

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

**GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2013**

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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 4 through 12, page 50, and pages 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Board of County Commissioners
Glades County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2014, 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* in considering County's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 20, 2014

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

This section of the report presents our discussion and analysis of the County's performance during the fiscal year that ended September 30, 2013. Please read it in conjunction with the County's financial statements, which follow this section.

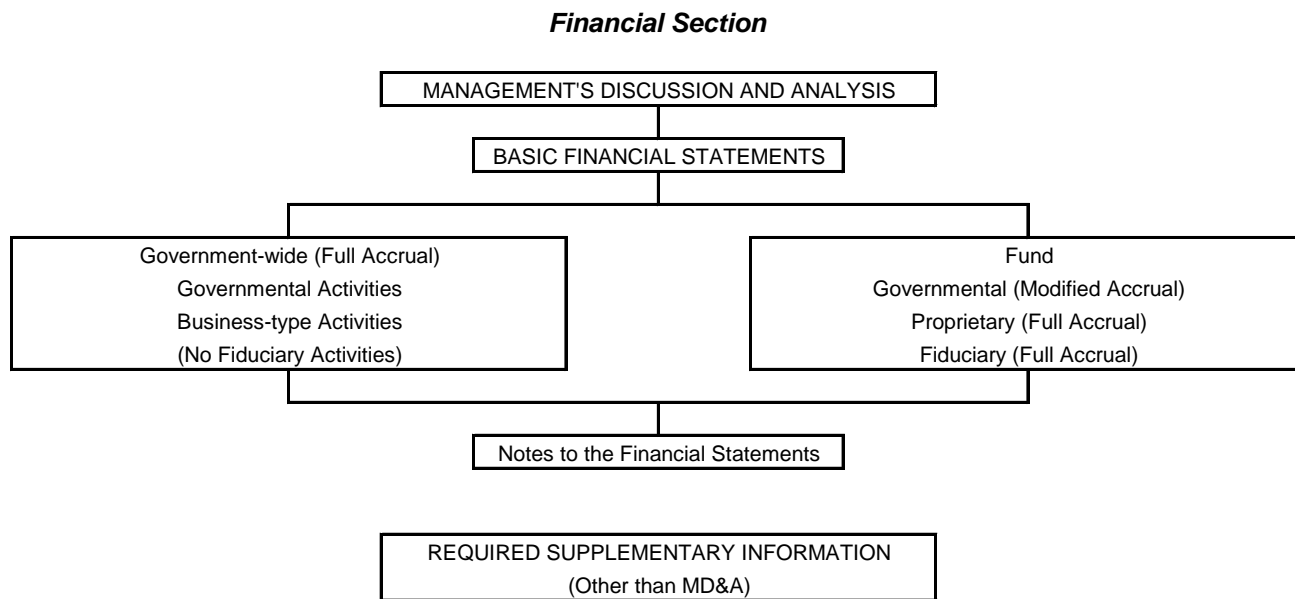
Financial Highlights

The County's total net position decreased by approximately \$1.7 million over the course of this year's operations. The net position of our business-type activities increased by approximately \$43,000 and net position of our governmental activities decreased by approximately \$1.8 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.2 million, or 36% 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses and changes in fund balances • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 position and statement of activities. As described below, these statements do not include the County's fiduciary activities because resources of these funds cannot be used to finance the County's activities. However, the financial statements of fiduciary activities are included in the County's fund financial statements, because the County is financially accountable for those resources, even though they belong to other parties.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- The *Statement of Net Position* 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 position*. Over time, increases or decreases in net position 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 position in general, as this amount increases it indicates that the financial position of the County is improving over time.

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

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

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

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

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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

Proprietary Fund – Financial statements consist of a statement of net position, statement of revenue, expenses, and changes in fund net position 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 position and a statement of changes in fiduciary net position.

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 position as of September 30, 2013 and 2012, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 15,638	\$ 16,953	\$ 674	\$ 582	\$ 16,312	\$ 17,535
Capital assets	34,876	36,007	517	534	35,393	36,541
Total Assets	<u>50,514</u>	<u>52,960</u>	<u>1,191</u>	<u>1,116</u>	<u>51,705</u>	<u>54,076</u>
Other Liabilities	2,780	3,523	43	1	2,823	3,524
Non-current liabilities outstanding	1,535	1,456	538	548	2,073	2,004
Total Liabilities	<u>4,315</u>	<u>4,979</u>	<u>581</u>	<u>549</u>	<u>4,896</u>	<u>5,528</u>
Net Position:						
Net investment in capital assets						
assets	34,815	35,896	517	534	35,332	36,430
Restricted	6,214	6,377	-	-	6,214	6,377
Unrestricted	5,169	5,708	93	33	5,262	5,741
Total Net Position	<u>\$ 46,198</u>	<u>\$ 47,981</u>	<u>\$ 610</u>	<u>\$ 567</u>	<u>\$ 46,808</u>	<u>\$ 48,548</u>

Capital assets for the governmental activities decreased \$1.1 million due mostly to the completion of construction of two roads projects, Williams and Benbow Roads, and near completion of Phase II of the Ranch Lake Estates waste water project. Overall, total liabilities decreased \$664,000 due to a decrease in construction payables at year-end, lower unearned revenue balances, and timing of payment of accrued expenses.

Liabilities of the business-type activities increased by approximately \$32,000 due to a increase in accounts payable and accrued liabilities at year-end offset by a decrease in compensated absences and closure cost.

As noted earlier, net position 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 \$46.8 million. The largest portion of the County's net position is net investment in capital assets and is 75.5% of total net position. This category reflects its net 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 this net position is 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 position represents 13.1% of total net position. Restricted net position represents resources that are subject to external restrictions on how they can be used. Unrestricted net position represents 11.4% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position decreased by approximately \$1.7 million during the fiscal year. This decrease is attributed to decreases in ongoing revenues such as charges for services, capital grants, and property taxes 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 position for the years ended September 30, 2013 and 2012, as derived from the government-wide Statement of Activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 7,967	\$ 10,815	\$ 412	\$ 402	\$ 8,379	\$ 11,217
Operating Grants	4,159	4,078	61	60	4,220	4,138
Capital Grants	1,018	2,209	-	-	1,018	2,209
General revenues:						
Property taxes	6,268	6,434	-	-	6,268	6,434
Other taxes	1,093	1,070	-	-	1,093	1,070
Other revenues	47	225	1	1	48	226
Total Revenues	<u>20,552</u>	<u>24,831</u>	<u>474</u>	<u>463</u>	<u>21,026</u>	<u>25,294</u>
Expenses:						
General government	4,474	4,468	-	-	4,474	4,468
Public safety	13,988	16,193	-	-	13,988	16,193
Physical environment	634	1,193	-	-	634	1,193
Transportation	1,953	1,715	-	-	1,953	1,715
Culture and recreation	250	252	-	-	250	252
Human services	525	598	-	-	525	598
Economic environment	466	330	-	-	466	330
Court-related costs	41	28	-	-	41	28
Interest on long-term debt	4	5	-	-	4	5
Solid Waste	-	-	431	385	431	385
Total Expenses	<u>22,335</u>	<u>24,782</u>	<u>431</u>	<u>385</u>	<u>22,766</u>	<u>25,167</u>
Change in net position	(1,783)	49	43	78	(1,740)	127
Net position - beginning	47,981	47,932	567	489	48,548	48,421
Net position - ending	<u>\$ 46,198</u>	<u>\$ 47,981</u>	<u>\$ 610</u>	<u>\$ 567</u>	<u>\$ 46,808</u>	<u>\$ 48,548</u>

Over time, increases and decreases in net position measure whether the County's financial position is improving or deteriorating. During this fiscal year, the net position of the governmental activities decreased by approximately \$1.8 million or 3.8%, and the net position of the business-type activities increased by approximately \$43,000 or 7.6%.

Governmental Activities – Governmental activities decreased the County's net position by approximately \$1.8 million, accounting for 102.5% of the total decrease in net position. Overall revenues decreased \$4.3 million and expenses decreased \$2.5 million. Key elements of these changes are as follows:

- Charges for services decreased \$2.8 million mainly due to the decrease in forfeiture amounts realized by Sheriff's Office.
- Operational grants increased \$81,000 due primarily to Community Development Block Grant.
- Capital Grants decreased \$1.2 million due to completion of two road construction projects.
- Property tax revenues decreased approximately \$166,000 due to decreases in property values.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- Physical environment expenses decreased approximately \$559,000 due to decrease in contractual and professional fees.
- Public Safety decreased \$2,205,000 due to decrease in personnel related to law enforcement.
- Human services decreased \$73,000 due to reduction in personnel and medical services.

Business-type Activities – Business-type activities increased the County's net position by approximately \$43,000. Overall revenues increased \$11,000 and expenses increased by \$46,000.

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, *unassigned fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At end of the current fiscal year, unassigned fund balance of the General Fund was \$6.2 million while the total fund balance reached \$7.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 36.4% of total general fund expenditures and 87.0% of the general fund balance.

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

The fund balance of the County's General Fund decreased by approximately \$390,000 during the current fiscal year, reflecting normal activities of the County.

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an decrease of approximately \$272,000 due to decrease in revenues and increases in expenditures.
- SHIP Fund had no change in fund balance.
- Capital Outlay Fund had an increase of approximately \$1,000 resulting primarily from the increase in receipts of the discretionary sales tax from the State of Florida.
- Sheriff Asset Forfeiture had an increase of approximately \$64,000 resulting primarily from monies received in excess of the amount spent on qualified law enforcement activities.

Proprietary Funds

The Solid Waste Fund showed an approximate \$43,000 increase in net position from the prior year. The increase is due primarily to normal operations.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

General Fund Budgetary Highlights

Actual revenues were over budget by \$84,000. Expenditures were under budget by \$2.6 million. Some significant changes were as follows:

- Increase of \$117,000 in Ad Valorem Tax revenue.
- Increase of \$143,065 in Intergovernmental revenue.
- Increase of \$191,664 in Charges for Services.
- Decrease of \$391,904 in Miscellaneous revenue.
- Expenditures were under budget by \$2 million in General government and \$474,000 in Public Safety.

The comparison between final amended budget and actual was a positive net change of approximately \$2.9 million.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2013 and 2012, the County had \$35.4 million and \$36.5 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	
	2013	2012	2013	2012	2013	2012
Land and construction in progress	\$ 3,442	\$ 2,309	\$ 25	\$ 25	\$ 3,467	\$ 2,334
Land improvements	-	-	574	574	574	574
Infrastructure	42,629	42,302	-	-	42,629	42,302
Building	20,881	20,685	45	45	20,926	20,730
Equipment, furniture and vehicles	11,149	10,912	309	301	11,458	11,213
K-9 Unit	18	18	-	-	18	18
Less: Accumulated depreciation	(43,243)	(40,219)	(436)	(411)	(43,679)	(40,630)
Total	<u>\$ 34,876</u>	<u>\$ 36,007</u>	<u>\$ 517</u>	<u>\$ 534</u>	<u>\$ 35,393</u>	<u>\$ 36,541</u>

Major capital asset events during the year included:

- The completion of the Washington Park community center with costs of approximately \$190,000.
- The commencement of construction of the Ortona community center with costs of approximately \$178,000.
- The commencement of construction of the Emergency Operation Center with costs of approximately \$351,000. Glades County has been awarded a \$5,000,000 grant for this project.

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Debt Administration

As of year-end, the County had outstanding long-term liabilities of \$1.5 million in governmental activities, which is an increase in the prior year balance and \$539,000 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	
	2013	2012	2013	2012	2013	2012
Leases payable	\$ 61	\$ 111	\$ -	\$ -	\$ 61	\$ 111
OPEB obligation	591	445	-	-	591	445
Landfill closure obligation	-	-	537	547	537	547
Estimated liability for compensated absences	883	900	2	1	885	901
Total	<u>\$ 1,535</u>	<u>\$ 1,456</u>	<u>\$ 539</u>	<u>\$ 548</u>	<u>\$ 2,074</u>	<u>\$ 2,004</u>

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

- The County currently has capital lease agreements for 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.

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 2013-2014 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 POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 9,667,524	\$ 420,857	\$ 10,088,381	\$ 22,981
Investments	3,477,863	-	3,477,863	-
Restricted assets:				
Cash and cash equivalents	279,668	-	279,668	-
Investments	1,101,542	-	1,101,542	-
Accounts receivable, net	780,933	76,482	857,415	-
Internal balances	14,775	(14,775)	-	-
Due from other governments	193,325	6,509	199,834	-
Inventories	72,196	-	72,196	-
Prepaid expenses	49,855	-	49,855	-
Noncurrent restricted assets:				
Investments	-	184,796	184,796	-
Capital assets (net of accumulated depreciation):				
Nondepreciable capital assets	3,441,684	25,000	3,466,684	-
Depreciable capital assets, net	31,434,278	492,195	31,926,473	-
Total Assets	50,513,643	1,191,064	51,704,707	22,981
LIABILITIES				
Accounts payable and accrued liabilities	886,976	42,823	929,799	-
Due to other governmental units	72,668	-	72,668	-
Unearned revenue	1,820,260	-	1,820,260	-
Noncurrent liabilities:				
Due within one year	679,368	1,137	680,505	-
Due in more than one year	856,021	537,406	1,393,427	-
Total Liabilities	4,315,293	581,366	4,896,659	-
NET POSITION				
Net investment in capital assets	34,814,850	517,195	35,332,045	-
Restricted for:				
Capital project	3,857,682	-	3,857,682	-
Other uses	2,356,451	-	2,356,451	-
Unrestricted	5,169,367	92,503	5,261,870	22,981
Total Net Position	\$ 46,198,350	\$ 609,698	\$ 46,808,048	\$ 22,981

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,474,108	\$ 821,441	\$ 2,011,167	\$ -	\$ (1,641,500)	\$ -	\$ (1,641,500)	
Public safety	6,601,687	610,435	558,830	397,000	(5,035,422)	-	(5,035,422)	
Physical environment	633,815	177,276	142,417	-	(314,122)	-	(314,122)	
Transportation	1,952,705	1,000	1,258,622	50,092	(642,991)	-	(642,991)	
Culture/Recreation	249,682	21,264	136,589	571,334	479,505	-	479,505	
Human services	524,908	2,905	20,000	-	(502,003)	-	(502,003)	
Economic environment	466,534	-	-	-	(466,534)	-	(466,534)	
Court-related costs	40,647	52,716	31,175	-	43,244	-	43,244	
Jail operations	7,386,282	6,279,723	-	-	(1,106,559)	-	(1,106,559)	
Interest on long-term debt	4,323	-	-	-	(4,323)	-	(4,323)	
Total Governmental Activities	22,334,691	7,966,760	4,158,800	1,018,426	(9,190,705)	-	(9,190,705)	
Business-type Activities:								
Solid waste	431,300	412,653	60,864	-	-	42,217	42,217	
Total Business-type Activities	431,300	412,653	60,864	-	-	42,217	42,217	
Total Primary Government	\$ 22,765,991	\$ 8,379,413	\$ 4,219,664	\$ 1,018,426	(9,190,705)	42,217	(9,148,488)	
Component Unit								
Glades Soil and Water Conservation District	\$ 2,477	\$ -	\$ 2,225	\$ -				(252)
General revenues:								
Property taxes, levied for general purposes					5,191,194	-	5,191,194	-
Property taxes, levied for other purposes					1,077,066	-	1,077,066	-
Public service, sales and miscellaneous taxes					1,092,568	-	1,092,568	-
Investment earnings					18,991	813	19,804	26
Miscellaneous					27,227	-	27,227	-
Gain on disposal of capital assets					1,000	-	1,000	-
Total general revenues and transfers					7,408,046	813	7,408,859	26
Change in net position					(1,782,659)	43,030	(1,739,629)	(226)
Net position - beginning					47,981,009	566,668	48,547,677	23,207
Net position - ending					\$ 46,198,350	\$ 609,698	\$ 46,808,048	\$ 22,981

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Transportation Trust	SHIP	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 5,446,727	\$ 566,011	\$ 534,686	\$ 844,831
Restricted cash and cash equivalents	249,272	-	-	30,396
Investments	1,126,517	1,624,429	1	726,916
Restricted Investments	280,491	-	-	821,051
Accounts receivable, net	491,911	178,385	-	91,405
Due from other funds	826,113	-	144,800	27,450
Due from other governments	42,578	-	-	150,747
Inventories	-	72,196	-	-
Prepaid expenses	47,733	2,122	-	-
Total Assets	\$ 8,511,342	\$ 2,443,143	\$ 679,487	\$ 2,692,796
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 369,118	\$ 41,083	\$ 22	\$ 31,845
Due to other funds	172,250	384,703	3,205	158,200
Due to other governments	72,668	-	-	-
Deferred or unearned revenue	303,784	1,782	676,260	840,181
Other accrued expenditures	426,396	-	-	-
Total Liabilities	1,344,216	427,568	679,487	1,030,226
FUND BALANCES				
Nonspendable:				
Prepaid Items	47,733	2,122	-	-
Inventory	-	72,196	-	-
Restricted:				
Capital projects	179,537	1,941,257	-	1,662,570
Cemetery care	132,570	-	-	-
Law enforcement	20,972	-	-	-
Impact fees	-	-	-	-
Public safety	-	-	-	-
Other	206,872	-	-	-
Assigned:				
Law enforcement	348,524	-	-	-
Unassigned	6,230,918	-	-	-
Total Fund Balances	7,167,126	2,015,575	-	1,662,570
Total Liabilities and Fund Balances	\$ 8,511,342	\$ 2,443,143	\$ 679,487	\$ 2,692,796

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2013

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,044,816	\$ 230,453	\$ 9,667,524
Restricted cash and cash equivalents	-	-	279,668
Investments	-	-	3,477,863
Restricted Investments	-	-	1,101,542
Accounts receivable, net	2,346	16,886	780,933
Due from other funds	-	-	998,363
Due from other governments	-	-	193,325
Inventories	-	-	72,196
Prepaid expenses	-	-	49,855
Total Assets	<u><u>\$ 2,047,162</u></u>	<u><u>\$ 247,339</u></u>	<u><u>\$ 16,621,269</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,955	\$ 16,557	\$ 460,580
Due to other funds	250,000	15,230	983,588
Due to other governments	-	-	72,668
Deferred or unearned revenue	-	34,748	1,856,755
Other accrued expenditures	-	-	426,396
Total Liabilities	<u><u>251,955</u></u>	<u><u>66,535</u></u>	<u><u>3,799,987</u></u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	-	49,855
Inventory	-	-	72,196
Restricted:			
Capital projects	-	-	3,783,364
Cemetery care	-	-	132,570
Law enforcement	-	-	20,972
Impact fees	-	34	34
Public safety	1,795,207	-	1,795,207
Other	-	200,797	407,669
Assigned:			
Law enforcement	-	-	348,524
Unassigned	-	(20,027)	6,210,891
Total Fund Balances	<u><u>1,795,207</u></u>	<u><u>180,804</u></u>	<u><u>12,821,282</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,047,162</u></u>	<u><u>\$ 247,339</u></u>	<u><u>\$ 16,621,269</u></u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total Fund Balance - Governmental Funds **\$ 12,821,282**

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

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

Nondepreciable	3,441,684	
Depreciable, net	<u>31,434,278</u>	34,875,962

Revenues that are not received by year-end, or within the "availability" period, are deferred in the governmental funds balance sheets, but recognized in the statement of activities. 36,495

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

Leases payable	(61,112)	
Compensated absences	(883,487)	
OPEB obligation	<u>(590,790)</u>	(1,535,389)

Net Position of Governmental Activities **\$ 46,198,350**

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad valorem taxes	\$ 5,191,194	\$ 52,374	\$ -	\$ -
Sales and miscellaneous taxes	1,867,586	1,548,376	-	401,594
Fees and fines	78,201	-	-	-
Licenses and permits	-	1,000	-	-
Intergovernmental	1,225,172	-	116,843	1,007,136
Charges for services	6,977,537	-	-	-
Investment earnings	12,548	1,575	401	1,831
Miscellaneous	23,988	3,238	-	-
Franchise fees	97,606	-	-	-
Total Revenues	15,473,832	1,606,563	117,244	1,410,561
EXPENDITURES				
Current				
General government	3,588,559	-	-	31,175
Public safety	5,084,933	-	-	-
Jail operations	7,386,282	-	-	-
Physical environment	137,742	-	-	-
Transportation	-	1,334,597	-	-
Human services	357,116	-	-	-
Culture/Recreation	127,478	132,024	-	-
Economic development	257,980	-	117,244	-
Court-related costs	32,842	-	-	-
Capital outlay	114,135	412,079	-	1,328,465
Debt service				
Principal	49,678	-	-	-
Interest	4,323	-	-	-
Contributions to others	-	-	-	50,000
Other uses	-	-	-	-
Total Expenditures	17,141,068	1,878,700	117,244	1,409,640
Excess (Deficiency) of Revenues over Expenditures	(1,667,236)	(272,137)	-	921
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	1,000	-	-	-
Operating transfer in	1,357,023	-	-	-
Operating transfers out	(31,255)	-	-	-
Distribution of excess fees - other governments	(49,311)	-	-	-
Total Other Financing Sources (Uses)	1,277,457	-	-	-
Change in Fund Balances	(389,779)	(272,137)	-	921
Fund Balance - beginning	7,556,905	2,287,712	-	1,661,649
Fund Balances - ending	\$ 7,167,126	\$ 2,015,575	\$ -	\$ 1,662,570

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ -	\$ 1,024,692	\$ 6,268,260
Sales and miscellaneous taxes	-	51,466	3,869,022
Fees and fines	366,771	-	444,972
Licenses and permits	-	103,007	104,007
Intergovernmental	18,549	247,781	2,615,481
Charges for services	-	45,175	7,022,712
Investment earnings	2,196	441	18,992
Miscellaneous	-	-	27,226
Franchise fees	-	-	97,606
Total Revenues	<u>387,516</u>	<u>1,472,562</u>	<u>20,468,278</u>
EXPENDITURES			
Current			
General government	-	20,084	3,639,818
Public safety	84,923	161,634	5,331,490
Jail operations	-	-	7,386,282
Physical environment	-	126,354	264,096
Transportation	-	-	1,334,597
Human services	-	-	357,116
Culture/Recreation	-	-	259,502
Economic development	-	-	375,224
Court-related costs	-	-	32,842
Capital outlay	5,300	83,753	1,943,732
Debt service			
Principal	-	-	49,678
Interest	-	-	4,323
Contributions to others	-	-	50,000
Other Uses	-	-	-
Total Expenditures	<u>90,223</u>	<u>391,825</u>	<u>21,028,700</u>
Excess (Deficiency) of Revenues over Expenditures	<u>297,293</u>	<u>1,080,737</u>	<u>(560,422)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the disposal of capital assets	-	-	1,000
Operating transfer in	16,255	15,000	1,388,278
Operating transfers out	(250,000)	(1,107,023)	(1,388,278)
Distribution of excess fees - other governments	-	-	(49,311)
Total Other Financing Sources (Uses)	<u>(233,745)</u>	<u>(1,092,023)</u>	<u>(48,311)</u>
Change in Fund Balances	63,548	(11,286)	(608,733)
Fund Balance - beginning	<u>1,731,659</u>	<u>192,090</u>	<u>13,430,015</u>
Fund Balances - ending	<u>\$ 1,795,207</u>	<u>\$ 180,804</u>	<u>\$ 12,821,282</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, 2013

Net Change in Fund Balance - Governmental Funds **\$ (608,733)**

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.

Capital Outlay	1,943,732	
Depreciation	<u>(3,119,456)</u>	(1,175,724)

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).	44,447
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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 position.

Principal Debt Payments	49,677
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	36,495
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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	16,651	
Current change in other postemployment benefits	<u>(145,472)</u>	<u>(128,821)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,782,659)</u></u>
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GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 420,857
Accounts receivable, net	76,482
Due from other governments	6,509
Total Current Assets	<u>503,848</u>
NONCURRENT ASSETS	
Restricted assets:	
Investments	184,796
Capital assets	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	308,750
Total Capital Assets	<u>953,604</u>
Less accumulated depreciation	(436,409)
Net Capital Assets	<u>517,195</u>
Total Noncurrent Assets	<u>701,991</u>
Total Assets	<u>1,205,839</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	42,823
Due to other funds	14,775
Compensated absences	1,137
Total Current Liabilities	<u>58,735</u>
NONCURRENT LIABILITIES	
Compensated absences	488
Liability for landfill closure	536,918
Total Liabilities	<u>596,141</u>
NET POSITION	
Investment in capital assets	517,195
Unrestricted net position	92,503
Total Net Position	<u>\$ 609,698</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
OPERATING REVENUES	
Charges for services	\$ 412,653
Operating grants and contributions	60,864
Total Operating Revenue	<u>473,517</u>
OPERATING EXPENSES	
Personal services	35,529
Contractual services	325,288
Utilities	6,745
Materials and supplies	10,880
Repairs and maintenance	4,900
Miscellaneous	10,033
Depreciation	37,925
Total Operating Expenses	<u>431,300</u>
Operating Income	<u>42,217</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	813
Total Non-operating Revenues (Expenses)	<u>813</u>
Change in Net Position	43,030
Total Net Position - beginning	566,668
Total Net Position - ending	<u><u>\$ 609,698</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 461,656
Cash paid to other funds	11,942
Cash paid to suppliers	(326,658)
Cash paid to employees	(35,121)
Net Cash Provided by Operating Activities	<u>111,819</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(21,550)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(21,550)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income received	813
Purchase of investments	<u>(406)</u>
Net Cash Provided by Investing Activities	<u>407</u>
Net Decrease in Cash and Cash Equivalents	90,676
CASH AND CASH EQUIVALENTS, beginning of year	<u>330,181</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 420,857</u></u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 42,217
Adjustments to reconcile operating income to	
net cash provided by operating activities	
Depreciation	37,925
Changes in net position and liabilities	
(Increase) decrease in:	
Accounts receivable	(15,860)
Due to/from other funds	11,942
Due to/from other governments	3,999
Increase (decrease) in:	
Accounts payable and accrued expenses	41,411
Liability for landfill closure	(10,223)
Compensated absences	408
	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 111,819</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 398,745
Other receivables	<u>14,076</u>
Total Assets	<u><u>\$ 412,821</u></u>
LIABILITIES	
Due to other governmental units	\$ 382,768
Due to individuals	<u>30,053</u>
Total Liabilities	<u><u>\$ 412,821</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 position and changes in net position) 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, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Statements (Continued)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

Special Revenue Funds

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

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

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

Capital Projects Fund

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

The County reports the following major enterprise fund:

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The County also reports the following fund types:

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

Measurement Focus, Basis of Accounting

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

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

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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.

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, 2013.

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

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, 2013**

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 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, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned / Deferred Revenue

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

Prepaid

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

Fund Balance

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

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

Restricted – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, 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, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets 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 position is assets which have third-party limitations on their use. The limitations can be externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Accounting Estimates

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

Interfund Transactions

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

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

Postemployment Benefits Other than Pensions (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the County is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The County currently provides these benefits in accordance with the vesting and retirement requirements for all employees. The County is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the County records a net OPEB obligation in its proprietary and government-wide financial statements related to the implicit subsidy. Please refer to Note 8 for further information.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013.

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, 2013 was \$10 per \$1,000.

Implementation of New Accounting Standards

During the year the County implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

During the year the County implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2013, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 10,765,838
Certificates of deposit	4,567,996
State of Florida Board of Administration Surplus Funds Trust Fund	196,205
Cash on hand	956
	<u>\$ 15,530,995</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 10,088,381
Restricted cash and cash equivalents	279,668
Investments	3,477,863
Restricted investments	1,286,338
Fiduciary funds cash and cash equivalents	398,745
	<u>\$ 15,530,995</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, 2013**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

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

Investment Type	Fair Value	Investment Maturities Less Than One Year
Certificate of Deposits, at cost	\$ 4,567,996	\$ 4,567,996
Florida Prime	196,205	196,205
	<u>\$ 4,764,201</u>	<u>\$ 4,764,201</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, 2013.

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 counterparty.

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

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2013:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	1,446,741	1,654,778	522,257	2,579,262
Total Capital Assets Not Being Depreciated	2,309,163	1,654,778	522,257	3,441,684
Capital assets being depreciated:				
Infrastructure	42,302,209	326,312	-	42,628,521
Buildings	20,685,489	195,945	-	20,881,434
Equipment, furniture, and vehicles	10,912,147	335,215	97,898	11,149,464
Livestock	18,300	-	-	18,300
Total Capital Assets Being Depreciated	73,918,145	857,472	97,898	74,677,719
Less accumulated depreciation for:				
Infrastructure	28,592,717	1,654,546	-	30,247,263
Buildings	4,351,970	509,453	-	4,861,423
Equipment, furniture, and vehicles	7,271,061	952,843	96,084	8,127,820
Livestock	4,321	2,614	-	6,935
Total Accumulated Depreciation	40,220,069	3,119,456	96,084	43,243,441
Capital Assets Being Depreciated, Net	33,698,076	(2,261,984)	1,814	31,434,278
Governmental Activities Capital Assets, Net	<u>\$36,007,239</u>	<u>\$ (607,206)</u>	<u>\$ 524,071</u>	<u>\$34,875,962</u>
<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
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	300,734	21,550	13,535	308,749
Total Capital Assets Being Depreciated	920,588	21,550	13,535	928,603
Less accumulated depreciation for:				
Land improvements	172,867	11,639	-	184,506
Buildings	38,476	555	-	39,031
Equipment, furniture, and vehicles	200,675	25,731	13,535	212,871
Total Accumulated Depreciation	412,018	37,925	13,535	436,408
Capital Assets Being Depreciated, Net	508,570	(16,375)	-	492,195
Business-type Activities Capital Assets, Net	<u>\$ 533,570</u>	<u>\$ (16,375)</u>	<u>\$ -</u>	<u>\$ 517,195</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 775,386
Public safety	1,189,661
Transportation	481,058
Physical environment	334,661
Economic development	92,640
Culture and recreation	70,575
Human services	167,670
Court related costs	7,805
Total Depreciation Expense, Governmental Activities	<u><u>\$ 3,119,456</u></u>

Business-type Activities:

Solid Waste	\$ 37,925
Total Depreciation Expense, Business-type Activities	<u><u>\$ 37,925</u></u>

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2013, interfund receivables and payables were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	\$ 826,113	\$ 172,250
Transportation Trust	-	384,703
SHIP	144,800	3,205
Capital Outlay	27,450	158,200
Building Department	-	13,543
Enhanced 911	-	1,687
Sheriff Special Revenue Funds	-	250,000
Total Governmental Activities	<u>998,363</u>	<u>983,588</u>
Business-type Activities:		
Solid Waste	-	14,775
Total	<u><u>\$ 998,363</u></u>	<u><u>\$ 998,363</u></u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2013, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$ 1,357,023	\$ 31,255
EMSTU	-	1,107,023
Building Department	15,000	-
Sheriff Special Revenue Funds	16,255	250,000
Total	<u><u>\$ 1,388,278</u></u>	<u><u>\$ 1,388,278</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, 2013**

NOTE 5 LONG-TERM LIABILITIES

During the year ended September 30, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 900,138	\$ 1,035,827	\$ 1,052,478	\$ 883,487	\$ 627,201
Leases payable	110,789	-	49,677	61,112	52,167
OPEB obligation	445,318	176,012	30,540	590,790	-
	<u>\$ 1,456,245</u>	<u>\$ 1,211,839</u>	<u>\$ 1,132,695</u>	<u>\$ 1,535,389</u>	<u>\$ 679,368</u>
Business-type Activities:					
Compensated absences	\$ 1,217	\$ 2,329	\$ 1,921	\$ 1,625	\$ 1,137
Landfill	547,141	-	10,223	536,918	-
	<u>\$ 548,358</u>	<u>\$ 2,329</u>	<u>\$ 12,144</u>	<u>\$ 538,543</u>	<u>\$ 1,137</u>

Leases Payable

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

Year Ending September 30,	Principal	Interest	Total
2014	\$ 52,167	\$ 1,833	\$ 54,000
2015	8,945	55	9,000
	<u>\$ 61,112</u>	<u>\$ 1,888</u>	<u>\$ 63,000</u>

The cost and accumulated depreciation of capital assets acquired under the capital leases is approximately \$304,150 and \$91,245, respectively.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2013 consisted of the following:

Purpose	General Fund	Capital Outlay	Total Governmental Funds
Cemetery Perpetual Care	\$ 132,570	\$ -	\$ 132,570
Buckhead Ridge Utility	179,539	-	179,539
Law Enforcement Trust	8,708	-	8,708
Intergovernmental Radio	165,586	-	165,586
Driver's Education	557	-	557
Tourism Development	40,728	-	40,728
Capital Outlay	-	851,447	851,447
EMS Grant Funds	2,075	-	2,075
	<u>\$ 529,763</u>	<u>\$ 851,447</u>	<u>\$ 1,381,210</u>

Restricted net position at September 30, 2013 consisted of the following:

Governmental Activities	Balance
Capital projects	<u>\$ 3,857,682</u>
Other uses:	
Cemetery Perpetual Care	132,570
Law enforcement activities	20,972
Public safety	1,795,207
Intergovernmental Radio	165,586
Driver's Education	557
Impact Fees	34
Tourism Development	40,728
Enhanced 911 Program	43,130
Public Record Modernization	157,667
Total Other Uses	<u>2,356,451</u>
Total Restricted Net Position	<u><u>\$ 6,214,133</u></u>

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION PLAN

Plan Description

All full-time employees of the County are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 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 regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit, where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective 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 investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The County has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 PENSION PLAN (CONTINUED)

Funding Policy

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 5.18% and 4.91%; special risk employees, 14.90% and 14.10%; DROP employees, 5.44% and 4.42%; and elected officials, 10.23% and 11.14%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 6.95%; special risk employees, 19.06%; DROP employees, 12.84%; and elected officials, 33.03%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The County's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$1,062,712, \$941,214, and \$1,468,521, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Healthcare Plan

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

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

Health, Dental, and Life Insurance Plan

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

The plans do not issue stand-alone financial statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013, the County contributed \$30,540 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, 2013:

Annual Required Contribution	\$ 183,737
Interest on net OPEB obligation	20,039
Adjustment to Annual Required Contribution	<u>(27,764)</u>
Annual OPEB Cost	176,012
Contributions Made	<u>(30,540)</u>
Increase in Net OPEB Obligation	145,472
Net OPEB Obligation - beginning of year	445,318
Net OPEB Obligation - end of year	<u><u>\$ 590,790</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2013 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2013	\$ 176,012	17.4%	\$ 590,790
September 30, 2012	169,033	16.6	445,318
September 30, 2011	163,380	19.0	304,347

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2012, is as follows:

Actuarial Accrued Liability (AAL)	\$ 921,177
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>921,177</u>
Funded Ratio	0.0%
Covered Payroll	\$ 9,882,775
Ratio of UAAL to Covered Payroll	9.3%

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, 2013**

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:	10/1/2012
Actuarial cost method:	Entry age normal actuarial cost method
Actuarial Amortization method:	Level Percent of Payroll
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Mortality rate	RP-2000 Combined Mortality Table.
Investment rate of return	4.5% per year, compounded annually, net of investment related expenses.
Retirement Rates	Annual retirement probabilities have been determined based on the Florida Retirement System Actuarial Valuation as of July 1, 2006.
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.
Disability Rates	None applied.
Health Care Participation	25% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65.
Healthcare inflation rate-Pre-Medicare	8.5% in 2013, 8.5% in fiscal 2013 decreasing 1.0% each year until the ultimate rate of 4.5% in 2017.
Healthcare inflation rate-Post-Medicare	8.5% in 2013, 8.5% in fiscal 2013 decreasing 1.0% each year until the ultimate rate of 4.5% in 2017.
Medical Aging Factors	4% per year prior to age 65; 3% per year between ages 65 and 75; 2% per year between ages 75 and 85; 0% per year thereafter.
Health Claims	Developed using a blend of manual and active fully insured rates.
Administrative Expenses	\$8,000 annually, added to Normal Cost.
Payroll Growth	0.0% per year.
Salary Scale	3.0% per year.

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

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, 2013, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$536,918. 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, 2013, investments of \$184,796 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, 2013**

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.

PRM assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments (premiums) do not produce sufficient funds to meet its obligations, PRM can make additional limited assessments. Losses, if any, in excess of PRM's ability to assess its members would revert back to the member that incurred the loss. PRM requires a one year advance notice for non-renewal.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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:

Project	Total Project Authorization	Expended at September 30, 2013	Balance to Complete
EOC Building - Contractor	\$ 40,000	\$ -	\$ 40,000
EOC Building - Subcontractor	500,000	322,060	177,940
Statewide Surface Water Restoration & Wastewater Project - Engineer	190,000	91,117	98,883
Statewide Surface Water Restoration & Wastewater Project - Contractor	660,408	524,616	135,792
	<u>\$ 1,390,408</u>	<u>\$ 937,793</u>	<u>\$ 452,615</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, 2013**

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, 2013, the Sheriff received \$5,779,723 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.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**GLADES COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS –
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
YEAR ENDED SEPTEMBER 30, 2013**

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)
10/1/2012	\$ -	\$ 921,177	\$ 921,177	0.00 %	\$ 9,882,775	9.32 %
10/1/2011	-	828,483	828,483	0.00	9,540,387	8.68
10/1/2010	-	766,867	766,867	0.00	8,970,113	8.55

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Ad valorem taxes	\$ 5,074,199	\$ 5,074,199	\$ 5,191,194	\$ 116,995
Sales and miscellaneous taxes	1,854,463	1,854,463	1,867,586	13,123
Fees and fines	51,382	87,192	78,201	(8,991)
Intergovernmental	993,020	1,082,107	1,225,172	143,065
Charges for services	497,737	6,785,873	6,977,537	191,664
Investment earnings	15,200	15,346	12,548	(2,798)
Miscellaneous	28,408	415,892	23,988	(391,904)
Franchise fees	74,524	74,524	97,606	23,082
Total Operating Revenues	8,588,933	15,389,596	15,473,832	84,236
EXPENDITURES				
Current				
General government	5,660,623	5,568,466	3,588,559	1,979,907
Public safety	4,271,323	5,558,671	5,084,933	473,738
Jail operations	1,690,744	7,386,285	7,386,282	3
Physical environment	169,903	169,903	137,742	32,161
Human services	395,813	403,313	357,116	46,197
Culture/Recreation	125,743	129,543	127,478	2,065
Economic development	120,406	161,606	257,980	(96,374)
Court-related costs	53,401	53,401	32,842	20,559
Capital outlay	265,000	260,804	114,135	146,669
Debt service				
Principal	-	49,677	49,678	(1)
Interest	-	4,323	4,323	-
Total Expenditures	12,752,956	19,745,992	17,141,068	2,604,924
Deficiency of Revenues				
over Expenditures	(4,164,023)	(4,356,396)	(1,667,236)	2,689,160
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	38,754	38,754	1,000	(37,754)
Operating transfer in	1,044,128	1,044,128	1,357,023	312,895
Operating transfers out	(194,572)	(2,199)	(31,255)	(29,056)
Distribution of excess fees - other governments	-	-	(49,311)	(49,311)
Total Other Financing Sources (Uses)	888,310	1,080,683	1,277,457	196,774
Appropriated Fund Balance	3,275,713	3,275,713	-	(3,275,713)
Change in Fund Balance	\$ -	\$ -	(389,779)	\$ (389,779)
Fund Balance - beginning			7,556,905	
Fund Balance - ending			\$ 7,167,126	

See accompanying Notes to Required Supplementary Information.

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Ad valorem taxes	\$ 65,000	\$ 65,000	\$ 52,374	\$ (12,626)
Sales and miscellaneous taxes	1,616,197	1,616,197	1,548,376	(67,821)
Licenses and permits	1,200	1,200	1,000	(200)
Intergovernmental	5,000	5,000	-	(5,000)
Investment earnings	5,000	5,000	1,575	(3,425)
Miscellaneous	8,000	8,000	3,238	(4,762)
Total Operating Revenues	<u>1,700,397</u>	<u>1,700,397</u>	<u>1,606,563</u>	<u>(93,834)</u>
EXPENDITURES				
Current				
Transportation	1,676,879	1,706,879	1,334,597	372,282
Culture/Recreation	513,972	484,372	132,024	352,348
Capital outlay	455,632	455,232	412,079	43,153
Total Expenditures	<u>2,646,483</u>	<u>2,646,483</u>	<u>1,878,700</u>	<u>767,783</u>
Deficiency of Revenues over Expenditures	<u>(946,086)</u>	<u>(946,086)</u>	<u>(272,137)</u>	<u>673,949</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Appropriated Fund Balance	<u>941,086</u>	<u>941,086</u>	<u>-</u>	<u>(941,086)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(272,137)</u>	<u>\$ (272,137)</u>
Fund Balance - beginning			2,287,712	
Fund Balance - ending			<u>\$ 2,015,575</u>	

See accompanying Notes to Required Supplementary Information.

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 116,843	\$ 116,843
Investment earnings	617	617	401	(216)
Total Operating Revenues	<u>617</u>	<u>617</u>	<u>117,244</u>	<u>116,627</u>
EXPENDITURES				
Current				
Economic development	348,905	348,905	117,244	231,661
Total Expenditures	<u>348,905</u>	<u>348,905</u>	<u>117,244</u>	<u>231,661</u>
Deficiency of Revenues				
over Expenditures	<u>(348,288)</u>	<u>(348,288)</u>	<u>-</u>	<u>348,288</u>
Appropriated Fund Balance	<u>348,288</u>	<u>348,288</u>	<u>-</u>	<u>348,288</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - beginning			<u>-</u>	
Fund Balance - ending			<u>\$ -</u>	

See accompanying Notes to Required Supplementary Information.

GLADES COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

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 2013, supplemental appropriations totaling \$6,993,036 in the General Fund was required to fund jail operating expenditures.

GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2013

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>State, or Pass-Through Contract/Grant Number</u>	<u>Expenditures</u>
<u>STATE FINANCIAL ASSISTANCE</u>			
<u>Executive Office of the Governor</u>			
Passed through Florida Division of Emergency Management			
Emergency Management Programs	31.063	13-BG-83-09-32-01-022	\$ 105,806
Emergency Management Programs	31.063	14-BG-83-09-32-01-022	16,858
			<u>122,664</u>
Local Emergency Management and Mitigation Initiatives	31.064	13-MP-93-09-32-01-431	354,535
Emergency Management Projects	31.067	13-CP-11-09-32-01-176	1,172
Total Executive Office of the Governor			<u>478,371</u>
<u>Department of Community Affairs</u>			
Passed through Florida Division of Emergency Management			
Emergency Management Projects Hazardous Analysis	52.023	12-CP-03-09-32-01-189	253
Total Department of Community Affairs			<u>253</u>
<u>State Courts System, Office of the State Courts Administration</u>			
Direct Projects:			
Small County Courthouse Facilities	22.004	N/A	31,175
Total State Courts System, Office of the State Courts Administration			<u>31,175</u>
<u>Department of Environmental Protection</u>			
Direct Projects:			
Small County Consolidated Grants	37.012	311SC	60,865
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP22020	553,929
Total Department of Environmental Protection			<u>614,794</u>
<u>Department of State, Division of Library and Information Services</u>			
Direct Projects:			
State Aid to Libraries	45.030	13-ST-14	19,441
Total Division of Library and Information Services			<u>19,441</u>

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>State, or Pass-Through Contract/Grant Number</u>	<u>Expenditures</u>
<u>Department of Health</u>			
Direct Projects:			
County Grant Awards-EMS	64.005	C0022	\$ 126
County Grant Awards-EMS	64.005	C1022	1,639
Total Department of Health-Bureau of Emergency Medical Services (EMS)			<u>1,765</u>
<u>Department of Management Services</u>			
Passed through Florida E911 Board			
Wireless 911 Emergency Telephone System	72.001	S5-12-12-07	73,146
Wireless 911 Emergency Telephone System	72.001	S5-12-12-11	34,900
Wireless 911 Emergency Telephone System	72.001	12-10-9	29,883
Total State of Florida Wireless 911			<u>137,929</u>
<u>Florida Housing Finance Corporation</u>			
Direct Projects:			
State Housing Initiatives Partnership Program	52.901	N/A	117,244
Total Department of Housing			<u>117,244</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 1,400,972</u></u>

**GLADES COUNTY, FLORIDA
NOTES TO SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the 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 this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 20, 2014.

Internal Control Over Financial Reporting

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

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

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

- 2010-01 Audit Adjustments
- 2012-01 Journal Entries
- 2012-02 Account Reconciliations

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. We consider the deficiencies listed below and described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

- 2013-001 Payroll Timesheet Approval

Compliance and Other Matters

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

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 20, 2014

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

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

Report on Compliance for Each Major Federal Program

We have audited Glades County, Florida's (the "County"), compliance with the types of compliance 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 state projects for the year ended September 30, 2013. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards 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 state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Project

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

Report on Internal Control Over Compliance

Management of Glades County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 20, 2014

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013**

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be a material weakness(es)	Yes
Noncompliance material to financial statements noted?	No

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:	Unmodified

Identification of major State projects:

CSFA Number	Name of State Project
31.064	Local Emergency Management and Mitigation Initiatives
37.039	Statewide Surface Water Restoration & Wastewater Proj

Dollar threshold used to determine Type A State projects	\$300,000
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**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013**

Part II - Financial Statement Findings

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

2010-001 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.

Cause

The County has a limited number of personnel in the Finance Department and there has been turnover in staffing.

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.

View of Responsible Officials

Glades County management has updated its policies and procedures for recording receipts, disbursements and reclassifications as well as internal control policies as of December 2013 for the Accounting Department. These policies and procedures are now in effect to ensure compliance and to limit the number of errors and reclassifications.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013**

2012-001 Journal Entries

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

We understand the County has adopted a policy for journal entry reviews subsequent to September 30, 2013. Since the new policy takes effect after the year under audit this comment is required to be repeated.

View of Responsible Officials

The County has adopted a journal entry policy as of December 2013 that required proper reviews.

2012-002 Account Reconciliations

Criteria

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

Condition

While there was significant progress in providing accurate schedules and reconciliations some adjustments were still required. For example, there were adjustments to the original compensated absence schedules, depreciation schedule, due to/from schedule, and the grant schedules provided in order to accurately reflect the current balances.

Cause

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

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013**

Effect

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

Recommendation

We recommend that the Finance Director be given the sole responsibility to review schedules and reconciliations prepared by staff.

View of Responsible Officials

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

2013-001 Payroll Timesheet Approval

Criteria

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

Condition

We reviewed 40 payroll disbursement transactions as part of our testing of internal controls over the payroll cycle. During our testing, we noted three employee's timesheets that were missing the required approval of the Department Head or County Manager. In addition, we noted that one employee's timesheet (88 hours) did not agree to the employee's cancelled check (80 hours).

Cause

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

Effect

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

Recommendation

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

View of Responsible Officials

The County has adopted Time Sheet Procedures as of December 2013 which addresses the need for signatures of both employees and supervisors of the department. Once turned, it is verified by the Accounting Clerk.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013**

Part III - 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 IV – Other Matters

No corrective action plan is required because there were no findings required to be reported under the Florida Single Audit Act.

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**GLADES COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2013**

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

2010-01 Audit Adjustments

This comment still applies and is included as current year comment 2010-001.

2010-04 Accounting Policies and Procedures

Corrective action has been implemented.

2012-01 Journal Entries

This comment still applies and is included as current year comment 2012-001.

2012-02 – Account Reconciliations

This comment still applies and is included as current year comment 2012-002.

2012-03 – Information Sent to the Actuary

This comment has been addressed.

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

2010-05 – Procurement Procedures and Documentation

Department – Sheriff

CFDA Number – 16.922

Program Title – Equitable Sharing of Federally Forfeited Property

Compliance Requirement – Procurement, Suspension & Debarment

The Sheriff implemented a policy to address this comment.

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

The County is working to adjust the asset records to include all required information but the process is taking more time than anticipated. The County is including the grant funding information on assets purchased going forward.

**GLADES COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2013**

2012-04 – Procurement Procedures and Documentation

Department – Sheriff

CFDA Number – 16.922

Program Title – Equitable Sharing of Federally Forfeited Property

Compliance Requirement – Allowable Costs

The Sheriff implemented a policy to address this comment.

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MANAGEMENT LETTER

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

We have audited the financial statements of Glades County, Florida (the "County") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated May 20, 2014, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendation.

ML 2013-001 – Physical Inventory of Capital Assets

Criteria

Florida Statute 274.02(2) indicates the Chief Financial Officer shall establish by rule the requirements for recording of property and for periodic review of property for inventory purposes.

Under Florida Rule 69I-73.006 each governmental unit shall ensure a complete physical inventory of all property is taken annually and whenever there is a change of custodian or change of custodian's delegate.

Condition

During review of the procedures memo for capital assets it was noted that a physical inventory is completed every 2 years.

Effect

The County is in violation of Florida Statute 274.02(2) and Florida Rule 69I-73.006.

Cause

When the policy was set up for a physical inventory it was thought that the requirement was every two years.

Recommendation

We understand the County has limited staff available for capital asset inventory counts. We recommend the County count capital assets on a rotating basis during the year so that by the end of the year all capital assets have been accounted for each year.

View of Responsible Officials

The Tracking of Fixed Asset policy of the County has been adjusted to include an annual physical inventory.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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)6.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.

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

Section 10.554(1)(i)6.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, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, other granting agencies, and applicable management, 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 20, 2014

GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2013

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2010-01 Audit Adjustments	Material Weakness			X
2010-04 Accounting Policies and Procedures	Material Weakness	X		
2012-01 Journal Entries	Material Weakness			X
2012-02 Account Reconciliations	Material Weakness			X
2012-03 Information Sent to the Actuary	Material Weakness	X		
2010-05 Procurement Procedures and Documentation	Material Weakness/Compliance	X		
2010-06 Equipment and Real Property Management	Material Weakness/Compliance	X		
2012-04 Procurement Procedures and Documentation	Compliance	X		

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

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

YEAR ENDED SEPTEMBER 30, 2013

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2013**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Special-Purpose Financial Statements

We have audited the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

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

Opinions

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

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Clerk's special-purpose financial statements. The schedule of revenues and expenditures – budget and actual – general fund is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2014 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

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

Restriction on Use

This report is intended solely for the information and use of the Clerk 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 8, 2014

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
ASSETS			
Cash	\$ 42,142	\$ 157,667	\$ 199,809
Other receivables	20,701	-	20,701
Prepaid items	860	-	860
Total Assets	\$ 63,703	\$ 157,667	\$ 221,370
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,623	\$ -	\$ 1,623
Other accrued liabilities	20,619	-	20,619
Deferred revenue	25,303	-	25,303
Due to Board of County Commissioners	10,666	-	10,666
Due to other governments	5,492	-	5,492
Total Liabilities	63,703	-	63,703
Fund Balances:			
Nonspendable:			
Prepaid items	860	-	860
Restricted	-	157,667	157,667
Unassigned	(860)	-	(860)
Total Fund Balances	-	157,667	157,667
Total Liabilities and Fund Balance	\$ 63,703	\$ 157,667	\$ 221,370

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 389,916	\$ -	\$ 389,916
Charges for services	83,521	45,175	128,696
Investment earnings	-	157	157
	<hr/>	<hr/>	<hr/>
Total Revenues	473,437	45,332	518,769
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current - General government:			
Personal services	711,107	-	711,107
Operating expenditures	92,445	20,084	112,529
Capital outlay	4,903	-	4,903
	<hr/>	<hr/>	<hr/>
Total Expenditures	808,455	20,084	828,539
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(335,018)	25,248	(309,770)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers in	394,850	-	394,850
Transfers out	(10,550)	-	(10,550)
Unexpended appropriation: State of Florida	(49,282)	-	(49,282)
Total Other Financing Sources (Uses)	335,018	-	335,018
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	25,248	25,248
	<hr/>	<hr/>	<hr/>
Fund Balance, beginning of year	-	132,419	132,419
	<hr/>	<hr/>	<hr/>
Fund Balance, end of year	\$ -	\$ 157,667	\$ 157,667
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

ASSETS

Cash	\$ 296,215
Due from others	<u>14,065</u>
Total Assets	<u>\$ 310,280</u>

LIABILITIES

Due to other governments	\$ 280,227
Due to others	<u>30,053</u>
Total Liabilities	<u>\$ 310,280</u>

See accompanying Notes to Special-Purpose Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Description of Funds

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

Governmental Funds

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

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds (Continued)

Fiduciary Funds

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

Basis of Presentation

The Clerk's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

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

The County funds the operating budget of the Clerk.

Basis of Accounting and Measurement Focus

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

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

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (continued)

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

Prepaid Items

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

Fund Balance

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

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

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

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

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

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

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

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund receivables or payables as of September 30, 2013.
- 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, 2013:

The amount transferred by the Board to fund the 2013 budget of the Clerk was \$394,850.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Those amounts are recorded as a transfer out in the basic financial statements of the Clerk. The amount of undistributed excess appropriations at the end of the fiscal year is reported as amounts due to the Board. At September 30, 2013, the excess fees were \$10,550 and are included in amounts due to the Board at fiscal year-end. In addition to the undistributed excess fees, the Clerk reported amounts due to the Board of \$116 for investment income.

Uses of Estimates

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

Implementation of New Accounting Standards

During the year the Clerk implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes *GASBS 20*. *GASBS 20* gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of *GASBS 62*, all governmental accounting guidance is codified into the GASB literature.

During the year the Clerk implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. *GASBS 63* provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013, the book balance of deposits was \$496,024 and the bank balance was \$523,513. As of September 30, 2013, 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.

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, 2013 was as follows:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
<u>Capital Assets</u>				
Capital assets being depreciated:				
Equipment	\$ 157,160	\$ 4,903	\$ (1,919)	\$ 160,144
Less accumulated depreciation:				
Equipment	77,597	21,382	(1,919)	97,060
Total Capital Assets, Net	<u>\$ 79,563</u>	<u>\$ (16,479)</u>	<u>\$ -</u>	<u>\$ 63,084</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2012	\$ 10,331
Increase	53,533
Decrease	<u>(51,943)</u>
Balance, September 30, 2013	<u>\$ 11,921</u>
Amounts due within one year	<u>\$ 10,729</u>

NOTE 5 RETIREMENT PLAN

Plan Description

All full-time employees of the Clerk are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 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 regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5 RETIREMENT PLAN (CONTINUED)

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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective 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 investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Clerk has no responsibility to the System other than to make the periodic contributions required by State statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

Funding Policy

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 5.18% and 4.91%; DROP employees, 5.44% and 4.42%; senior management, 6.30% and 6.27%; and elected officials, 10.23% and 11.14%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 6.95%; DROP employees, 12.84%; senior management, 18.31%; and elected officials, 33.03%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Clerk's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$35,740, \$24,271, and \$50,370, respectively, equal to the actuarially determined contribution requirements for each year.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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.

In the County's actuarial valuation for the year ended September 30, 2013, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Clerk is \$24,562, Unfunded Actuarial Accrued Liability (UAAL) is \$24,562, and Annual Required Contribution (ARC) is \$3,363. 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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 7 COMMITMENTS AND CONTINGENCIES

The Clerk leases certain equipment under various non-cancelable operating leases. The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 7,716
2015	5,940
2016	5,940
2017	5,940
2018	2,955
	<u>\$ 28,491</u>

NOTE 8 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 9 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, 2013, there is no pending, or, to the knowledge of the County, any threatened litigation against the Clerk.

SUPPLEMENTARY INFORMATION

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	\$ 433,989	\$ 470,094	\$ 389,916	\$ (80,178)
Charges for services	-	-	83,521	83,521
Total Revenues	<u>433,989</u>	<u>470,094</u>	<u>473,437</u>	<u>3,343</u>
Expenditures:				
Current - general government:				
Personal services	745,408	757,907	711,107	46,800
Operating expenditures	82,806	101,481	92,445	9,036
Capital outlay	625	5,556	4,903	653
Total Expenditures	<u>828,839</u>	<u>864,944</u>	<u>808,455</u>	<u>56,489</u>
Deficiency of Revenues over Expenditures	<u>(394,850)</u>	<u>(394,850)</u>	<u>(335,018)</u>	<u>59,832</u>
Other Financing Sources (Uses):				
Transfers in	394,850	394,850	394,850	-
Transfers out	-	-	(10,550)	(10,550)
Unexpended appropriation: State of Florida	-	-	(49,282)	(49,282)
Total Other Financing Sources	<u>394,850</u>	<u>394,850</u>	<u>335,018</u>	<u>(59,832)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

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

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

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

SUPPLEMENTAL REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund and the aggregate remaining fund information of Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated May 8, 2014.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 8, 2014

MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 8, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated May 8, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' 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 audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report except as disclosed in the accompanying schedule of findings and responses.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we made a recommendation which is disclosed as ML 2010-001 in the accompanying schedule of findings and responses.

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

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with the provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. See Note 1 in the notes to the special-purpose financial statements.
- Section 10.554(1)(i)7., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk substantially complied with such requirements. However, our audit disclosed deficiencies in the processes for reporting performance and collection data, which are disclosed as ML 2010-003 in the accompanying schedule of findings and responses.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 8, 2014

**GLADES COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2013**

Prior Year Comments

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
ML 2010-001: Timely Remittance of Agency Transactions	Control Deficiency and Compliance			X
ML 2010-003: Performance Measures	Compliance	X		

ML 2010-001: TIMELY REMITTANCE OF AGENCY TRANSACTIONS

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

**GLADES COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2013**

ML 2010-001: TIMELY REMITTANCE OF AGENCY TRANSACTIONS (continued)

Current Status

The finding was noted again in the current year. As of September 30, 2013, the Clerk has investigated and made some minor corrections to certain agency fund balance as part of their planned corrective action.

Views of Responsible Officials and Planned Corrective Action

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

We have been and are currently working to reconcile the old fines and fees in order to remit funds where they need to be paid; however, we are working with limited amount of staff and time to dedicate ourselves, but we are hoping that we can resolve these issues by the end of next fiscal year (9/30/14), if not sooner.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2013

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the general fund of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2013, and the changes in financial position for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements that collectively comprise the Property Appraiser's special-purpose financial statements. The schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

The schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is fairly stated, in all material respects, in relation to the special-purpose financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2014 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Restriction on Use

This report is intended solely for the information and use of the Property Appraiser 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 2, 2014

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2013**

ASSETS

Cash	\$ 36,948
	<hr/>
Total Assets	\$ 36,948
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 28,396
Due to Board of County Commissioners	8,523
Due to other governments	29
	<hr/>

Total Liabilities	36,948
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Fund Balance	<hr/> -
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Total Liabilities and Fund Balance	\$ 36,948
	<hr/> <hr/>

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

Revenues:

Charges for services	\$	35,686
Miscellaneous		94
		94

Total Revenues		35,780
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Expenditures:

Current		
Personal services		434,684
Operating expenditures		114,420
Capital outlay		20,478
		20,478

Total Expenditures		569,582
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Deficiency of Revenues over Expenditures		(533,802)
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Other Financing Sources (Uses):

Transfers in		542,354
Distribution of excess fees:		
Board of County Commissioners		(8,523)
Other governments		(29)
		(29)

Total Other Financing Sources		533,802
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Net Change in Fund Balance		-
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Fund Balance, beginning of year		-
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Fund Balance, end of year	\$	-
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**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

The Property Appraiser's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Property Appraiser as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

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

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund transactions

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

- Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources (uses). The amount transferred by the Board to fund the 2013 budget of the Property Appraiser was \$542,354.

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 \$8,523 were due to the Board of County Commissioners general fund at September 30, 2013.

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.

Implementation of New Accounting Standards

During the year the Clerk implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

During the year the Clerk implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 DEPOSITS (CONTINUED)

At September 30, 2013, the book balance of deposits was \$36,896 and the bank balance was \$72,752. As of September 30, 2013, 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.

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

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Capital assets being depreciated:				
Equipment	\$ 174,008	\$ 20,478	\$ (7,920)	\$ 186,566
Less accumulated depreciation:				
Equipment	125,904	15,012	(7,323)	133,593
Total Capital Assets, net	<u>\$ 48,104</u>	<u>\$ 5,466</u>	<u>\$ (597)</u>	<u>\$ 52,973</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.

**GLADES COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2013 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2012	\$ 10,333
Increases	28,246
Decreases	<u>(24,194)</u>
Balance, September 30, 2013	<u><u>\$ 14,385</u></u>
Amounts due within one year	<u><u>\$ 14,385</u></u>

NOTE 5 RETIREMENT PLAN

All full-time employees of the Property Appraiser are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 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 regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5 RETIREMENT PLAN (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 investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Property Appraiser has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 4.91 and 10.77%; DROP employees, 4.42% and 12.25%; elected officials, 11.14 and 18.64%; and senior management, 6.27% and 14.57%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 5.18%; DROP employees, 5.44%; elected officials, 10.23%; and senior management, 6.30%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Property Appraiser's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$27,652, \$16,640, and \$32,926, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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

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

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

In the County's latest actuarial plan dated September 30, 2012, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Property Appraiser is \$14,079, Unfunded Actuarial Accrued Liability (UAAL) is \$14,079, and Annual Required Contribution (ARC) is \$1,844. The Property Appraiser's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	\$ -	\$ -	\$ 28,396	\$ 28,396
Miscellaneous	-	-	94	94
Total Revenues	-	-	28,490	28,490
Expenditures:				
Current				
Personal services	448,684	434,685	434,684	1
Operating expenditures	106,287	110,499	109,920	579
Capital outlay	3,700	17,884	17,688	196
Total Expenditures	558,671	563,068	562,292	776
Deficiency of Revenues over Expenditures	(558,671)	(563,068)	(533,802)	(29,266)
Other Financing Sources (Uses):				
Transfers in	558,671	563,068	542,354	(20,714)
Distribution of excess fees:				
Board of County Commissioners	-	-	(8,523)	8,523
Other governments	-	-	(29)	29
Total Other Financing Sources	558,671	563,068	533,802	29,266
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, beginning of year			-	
Fund Balance, end of year			\$ -	

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2013**

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 budgetary basis which differs from 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.

PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS) (CONTINUED)
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2013

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	\$ 28,490
Differences—budget to GAAP:	
Certain revenues are funded by the Board that are not a component of the Property Appraiser's budget	<u>7,290</u>
Total revenues as reported on the statement of revenues and expenditures	<u><u>\$ 35,780</u></u>
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 562,292
Differences—budget to GAAP:	
Certain expenditures are funded by the Board that are not a component of the Property Appraiser's budget	<u>7,290</u>
Total expenditures as reported on the statement of revenues and expenditures	<u><u>\$ 569,582</u></u>

SUPPLEMENTAL REPORTS

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the special-purpose financial statements of the general fund of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated May 2, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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 2, 2014

MANAGEMENT LETTER

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

We have audited the special-purpose financial statements of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 2, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated May 2, 2014, should be considered in conjunction with this management letter.

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

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with the provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. This information has been included as Note 1 in the notes to the special-purpose financial statements.

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 2, 2014

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2013**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS
YEAR ENDED SEPTEMBER 30, 2013**

**SHERIFF
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Report on the Special-Purpose Financial Statements

We have audited the special-purpose financial statements of each major fund of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Opinions

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

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Sheriff's special-purpose financial statements. The schedule of revenues and expenditures – budget and actual – general fund is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2014 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Restriction on Use

This report is intended solely for the information and use of the Sheriff 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 13, 2014

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
ASSETS			
Cash	\$ 487,115	\$ 2,044,816	\$ 2,531,931
Accounts receivable	113,484	2,346	115,830
Due from Board of County Commissioners	201,552	-	201,552
	<u>802,151</u>	<u>-</u>	<u>201,552</u>
Total Assets	<u>\$ 802,151</u>	<u>\$ 2,047,162</u>	<u>\$ 2,849,313</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 157,545	\$ 1,955	\$ 159,500
Other accrued liabilities	211,685	-	211,685
Due to Board of County Commissioners	72,133	250,000	322,133
	<u>441,363</u>	<u>251,955</u>	<u>693,318</u>
Total Liabilities	441,363	251,955	693,318
Fund Balances:			
Restricted			
Public safety	-	1,795,207	1,795,207
Training	6,537	-	6,537
Donations	5,727	-	5,727
Assigned			
Personnel expenditures	348,524	-	348,524
Total Fund Balance	<u>360,788</u>	<u>1,795,207</u>	<u>2,155,995</u>
Total Liabilities and Fund Balances	<u>\$ 802,151</u>	<u>\$ 2,047,162</u>	<u>\$ 2,849,313</u>

See accompanying Notes to Special-Purpose Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
Revenues:			
Fines and forfeitures	\$ 35,810	\$ 366,771	\$ 402,581
Intergovernmental	52,982	18,549	71,531
Charges for services	6,288,136	-	6,288,136
Investment earnings	146	2,196	2,342
Miscellaneous income	20,805	-	20,805
	<u>6,397,879</u>	<u>387,516</u>	<u>6,785,395</u>
Total Revenues			
Expenditures:			
Current:			
Public safety			
Personal services	2,778,667	-	2,778,667
Operating expenditures	647,880	84,923	732,803
Jail operations			
Personal services	5,680,365	-	5,680,365
Operating expenditures	1,705,917	-	1,705,917
Debt Service:			
Principal	49,677	-	49,677
Interest and other charges	4,323	-	4,323
Capital outlay	4,885	5,300	10,185
	<u>10,871,714</u>	<u>90,223</u>	<u>10,961,937</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(4,473,835)	297,293	(4,176,542)
Other Financing Sources (Uses):			
Transfers in	4,540,296	16,255	4,556,551
Transfers out	(87,078)	(250,000)	(337,078)
	<u>4,453,218</u>	<u>(233,745)</u>	<u>4,219,473</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(20,617)	63,548	42,931
Fund Balances, beginning of year	381,405	1,731,659	2,113,064
Fund Balances, end of year	<u>\$ 360,788</u>	<u>\$ 1,795,207</u>	<u>\$ 2,155,995</u>

See accompanying Notes to Special-Purpose Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Description of Funds

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

Governmental Funds

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

Basis of Presentation

The Sheriff's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Sheriff to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Sheriff as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

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

The County funds the operating budget of the Sheriff.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

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

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

Prepaid

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

Fund Balance

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

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

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

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

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund receivables or payables as of September 30, 2013.
- 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, 2013:

Transfer Out	Transfer In Asset Forfeiture Fund	Purpose
General Fund	\$ 16,255	Department of Justice refund

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount transferred by the Board to fund the 2013 budget of the Sheriff was \$4,540,296.

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 \$71,665 was due to the Board's general fund at September 30, 2013, and is reported as a transfer out. In addition, the Sheriff's asset forfeiture fund recorded a transfer out to the Board for \$250,000 for deposit into the law enforcement trust held by the County as of September 30, 2013.

In addition to the undistributed excess fees, The Sheriff reported amounts due to the Board's general fund of \$468 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.

Implementation of New Accounting Standards

During the year the Sheriff implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

During the year the Sheriff implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013, the book balance of deposits was \$2,531,631 and the bank balance was \$2,570,930. As of September 30, 2013, 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.

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, 2013 was as follows:

	Balance October 1, 2012	Increases	Decreases	Transfers	Balance September 30, 2013
Capital Assets, Being Depreciated:					
Motor Vehicles	\$ 2,062,476	\$ 3,795	\$ 62,412	\$ 40,195	\$ 2,044,054
Equipment and Furniture	2,339,234	10,185	19,662	(40,195)	2,289,562
Livestock	18,300	-	-	-	18,300
Total Capital Assets, Being Depreciated	4,420,010	13,980	82,074	-	4,351,916
Less Accumulated Depreciation for:					
Motor Vehicles	1,314,317	257,275	62,212	4,020	1,513,400
Equipment and Furniture	1,523,944	193,450	18,645	(4,020)	1,694,729
Livestock	4,321	2,614	-	-	6,935
Total Accumulated Depreciation	2,842,582	453,339	80,857	-	3,215,064
Capital Assets, Net	<u>\$ 1,577,428</u>	<u>\$ (439,359)</u>	<u>\$ 1,217</u>	<u>\$ -</u>	<u>\$ 1,136,852</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013 are as follows:

Fiscal Year Ending September 30

2014	\$ 54,000
2015	9,000
Total minimum lease payments	<u>63,000</u>
Less amount representing interest	<u>(1,888)</u>
	<u><u>\$ 61,112</u></u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$304,150 and \$91,245, respectively, as of September 30, 2013.

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 position). The change in the capital lease obligation is as follows:

Balance, October 1, 2012	\$ 110,789
Principal Retirements	<u>(49,677)</u>
Balance, September 30, 2013	<u><u>\$ 61,112</u></u>
Amounts Due Within One Year	<u><u>\$ 52,167</u></u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013 were \$11,446.

The future minimum lease obligations as of September 30, 2013 are as follows:

Fiscal Year Ending September 30

2014	\$ 11,446
2015	3,879
2016	<u>1,243</u>
Total minimum lease payments	<u><u>\$ 16,568</u></u>

NOTE 6 COMPENSATED ABSENCES

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

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

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6 COMPENSATED ABSENCES (CONTINUED)

The following is a summary of changes in the compensated absences liability during fiscal year 2013.

Balance, October 1, 2012	\$ 716,400
Increases	719,239
Decreases	<u>(747,465)</u>
Balance, September 30, 2013	<u>\$ 688,174</u>
Amounts Due Within One Year	<u>\$ 481,722</u>

NOTE 7 RETIREMENT PLAN

All full-time employees of the Sheriff are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 full-time employees of various governmental units within the State of Florida.

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

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Sheriff has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 5.18% and 4.91%; special risk employees, 14.90% and 14.10%; DROP employees, 5.44% and 4.42%; and elected officials, 10.23% and 11.14%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 6.95%; special risk employees, 19.06%; DROP employees, 12.84%; and elected officials, 33.03%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Sheriff's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$803,865, \$719,185, and \$1,099,137, respectively, equal to the actuarially determined contribution requirements for each year.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 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 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, 2013, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Sheriff is \$681,651, Unfunded Actuarial Accrued Liability (UAAL) is \$681,651, and Annual Required Contribution (ARC) is \$149,975. The Sheriff's employer-paid premiums, as paid to the County-wide plan, include the portion related to Postemployment Benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

NOTE 9 RISK MANAGEMENT

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

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 9 RISK MANAGEMENT (CONTINUED)

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

The Sheriff purchases commercial insurance policies for health and dental.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Glades Correctional Development Corporation

The Sheriff entered into an agreement with Glades Correctional Development Corporation ("GCDC"), to manage, operate, and maintain the GCDC prison facility. The facility is a 440 bed prison located in Moore Haven, Florida. The agreement is effective through September 30, 2030. For the year ended September 30, 2013, the Sheriff received \$5,779,723 from GCDC, which was used to fund payroll expenses related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and will be paid in 12 equal payments during the fiscal year.

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

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Fines and forfeitures	\$ -	\$ 35,810	\$ 35,810	\$ -
Intergovernmental	-	52,982	52,982	-
Charges for services	-	6,288,136	6,288,136	-
Investment earnings	-	146	146	-
Miscellaneous income	-	20,203	20,805	602
Carryover from prior year	-	367,281	-	(367,281)
Total Revenues	-	6,764,558	6,397,879	(366,679)
Expenditures:				
Current:				
Public safety				
Personal services	1,976,805	2,778,667	2,778,667	-
Operating expenditures	554,803	639,914	647,880	(7,966)
Jail operations				
Personal services	-	5,680,365	5,680,365	-
Operating expenditures	1,690,744	1,705,920	1,705,917	3
Debt service:				
Principal	-	49,677	49,677	-
Interest and other charges	-	4,323	4,323	-
Capital outlay	68,098	4,885	4,885	-
Asset forfeiture refund	-	-	-	-
Carryover to next year	-	354,025	-	354,025
Total Expenditures	4,290,450	11,217,776	10,871,714	346,062
Excess (Deficiency) of Revenues over Expenditures	(4,290,450)	(4,453,218)	(4,473,835)	(20,617)
Other Financing Sources (Uses):				
Transfers in	4,290,450	4,545,133	4,540,296	(4,837)
Transfers out	-	(91,915)	(87,078)	4,837
Total Other Financing Sources (Uses)	4,290,450	4,453,218	4,453,218	-
Net Change in Fund Balance	\$ -	\$ -	\$ (20,617)	\$ (20,617)

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

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

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

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

SUPPLEMENTAL REPORTS

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

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated May 13, 2014.

Internal Control Over Financial Reporting

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

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

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

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2014

MANAGEMENT LETTER

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have audited the special-purpose financial statements of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2013, and have issued our report thereon dated May 13, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated May 13, 2014, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.
- Section 10.554(1)(i)2, Rules of the Auditor General, require our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit we determined that the Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are as follows:

ML 2012-02 Payroll Timesheet Approval

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

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

ML2013-001 – Formal Written Policies

Criteria

Proper controls over financial transactions. This would include adopting formal written policies for cash receipts, payroll-related disbursements, and credit/ debit card purchases as well as documenting such procedures were followed in accordance with such adopted policies.

Condition

Review of internal control walkthroughs revealed certain financial policies for cash receipts, payroll related disbursements and credit/debit card purchases were not in formal approved written form.

Cause

Lack of formal written policies for cash receipts, payroll-related disbursements, and credit/ debit card purchases.

Effect

Without formal written policies in place and documentation of adherence to these policies the County is vulnerable to fraudulent activity.

Recommendation

We recommend formal written policies be adopted for cash receipts, payroll-related disbursements, and credit/ debit card purchases. Such policies should include strong segregation of duties, specific levels of approval, and documentation to show such procedures were followed.

Views of Responsible Officials and Planned Corrective Action

The Glades County Sheriff's Office will adopt formal written policies for cash receipts, payroll-related disbursements, and credit/debit card purchases.

- Section 10.554(1)(i)4, Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. The 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.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2014

**SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2013**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
ML 2012-01 Cash Disbursement Check Authorization	Management Letter	X		
ML 2012-02 Payroll Timesheet Approval	Management Letter			X

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2013

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2013**

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INDEPENDENT AUDITORS' REPORT

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the general fund of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections as of September 30, 2013, and the changes in financial position for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements that collectively comprise the Supervisor of Elections' special-purpose financial statements. The schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

The schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) is fairly stated, in all material respects, in relation to the special-purpose financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Restriction on Use

This report is intended solely for the information and use of the Supervisor of Elections and the Auditor General, 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 7, 2014

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2013**

ASSETS

Prepaid Expenses	<u>\$ 13,449</u>
Total Assets	<u><u>\$ 13,449</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Board of County Commissioners	<u>\$ 13,449</u>
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Total Liabilities	<u>13,449</u>
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Fund Balances:

Nonspendable:	
Prepaid items	13,449
Unassigned	<u>(13,449)</u>
Total Fund Balance	<u>-</u>

Total Liabilities and Fund Balance	<u><u>\$ 13,449</u></u>
---	-------------------------

See accompanying Notes to Special-Purpose Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

REVENUES	<u>\$ -</u>
EXPENDITURES:	
Current - General Government:	
Personal services	142,719
Operating expenditures	46,728
Capital outlay	<u>8,427</u>
Total Expenditures	<u>197,874</u>
OTHER FINANCING SOURCES:	
Transfer in	211,323
Transfer out	<u>(13,449)</u>
Total Other Financing Sources	<u>197,874</u>
NET CHANGE IN FUND BALANCE	-
Fund Balance, beginning of year	<u>-</u>
Fund Balance, end of year	<u><u>\$ -</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Description of Funds

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

Governmental Fund:

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

Basis of Presentation

The Supervisor of Elections' financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Supervisor of Elections as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund is presented as a major governmental fund.

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund.
- Transfers in and out, as appropriate, for all other interfund transactions, which are reported as other financing sources (uses). The amount transferred by the Board to fund the 2013 budget of the Supervisor of Elections was \$211,323.

Prepaid

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

Fund Balance

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

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

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

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Uses of Estimates

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

Implementation of New Accounting Standards

During the year the Clerk implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

During the year the Clerk implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

NOTE 2 CAPITAL ASSETS

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 CAPITAL ASSETS (CONTINUED)

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

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 85,600	\$ 8,427	\$ -	\$ 94,027
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	74,117	4,807	-	78,924
Total Capital Assets, Net	<u>\$ 11,483</u>	<u>\$ 3,620</u>	<u>\$ -</u>	<u>\$ 15,103</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	\$ 317
Increase	1,924
Decrease	<u>(2,241)</u>
Ending Balance	<u>\$ -</u>

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 RETIREMENT PLAN

All full-time employees of the Supervisor of Elections are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 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 regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective 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 investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Supervisor of Elections has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 RETIREMENT PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 5.18% and 4.91%; DROP employees, 5.44% and 4.42%; senior management, 6.30% and 6.27%; and elected officials, 10.23% and 11.14%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 6.95%; DROP employees, 12.84%; senior management, 18.31%; and elected officials, 33.03%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Supervisor of Elections' contributions made during the years ended September 30, 2013, 2012, and 2011 were \$13,733, \$8,719, and \$14,183, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

The County participates in Public Risk Management of Florida Group Health Trust ("Health Trust"), a quasi-governmental agency 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 Supervisor of Elections participates in the County plan. The plan does not issue separate stand alone financial statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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

In the County's latest actuarial plan dated September 30, 2013, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Supervisor of Elections is \$6,086, Unfunded Actuarial Accrued Liability (UAAL) is \$6,086, and Annual Required Contribution (ARC) is \$744. The Supervisor of Elections' employer-paid premiums, as paid to the County-wide plan, include the portion related to postemployment benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

NOTE 6 RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2013**

	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	149,023	144,473	142,719	1,754
Operating expenditures	65,444	66,567	60,177	6,390
Capital outlay	5,000	8,427	8,427	-
Total Expenditures	219,467	219,467	211,323	8,144
Other Financing Sources:				
Transfer in:				
Glades County, Florida Board of County Commissioners Appropriations	219,467	219,467	211,323	8,144
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2013**

NOTE 1 BUDGETARY ACCOUNTING

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

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS) (CONTINUED)
SEPTEMBER 30, 2013**

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	\$ 211,323
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	<u>(13,449)</u>
Total expenditures as reported on the statement of revenues and expenditures - general fund	<u><u>\$ 197,874</u></u>
Actual amounts (budgetary basis) "other sources (uses)" from the budgetary	\$ 211,323
Differences—budget to GAAP:	
Excess appropriations not budgeted	<u>(13,449)</u>
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	<u><u>\$ 197,874</u></u>

SUPPLEMENTAL REPORTS

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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the general fund of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise Supervisor of Elections' financial statements, and have issued our report thereon dated May 7, 2014.

Internal Control Over Financial Reporting

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

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

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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2014

MANAGEMENT LETTER

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have audited the special-purpose financial statements of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the year ended September 30, 2013, and have issued our report thereon dated May 7, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated May 7, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which 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. The recommendations made in the preceding annual financial audit report were implemented.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with the provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. This information has been included as Note 1 in the notes to the special-purpose financial statements.

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2014

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

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

YEAR ENDED SEPTEMBER 30, 2013

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Opinions

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

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Tax Collector's special-purpose financial statements. The schedule of revenues and expenditures – budget and actual – general fund is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2014, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Restriction on Use

This report is intended solely for the information and use of the Tax Collector and the Auditor General, 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 2, 2014

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2013**

ASSETS

Cash	\$ 8,878
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Total Assets	<u><u>\$ 8,878</u></u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 1,654
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Due to Board of County Commissioners	<u>7,224</u>
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Total Liabilities	<u>8,878</u>
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Fund Balance	<u>-</u>
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Total Liabilities and Fund Balance	<u><u>\$ 8,878</u></u>
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See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

Revenues:	\$ -
Expenditures:	
Current	
Personal services	326,230
Operating expenditures	77,250
Capital outlay	39,617
Total Expenditures	<u>443,097</u>
Deficiency of Revenues over Expenditures	<u>(443,097)</u>
Other Financing Sources (Uses):	
Transfers in	449,510
Transfers out	(6,413)
Total Other Financing Sources	<u>443,097</u>
Net Change in Fund Balance	-
Fund Balance, beginning of year	<u>-</u>
Fund Balance, end of year	<u><u>\$ -</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SPECIAL PURPOSE - STATEMENT OF FIDUCIARY NET POSITION –
ALL AGENCY FUNDS
SEPTEMBER 30, 2013**

ASSETS

Cash	\$ 102,530
Other receivables	<u>11</u>
Total Assets	<u>\$ 102,541</u>

LIABILITIES

Due to other governments	<u>102,541</u>
Total Liabilities	<u>\$ 102,541</u>

See accompanying Notes to Special-Purpose Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Description of Funds

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

Governmental Fund:

- *General Fund* is used to account for the general operations of the Tax Collector that are not accounted for in another fund. All resources are provided by transfers from the County.

Fiduciary Fund:

- *Agency Fund* is used to account for assets held by the Tax Collector as an agent. This fund is custodial in nature and does not involve measurement of changes in financial position (assets equal liabilities). The agency fund is used primarily for the following:
 - To account for the collection of certain state taxes and fees, including motor vehicle registration fees, and the subsequent remittance of those fees (less commissions) to the State of Florida; and
 - To account for the collection and distribution of local taxes and licenses, including real and personal property taxes.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Tax Collector's financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The General Fund is presented as a major governmental fund.

Basis of Accounting and Measurement Focus

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, intergovernmental transfers are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

The agency fund is accounted for using the accrual basis of accounting.

Property Tax Collection

Chapter 197, Florida Statutes, governs property tax collection.

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

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

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collection (Continued)

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

Interfund Transactions

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

- Transfers in and out, as appropriate, for all other interfund transactions, are reported as other financing sources (uses). The net amount transferred by the Board to fund the 2013 budget of the Tax Collector was \$443,097.

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.

Implementation of New Accounting Standards

During the year the Clerk implemented *GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes *GASBS 20*. *GASBS 20* gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of *GASBS 62*, all governmental accounting guidance is codified into the GASB literature.

During the year the Clerk implemented *GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. *GASBS 63* provides guidance on deferred outflows and inflows of resources. It also renames the residual amounts from "net assets" to "net position". When applicable, financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 2 DEPOSITS (CONTINUED)

At September 30, 2013, the book balance of deposits was \$197,325 and the bank balance was \$226,687. As of September 30, 2013, 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.

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

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
<u>Capital Assets</u>				
Capital assets being depreciated:				
Equipment	\$ 54,405	\$ 39,617	\$ (5,985)	\$ 88,037
Less accumulated depreciation:				
Equipment	43,626	5,762	(5,985)	43,403
Total Capital Assets, net	<u>\$ 10,779</u>	<u>\$ 33,855</u>	<u>\$ -</u>	<u>\$ 44,634</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.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2013 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2012	\$ 6,601
Increases	20,772
Decreases	<u>(20,506)</u>
Balance, September 30, 2013	<u>\$ 6,867</u>
Amounts due within one year	<u>\$ 6,867</u>

NOTE 5 RETIREMENT PLAN

All full-time employees of the Tax Collector are participants in the Florida Retirement System (the System), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 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 regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5 RETIREMENT PLAN (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 investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Tax Collector has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 5.18% and 4.91%; DROP employees, 5.44% and 4.42%; senior management, 6.30% and 6.27%; and elected officials, 10.23% and 11.14%, for the System's years ended June 30, 2013 and 2012, respectively. Effective July 1, 2013, the rates were changed as follows: regular employees, 6.95%; DROP employees, 12.84%; senior management, 18.31%; and elected officials, 33.03%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Tax Collector's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$17,244, \$14,070, and \$33,800, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the Tax Collector is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The Tax Collector currently provides these benefits in accordance with the vesting and retirement requirements for all employees as part of the County's plan. The Tax Collector is financing its share of other postemployment benefits on a pay-as-you-go basis.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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

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.

In the County's actuarial valuation for the year ended September 30, 2013, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Tax Collector is \$25,853, Unfunded Actuarial Accrued Liability (UAAL) is \$25,853, and Annual Required Contribution (ARC) is \$2,434. 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. 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 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, 2013, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current				
Personal services	386,428	329,028	326,230	2,798
Operating expenditures	63,082	83,865	77,250	6,615
Capital outlay	-	36,617	39,617	(3,000)
Total Expenditures	<u>449,510</u>	<u>449,510</u>	<u>443,097</u>	<u>6,413</u>
Deficiency of Revenues over Expenditures	<u>(449,510)</u>	<u>(449,510)</u>	<u>(443,097)</u>	<u>6,413</u>
Other Financing Sources (Uses):				
Transfers in	449,510	449,510	449,510	-
Transfers out	-	-	(6,413)	(6,413)
Total Other Financing Sources	<u>449,510</u>	<u>449,510</u>	<u>443,097</u>	<u>(6,413)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			-	
Fund Balance, end of year			<u>\$ -</u>	

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2013**

NOTE 1 BUDGETARY ACCOUNTING

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

- 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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise Tax Collector's financial statements, and have issued our report thereon dated May 2, 2014.

Internal Control Over Financial Reporting

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

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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 2, 2014

MANAGEMENT LETTER

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited the special-purpose financial statements of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 2, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated May 2, 2014, should be considered in conjunction with this management letter.

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with the provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. This information has been included as Note 1 in the notes to the special-purpose financial statements.

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 2, 2014