

**GLADES COUNTY, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**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, 2011, 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, 2011, 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.

As discussed in Note 1 to the financial statements, the County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year.

Board of County Commissioners  
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, 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.

The management's discussion and analysis (MD&A) on pages 3-12, the schedule of funding progress on page 50, and the budgetary comparison information on 51-54 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2012

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, 2011. Please read it in conjunction with the County's financial statements, which follow this section.

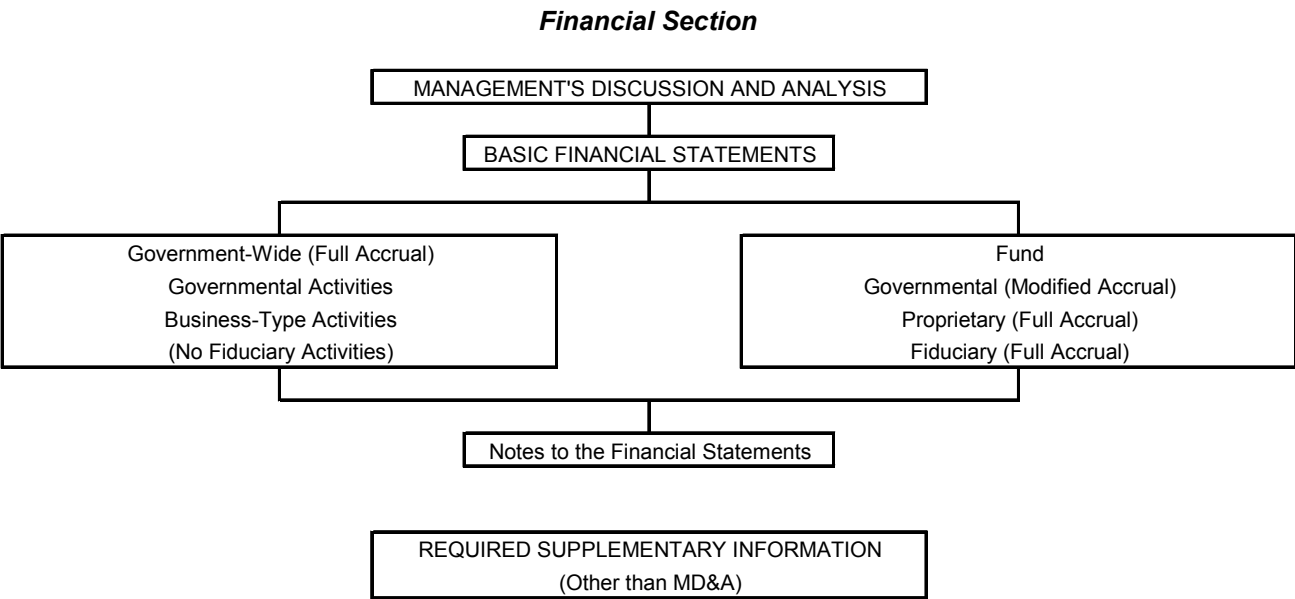
Financial Highlights

The County's total net assets increased by approximately \$6.2 million over the course of this year's operations. The net deficit of our business-type activities decreased by approximately \$2.0 million and net assets of our governmental activities increased by approximately \$4.1 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$7.4 million, or 43% 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 Financial Statements	Fund 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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses and changes in fund balances</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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)

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- 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)

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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, 2011 and 2010, derived from the government-wide Statement of Net Assets:

	Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 17,385	\$ 16,563	\$ 496	\$ 456	\$ 17,881	\$ 17,019
Capital assets	35,000	32,305	563	646	35,563	32,951
Total Assets	<u>52,385</u>	<u>48,868</u>	<u>1,059</u>	<u>1,102</u>	<u>53,444</u>	<u>49,970</u>
Other liabilities	3,272	4,089	4	4	3,276	4,093
Non-current liabilities outstanding	1,181	1,041	566	2,687	1,747	3,728
Total Liabilities	<u>4,453</u>	<u>5,130</u>	<u>570</u>	<u>2,691</u>	<u>5,023</u>	<u>7,821</u>
Net assets:						
Invested in capital assets, net of related debt	34,944	32,266	563	646	35,507	32,912
Restricted	6,177	1,636	-	-	6,177	1,636
Unrestricted	6,810	9,836	(74)	(2,235)	6,736	7,601
	<u>\$ 47,931</u>	<u>\$ 43,738</u>	<u>\$ 489</u>	<u>\$ (1,589)</u>	<u>\$ 48,420</u>	<u>\$ 42,149</u>

Capital assets for the governmental activities increased \$2.7 million due mostly to an increase in construction of a new Health Department Facility and widening & resurfacing CR 720/731 and CR 720. Overall, total liabilities decreased \$677,000 due to decrease in construction payables at year end, lower unearned revenue balances, and timing of payment of accrued expenses.

Other liabilities of the business-type activities decreased by approximately \$2.1 million 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 \$48.3 million. The largest portion of the County's net assets is invested in capital assets and is 73.4% 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 4.2% 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 22.4% of the total net assets. Unrestricted net assets represent resources that are available for spending.

The net assets increased by approximately \$6.2 million 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, 2011 and 2010, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 9,439	\$ 9,558	\$ 345	\$ 391	\$ 9,784	\$ 9,949
Operating Grants	4,510	4,962	72	236	4,582	5,198
Capital Grants	5,009	5,485	-	-	5,009	5,485
General revenues:						
Property taxes	6,830	7,389	-	-	6,830	7,389
Other taxes	1,006	1,036	-	-	1,006	1,036
Other revenues	209	209	4	25	213	234
Total Revenues	<u>27,003</u>	<u>28,639</u>	<u>421</u>	<u>652</u>	<u>27,424</u>	<u>29,291</u>
Expenses:						
General government	4,183	4,429	-	-	4,183	4,429
Public safety	15,090	15,339	-	-	15,090	15,339
Physical environment	774	1,455	-	-	774	1,455
Transportation	1,490	1,593	-	-	1,490	1,593
Culture and recreation	210	157	-	-	210	157
Human services	588	397	-	-	588	397
Economic environment	474	449	-	-	474	449
Court-related costs	27	25	-	-	27	25
Interest on long-term debt	4	3	-	-	4	3
Solid Waste	-	-	(1,687)	630	(1,687)	630
Total Expenses	<u>22,840</u>	<u>23,847</u>	<u>(1,687)</u>	<u>630</u>	<u>21,153</u>	<u>24,477</u>
Excess before Transfers	4,163	4,792	2,108	22	6,271	4,814
Transfers	30	38	(30)	(38)	-	-
Change in net assets	4,193	4,830	2,078	(16)	6,271	4,814
Net Assets - beginning	43,738	38,908	(1,589)	(1,573)	42,149	37,335
Net Assets - ending	<u>\$ 47,931</u>	<u>\$ 43,738</u>	<u>\$ 489</u>	<u>\$ (1,589)</u>	<u>\$ 48,420</u>	<u>\$ 42,149</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 \$4.1 million or 9.5%, and the net deficit of the business-type activities decreased by approximately \$2.1 million or 130.8%.

**Governmental Activities** – Governmental activities increased the County's net assets by approximately \$4.1 million, accounting for 66.5% of the total increase in net assets. Overall revenues decreased \$1.7 million and expenses decreased \$1.0 million. Key elements of these changes are as follows:

- Charges for services decreased by approximately \$119,000 during the year. The decrease is due to GCDC discontinued their lease of the jail annex and a decline in ambulance fees.
- Operating grants decreased approximately \$452,000 due to the conclusion of the EMS HRSA grant.

## GLADES COUNTY, FLORIDA

### Management's Discussion and Analysis (Unaudited)

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- Capital grants decreased approximately \$476,000 primarily due to the completion of construction of the new Health Department Facility.
- Property tax revenues decreased approximately \$559,000 due to decreases in property values.
- General governmental expenses decreased approximately \$246,000 due to decrease in contractual and professional fees.
- Public Safety expenses, including prison operations, decreased approximately \$249,000 due to the decrease in salary and related expenditures.
- Transportation expenses increased approximately \$104,000 due to the reduction of salaries and wages and completion of resurfacing city streets in the prior year.
- Human Services expenditures increased by approximately \$191,000 due primarily to increased nursing home and hospital costs.

**Business-type Activities** – Business-type activities increased the County's net assets by approximately \$2.1 million. Overall revenues decreased \$231,000 and expenses decreased by \$2.3 million. Revenues decreased due to the decrease in the Small County Solid Waste Grant. Expenses decreased due to the change in estimate for post closure costs.

### 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 \$7.5 million while the total fund balance reached \$8.3 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 43.0% of total general fund expenditures and 90.4% 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 increased by approximately \$398,000 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 increase of approximately \$297,000 due to transportation related expenditures being lower than gas tax revenues received in the current year.
- SHIP Fund had no change in fund balance.

## GLADES COUNTY, FLORIDA

### Management's Discussion and Analysis (Unaudited)

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- Capital Outlay Fund had an increase of approximately \$279,000 resulting primarily from the receipt of the discretionary sales tax from the State of Florida.

#### Proprietary Funds

The Solid Waste Fund showed an approximate \$2.1 million increase in net assets from the prior year. The decrease is due primarily to a change in the estimated liability for the closure costs of Cell 1 of the landfill.

#### General Fund Budgetary Highlights

During the year there was a \$224,000 decrease in revenue budgeted and a \$2,666,000 decrease in expenditure appropriations from original to final amended budget. Some of significant changes were as follows:

- Increase of \$66,000 in Ad Valorem Tax revenue offset by the decrease of \$139,000 for the Amendment One Offset revenue.
- Decrease of \$49,000 in Intergovernmental revenues. The decrease is primarily attributed to South Florida Water Management Pearce Canal Dredging Grant.
- Decrease of \$86,000 in Charges for Services revenue. The decrease relates to the reduction in anticipated ambulance fees and C&D Landfill Host fees.
- Budgeted General Government expenditures decreased by approximately \$3,000,000. The primary factors for this decrease was the removal of the contingency line item of approximately \$1,500,000 and the reduction of the Moore Haven Canal project line item of approximately \$1,000,000.

The comparison between final amended budget and actual was a positive net change of approximately \$892,654.

#### Capital Assets and Debt Administration

##### Capital Assets

As of September 30, 2011 and 2010, the County had \$35.6 million and \$32.9 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	
	2011	2010	2011	2010	2011	2010
Land and construction in progress	\$ 3,638	\$ 6,296	\$ 25	\$ 25	\$ 3,663	\$ 6,321
Land improvements	-	-	574	574	574	574
Infrastructure	38,268	35,659	-	-	38,268	35,659
Building	20,450	15,583	45	45	20,495	15,628
Equipment, furniture and vehicles	10,385	10,176	294	567	10,679	10,743
K-9 Unit	13	8	-	-	13	8
Less: Accumulated depreciation	(37,754)	(35,417)	(375)	(565)	(38,129)	(35,982)
Total	<u>\$ 35,000</u>	<u>\$ 32,305</u>	<u>\$ 563</u>	<u>\$ 646</u>	<u>\$ 35,563</u>	<u>\$ 32,951</u>

## GLADES COUNTY, FLORIDA

### Management's Discussion and Analysis (Unaudited)

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Major capital asset events during the year included:

- The commencement of construction of Benbow Road with costs of approximately \$1,600,000.
- The completion of resurfacing Rainey Slough Road for approximately \$1,400,000.
- Completion of the new Health Department Facility for \$1,800,000.

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 \$1.2 million in governmental activities, which is an increase in the prior year balance and \$566,000 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	
	2011	2010	2011	2010	2011	2010
Leases payable	\$ 57	\$ 40	\$ -	\$ -	\$ 57	\$ 40
OPEB obligation	304	172	-	-	304	172
Landfill closure obligation	-	-	565	2,686	565	2,686
Estimated liability for compensated absences	820	829	1	1	821	830
Total	<u>\$ 1,181</u>	<u>\$ 1,041</u>	<u>\$ 566</u>	<u>\$ 2,687</u>	<u>\$ 1,747</u>	<u>\$ 3,728</u>

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

- The County currently has capital lease agreements for six police cars.
- A decrease in compensated absences indicates employees are using more 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.

**Management's Discussion and Analysis (Unaudited)**

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**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 2011-2012 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 (DEFICIT)**  
**SEPTEMBER 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,402,537	\$ 250,747	\$ 5,653,284	\$ 23,817
Investments	6,951,605	-	6,951,605	-
Restricted assets:				
Cash and cash equivalents	1,454,430	-	1,454,430	-
Accounts receivable, net	1,649,943	52,852	1,702,795	-
Internal balances	2,854	(2,854)	-	-
Due from other governments	1,835,445	10,906	1,846,351	-
Inventories	73,395	-	73,395	-
Prepaid expenses	14,586	-	14,586	-
Noncurrent restricted assets:				
Investments	-	183,827	183,827	-
Capital assets (net of accumulated depreciation):				
Nondepreciable capital assets	3,638,119	25,000	3,663,119	-
Depreciable capital assets, net	31,362,335	538,083	31,900,418	-
<b>Total Assets</b>	<u>52,385,249</u>	<u>1,058,561</u>	<u>53,443,810</u>	<u>23,817</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	995,475	3,790	999,265	-
Due to other governmental units	44,429	-	44,429	-
Unearned revenue	2,232,566	-	2,232,566	-
Noncurrent liabilities:				
Due within one year	629,549	1,171	630,720	-
Due in more than one year	551,440	564,645	1,116,085	-
<b>Total Liabilities</b>	<u>4,453,459</u>	<u>569,606</u>	<u>5,023,065</u>	<u>-</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	34,943,870	563,083	35,506,953	-
Restricted for:				
Capital project	3,981,268	-	3,981,268	-
Other uses	2,195,272	-	2,195,272	-
Unrestricted	6,811,380	(74,128)	6,737,252	23,817
<b>Total Net Assets (Deficit)</b>	<u>\$ 47,931,790</u>	<u>\$ 488,955</u>	<u>\$ 48,420,745</u>	<u>\$ 23,817</u>

See accompanying Notes to Financial Statements.



**GLADES COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Operating	Capital	Primary Government				
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,182,951	\$ 907,241	\$ 1,631,718	\$ -	\$ (1,643,992)	\$ -	\$ (1,643,992)	
Public safety	7,773,192	1,912,775	1,224,728	-	(4,635,689)	-	(4,635,689)	
Physical environment	773,812	136,891	60,000	2,163,522	1,586,601	-	1,586,601	
Transportation	1,489,580	1,100	1,259,380	2,845,051	2,615,951	-	2,615,951	
Culture/Recreation	209,703	20,752	210,566	-	21,615	-	21,615	
Human services	587,739	50	20,000	-	(567,689)	-	(567,689)	
Economic environment	473,829	117	71,209	-	(402,503)	-	(402,503)	
Court-related costs	26,865	84,348	32,764	-	90,247	-	90,247	
Jail operations	7,317,245	6,375,951	-	-	(941,294)	-	(941,294)	
Interest on long-term debt	4,243	-	-	-	(4,243)	-	(4,243)	
Total Governmental Activities	22,839,159	9,439,225	4,510,365	5,008,573	(3,880,996)	-	(3,880,996)	
Business-type Activities:								
Solid Waste	(1,685,678)	345,375	72,046	-	-	2,103,099	2,103,099	
Total Business-type Activities	(1,685,678)	345,375	72,046	-	-	2,103,099	2,103,099	
Total Primary Government	\$ 21,153,481	\$ 9,784,600	\$ 4,582,411	\$ 5,008,573	(3,880,996)	2,103,099	(1,777,897)	
Component Unit								
Glades Soil and Water Conservation District	\$ 2,518	\$ -	\$ 2,075	\$ -				\$ (443)
Total Component Unit	\$ 2,518	\$ -	\$ 2,075	\$ -				\$ (443)
General revenues:								
Property taxes, levied for general purposes					5,648,796	-	5,648,796	\$ -
Property taxes, levied for other purposes					1,181,666	-	1,181,666	-
Public service, sales and miscellaneous taxes					1,005,626	-	1,005,626	-
Investment earnings					130,463	922	131,385	43
Miscellaneous					49,328	82	49,410	
Gain on disposal of capital assets					29,658	3,111	32,769	-
Transfers					29,617	(29,617)	-	-
Total general revenues and transfers					8,075,154	(25,502)	8,049,652	43
Change in net assets								
Net assets (deficit)- beginning					4,194,158	2,077,597	6,271,755	(400)
Net assets (deficit) - ending					43,737,632	(1,588,642)	42,148,990	24,217
					\$ 47,931,790	\$ 488,955	\$ 48,420,745	\$ 23,817

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	General Fund	Transportation Trust	SHIP
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,780,881	\$ 556,849	\$ 532,541
Restricted cash and cash equivalents	485,389	-	-
Investments	5,331,516	1,620,089	-
Accounts receivable, net	1,440,175	181,329	-
Due from other funds	204,544	-	-
Due from other governments	124,081	42,760	-
Inventories	-	73,395	-
Prepaid expenses	14,586	-	-
<b>Total Assets</b>	<b>\$ 9,381,172</b>	<b>\$ 2,474,422</b>	<b>\$ 532,541</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 331,156	\$ 9,623	\$ 55
Due to other funds	27,350	92,058	-
Due to other governments	43,429	-	-
Deferred or unearned revenue	277,650	40,431	532,486
Other accrued expenditures	344,558	-	-
<b>Total Liabilities</b>	<b>1,024,143</b>	<b>142,112</b>	<b>532,541</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Items	14,586	-	-
Inventory	-	73,395	-
Restricted:			
Capital projects	201,102	2,258,915	-
Cemetery care	130,218	-	-
Law enforcement	11,634	-	-
Impact fees	-	-	-
Public safety	-	-	-
Other	151,685	-	-
Assigned:			
Law enforcement	439,974	-	-
Unassigned	7,407,830	-	-
<b>Total Fund Balances</b>	<b>8,357,029</b>	<b>2,332,310</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,381,172</b>	<b>\$ 2,474,422</b>	<b>\$ 532,541</b>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2011**

	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 741,638	\$ 1,790,628	\$ 5,402,537
Restricted cash and cash equivalents	849,978	119,063	1,454,430
Investments	-	-	6,951,605
Accounts receivable, net	16,539	11,900	1,649,943
Due from other funds	22,819	8,952	236,315
Due from other governments	1,441,065	227,539	1,835,445
Inventories	-	-	73,395
Prepaid expenses	-	-	14,586
<b>Total assets</b>	<u>\$ 3,072,039</u>	<u>\$ 2,158,082</u>	<u>\$ 17,618,256</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 291,429	\$ 18,654	\$ 650,917
Due to other funds	-	114,053	233,461
Due to other governments	-	1,000	44,429
Deferred or unearned revenue	1,259,359	122,640	2,232,566
Other accrued expenditures	-	-	344,558
<b>Total liabilities</b>	<u>1,550,788</u>	<u>256,347</u>	<u>3,505,931</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Items	-	-	14,586
Inventory	-	-	73,395
Restricted:			
Capital projects	1,521,251	-	3,981,268
Cemetery care	-	-	130,218
Law enforcement	-	22,859	34,493
Impact fees	-	302,696	302,696
Public safety	-	1,415,845	1,415,845
Other	-	160,335	312,020
Assigned:			
Law enforcement	-	-	439,974
Unassigned	-	-	7,407,830
<b>Total fund balances</b>	<u>1,521,251</u>	<u>1,901,735</u>	<u>14,112,325</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,072,039</u>	<u>\$ 2,158,082</u>	<u>\$ 17,618,256</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

**Total Fund Balance - Governmental Funds** **\$ 14,112,325**

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	3,638,119	
Depreciable, net	<u>31,362,335</u>	35,000,454

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

Leases payable	(56,584)	
Compensated absences	(820,058)	
OPEB obligation	<u>(304,347)</u>	(1,180,989)

<b>Net Assets of Governmental Activities</b>		<u><u><b>\$ 47,931,790</b></u></u>
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**GLADES COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	General Fund	Transportation Trust	SHIP
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,648,796	\$ 56,940	\$ -
Sales and miscellaneous taxes	1,615,463	1,590,749	-
Fees and fines	91,291	-	-
Licenses and permits	(230)	1,100	-
Intergovernmental	1,484,360	-	182,340
Charges for services	7,443,440	-	-
Investment earnings	86,805	9,579	541
Miscellaneous	36,110	11,070	-
Franchise fees	97,073	-	-
<b>Total Revenues</b>	<b>16,503,108</b>	<b>1,669,438</b>	<b>182,881</b>
<b>EXPENDITURES</b>			
Current			
General government	3,593,126	-	-
Public safety	4,961,883	-	-
Jail operations	7,317,245	-	-
Physical environment	434,300	-	-
Transportation	-	1,234,109	-
Human services	394,729	-	-
Culture/Recreation	123,711	117,484	-
Economic development	191,217	-	182,881
Court-related costs	22,381	-	-
Capital outlay	356,901	27,100	-
Debt service			
Principal	43,607	-	-
Interest	4,243	-	-
Contributions to others	-	-	-
<b>Total Expenditures</b>	<b>17,443,343</b>	<b>1,378,693</b>	<b>182,881</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(940,235)</b>	<b>290,745</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the disposal of capital assets	90,758	6,500	-
Proceeds from long-term debt	153,455	-	-
Operating transfer in	1,170,035	-	-
Operating transfers out	(75,000)	-	-
Distribution of excess fees - other governments	(1,222)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,338,026</b>	<b>6,500</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>397,791</b>	<b>297,245</b>	<b>-</b>
<b>Fund Balance - beginning</b>	<b>7,959,238</b>	<b>2,035,065</b>	<b>-</b>
<b>Fund Balances - ending</b>	<b>\$ 8,357,029</b>	<b>\$ 2,332,310</b>	<b>\$ -</b>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ -	\$ 1,124,727	\$ 6,830,463
Sales and miscellaneous taxes	303,755	43,494	3,553,461
Fees and fines	-	1,747,007	1,838,298
Licenses and permits	-	106,003	106,873
Intergovernmental	5,041,337	167,527	6,875,564
Charges for services	-	49,080	7,492,520
Investment earnings	29,671	3,867	130,463
Miscellaneous	250	1,898	49,328
Franchise fees	-	-	97,073
<b>Total Revenues</b>	<u>5,375,013</u>	<u>3,243,603</u>	<u>26,974,043</u>
<b>EXPENDITURES</b>			
Current			
General government	9,200	17,629	3,619,955
Public safety	-	916,817	5,878,700
Jail operations	-	-	7,317,245
Physical environment	-	179,508	613,808
Transportation	-	8,274	1,242,383
Human services	160,703	-	555,432
Culture/Recreation	4,245	5,337	250,777
Economic development	-	-	374,098
Court-related costs	-	-	22,381
Capital outlay	4,871,453	264,328	5,519,782
Debt service			
Principal	-	92,933	136,540
Interest	-	-	4,243
Contributions to others	50,000	-	50,000
<b>Total Expenditures</b>	<u>5,095,601</u>	<u>1,484,826</u>	<u>25,585,344</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>279,412</u>	<u>1,758,777</u>	<u>1,388,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the disposal of capital assets	-	1,231	98,489
Proceeds from long-term debt	-	-	153,455
Operating transfer in	-	75,000	1,245,035
Operating transfers out	-	(1,170,035)	(1,245,035)
Distribution of excess fees - other governments	-	-	(1,222)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,093,804)</u>	<u>250,722</u>
<b>Change in Fund Balances</b>	279,412	664,973	1,639,421
<b>Fund balance - beginning</b>	<u>1,241,839</u>	<u>1,236,762</u>	<u>12,472,904</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,521,251</u></u>	<u><u>\$ 1,901,735</u></u>	<u><u>\$ 14,112,325</u></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, 2011**

**Net Change in Fund Balance - Governmental Funds** **\$ 1,639,421**

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	\$ 5,519,782	
Depreciation	<u>(2,772,827)</u>	2,746,955

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).	(51,889)
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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	136,540
Debt Proceeds	(153,455)

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	8,913	
Current change in other postemployment benefits	<u>(132,327)</u>	<u>(123,414)</u>

<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ 4,194,158</u></u></b>
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**GLADES COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS- PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	<u>Enterprise Funds</u> <u>Solid Waste</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 250,747
Accounts receivable, net	52,852
Due from other funds	134
Due from other governments	10,906
<b>Total Current Assets</b>	<u>314,639</u>
<b>NONCURRENT ASSETS</b>	
Restricted assets:	
Investments	183,827
Capital assets	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	294,037
<b>Total Capital Assets</b>	<u>938,891</u>
Less accumulated depreciation	<u>(375,808)</u>
<b>Net Capital Assets</b>	<u>563,083</u>
<b>Total Noncurrent Assets</b>	<u>746,910</u>
<b>Total Assets</b>	<u>1,061,549</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	3,790
Due to other funds	2,988
Compensated absences	1,171
<b>Total Current Liabilities</b>	<u>7,949</u>
<b>NONCURRENT LIABILITIES</b>	
Liability for landfill closure	564,645
<b>Total Liabilities</b>	<u>572,594</u>
<b>NET ASSETS (DEFICIT)</b>	
Invested in capital assets, net of related debt	563,083
Unrestricted net assets (deficit)	<u>(74,128)</u>
<b>Total Net Assets (Deficit)</b>	<u>\$ 488,955</u>

See accompanying Notes to Financial Statements.



**GLADES COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS (DEFICIT) – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Enterprise Funds</u> <u>Solid Waste</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 345,375
Operating grants and contributions	72,046
<b>Total Operating Revenue</b>	<u>417,421</u>
<b>OPERATING EXPENSES</b>	
Personal services	77,564
Contractual services	(1,887,128)
Utilities	6,461
Materials and supplies	9,474
Repairs and maintenance	9,732
Insurance claims and expenses	34,648
Miscellaneous	33,603
Depreciation	59,585
<b>Total Operating Expenses</b>	<u>(1,656,061)</u>
<b>Operating Income (Loss)</b>	<u>2,073,482</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	922
Gain on disposal of capital assets	3,111
Miscellaneous income	82
<b>Total Non-operating Revenues (Expenses)</b>	<u>4,115</u>
<b>Change in Net Assets</b>	2,077,597
<b>Total Net Assets (Deficit) - beginning</b>	(1,588,642)
<b>Total Net Assets (Deficit) - ending</b>	<u>\$ 488,955</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Enterprise Funds</u> <u>Solid Waste</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 397,994
Cash paid to other funds	19,276
Cash paid to suppliers	(259,102)
Cash paid to employees	(77,287)
Net Cash Provided (Used) by Operating Activities	<u>80,881</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Other receipts (payments)	<u>82</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>82</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from the sale of capital assets	3,111
Purchase of capital assets	<u>(7,116)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,005)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and other income received	922
Purchase of investments	<u>(183,827)</u>
Net Cash Provided (Used) by Investing Activities	<u>(182,905)</u>
Net Decrease in Cash and Cash Equivalents	(105,947)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>356,694</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 250,747</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
<b>RECONCILIATION OF OPERATING INCOME TO</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 2,073,482
Adjustments to reconcile operating income to	
net cash provided by operating activities	
Depreciation	59,585
Loss on disposal of capital assets	30,505
Changes in net assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(8,521)
Due to/from other funds	19,276
Due to/from other governments	(10,906)
Prepaid expenses	38,630
Increase (decrease) in:	
Accounts payable and accrued expenses	(168)
Liability for landfill closure	(2,121,279)
Compensated absences	277
	<u>80,881</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 80,881</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2011**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$    448,798
Other receivables	<u>          12,651</u>
<b>Total Assets</b>	<u><u>\$    461,449</u></u>
 <b>LIABILITIES</b>	
Due to other governmental units	\$    430,474
Due to individuals	<u>          30,975</u>
<b>Total Liabilities</b>	<u><u>\$    461,449</u></u>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011**

**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.

*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, 2011**

**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. 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, 2011**

**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, 2011

**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, 2011**

**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, 2011**

**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**

The County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in the current year. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District 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, 2011**

**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 one or more of the following types:

- 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, 2011**

**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, 2011.

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, 2011 was \$10 per \$1,000.

**NOTE 2 CASH AND INVESTMENTS**

As of September 30, 2011, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 5,815,703
Certificates of deposit	8,680,202
State of Florida Board of Administration Surplus Funds Trust Fund	195,183
Cash on hand	856
	<u>\$ 14,691,944</u>

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**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 5,653,284
Restricted cash and cash equivalents	1,454,430
Investments	6,951,605
Restricted investments	183,827
Fiduciary funds cash and cash equivalents	448,798
	<u>\$ 14,691,944</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, 2011**

**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	\$ 6,940,249	\$ 6,940,249
Florida Prime	195,183	195,183
	<u>\$ 7,135,432</u>	<u>\$ 7,135,432</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, 2011.

**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, 2011**

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2011:

<b><u>Governmental Activities:</u></b>	<b>Beginning Balance</b>	<b>Increases/ Transfers</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	5,433,715	4,746,691	7,404,709	2,775,697
Total Capital Assets Not Being Depreciated	6,296,137	4,746,691	7,404,709	3,638,119
Capital assets being depreciated:				
Infrastructure	35,659,480	2,608,389	-	38,267,869
Buildings	15,582,745	4,866,828	-	20,449,573
Equipment, furniture and vehicles	10,176,232	979,411	770,532	10,385,111
Livestock	7,800	5,500	-	13,300
Total Capital Assets Being Depreciated	61,426,257	8,460,128	770,532	69,115,853
Less accumulated depreciation for:				
Infrastructure	25,720,631	1,353,009	-	27,073,640
Buildings	3,402,571	442,396	-	3,844,967
Equipment, furniture and vehicles	6,293,235	1,225,182	685,570	6,832,847
Livestock	557	1,507	-	2,064
Total Accumulated Depreciation	35,416,994	3,022,094	685,570	37,753,518
Capital Assets Being Depreciated, Net	26,009,263	5,438,034	84,962	31,362,335
Governmental Activities Capital Assets, Net	<u>\$32,305,400</u>	<u>\$10,184,725</u>	<u>\$ 7,489,671</u>	<u>\$35,000,454</u>
<b><u>Business-type Activities:</u></b>	<b>Beginning Balance</b>	<b>Increases/ Transfers</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total Capital Assets Not Being Depreciated	25,000	-	-	25,000
Capital assets being depreciated:				
Land improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, furniture and vehicles	567,101	7,116	280,180	294,037
Total Capital Assets Being Depreciated	1,186,955	7,116	280,180	913,891
Less accumulated depreciation for:				
Land improvements	149,589	11,639	-	161,228
Buildings	37,364	556	-	37,920
Equipment, furniture and vehicles	378,945	47,390	249,675	176,660
Total Accumulated Depreciation	565,898	59,585	249,675	375,808
Capital Assets Being Depreciated, Net	621,057	(52,469)	30,505	538,083
Business-type Activities Capital Assets, Net	<u>\$ 646,057</u>	<u>\$ (52,469)</u>	<u>\$ 30,505</u>	<u>\$ 563,083</u>

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General government	\$ 554,395
Public safety	1,759,488
Transportation	133,260
Physical environment	158,409
Economic development	99,781
Culture and recreation	31,441
Human services	31,886
Court related costs	4,167
Total Depreciation Expense, Governmental Activities	<u><u>\$ 2,772,827</u></u>

**Business-type Activities:**

Solid Waste	\$ 59,585
Total Depreciation Expense, Business-type Activities	<u><u>\$ 59,585</u></u>

**NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS**

At September 30, 2011, interfund receivables and payables were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	\$ 204,544	\$ 27,350
Transportation Trust	-	92,058
Capital Outlay	22,819	-
Building Department	4,421	3,753
Enhanced 911	-	1,407
Sheriff Special Revenue Funds	4,136	108,893
Clerk Special Revenue Funds	395	-
Total Governmental Activities	<u>236,315</u>	<u>233,461</u>
Business-type Activities:		
Solid Waste	134	2,988
Total	<u><u>\$ 236,449</u></u>	<u><u>\$ 236,449</u></u>



**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4    INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)**

For the year ended September 30, 2011, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$    1,170,035	\$        75,000
EMSTU	-	1,170,034
Building Department	75,000	-
Impact Fee	-	1
Total Governmental Activities	<u>1,245,035</u>	<u>1,245,035</u>
Total	<u><u>\$    1,245,035</u></u>	<u><u>\$    1,245,035</u></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, 2011**

**NOTE 5 LONG-TERM LIABILITIES**

During the year ended September 30, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 828,971	\$ 993,145	\$ 1,002,058	\$ 820,058	\$ 581,901
Leases payable	39,669	153,455	136,540	56,584	47,648
OPEB obligation	172,020	163,380	31,053	304,347	-
	<u>\$ 1,040,660</u>	<u>\$ 1,309,980</u>	<u>\$ 1,169,651</u>	<u>\$ 1,180,989</u>	<u>\$ 629,549</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 894	\$ 2,162	\$ 1,885	\$ 1,171	\$ 1,171
Landfill	2,685,924	-	2,121,279	564,645	-
	<u>\$ 2,686,818</u>	<u>\$ 2,162</u>	<u>\$ 2,123,164</u>	<u>\$ 565,816</u>	<u>\$ 1,171</u>

**Leases Payable**

The County currently has ten police vehicles under capitalized leases. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 47,648	\$ 1,852	\$ 49,500
2013	8,936	64	9,000
	<u>\$ 56,584</u>	<u>\$ 1,916</u>	<u>\$ 58,500</u>

The cost and accumulated depreciation of capital assets acquired under the capital leases is approximately \$277,590 and \$138,790, respectively.

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**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET ASSETS**

Restricted cash at September 30, 2011 consisted of the following:

Purpose	General Fund	Capital Outlay	Nonmajor Governmental	Total Governmental Funds
Cemetery Perpetual Care	\$ 130,218	\$ -	\$ -	\$ 130,218
Buckhead Ridge Utility	201,102	-	-	201,102
Law Enforcement Trust	2,384	-	-	2,384
Intergovernmental Radio	112,732	-	-	112,732
Driver's Education	12,269	-	-	12,269
Impact Fees	-	-	119,063	119,063
Tourism Development	26,684	-	-	26,684
Fire Chief Association	-	-	-	-
Capital Outlay	-	849,978	-	849,978
	<u>\$ 485,389</u>	<u>\$ 849,978</u>	<u>\$ 119,063</u>	<u>\$ 1,454,430</u>

Restricted net assets at September 30, 2011 consisted of the following:

Governmental Activities	Balance
Capital projects	<u>\$ 3,981,268</u>
Other uses:	
Cemetery Perpetual Care	130,218
Law enforcement activities	34,493
Public safety	1,415,845
Intergovernmental Radio	112,732
Driver's Education	12,269
Impact Fees	302,696
Tourism Development	26,684
Enhanced 911 Program	30,938
Public Record Modernization	129,397
Total Other Uses	<u>2,195,272</u>
Total Restricted Net Assets	<u>\$ 6,176,540</u>

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**GLADES COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 7    PENSION PLAN**

**Plan Description**

Substantially all full-time County employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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.

The County has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Funding Policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by state fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77%, special risk members 23.25%, DROP members 12.25%, and elected officials 18.64%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91%, special risk members 14.10%, DROP members 4.42%, and elected officials 11.14%. The County's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$1,458,770, \$1,687,404, and \$1,560,051, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$71,110.

**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, 2011**

**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, 2011, the County contributed \$31,053 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, 2011:

Annual Required Contribution	\$ 165,745
Interest on net OPEB obligation	7,741
Adjustment to Annual Required Contribution	<u>(10,106)</u>
Annual OPEB Cost	163,380
Contributions Made	<u>(31,053)</u>
Increase in Net OPEB Obligation	132,327
Net OPEB Obligation - Beginning of Year	172,020
Net OPEB Obligation - End of Year	<u><u>\$ 304,347</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2011 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2011	\$ 163,380	19.0%	\$ 304,347
September 30, 2010	144,073	18.7	172,020
September 30, 2009	84,837	34.5	54,847

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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)	\$ 766,867
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>766,867</u>
Funded Ratio	0.0%
Covered Payroll	\$ 8,970,113
Ratio of UAAL to Covered Payroll	8.5%

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, 2011**

**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:	10/1/2010
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
<b>Actuarial assumptions:</b>	
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.
Life Insurance Participation	100% participation assumed.
Healthcare inflation rate-Pre-Medicare	9.0% in 2011, decreasing 1.0% each year until the ultimate rate of 5.0% in 2015.
Healthcare inflation rate-Post-Medicare	9.0% in 2011, decreasing 1.0% each year until the ultimate rate of 5.0% in 2015.
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	\$7,718 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, 2011**

**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, 2011, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$564,645. 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, 2011, investments of \$183,827 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, 2011**

**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, 2011**

**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, 2011</u>	<u>Balance to Complete</u>
CR 720/Benbow Road Project - Construction	\$ 1,565,078	\$ 1,109,819	\$ 455,259
CR 720/Benbow Road Project - Engineering	561,045	476,865	84,180
Williams Road Project - Engineering	109,735	4,390	105,345
	<u>\$ 2,235,858</u>	<u>\$ 1,591,074</u>	<u>\$ 644,784</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, 2011**

**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, 2011, the Sheriff received \$5,875,951 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.

**Operating Lease, Sheriff as Lessee**

The Sheriff leases a vehicle and office equipment under operating leases. These leases expire on various dated through 2015. 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, 2011 were \$8,758.

The future minimum lease obligations as of September 30, 2011 are as follows:

Year Ending September 30,

2012	\$ 16,423
2013	11,446
2014	11,446
2015	3,879
2016	1,243
	<u>\$ 44,437</u>

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FUNDING PROGRESS –  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)  
YEAR ENDED SEPTEMBER 30, 2011**

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)
10/1/2010	\$ -	\$ 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
10/1/2008	-	400,217	400,217	0.00	8,550,625	4.68

**GLADES COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,690,904	\$ 5,648,842	\$ 5,648,796	\$ (46)
Sales and miscellaneous taxes	1,634,737	1,615,499	1,615,463	(36)
Fees and fines	59,829	43,761	91,291	47,530
Licenses and permits	-	-	(230)	(230)
Intergovernmental	1,435,588	1,386,122	1,484,360	98,238
Charges for services	592,304	505,991	7,443,440	6,937,449
Investment earnings	59,243	37,067	86,805	49,738
Miscellaneous	4,470	14,242	36,110	21,868
Franchise fees	94,000	95,800	97,073	1,273
<b>Total Operating Revenues</b>	<u>9,571,075</u>	<u>9,347,324</u>	<u>16,503,108</u>	<u>7,155,784</u>
<b>EXPENDITURES</b>				
Current				
General government	6,872,546	3,841,443	3,593,126	248,317
Public safety	4,423,137	4,322,891	4,961,883	(638,992)
Jail operations	1,690,744	1,690,744	7,317,245	(5,626,501)
Physical environment	152,873	500,517	434,300	66,217
Human services	323,890	376,833	394,729	(17,896)
Culture/Recreation	128,076	120,496	123,711	(3,215)
Economic development	97,257	227,252	191,217	36,035
Court-related costs	51,070	37,381	22,381	15,000
Capital outlay	261,628	217,559	356,901	(139,342)
Debt service				
Principal	-	-	43,607	(43,607)
Interest	-	-	4,243	(4,243)
<b>Total Expenditures</b>	<u>14,001,221</u>	<u>11,335,116</u>	<u>17,443,343</u>	<u>(6,108,227)</u>
<b>Deficiency of Revenues</b>				
<b>over Expenditures</b>	<u>(4,430,146)</u>	<u>(1,987,792)</u>	<u>(940,235)</u>	<u>1,047,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of capital assets	4,782	79,700	90,758	11,058
Proceeds from long-term debt	-	-	153,455	153,455
Operating transfer in	1,154,092	1,154,093	1,170,035	15,942
Operating transfers out	(145,968)	(58,935)	(75,000)	(16,065)
Distribution of excess fees - other governments	-	-	(1,222)	(1,222)
<b>Total Other Financing Sources (Uses)</b>	<u>1,012,906</u>	<u>1,174,858</u>	<u>1,338,026</u>	<u>163,168</u>
<b>Appropriated Fund Balance</b>	<u>2,963,642</u>	<u>318,071</u>	<u>-</u>	<u>(318,071)</u>
<b>Change in Fund Balance</b>	<u>\$ (453,598)</u>	<u>\$ (494,863)</u>	<u>397,791</u>	<u>\$ 892,654</u>
<b>Fund Balance - beginning</b>			<u>7,959,238</u>	
<b>Fund Balance - ending</b>			<u>\$ 8,357,029</u>	

**GLADES COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 56,109	\$ 57,000	\$ 56,940	\$ (60)
Sales and miscellaneous taxes	1,580,947	1,519,360	1,590,749	71,389
Licenses and permits	3,033	1,100	1,100	-
Investment earnings	1,000	905	9,579	8,674
Miscellaneous	-	11,144	11,070	(74)
<b>Total Operating Revenues</b>	<u>1,641,089</u>	<u>1,589,509</u>	<u>1,669,438</u>	<u>79,929</u>
<b>EXPENDITURES</b>				
Current				
Transportation	1,796,897	1,251,195	1,234,109	17,086
Culture/Recreation	460,194	118,900	117,484	1,416
Capital outlay	345,960	27,400	27,100	300
<b>Total Expenditures</b>	<u>2,603,051</u>	<u>1,397,495</u>	<u>1,378,693</u>	<u>18,802</u>
<b>Deficiency of Revenues</b>				
<b>    over Expenditures</b>	<u>(961,962)</u>	<u>192,014</u>	<u>290,745</u>	<u>98,731</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of capital assets	-	6,500	6,500	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<b>Appropriated Fund Balance</b>	<u>961,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 198,514</u>	<u>297,245</u>	<u>\$ 98,731</u>
<b>Fund Balance - beginning</b>			2,035,065	
<b>Fund Balance - ending</b>			<u>\$ 2,332,310</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 6,990	\$ 182,340	\$ 175,350
Investment earnings	500	541	541	-
<b>Total Operating Revenues</b>	<u>500</u>	<u>7,531</u>	<u>182,881</u>	<u>175,350</u>
<b>EXPENDITURES</b>				
Current				
Economic development	358,114	182,525	182,881	(356)
<b>Total Expenditures</b>	<u>358,114</u>	<u>182,525</u>	<u>182,881</u>	<u>(356)</u>
<b>Deficiency of Revenues</b>				
<b>over Expenditures</b>	<u>(357,614)</u>	<u>(174,994)</u>	<u>-</u>	<u>174,994</u>
<b>Appropriated Fund Balance</b>	<u>357,614</u>	<u>174,994</u>	<u>-</u>	<u>174,994</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance - beginning</b>			<u>-</u>	
<b>Fund Balance - ending</b>			<u>\$ -</u>	

**GLADES COUNTY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2011**

**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 2011, 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, 2011**

<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>
<b><u>FEDERAL AWARDS</u></b>			
<b><u>Department of Justice</u></b>			
<b>Direct Programs:</b>			
Equitable Sharing of Federally Forfeited Property	16.unknown	N/A	\$ 762,656
<b>Passed through Florida Office of the Attorney General</b>			
Victims of Crime Act - Glades County Victim Advocate	16.575	V10173	28,492
<b>Passed through Florida Department of Law Enforcement</b>			
<b>JAG Program Cluster</b>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAGD-GLAD-1-B3-106	2,408
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAGC-GLAD-1-B2-176	79,616
			<u>82,024</u>
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG)	16.803	2010-ARRC-GLAD-1-W7-196	50,468
<b>Total Department of Justice</b>			<u>923,640</u>
<b><u>Department of Homeland Security</u></b>			
<b>Direct Programs:</b>			
<b>Homeland Security Cluster</b>			
Homeland Security Grant Program	97.067	10-DS-39-09-32-01-336	29,933
<b>Emergency Food and Shelter Program Cluster</b>			
Emergency Food and Shelter National Board Program	97.024	N/A	117
<b>Passed through Florida Division of Emergency Management</b>			
Emergency Management Performance Grants	97.042	11-FG-7W-09-32-01-041	35,283
Emergency Management Performance Grants	97.042	12-FG-R3-09-32-01-089	34,789
			<u>70,072</u>
<b>Total Department of Homeland Security</b>			<u>100,122</u>
<b><u>Department of Housing and Urban Development</u></b>			
<b>Direct Programs:</b>			
Homeless Prevention and Rapid Re-Housing Program	14.257	TFZ10-07	4,209
<b>Passed through Florida Department of Housing &amp; Urban Development</b>			
<b>CDBG - State-Administered Small Cities Program Cluster</b>			
Community Development Block Grants/State's Program	14.228	10-DB-K4-09-32-01-K14	129,763
<b>Total Department of Housing and Urban Development</b>			<u>\$ 133,972</u>

**GLADES COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2011**

<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>
<b><u>Department of Health and Human Services</u></b>			
<b>Direct Programs:</b>			
Child Support Enforcement	93.563	CD322	\$ 27,366
<b>Passed through Florida Department of Health</b>			
Social Services Block Grant	93.667	N/A	1,952,069
<b>Total Department of Health and Human Services</b>			<u>1,979,435</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,137,169</u></u>
 <b><u>STATE FINANCIAL ASSISTANCE</u></b>			
<b><u>Department of Community Affairs</u></b>			
<b>Passed through Florida Division of Emergency Management</b>			
Emergency Management Programs	52.008	11-BG-05-09-32-01-141	\$ 77,043
Emergency Management Programs	52.008	12-BG-05-09-32-01-022	8,943
			<u>85,986</u>
Emergency Management Projects	52.023	11-CP-03-09-32-01-188	1,187
Growth Management Implementation	52.033	08-DR-90-09-32-01-016	281
<b>Total Department of Community Affairs</b>			<u>87,454</u>
<b><u>State Courts System, Office of the State Courts Administration</u></b>			
<b>Direct Projects:</b>			
Small County Courthouse Facilities	22.004	N/A	32,764
<b>Total State Courts System, Office of the State Courts Administration</b>			<u>32,764</u>
<b><u>Department of Environmental Protection</u></b>			
<b>Direct Projects:</b>			
Small County Consolidated Grants	37.012	111SC	68,042
<b>Total Department of Environmental Protection</b>			<u>68,042</u>
<b><u>Department of State, Division of Library and Information Services</u></b>			
<b>Direct Projects:</b>			
State Aid to Libraries	45.030	11-ST-15	25,787
State Aid to Libraries	45.030	10-ST-16	2,439
<b>Total Division of Library and Information Services</b>			<u>\$ 28,226</u>

**GLADES COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2011**

<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>
<b><u>Department of Health</u></b>			
<b>Direct Projects:</b>			
County Grant Awards-EMS	64.005	C9022	\$ 8,229
<b>Total Department of Health-Bureau of Emergency Medical Services (EMS)</b>			<b>8,229</b>
<b><u>Department of Management Services</u></b>			
<b>Passed through Florida E911 Board</b>			
Wireless 911 Emergency Telephone System	72.001	10-10-08	25,714
Wireless 911 Emergency Telephone System	72.001	11-04-05	11,154
<b>Total State of Florida Wireless 911</b>			<b>36,868</b>
<b><u>Florida Housing Finance Corporation</u></b>			
<b>Direct Projects:</b>			
State Housing Initiatives Partnership Program	52.901	N/A	182,881
<b>Total Department of Housing</b>			<b>182,881</b>
<b><u>Department of Transportation</u></b>			
<b>Direct Projects:</b>			
Small County Outreach Program	55.009	424201 1 58 01	4,390
Small County Road Assistance Program	55.016	424203 1 58 01	1,407,601
Small County Outreach Program/Small County Road Assistance Program	55.009/55.016	425848 1 58 01	1,741,364
<b>Total Department of Transportation</b>			<b>3,153,355</b>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b>\$ 3,597,819</b>

**GLADES COUNTY, FLORIDA  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2011**

**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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 25, 2012. 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.

- 2011-01 Audit Adjustments
- 2011-02 Accounting Policies and Procedures

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are listed below and described in the accompanying schedule of findings and questioned costs as items:

- 2011-03 Budget
- 2011-04 Budget Amendment

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 25, 2012

**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, 2011. 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, 2011. 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 2011-05 and 2011-06.

### **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 2011-05 and 2011-06 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 25, 2012

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2011**

**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.unknown 93.667	Equitable Sharing of Federally Forfeited Property Social Services Block Grant

Dollar threshold used to determine Type A Federal programs	\$300,000
Auditee qualified as low-risk auditee?	No

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2011**

**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*.

**2011-01 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, 2011**

**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.

**2011-02 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.

**2011-03 Budget**

**Criteria**

Based on Florida Statute it is unlawful to exceed the budget.

**Condition**

Actual expenditures in the general fund exceed appropriations.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2011**

**Cause**

The final budget amendment for the Sheriff was not approved within the required 60 days.

**Effect**

Expenditures in excess of approved budget is in violation of Florida Statutes.

**Recommendation**

We understand an updated budget was provided to the Board of County Commissioner for approval which would have adjusted the budget for various revenues, Board of County Commissioner funding, and additional expenditures not included in the original budget document. However, the amended budget for the Sheriff was not approved until February 14, 2012, which is in excess of the allowable 60 day period to amend budgets. We recommend the final budget amendment be provided to the Board of County Commissioners in time for them to approve the amendment prior to 60 days after year-end. We also recommend the Sheriff's office obtain a copy of the final budget approval to verify approval within 60 days after year-end.

**View of Responsible Officials**

All final budget amendments will be provided to the Board of County Commissioners in a timely manner to allow them to review and approve the budget changes prior to 60 days after year-end. The Sheriff's Office will also receive a copy of the final budget approval in order to verify approval within 60 days after year-end.

**2011-04 Budget Amendment**

**Criteria**

Florida Statute 129.06 (2) allows for budget amendments at any time within a fiscal year, and within the first 60 days of a fiscal year for the prior fiscal year.

**Condition**

The Sheriff's final budget amendment was not approved until February 14, 2012, which is significantly after the 60 day cutoff.

**Cause**

The Sheriff's office was unaware of the 60 day requirement and submitted the budget amendment to the Board of County Commissioners on January 3, 2012.

**Effect**

The Sheriff's final budget amendment for the fiscal year ending September 30, 2011 was not valid and caused the Sheriff to have expenditures in excess of those budgeted for the fiscal year which in turn caused the County to have expenditures in excess of those budgeted.

**Recommendation**

We recommend the final budget amendment be provided to the Board of County Commissioners in time for them to approve the amendment prior to 60 days after year-end.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2011**

**View of Responsible Officials**

All final budget amendments will be provided to the Board of County Commissioners in a timely manner to allow them to review and approve the budget changes prior to 60 days after year end. The Sheriff's Office will also receive a copy of the final budget approval in order to verify approval within 60 days after year end.

**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**

See Internal Control Findings 2011-03 and 2011-04

**Internal Control Finding**

**2011-05 – Procurement Procedures and Documentation**

***Department – Sheriff***

***CFDA Number – 16.unknown***

***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**

Contract/procurement files should document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of the contract price.

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**

The Sheriff's Office does not have contract files related to this grant. The only documentation available for this grant is the actual invoices for the purchase.

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, 2011**

**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 none had a contract/procurement file or 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**

If the federal awarding agency requests the contract files to support the awarding of the contract, the Sheriff's Office could find it hard to provide the necessary support to justify its procurement procedures and the decision process to ensure that the best available price was obtained.

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 Ridgill, 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, 2011**

**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, 2011**

**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 properly 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, 2012

**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, 2011**

**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 2011-01.

**2010-02 Journal Entries**

Corrective action has been implemented.

**2010-03 Prenumbered Receipts**

Corrective action has been implemented.

**2010-04 Accounting Policies and Procedures**

This comment still applies and is included as current year comment 2011-02.

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

**2010-05 – Procurement Procedures and Documentation**

***Department – Sheriff***

***CFDA Number – 16.unknown***

***Program Title – Equitable Sharing of Federally Forfeited Property***

***Compliance Requirement – Procurement, Suspension & Debarment***

This comment still applies and is included as current year comment 2011-03. 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***

This comment still applies and is included as current year comment 2011-04. The County is working to adjust the asset records to include all required information but the process is taking more time than anticipated.

**GLADES COUNTY, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2011**

**2010-07 – Review of Reimbursement Requests**

***Department – Board of County Commissioners***

***CFDA Number – 93.887***

***Program Title – Health Care and Other Facilities***

***Compliance Requirement – Cash Management***

Corrective action has been implemented.

**2010-08 – Review of Reimbursement Requests**

***Department – Board of County Commissioners***

***CSFA Number – 15.009/15.016***

***Program Title – Small County Outreach Program/Small County road Assistance Program***

***Compliance Requirement – Cash Management***

Corrective action has been implemented.

## 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, 2011, and have issued our report thereon dated June 25, 2012.

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 25, 2012, 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. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except for the comments listed as 2011-01 and 2011-02 in the Schedule of Findings and Questioned Costs. The above mentioned comments were also included in the second preceding fiscal year audit report. Such findings were referenced as 2010-01 and 2010-04 for the year ending September 30, 2010 and were not included for the year ending September 30, 2009.

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

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, 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.

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.

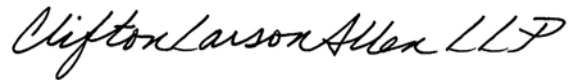
Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with 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, 2011, 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, 2011. 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.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of County Commissioners, management of the County, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2012



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

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
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YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Joe Flint  
Clerk of the Circuit Court  
Glades County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Glades County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2011, which collectively comprise the Clerk's financial statements as listed in the table of contents. These financial statements are the responsibility of the Clerk'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 the 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.

As discussed in Note 1, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of Glades County, Florida as of September 30, 2011, 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 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, 2011, 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.

As discussed in Note 1 to the financial statements, the Clerk has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year.

Honorable Joe Flint  
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2012 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.

The budgetary comparison schedule on page 14 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 4, 2012

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 78,145	\$ 129,002	\$ 207,147
Due from other funds	-	395	395
Other receivables	2,731	-	2,731
Prepaid items	561	-	561
<b>Total Assets</b>	<u>\$ 81,437</u>	<u>\$ 129,397</u>	<u>\$ 210,834</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 8,204	\$ -	\$ 8,204
Other accrued liabilities	7,090	-	7,090
Unearned revenues	14,691	-	14,691
Due to other funds	395	-	395
Due to Board of County Commissioners	50,917	-	50,917
Due to other governments	140	-	140
<b>Total Liabilities</b>	81,437	-	81,437
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid items	561	-	561
Restricted	-	129,397	129,397
Unassigned	(561)	-	(561)
<b>Total Fund Balances</b>	<u>-</u>	<u>129,397</u>	<u>129,397</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 81,437</u>	<u>\$ 129,397</u>	<u>\$ 210,834</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
<b>Revenues:</b>			
Intergovernmental	\$ 498,121	\$ -	\$ 498,121
Charges for services	-	49,080	49,080
Interest earnings	-	133	133
<b>Total Revenues</b>	<u>498,121</u>	<u>49,213</u>	<u>547,334</u>
<b>Expenditures:</b>			
Current - general government:			
Personal services	739,760	-	739,760
Operating expenditures	77,388	17,629	95,017
Capital outlay	24,537	-	24,537
<b>Total Expenditures</b>	<u>841,685</u>	<u>17,629</u>	<u>859,314</u>
Excess (deficiency) of revenues over expenditures	<u>(343,564)</u>	<u>31,584</u>	<u>(311,980)</u>
<b>Other Financing Sources (uses)</b>			
Transfers in	394,380	-	394,380
Transfers out	(50,816)	-	(50,816)
<b>Total Other Financing Sources (uses)</b>	<u>343,564</u>	<u>-</u>	<u>343,564</u>
<b>Net Change in Fund Balance</b>	-	31,584	31,584
<b>Fund Balance, beginning of year</b>	<u>-</u>	<u>97,813</u>	<u>97,813</u>
<b>Fund Balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 129,397</u></u>	<u><u>\$ 129,397</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2011**

**ASSETS**

Cash	\$ 309,312
Other receivables	<u>12,447</u>
<b>Total Assets</b>	<b><u>\$ 321,759</u></b>

**LIABILITIES**

Due to other governments	\$ 290,784
Due to individuals	<u>30,975</u>
<b>Total Liabilities</b>	<b><u>\$ 321,759</u></b>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Glades County, Florida Clerk of the Circuit Court (the "Clerk") is a separately elected constitutional officer pursuant to the Constitution of the State of Florida. The Clerk'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 Clerk is deemed to be a part of the primary government of the County. As such, the Clerk's financial statements are included in the financial statements of the County. There are no component units included in the Clerk's 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. Revenue is derived primarily from charges for services. With the implementation of Revision 7 to Article V on July 1, 2004, the Clerk's activities are now classified as court-related and noncourt-related. The Clerk's General Fund activity, which is classified as noncourt-related, is funded through service charges for recording instruments and documents into the official records. Additionally, the Clerk 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 of fees charged by the Clerk for maintaining the County and Circuit Court records, and collecting the fines and fees assessed by the courts. These court fees are 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 Section 28.24, 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.



**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Section 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Clerk to only present fund financial statements. The general fund and the public records modernization fund are presented as major governmental funds.

**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.

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.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance**

The Clerk has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," in the current year. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District 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.

**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.
- 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, 2011:

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transactions (Continued)**

The amount transferred by the Board to fund the 2011 budget of the Clerk was \$394,380.

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 Clerk and as a transfer in, in the basic financial statements of the County. In the prior year, the County appropriations were reported net of the excess of those appropriations over expenditures. 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 \$50,816 was due to the Board's General Fund at September 30, 2011, and is reported as a transfer out. In addition to the undistributed excess fees, the Clerk reported amounts to the Board's General Fund of \$101 for interest income.

- In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. There was no amount of excess fees due to the Board of County Commissioners at year end.

**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, 2011, the book balance of deposits was \$516,459 and the bank balance was \$533,022. As of September 30, 2011, 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.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
<b><u>Capital Assets</u></b>				
Capital assets being depreciated:				
Equipment	\$ 95,753	\$ 24,537	\$ (18,400)	\$ 101,890
Less accumulated depreciation:				
Equipment	65,200	13,001	\$ (18,400)	59,801
Total capital assets, net	<u>\$ 30,553</u>	<u>\$ 11,536</u>	<u>\$ -</u>	<u>\$ 42,089</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, 2010	\$ 20,060
Additions	52,853
Deductions	<u>(50,199)</u>
Balance, September 30, 2011	<u>\$ 22,714</u>
Amounts due within one year	<u>\$ 19,755</u>

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN**

**Plan Description**

Substantially all full-time Clerk employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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. Beginning July 1, 2011, enrolled employees are required to contribute 3% of their salary to the FRS Investment Plan.

The Clerk has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN (CONTINUED)**

**Funding Policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by State fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77%, elected officials 18.64%, senior management 14.57%, and DROP 12.25%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91%, elected officials 11.14%, senior management 6.27%, and DROP 4.42%. The Clerk's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$50,370, \$59,720, and \$56,219, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$2,913.

**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.

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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

In the County's actuarial valuation for the year ended September 30, 2011, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Clerk is \$24,879, Unfunded Actuarial Accrued Liability (UAAL) is \$24,879, and Annual Required Contribution (ARC) is \$3,923. 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, 2011 there is no pending, or, to the knowledge of the County, any threatened litigation against the Clerk.

## **REQUIRED SUPPLEMENTAL INFORMATION**



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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 498,121	\$ 498,121
<b>Expenditures:</b>				
Current - general government:				
Personal services	804,133	794,717	739,760	54,957
Operating expenditures	42,735	82,461	77,388	5,073
Capital outlay	1,110	12,065	24,537	(12,472)
Total Expenditures	847,978	889,243	841,685	47,558
<b>Deficiency of revenues over expenditures</b>	<u>(847,978)</u>	<u>(889,243)</u>	<u>(343,564)</u>	<u>545,679</u>
<b>Other Financing Sources (uses):</b>				
Transfers in	394,380	394,380	394,380	-
Transfers out	-	-	(50,816)	(50,816)
<b>Total Other Financing Sources</b>	<u>394,380</u>	<u>394,380</u>	<u>343,564</u>	<u>(50,816)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (453,598)</u>	<u>\$ (494,863)</u>	<u>\$ -</u>	<u>\$ 494,863</u>

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
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 1 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 Joe Flint  
Clerk of the Circuit Court  
Glades County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of Glades County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2011, which collectively comprise the Clerk's basic financial statement and have issued our report thereon dated June 4, 2012. 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2011-01 that we consider to be a significant deficiency in internal control over financial reporting.

Honorable Joe Flint  
Glades County, Florida

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 also noted certain matters that we reported to management of the Clerk in a separate letter dated June 4, 2012.

The Clerk's response to the finding 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 4, 2012

**GLADES COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2011**

**IC 2011-01 FINANCIAL REPORTING PROCESS (formerly IC 2010-01)**

**Criteria**

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

**Condition**

As part of the audit, we proposed an audit adjustment to revise the Clerk's books at year-end. This was the result of an out of balance condition in the interfund balances and unusual reconciling item in the bank reconciliation.

**Cause**

Fiscal year-end closing and bank reconciliation procedures did not properly adjust interfund and cash balances for monies originally deposited into the General Fund rather than the Agency Fund.

**Effect**

General Fund cash was overstated and interfund balances were not in agreement.

**Recommendation**

We recommend that interfund balances are reconciled at the fiscal year-end as part of the annual closing process. The bank reconciliation review process should consider the proper treatment of unusual reconciling items.

**Views of Responsible Officials and Planned Corrective Action**

Year-end bank reconciliations will be examined to make sure that there are no corrections or adjusting entries that need made.

If any adjustments are found to be needed, there will be journal entries made at year end to correct.

## MANAGEMENT LETTER

The Honorable Joe Flint  
Clerk of the Circuit Court  
Glades County, Florida

We have audited the financial statements of the Glades County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated June 4, 2012.

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 and Schedule of Findings and Responses dated June 4, 2012. Disclosures in that report, if any, should be considered in conjunction with this management letter.


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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we 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 noted below within Appendix A under the heading Prior Year Findings and Recommendations.
- 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.

Honorable Joe Flint  
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, 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 noted certain matters that are reported in Appendix B to this Management Letter.
- 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.
- 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 did disclose deficiencies in the processes for reporting performance and collection data, which are described as finding 2010-03 within Appendix A and finding 2011-02 within Appendix B to this Management Letter.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk, management, the Board of County Commissioners of Glades County, Florida, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 4, 2012



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

**APPENDIX A  
PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**ML 2010-01: TIMELY REMITTANCE OF AGENCY TRANSACTIONS**

**Condition**

Agency transactions are not reconciled on a regular basis and funds are not remitted timely.

**Recommendation**

Agency fund receipts should be reconciled timely and the liability should be paid on a timely basis. In addition, if a payee does not claim the funds timely, the Clerk should follow Florida escheat statutes.

**Current Status**

As of the fiscal year end September 30, 2011, the Clerk had researched agency fund liability balances for documentary stamps collected and made remittances to the State of Florida. However, the Clerk's agency fund contained other balances that were not current or were not supported by subsidiary schedules that are reconciled to the general ledger. See current year finding ML 2011-01.

**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.

**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 as of September 30, 2010.

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

**APPENDIX A  
PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**ML 2010-03: PERFORMANCE MEASURES (CONTINUED)**

**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 communicated to management in June 2011, the planned corrective actions as of and for the fiscal year-ended September 30, 2011 were developed and implemented. Conditions identified in our current audit occurred in the fiscal year before the deficiencies were communicated to management. Those conditions include:

1. Several instances were identified in which the date that was entered for the filed date did not agree with the date stamp on the related document.
2. Detailed collection reports documenting the amount of cumulative collections and amounts assessed for quarters prior to June 30, 2011 were not printed or saved in electronic format.

**Views of Responsible Officials and Planned Corrective Action**

All Clerk's staff have been trained to enter the date stamp as the filed date. A Standard Operating procedure for docketing has been written and is being followed.

Procedures have been put into place to run the Audit Trails for the Collection and Assessment Reports and the documentation is either printed or stored in electronic format.

**ML 2010-02** has been sufficiently addressed during fiscal year 2011.

**IC 2010-01** remains outstanding in fiscal year 2011. See current year finding **IC 2011-01** for further discussion.

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

**APPENDIX B  
CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**ML 2011-01: 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**

As of September 30, 2011, 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.

**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 I am hoping that we can resolve these issues by the end of next fiscal year (9/30/13), if not sooner.

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

**APPENDIX B  
CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**ML 2011-02 COLLECTIONS REPORTING**

**Criteria**

The Clerks' Trust Fund Collections Tracking Report serves to report to the CCOC on a monthly basis all court related fees, costs and services charges received by the Clerk that are considered state funds.

**Condition**

During testing of the Clerks' Trust Fund Collections Tracking Report we noted that fines were omitted from reporting for one month.

**Cause**

The collections data from the general ledger was not reconciled to the court system reports.

**Effect**

The collection data reported to the COCC contained errors for the identified month. Furthermore, collections data reported over the reporting year may contain inaccuracies.

**Recommendation**

We recommend that, as part of preparing the Clerk's Trust Fund Collections Tracking Report, the general ledger collections data is reconciled to the court system. Any variances should be investigated. We also recommend that written policies and procedures be implemented for court-related reporting.

**Views of Responsible Officials and Planned Corrective Action**

Procedures are currently in place to reconcile the court system with the g/l accounts and any variations are being investigated as to nature, such as data-entry errors, etc. in a timely manner.

Written procedures will be written by 9/30/12 to ensure compliance.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

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

The Honorable Larry Luckey  
Property Appraiser  
Glades County, Florida

We have audited the financial statements of the general fund of the Glades County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2011. These 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 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 the 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 opinion.

As discussed in Note 1, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of Glades County, Florida as of September 30, 2011, 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.

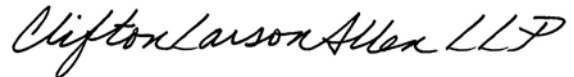
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012 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.

Honorable Larry Luckey  
Glades County, Florida

The budgetary comparison schedule on page 11 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012



**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

Cash	\$ 28,604
	<hr/>
<b>Total Assets</b>	<b>\$ 28,604</b>
	<hr/> <hr/>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 1,751
Due to Board of County Commissioners	25,631
Due to other governments	<hr/> 1,222

<b>Total Liabilities</b>	28,604
--------------------------	--------

<b>Fund Balance</b>	<hr/> -
---------------------	---------

<b>Total Liabilities and Fund Balance</b>	<b>\$ 28,604</b>
	<hr/> <hr/>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

<b>Revenues:</b>	
Charges for services	\$ 39,631
Miscellaneous	<u>100</u>
<b>Total Revenues</b>	<u>39,731</u>
<b>Expenditures:</b>	
Current	
Personal services	439,733
Operating expenditures	81,625
Capital outlay	<u>22,537</u>
<b>Total Expenditures</b>	<u>543,895</u>
<b>Deficiency of revenues over expenditures</b>	<u>(504,164)</u>
<b>Other Financing Sources (uses):</b>	
Transfers in	531,017
Distribution of excess fees:	
Board of County Commissioners	(25,631)
Other governments	<u>(1,222)</u>
<b>Total Other Financing Sources</b>	<u>504,164</u>
<b>Net Change in Fund Balance</b>	<u>-</u>
<b>Fund Balance, beginning of year</b>	<u>-</u>
<b>Fund Balance, end of year</b>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Glades County, Florida Property Appraiser (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 are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Property Appraiser to only present fund financial statements. The general fund is presented as a major governmental fund. The County funds the operating budget of the Property Appraiser.

**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.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 one or more of the following types:

- 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 2011 budget of the Property Appraiser was \$531,017.

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 \$25,631 were due to the Board of County Commissioners general fund at September 30, 2011.

**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, 2011, the book balance of deposits was \$28,108 and the bank balance was \$60,242. As of September 30, 2011, 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.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
Capital assets being depreciated:				
Equipment	\$ 187,619	\$ 20,964	\$ (27,277)	\$ 181,306
Less accumulated depreciation:				
Equipment	129,084	19,200	(27,277)	121,007
Total Capital Assets, net	<u>\$ 58,535</u>	<u>\$ 1,764</u>	<u>\$ -</u>	<u>\$ 60,299</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, 2011 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2010	\$ 8,118
Increases	27,891
Decreases	<u>(28,421)</u>
Balance, September 30, 2011	<u>\$ 7,588</u>
Amounts due within one year	<u>\$ 7,588</u>

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN**

**Plan Description**

Substantially all full-time Property Appraiser employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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. Beginning July 1, 2011, enrolled employees are required to contribute 3% of their salary to the FRS Investment Plan.

The Property Appraiser has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN (CONTINUED)**

**Funding Policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by State fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77%, DROP 12.25%, and Senior Management 14.57%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91%, DROP 4.42%, and Senior Management 6.27%. The Property Appraiser's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$32,926, \$35,393, and \$33,229, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$1,936.

**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 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 Property Appraiser participates in the County plan. The plan does not issue separate stand alone financial statements.

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 \$14,021, Unfunded Actuarial Accrued Liability (UAAL) is \$14,021, and Annual Required Contribution (ARC) is \$1,842. 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.

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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**

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 39,631	\$ 39,631
Miscellaneous	-	-	100	100
<b>Total Revenues</b>	-	-	39,731	39,731
<b>Expenditures:</b>				
Current				
Personal services	457,647	460,731	439,733	20,998
Operating expenditures	104,406	82,206	81,625	581
Capital outlay	5,970	26,330	22,537	3,793
<b>Total Expenditures</b>	568,023	569,267	543,895	25,372
<b>Deficiency of revenues over expenditures</b>	(568,023)	(569,267)	(504,164)	(65,103)
<b>Other Financing Sources (uses):</b>				
Transfers in	568,023	569,267	531,017	(38,250)
Distribution of excess fees:				
Board of County Commissioners	-	-	(25,631)	25,631
Other governments	-	-	(1,222)	1,222
<b>Total Other Financing Sources</b>	568,023	569,267	504,164	65,103
<b>Net Change in Fund Balance</b>	\$ -	\$ -	-	\$ -
Fund Balance, beginning of year			-	
<b>Fund Balance, end of year</b>			\$ -	

**GLADES COUNTY, FLORIDA  
PROPERTY APPRAISER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2011**

**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 financial statements of the general fund of the Glades County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2011, and have issued our report thereon dated May 31, 2012. 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:

## **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 backdating, adjusting or deleting transactions which may change previously reported financial information. During our review of the fund balance accounts, we noted that the fund balance did not agree to the prior year financial statement balance. Upon further review 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.

## **Compliance and Other Matters**

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

## **2011-02 Compliance with Florida Statutes Chapter 280**

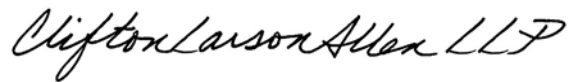
Florida Statutes Chapter 280 requires that government entities annually file form DFS-J1-1009 with the Florida Department of Financial Services, which verifies that all public funds are being held in a qualified public depository, as required by the Statutes.

Honorable Larry Luckey  
Glades County, Florida

In addition, Chapter 280 requires that a public entity maintain on file an original, signed form DFS-J1-1295 form for each bank account that is in the government entity's name. It was noted during the current year audit that the Property Appraiser does not have current original signed form DFS-J1-1295 form for all bank accounts.

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

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012

## MANAGEMENT LETTER

The Honorable Larry Luckey  
Property Appraiser  
Glades County, Florida

We have audited the financial statements of the Glades County, Florida, Property Appraiser, Florida (the "Property Appraiser") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated May 31, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated May 31, 2012, 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.

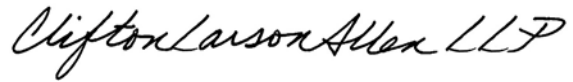
- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such matters reported in the preceding annual financial audit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



Honorable Larry Luckey  
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 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners of Glades County, Florida, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012

**GLADES COUNTY, FLORIDA  
SHERIFF**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**GLADES COUNTY, FLORIDA  
SHERIFF  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Stuart Whiddon  
Sheriff  
Glades County, Florida

We have audited the accompanying financial statements of each major fund of the Glades County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2011, which comprise the basic financial statements of the Sheriff as listed in the table of contents. These financial statements are the responsibility of the Sheriff'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.

As discussed in Note 1, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of Glades County, Florida as of September 30, 2011, 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 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, 2011, 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.

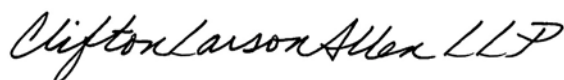
As discussed in Note 1 to the financial statements, the Sheriff has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year.

Honorable Stuart Whiddon  
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2012, 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.

The budgetary comparison schedule on page 16 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 11, 2012

**GLADES COUNTY, FLORIDA  
SHERIFF  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash	\$ 480,454	\$ 1,286,803	\$ 1,767,257
Accounts Receivable	540,098	9,816	549,914
Due from Other Funds	108,893	4,136	113,029
Due from Other Governments	24,597	227,539	252,136
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,154,042</u>	<u>\$ 1,528,294</u>	<u>\$ 2,682,336</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 184,754	\$ 13,093	\$ 197,847
Other Accrued Expenditures	208,453	-	208,453
Deferred Revenue	18,744	-	18,744
Due to Other Funds	4,136	108,893	113,029
Due to Other Governments	42,067	-	42,067
Due to Board of County Commissioners	246,664	-	246,664
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	704,818	121,986	826,804
Fund Balances:			
Restricted			
Public Safety	-	1,406,308	1,406,308
Training	3,775	-	3,775
Donations	5,475	-	5,475
Assigned			
Personnel Expenditures	439,974	-	439,974
Total Fund Balance	<u>449,224</u>	<u>1,406,308</u>	<u>1,855,532</u>
Total Liabilities and Fund Balances	<u>\$ 1,154,042</u>	<u>\$ 1,528,294</u>	<u>\$ 2,682,336</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
<b>Revenues:</b>			
Fines and Forfeitures	\$ 47,532	\$ 1,747,007	\$ 1,794,539
Intergovernmental	63,128	10,983	74,111
Charges for Services	6,384,051	-	6,384,051
Investment Earnings	109	1,817	1,926
Income	12,548	1,898	14,446
	<u>6,507,368</u>	<u>1,761,705</u>	<u>8,269,073</u>
<b>Total Revenues</b>			
	<u>6,507,368</u>	<u>1,761,705</u>	<u>8,269,073</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Personal Services	2,602,754	357,697	2,960,451
Operating Expenditures	716,943	418,834	1,135,777
Jail Operations			
Personal Services	5,755,394	-	5,755,394
Operating Expenditures	1,561,851	-	1,561,851
Debt Service:			
Principal	43,606	92,933	136,539
Interest and Other Charges	4,243	-	4,243
Capital Outlay	207,887	262,544	470,431
	<u>10,892,678</u>	<u>1,132,008</u>	<u>12,024,686</u>
<b>Total Expenditures</b>			
	<u>10,892,678</u>	<u>1,132,008</u>	<u>12,024,686</u>
Excess (Deficiency) of Revenues over Expenditures	(4,385,310)	629,697	(3,755,613)
<b>Other Financing Sources (Uses):</b>			
Transfers In	4,538,836	-	4,538,836
Transfers Out	(245,855)	-	(245,855)
Proceeds from the Disposal of Capital Assets	11,060	1,231	12,291
Capital Lease Proceeds	153,455	-	153,455
	<u>4,457,496</u>	<u>1,231</u>	<u>4,458,727</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>4,457,496</u>	<u>1,231</u>	<u>4,458,727</u>
Net Change in Fund Balance	72,186	630,928	703,114
Fund Balances, Beginning of Year	377,038	775,380	1,152,418
	<u>377,038</u>	<u>775,380</u>	<u>1,152,418</u>
Fund Balances, End of Year	\$ 449,224	\$ 1,406,308	\$ 1,855,532
	<u>\$ 449,224</u>	<u>\$ 1,406,308</u>	<u>\$ 1,855,532</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Glades County, Florida, Sheriff (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 are prepared for the purpose of complying with Section 218.39(2), Florida Statutes and Chapter 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Sheriff to only present fund financial statements. The general fund and asset forfeiture funds are presented as major governmental funds.



**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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**

The Sheriff has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," in the current year. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District 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.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 one or more of the following types:

- 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, 2011:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 108,893	\$ 4,136
Asset Forfeiture Fund	<u>4,136</u>	<u>108,893</u>
	<u>\$ 113,029</u>	<u>\$ 113,029</u>

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transactions (Continued)**

The amount transferred by the Board to fund the 2011 budget of the Sheriff was \$4,538,836.

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 \$245,855 was due to the Board's general fund at September 30, 2011, and is reported as a transfer out.

In addition to the undistributed excess fees, The Sheriff reported amounts due to the Board's general fund of \$809 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, 2011, the book balance of deposits was \$1,767,558 and the bank balance was \$1,825,320. As of September 30, 2011, 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.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
Capital Assets, Being Depreciated:				
Motor Vehicles	\$ 1,844,711	\$ 387,325	\$ 269,692	\$ 1,962,344
Equipment and Furniture	2,036,168	77,606	23,087	2,090,687
Livestock	7,800	5,500	-	13,300
Total Capital Assets, Being Depreciated	3,888,679	470,431	292,779	4,066,331
Less Accumulated Depreciation for:				
Motor Vehicles	1,249,082	268,355	243,766	1,273,671
Equipment and Furniture	1,180,024	217,259	20,725	1,376,558
Livestock	557	1,507	-	2,064
Total Accumulated Depreciation	2,429,663	487,121	264,491	2,652,293
Capital Assets, Net	<u>\$ 1,459,016</u>	<u>\$ (16,690)</u>	<u>\$ 28,288</u>	<u>\$ 1,414,038</u>

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011 are as follows:

Fiscal Year Ending September 30

2012	\$     49,500
2013	9,000
Total minimum lease payments	<u>58,500</u>
Less amount representing interest	<u>(1,916)</u>
	<u><u>\$     56,584</u></u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$431,039 and \$154,138 respectively, as of September 30, 2011.

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, 2010	\$     39,669
Proceeds	153,455
Principal Retirements	<u>(136,540)</u>
Balance, September 30, 2011	<u><u>\$     56,584</u></u>
Amounts Due Within One Year	<u><u>\$     47,648</u></u>

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011 were \$11,883.

The future minimum lease obligations as of September 30, 2011 are as follows:

Fiscal Year Ending September 30

2012	\$ 16,423
2013	11,446
2014	11,446
2015	3,879
2016	<u>1,243</u>
Total minimum lease payments	<u>\$ 44,437</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)

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 6    COMPENSATED ABSENCES (CONTINUED)**

The following is a summary of changes in the compensated absences liability during fiscal year 2011.

Balance, October 1, 2010	\$     631,200
Increases	660,957
Decreases	<u>(666,876)</u>
Balance, September 30, 2011	<u><u>\$     625,281</u></u>
Amounts Due Within One Year	<u><u>\$     441,839</u></u>

**NOTE 7    RETIREMENT PLAN**

**Plan Description**

Substantially all full-time Sheriff employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 7     RETIREMENT PLAN (CONTINUED)**

**Plan Description (Continued)**

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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. Beginning July 1, 2011, enrolled employees are required to contribute 3% of their salary to the FRS Investment Plan.

The Sheriff has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.

**Funding Policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by State fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77%, special risk members 23.25%, DROP members 12.25%, and elected officials 18.64%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91%, special risk members 14.10%, DROP members 4.42%, and elected officials 11.14%. The Sheriff's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$1,096,705, \$1,211,710, and \$1,120,759, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$49,266.



**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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, 2011, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Sheriff is \$524,634, Unfunded Actuarial Accrued Liability (UAAL) is \$524,634, and Annual Required Contribution (ARC) is \$131,101. 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.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 9     RISK MANAGEMENT (CONTINUED)**

The coverage for general liability, worker's 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, 2011, the Sheriff received \$5,875,951 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.

**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**

**GLADES COUNTY, FLORIDA  
SHERIFF  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,060)</u>	<u>\$ (11,060)</u>
<b>Expenditures:</b>				
Current:				
Public Safety				
Personal Services	2,060,429	2,060,429	2,602,754	(542,325)
Operating Expenditures	554,803	554,803	716,943	(162,140)
Jail Operations				
Operating Expenditures	1,690,744	1,690,744	1,561,851	128,893
Capital Outlay	<u>68,098</u>	<u>68,098</u>	<u>207,887</u>	<u>(139,789)</u>
Total Expenditures	<u>4,374,074</u>	<u>4,374,074</u>	<u>5,089,435</u>	<u>(715,361)</u>
Excess (Deficiency) of Revenues over Expenditures	(4,374,074)	(4,374,074)	(5,100,495)	(726,421)
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>4,374,074</u>	<u>4,374,074</u>	<u>4,538,836</u>	<u>164,762</u>
Total Other Financing Sources (Uses)	<u>4,374,074</u>	<u>4,374,074</u>	<u>4,538,836</u>	<u>164,762</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (561,659)</u></u>	<u><u>\$ (561,659)</u></u>

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED 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 Sheriff's office:

- On or before June 1 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.

**GLADES COUNTY, FLORIDA  
SHERIFF  
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

**NOTE 2    DIFFERENCE BETWEEN BUDGETED AND ACTUAL RESULTS**

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

	<u>General Fund</u>
Actual amounts (budgetary basis) “revenues” from the budgetary comparison schedule	\$        (11,060)
Differences—budget to GAAP:	
Revenues not budgeted	<u>6,518,428</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - general fund	<u><u>\$    6,507,368</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) “expenditures” from the budgetary comparison schedule	\$    5,089,435
Differences—budget to GAAP:	
Jail operation personal services not budgeted	5,755,394
Debt service not budgeted	<u>47,849</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - general fund	<u><u>\$   10,892,678</u></u>
Actual amounts (budgetary basis) “other sources (uses)” from the budgetary comparison schedule	\$    4,538,836
Differences—budget to GAAP:	
Excess appropriations not budgeted	(245,855)
Capital lease proceeds not budgeted	<u>153,455</u>
Total sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances - general fund	<u><u>\$    4,446,436</u></u>

## **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 Glades County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2011, and have issued our report thereon dated June 11, 2012. 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.

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 below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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



### **IC 2011-01 Individual Depositor Account**

#### **Criteria**

Financial transactions should be accounted for and included in the financial records of the Sheriff.

#### **Condition**

The collection of civil processing fees is not included in the controls and financial records of the Sheriff.

#### **Cause**

An exception was made and the civil processing fee collections and the individual depositors account does not follow the existing policy and approval procedures set forth by the Sheriff.

#### **Effect**

Without recording the civil processing fee collections and the individual depositor account transactions, the Sheriff's financial records are not complete and could affect the Sheriff's ability to detect or prevent a misappropriation of assets or fraudulent activity.

#### **Recommendation**

We understand there are minimal processing fees collected and the current process appeared to be operating efficiently; however, it is not effective in recording the financial records and safeguarding the financial assets of the Sheriff. We recommend that the civil processing fee collections and individual depositor account transactions are added to the financial reporting system of the Sheriff and the existing policy and procedures for control are implemented for this process and bank account.

#### **View of Responsible Officials**

Beginning FY11-12, all civil processing fee collections and individual depositor account transactions will be added to the financial reporting system of the Sheriff. All existing policies and procedures for control will be implemented for this process and bank account as recommended.

#### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **C 2011-01 Budget**

#### **Criteria**

Based on Florida Statute it is unlawful to exceed the budget.

#### **Condition**

Actual expenditures exceed appropriations.

**Cause**

The final budget amendment was not approved within the required 60 days.

**Effect**

Expenditures in excess of approved budget is in violation of Florida Statutes.

**Recommendation**

We understand an updated budget was provided to the Board of County Commissioner for approval which would have adjusted the budget for various revenues, Board of County Commissioner funding and additional expenditures not included in the original budget document. However the amended budget for the Sheriff was not approved until February 14, 2012 which is in excess of the allowable 60 day period to amend budgets. We recommend the final budget amendment be provided to the Board of County Commissioners in time for them to approve the amendment prior to 60 days after year end. We also recommend the Sheriff's office obtain a copy of the final budget approval to verify approval within 60 days after year end.

**View of Responsible Officials**

The Glades County Sheriff's Office will submit final budget amendment to the Board of County Commissioners as to comply with Florida Statute requirements. We will also request a copy of the final budget approval to verify approval within 60 days after year end.

**C 2011-02 Budget Amendment**

**Criteria**

Florida Statute 129.06 (2) allows for budget amendments at any time within a fiscal year, and within the first 60 days of a fiscal year for the prior fiscal year.

**Condition**

The Sheriff's final budget amendment was not approved until February 14, 2012, which is significantly after the 60 day cutoff.

**Cause**

Being unaware of the 60 day requirement, we submitted our budget amendment to the Board of County Commissioners on January 3, 2012.

**Effect**

The Sheriff's final budget amendment for the fiscal year ending September 30, 2011 was not valid and caused the Sheriff to have expenditures in excess of those budgeted for the fiscal year.

**Recommendation**

We recommend the final budget amendment be provided to the Board of County Commissioners in time for them to approve the amendment prior to 60 days after year-end. We also recommend the Sheriff's office obtain a copy of the final budget approval to verify approval within 60 days after year-end.

Honorable Stuart Whiddon  
Glades County, Florida

**View of Responsible Officials**

The Glades County Sheriff's Office will submit final budget amendment to the Board of County Commissioners as to comply with Florida Statute requirements. We will also request a copy of the final budget approval to verify approval within 60 days after year-end.

We also noted certain matters that we reported to management of the Sheriff in a separate letter dated June 11, 2012.

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 11, 2012

## MANAGEMENT LETTER

The Honorable Stuart Whiddon  
Sheriff  
Glades County, Florida

We have audited the financial statements of the Glades County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2011, and have issued our report thereon dated June 11, 2012.

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 11, 2012, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations. There were no comments from the second preceding fiscal year that were repeated.
- 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:

## **Prior Year Findings and Recommendations**

### **ML 2010-02 Debit Card Purchases**

#### **Criteria**

Proper controls over the use of debit and credit card purchases should be maintained. This would include documenting who is approved to use the cards and documenting the procedures required for making purchases.

#### **Condition**

Based on discussions with management, there is an informal policy that debit and credit card purchases are verbally approved by the Sheriff prior to purchase.

#### **Cause**

No written policy exists that requires approval procedures to be followed and documented.

#### **Effect**

Without written approval, fraudulent or erroneous purchases may be made. In addition, the cards could be used to circumvent the normal procurement process.

#### **Recommendation**

We understand there are limited individuals who have access to the cards and that due to the size of the Sheriff, it has not been considered necessary to formalize a card policy. We recommend a formal approval policy be adopted for debit and credit card purchases.

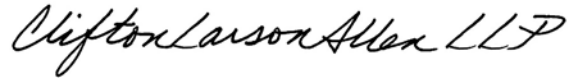
#### **Views of Responsible Officials and Planned Corrective Action**

The Glades County Sheriff's Office is currently working on and will adopt a formal approval policy for all debit and credit card purchases.

- 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.

Honorable Stuart Whiddon  
Glades County, Florida

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 11, 2012

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

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

The Honorable Holly Whiddon  
Supervisor of Elections  
Glades County, Florida

We have audited the accompanying financial statements of the general fund of the Glades County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2011. These financial statements are the responsibility of the Supervisor of Elections' 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 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 opinion.

As discussed in Note 1, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of Glades County, Florida as of September 30, 2011, 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 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, 2011, 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  
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012 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.

The budgetary comparison schedule included on page 11 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

Prepaid Expenses	<u>\$ 13,379</u>
<b>Total Assets</b>	<u><u>\$ 13,379</u></u>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Due to Board of County Commissioners	<u>\$ 13,379</u>
<b>Total Liabilities</b>	<u>13,379</u>
<b>Fund Balance</b>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 13,379</u></u>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

<b>REVENUES</b>	<u>\$ -</u>
<b>EXPENDITURES:</b>	
Personal Services	134,201
Operating Expenditures	<u>49,341</u>
<b>Total Expenditures</b>	<u>183,542</u>
<b>OTHER FINANCING SOURCES:</b>	
Transfer In	196,921
Transfer Out	<u>(13,379)</u>
<b>Total Other Financing Sources</b>	<u>183,542</u>
<b>NET CHANGE IN FUND BALANCE</b>	-
Fund Balance, Beginning of Year	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Glades County, Florida, Supervisor of Elections (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 are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Supervisor of Elections to only present fund financial statements. 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.

**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.

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (Continued)**

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 of County Commissioners (the "Board") to fund the 2011 budget of the Supervisor of Elections was \$196,921.

**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.

**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.

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 82,416	\$ -	\$ 1,416	\$ 81,000
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	63,567	8,283	1,416	70,434
Total Capital Assets, Net	<u>\$ 18,849</u>	<u>\$ (8,283)</u>	<u>\$ -</u>	<u>\$ 10,566</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	\$ 337
Additions	1,296
Deductions	<u>(1,633)</u>
Ending Balance	<u>\$ -</u>

All of the above liability at September 30, 2011 is considered current.

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4     RETIREMENT PLAN**

**Plan Description**

Substantially all full-time Supervisor of Elections employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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. Beginning July 1, 2011, enrolled employees are required to contribute 3% of their salary to the FRS Investment Plan.

The Supervisor of Elections has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.



**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

**Funding Policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by state fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77% and elected officials 18.64%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91% and elected officials 11.14%. The Supervisor of Elections' contributions made during the years ended September 30, 2011, 2010, and 2009 were \$14,183, \$15,225 and \$14,493, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$524.

**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.

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 Supervisor of Elections is \$5,957, Unfunded Actuarial Accrued Liability (UAAL) is \$5,957, and Annual Required Contribution (ARC) is \$620. 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.

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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**

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Current - General Government:				
Personal Services	148,837	134,206	134,201	5
Operating Expenditures	65,444	62,975	62,720	255
Capital Outlay	5,000	-	-	-
Total Expenditures	219,281	197,181	196,921	260
Other Financing Sources:				
Transfer In:				
Glades County, Florida Board of County Commissioners Appropriations	219,281	197,181	196,921	260
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
SEPTEMBER 30, 2011**

**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.

**GLADES COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS  
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
SEPTEMBER 30, 2011**

**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	\$     196,921
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	<u>(13,379)</u>
Total expenditures as reported on the statement of revenues and expenditures - general fund	<u><u>\$     183,542</u></u>
Actual amounts (budgetary basis) "other sources (uses)" from the budgetary	\$     196,921
Differences—budget to GAAP:	
Excess appropriations not budgeted	<u>(13,379)</u>
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	<u><u>\$     183,542</u></u>

## **SUPPLEMENTAL INDEPENDENT AUDITORS' 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 Glades County, Florida, Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2011, and have issued our report thereon dated May 31, 2012. 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.



### **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.

### **2011-01 – Hiring of a Relative**

#### Criteria

Florida Statute 112.3135(2)(a) – A public official may not appoint, employ, promote, or advance, or advocate for appointment, employment, promotion, or advancement, in or to a position in the agency in which the official is serving or over which the official exercises jurisdiction or control any individual who is a relative of the public official. An individual may not be appointed, employed, promoted, or advanced in or to a position in an agency if such appointment, employment, promotion, or advancement has been advocated by a public official, serving in or exercising jurisdiction or control over the agency, who is a relative of the individual or if such appointment, employment, promotion, or advancement is made by a collegial body of which a relative of the individual is a member.

#### Condition

During the year the daughter of the elected official was paid \$500 to provide temporary help to the Supervisor of Elections office.

#### Cause

During one week the Supervisor of Elections was out of town and was unable to find someone to temporarily staff the Supervisor of Elections office. Her daughter was available so she had her staff the office while she was out of town. In addition, on election day, the Supervisor of Elections had difficulty staffing polling stations which lead to the Supervisor's daughter and mother staffing stations.

#### Effect

By paying the daughter of the elected official the Supervisor of Elections office was in violation of Florida Statute 112.3135(2)(a).

#### Recommendation

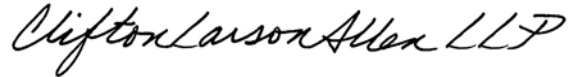
We understand that due to the size of the County it is not always possible to get the temporary help required and sometimes relatives might be the only option. However, we are responsible to communicate the information in accordance with professional standards regardless of the circumstances.

#### View of Responsible Official

Due to time constraints and the unavailability of someone to work temporarily in my absence, I hired a relative who was familiar with the office. After the audit, I was advised that Florida Statutes prohibits this practice. I have recently hired a full-time employee. If this situation occurs in the future, I will make sure a relative is not employed in this office.

Honorable Holly Whiddon  
Glades County, Florida

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012

## MANAGEMENT LETTER

The Honorable Holly Whiddon  
Supervisor of Elections  
Glades County, Florida

We have audited the financial statements of the Glades County, Florida, Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2011, and have issued our report thereon dated May 31, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated May 31, 2012, should be considered in conjunction with this management letter.

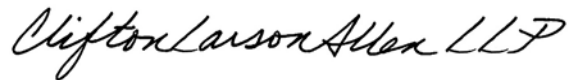
Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors'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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter 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  
May 31, 2012

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
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YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Gail Jones  
Tax Collector  
Glades County, Florida

We have audited the financial statements of the general fund and the aggregate remaining fund information of the Glades County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2011. These financial statements are the responsibility of the Tax Collector'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 the 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.

As discussed in Note 1, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of Glades County, Florida as of September 30, 2011, 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.

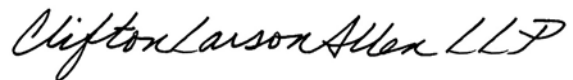
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector, as of September 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Gail Jones  
Glades County, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012, 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 important for assessing the results of our audit.

The budgetary comparison schedule included on page 12 is not a required part of the financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012



**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

Cash	\$ 14,889
	<hr/>
<b>Total Assets</b>	<b>\$ 14,889</b>
	<hr/> <hr/>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 3,284
Due to Board of County Commissioners	11,605
	<hr/>

<b>Total Liabilities</b>	14,889
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<b>Fund Balance</b>	<hr/> -
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<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,889</b>
	<hr/> <hr/>

*See accompanying Notes to the Financial Statements.*

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

<b>Revenues:</b>	\$ -
<b>Expenditures:</b>	
Current	
Personal services	390,085
Operating expenditures	60,127
Capital outlay	5,821
	<u>456,033</u>
<b>Total Expenditures</b>	<u>456,033</u>
<b>Deficiency of revenues over expenditures</b>	<u>(456,033)</u>
<b>Other Financing Sources (uses):</b>	
Transfers in	467,638
Transfers out	(11,605)
	<u>456,033</u>
<b>Total Other Financing Sources</b>	<u>456,033</u>
<b>Net change in Fund Balance</b>	-
<b>Fund Balance, beginning of year</b>	<u>-</u>
<b>Fund Balance, end of year</b>	<u><u>\$ -</u></u>

See accompanying Notes to the Financial Statements.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

**ASSETS**

Cash	\$ 139,486
Other receivables	<u>178</u>
<b>Total Assets</b>	<b><u>\$ 139,664</u></b>

**LIABILITIES**

Due to other governments	<u>\$ 139,664</u>
<b>Total Liabilities</b>	<b><u>\$ 139,664</u></b>

*See accompanying Notes to the Financial Statements.*

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Glades County, Florida, Tax Collector (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.

**Basis of Presentation**

The Tax Collector's financial statements are prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*, which require the Tax Collector to only present fund financial statements. The general fund is presented as a major governmental fund. The County funds the operating budget of the Tax Collector.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 one or more of the following types:

- 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 of County Commissioners (the "Board") to fund the 2011 budget of the Tax Collector was \$456,033.

**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, 2011, the book balance of deposits was \$153,875 and the bank balance was \$317,730. As of September 30, 2011, 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.

**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.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
<u>Capital Assets</u>				
Capital assets being depreciated:				
Equipment	\$ 80,400	\$ 5,821	\$ (37,448)	\$ 48,773
Less accumulated depreciation:				
Equipment	70,078	5,921	(37,313)	38,686
Total Capital Assets, net	<u>\$ 10,322</u>	<u>\$ (100)</u>	<u>\$ (135)</u>	<u>\$ 10,087</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	\$ 8,221
Additions	26,095
Deductions	<u>(28,554)</u>
Ending balance	<u>\$ 5,762</u>

All of the above liability at September 30, 2011 is considered current.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN**

**Plan Description**

Substantially all full-time Tax Collector employees are participants in the Florida Retirement System ("the System"). The System, a multiple-employer, cost-sharing public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 689,000 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 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 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 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 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.

Beginning July 1, 2011, all employees are required to contribute 3% of their salary to this retirement system.

Effective with the State fiscal year 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 investments in their account among the investments funds available through the Plan. These investment accounts vest to the employee 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. Beginning July 1, 2011, enrolled employees are required to contribute 3% of their salary to the FRS Investment Plan.

The Tax Collector has no responsibility to the System other than to make the periodic payments 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 or by calling (850) 488-5706, or by accessing their internet site at <http://dms.myflorida.com>.



**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 RETIREMENT PLAN (CONTINUED)**

**Funding policy**

Participating employer contributions are based upon statewide rates established by the State of Florida. The FRS establishes contributions by State fiscal year, which begins on July 1. The contribution rates by job class for the State fiscal year 2010 were as follows: regular employees 10.77% and elected officials 18.64%. The contribution rates effective July 1, 2011 were as follows: regular employees 4.91% and elected officials 11.14%. The Tax Collector's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$33,800, \$37,744 and \$33,410, respectively, equal to the actuarially determined contribution requirements for each year. Employee contributions made during the year ended September, 30, 2011, the first year of such required contributions, were \$1,245.

**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.

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 Tax Collector is \$68,802, Unfunded Actuarial Accrued Liability (UAAL) is \$68,802, and Annual Required Contribution (ARC) is \$5,734. 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, 2011, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues:</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>				
Current				
Personal services	407,717	396,804	390,085	6,719
Operating expenditures	56,672	61,764	60,127	1,637
Capital outlay	<u>-</u>	<u>5,821</u>	<u>5,821</u>	<u>-</u>
<b>Total Expenditures</b>	<u>464,389</u>	<u>464,389</u>	<u>456,033</u>	<u>8,356</u>
<b>Deficiency of revenues over expenditures</b>	<u>(464,389)</u>	<u>(464,389)</u>	<u>(456,033)</u>	<u>8,356</u>
<b>Other Financing Sources (uses):</b>				
Transfers in	464,389	464,389	467,638	3,249
Transfers out	<u>-</u>	<u>-</u>	<u>(11,605)</u>	<u>(11,605)</u>
<b>Total Other Financing Sources</b>	<u>464,389</u>	<u>464,389</u>	<u>456,033</u>	<u>(8,356)</u>
<b>Net change in Fund Balance</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
<b>Fund Balance, beginning of year</b>			<u>-</u>	
<b>Fund Balance, end of year</b>			<u><u>\$ -</u></u>	

**GLADES COUNTY, FLORIDA  
TAX COLLECTOR  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2011**

**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 financial statements of the general fund and the aggregate remaining fund information of Glades County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2011, which collectively comprise the Tax Collector's financial statements and have issued our report thereon dated May 31, 2012. 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.

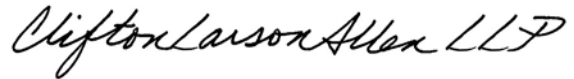
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Honorable Gail Jones  
Glades County, Florida

### **Compliance and Other Matters**

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

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012



## MANAGEMENT LETTER

The Honorable Gail Jones  
Tax Collector  
Glades County, Florida

We have audited the financial statements of the Glades County, Florida, Tax Collector (the "Tax Collector") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated May 31, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated May 31, 2012, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we 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.
- 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.

Honorable Gail Jones  
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 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Tax Collector, management, the Board of County Commissioners of Glades County, Florida, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 31, 2012