements are included in the financial statements of the County. There are no component units included in the Supervisor of Elections' financial statements.

Description of Funds

The accounting records are organized on the basis of funds classified for reporting purposes into one basic fund type:

Governmental Fund:

- *General Fund* is used to account for the general operations of the Supervisor of Elections. All resources are provided by transfers from the County.

Basis of Presentation

The Supervisor of Elections' financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Supervisor of Elections as of September 30, 2012 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund is presented as a major governmental fund.

The County funds the operating budget of the Supervisor of Elections. Funding is provided on an as-needed basis.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. For this purpose the Supervisor of Elections considers revenue to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

Interfund Transactions

During the course of normal operations, it is necessary for the County to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund.
- Transfers in and out, as appropriate, for all other interfund transactions, which are reported as other financing sources (uses). The amount transferred by the Board to fund the 2012 budget of the Supervisor of Elections was \$208,270.

Prepaid

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represents items which are applicable to future accounting periods.

Fund Balance

Governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Supervisor is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed – Amounts that are constrained for specific purposes imposed by the Supervisor's formal action of highest level of decision making authority.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned – Represents the residual fund balance within the General Fund which has not been restricted, committed, or assigned.

The Supervisor uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Supervisor would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 CAPITAL ASSETS

Tangible personal property used in the Supervisor of Elections' operations is recorded as an expenditure in the general fund of the Supervisor of Elections at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Supervisor of Elections maintains custodial responsibility for these capital assets.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 2 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 81,000	\$ 4,600	\$ -	\$ 85,600
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	70,434	3,683	-	74,117
Total Capital Assets, Net	<u>\$ 10,566</u>	<u>\$ 917</u>	<u>\$ -</u>	<u>\$ 11,483</u>

NOTE 3 COMPENSATED ABSENCES

It is the Supervisor of Elections' policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within government-wide statements of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Supervisor of Elections will compensate the employees in some manner, e.g., in cash or in paid time off, now or upon termination or retirement. The Supervisor of Elections uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future.

The change in accumulated compensated absences during the year is as follows:

Beginning Balance	\$ -
Increase	598
Decrease	<u>(281)</u>
Ending Balance	<u>\$ 317</u>

All of the above liability at September 30, 2012 is considered current.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 RETIREMENT PLAN

Substantially all full-time employees of the Supervisor of Elections are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The Supervisor of Elections has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 RETIREMENT PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; DROP employees, 4.42% and 12.25%; elected officials, 11.14 and 18.64%; and senior management, 6.27% and 14.57%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; DROP employees, 5.44%; elected officials, 10.23%; and senior management, 6.30%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Supervisor of Elections' contributions made during the years ended September 30, 2012, 2011, and 2010 were \$8,719, \$14,183, and \$15,225, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Supervisor of Elections is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 Supervisor of Elections currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Supervisor of Elections is financing their share of other postemployment benefits on a pay-as-you-go basis.

As determined by an actuarial valuation, the County records a net OPEB obligation (asset) in its governmental activities for any differences between the annual required contribution and the actual contributions made based on the implicit subsidy. This amount includes the portion associated with the Supervisor of Elections since they are part of the County plan.

The County participates in Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency create by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the County are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The Supervisor of Elections participates in the County plan. The plan does not issue separate stand alone financial statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

In the County's latest actuarial plan dated September 30, 2012, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Supervisor of Elections is \$6,064, Unfunded Actuarial Accrued Liability (UAAL) is \$6,064, and Annual Required Contribution (ARC) is \$563. The Supervisor of Elections' employer-paid premiums, as paid to the County-wide plan, include the portion related to postemployment benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

NOTE 6 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 and omissions; and natural disasters. The County provides coverage for the above risks and no cost is charged to the Supervisor of Elections.

REQUIRED SUPPLEMENTARY INFORMATION

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current - General Government:				
Personal services	147,896	129,841	129,841	-
Operating expenditures	65,444	62,633	73,829	(11,196)
Capital outlay	<u>5,000</u>	<u>4,600</u>	<u>4,600</u>	<u>-</u>
Total Expenditures	<u>218,340</u>	<u>197,074</u>	<u>208,270</u>	<u>(11,196)</u>
Other Financing Sources:				
Transfer in:				
Glades County, Florida Board of County Commissioners Appropriations	<u>218,340</u>	<u>197,074</u>	<u>208,270</u>	<u>(11,196)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2012**

NOTE 1 BUDGETARY ACCOUNTING

Pursuant to Chapter 129, Florida Statutes, the Board of County Commissioners follows these procedures in establishing, adopting and maintaining the operating budget, which includes the budget of the Supervisor of Elections' office:

- On or before June 1 of each year, the Supervisor of Elections submits to the Board a tentative budget for the operation of her office ensuing fiscal year.
- Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- The Board, at any time within a fiscal year, may amend a budget for that year as follows:
 1. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, may establish procedures by which the Supervisor of Elections may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed.
 2. Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 3. A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.
- It is unlawful for the Supervisor of Elections to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. An annual budget is adopted for the general fund. Budgetary comparison schedule presented herein is on a budgetary basis which differs from accounting principles generally accepted in the United States of America and are only prepared for the general fund.
- The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS) (CONTINUED)
SEPTEMBER 30, 2012**

NOTE 2 DIFFERENCE BETWEEN BUDGETED AND ACTUAL RESULTS

Budgets are adopted on a basis consistent with GAAP except as follows:

	<u>General Fund</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) “expenditures” from the budgetary comparison schedule	\$ 208,270
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	(13,129)
Total expenditures as reported on the statement of revenues and expenditures - general fund	\$ 195,141
Actual amounts (budgetary basis) “other sources (uses)” from the budgetary	\$ 208,270
Differences—budget to GAAP:	
Excess appropriations not budgeted	(13,129)
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	\$ 195,141

SUPPLEMENTAL REPORTS



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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have audited the financial statements of the general fund of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

2012-01 – Budget

Criteria

Based on Florida Statute it is unlawful for expenditures to exceed budgeted appropriations.

Condition

Actual expenditures exceed final budgeted appropriations.

Cause

The final budget amendment reduced the original amounts of budgeted appropriations to agree to the ending trail balance amounts without considering the budgetary basis reporting for prepaid expenses.

Effect

The budgetary basis of reporting prepaid expenses as expenditures results in expenditures exceeding the final budgeted appropriations.

Recommendation

We recommend that future final budget amendments, if necessary, consider budgetary basis differences.

View of Responsible Official

The final budget amendment did not consider the budgetary reporting difference for prepaid expenses. In the future, budgetary differences will be considered in developing the final budget amendment.

The Supervisor's response to the finding identified in our audit is included above. We did not audit the Supervisor's response and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

MANAGEMENT LETTER

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have audited the financial statements of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated June 25, 2013, should be considered in conjunction with this management letter.

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

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

Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections is a separately elected county official established pursuant to the Constitution of the State of Florida. There are no component units related to the Supervisor of Elections.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2013

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2012

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited the special-purpose financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2012. These special-purpose financial statements are the responsibility of the Tax Collector's management. Our responsibility is to express opinions on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Tax Collector and are not intended to present fairly the financial position and changes in financial position of Glades County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 13 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose 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.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 22,497
	<u>22,497</u>
Total Assets	\$ <u>22,497</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 7,827
Due to Board of County Commissioners	<u>14,670</u>

Total Liabilities	<u>22,497</u>
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Fund Balance	<u>-</u>
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Total Liabilities and Fund Balance	\$ <u>22,497</u>
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See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

Revenues:	<u>\$</u>	-
Expenditures:		
Current		
Personal services		353,387
Operating expenditures		79,142
Capital outlay		<u>5,632</u>
Total Expenditures		<u>438,161</u>
Deficiency of Revenues over Expenditures		<u>(438,161)</u>
Other Financing Sources (Uses):		
Transfers in		452,831
Transfers out		<u>(14,670)</u>
Total Other Financing Sources		<u>438,161</u>
Net Change in Fund Balance		-
Fund Balance, beginning of year		<u>-</u>
Fund Balance, end of year	<u>\$</u>	<u>-</u>

See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL PURPOSE - STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 112,132
Other receivables	<u>72</u>
Total Assets	<u><u>\$ 112,204</u></u>

LIABILITIES

Due to other governments	<u>\$ 112,204</u>
Total Liabilities	<u><u>\$ 112,204</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Tax Collector, Glades County, Florida (the "Tax Collector"), is a separately elected constitutional officer pursuant to the Constitution of the State of Florida. Pursuant to the Florida Statutes, the Tax Collector's budget is submitted to the Florida Department of Revenue for approval and a copy is forwarded to the Glades County Board of County Commissioners (the "Board"). The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County. As such, the Tax Collector's financial statements are included in the financial statements of the County. There are no component units included in the Tax Collector's financial statements.

Description of Funds

The accounting records are organized on the basis of funds classified for reporting purposes into two basic fund types:

Governmental Fund:

- *General Fund* is used to account for the general operations of the Tax Collector that are not accounted for in another fund. All resources are provided by transfers from the County.

Fiduciary Fund:

- *Agency Fund* is used to account for assets held by the Tax Collector as an agent. This fund is custodial in nature and does not involve measurement of changes in financial position (assets equal liabilities). The agency fund is used primarily for the following:
 - To account for the collection of certain state taxes and fees, including motor vehicle registration fees, and the subsequent remittance of those fees (less commissions) to the State of Florida; and
 - To account for the collection and distribution of local taxes and licenses, including real and personal property taxes.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Tax Collector's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector as of September 30, 2012 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund is presented as a major governmental fund.

Basis of Accounting and Measurement Focus

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, intergovernmental transfers are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

The agency fund is accounted for using the accrual basis of accounting.

Property Tax Collection

Chapter 197, Florida Statutes, governs property tax collection.

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

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collection (Continued)

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

Interfund Transactions

During the course of normal operations, it is necessary for the County to enter into transactions among its various funds. These transactions consist of the following:

- Transfers in and out, as appropriate, for all other interfund transactions, are reported as other financing sources (uses). The net amount transferred by the Board to fund the 2012 budget of the Tax Collector was \$438,161.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Tax Collector will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Tax Collector to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2012, the book balance of deposits was \$117,314 and the bank balance was \$291,000. As of September 30, 2012, all surplus funds held by the Tax Collector were held by depositories. In accordance with its policy, the Tax Collector's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Tax Collector's operations is recorded as an expenditure in the general fund of the Tax Collector at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Tax Collector maintains custodial responsibility for the capital assets.

Capital asset activity for the year ended September 30, 2012 was as follows:

<u>Capital Assets</u>	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
Capital assets being depreciated:				
Equipment	\$ 48,773	\$ 5,632	\$ -	\$ 54,405
Less accumulated depreciation:				
Equipment	38,686	4,940	-	43,626
Total Capital Assets, net	<u>\$ 10,087</u>	<u>\$ 692</u>	<u>\$ -</u>	<u>\$ 10,779</u>

NOTE 4 COMPENSATED ABSENCES

It is the Tax Collector's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. For governmental fund reporting, a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. For reporting within government-wide statements of the County's basic financial statements, vacation is accrued as a liability when benefits are earned by the employees; that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Tax Collector will compensate the employees in some manner, e.g., in cash or in paid time off, now or upon termination or retirement. The Tax Collector uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation as well as those expected to become eligible in the future.

The change in accumulated compensated absences during the year is as follows:

Beginning balance	\$ 5,762
Increases	20,081
Decreases	<u>(19,242)</u>
Ending balance	<u>\$ 6,601</u>

All of the above liability at September 30, 2012 is considered current.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN

Substantially all full-time employees of the Tax Collector are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 655,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the state created a new retirement plan within the System: the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees in DROP are not required to contribute to the FRS Investment Plan.

The Tax Collector has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 RETIREMENT PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; DROP employees, 4.42% and 12.25%; elected officials, 11.14 and 18.64%; and senior management, 6.27% and 14.57%, for the System's years ended June 30, 2012 and 2011, respectively. Effective July 1, 2012, the rates were changed as follows: regular employees, 5.18%; DROP employees, 5.44%; elected officials, 10.23%; and senior management, 6.30%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll. The Tax Collector's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$14,070, \$33,800, and \$37,744, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Tax Collector is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended 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 Tax Collector currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Tax Collector is financing its share of other postemployment benefits on a pay-as-you-go basis.

As determined by an actuarial valuation, the County records a net OPEB obligation (asset) in its governmental activities for any differences between the annual required contribution and the actual contributions made based on the implicit subsidy. This amount includes the portion associated with the Tax Collector since it is part of the County plan.

The County participates in Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency create by interlocal agreement, as authorized by Florida Statute 163. The County and other participating members pool their resources so as to provide employee health insurance coverage. Retirees participating in the group insurance plans offered by the County are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The Tax Collector participates in the County plan. The plan does not issue separate stand alone financial statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

In the County's latest actuarial plan dated September 30, 2012, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Tax Collector is \$65,594, Unfunded Actuarial Accrued Liability (UAAL) is \$65,594, and Annual Required Contribution (ARC) is \$5,487. The Tax Collector's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides coverage for the above risks and no cost is charged to the Tax Collector.

NOTE 8 LITIGATION

From time to time, the office of the Tax Collector is involved as a defendant in certain claims, litigation, and various legal proceedings incidental to the ordinary course of its operations. The County would be required to fund any claim payments arising from such actions that exceed the Tax Collector's ability to pay; therefore, this would not materially affect the operations of the office of the Tax Collector. At September 30, 2012, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

REQUIRED SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current				
Personal services	388,967	358,816	353,387	5,429
Operating expenditures	56,672	81,191	79,142	2,049
Capital outlay	-	5,632	5,632	-
Total Expenditures	<u>445,639</u>	<u>445,639</u>	<u>438,161</u>	<u>7,478</u>
Deficiency of Revenues over Expenditures	<u>(445,639)</u>	<u>(445,639)</u>	<u>(438,161)</u>	<u>7,478</u>
Other Financing Sources (Uses):				
Transfers in	445,639	445,639	452,831	7,192
Transfers out	-	-	(14,670)	(14,670)
Total Other Financing Sources	<u>445,639</u>	<u>445,639</u>	<u>438,161</u>	<u>(7,478)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			-	
Fund Balance, end of year			<u>\$ -</u>	

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2012**

NOTE 1 BUDGETARY ACCOUNTING

Pursuant to Chapter 129, Florida Statutes, the Board of County Commissioners follows their procedures in establishing, adopting and maintaining the operating budget, which includes the budget of the Tax Collector's office:

- On or before June 1 of each year, the Tax Collector submits to the Board a tentative budget for the operation of her office ensuing fiscal year.
- Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- The Board, at any time within a fiscal year, may amend a budget for that year as follows:
 1. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed. The Board, however, may establish procedures by which the Tax Collector may authorize certain intradepartmental budget amendments, provided that the total appropriation of the department shall not be changed.
 2. Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 3. A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.
- It is unlawful for the Tax Collector to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. An annual budget is adopted for the general fund. Budgetary comparison schedule presented herein is on a basis consistent with accounting principles generally accepted in the United States of America and are only prepared for the general fund.
- The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.

SUPPLEMENTAL REPORTS

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited the special-purpose financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2012, which collectively comprise the Tax Collector's financial statements and have issued our report thereon dated June 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

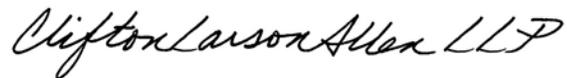
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Compliance and Other Matters

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013

MANAGEMENT LETTER

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited the special-purpose financial statements of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 24, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated June 24, 2013, should be considered in conjunction with this management letter.

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the financial statements.

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 Board of County Commissioners of Glades County, Florida, and the Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2013