

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

**GLADES COUNTY, FLORIDA
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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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2014, 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.

Emphasis of Matter Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2014 the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, Items Previously Recognized as Assets and Liabilities. Our opinion is not modified with respect to these matters.

Emphasis of Matter Correction of an Error

As described in Note 13 to the financial statements, the County corrected an error in reporting certain grant revenue. Our opinion was not modified with respect to that matter.

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 13, page 51, and pages 52 through 55 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 Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, 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 was derived from and relates 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2015, 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 1, 2015

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, 2014. Please read it in conjunction with the County's financial statements, which follow this section.

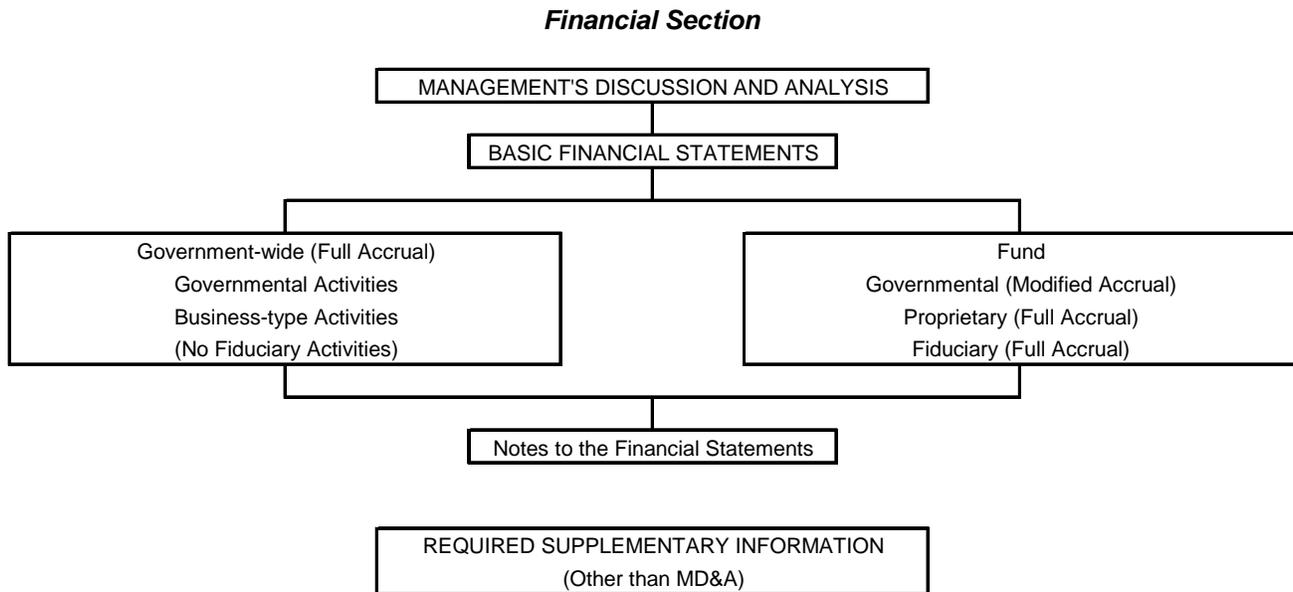
Financial Highlights

The County's total net position increased by approximately \$1.8 million over the course of this year's operations. The net position of our business-type activities increased by approximately \$88,000 and net position of our governmental activities increased by approximately \$1.7 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.2 million, or 40% of total general fund expenditures.

Overview of the Financial Statements

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



GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary activities)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private business	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net 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, 2014 and 2013, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 16,942	\$ 15,637	\$ 775	\$ 674	\$ 17,717	\$ 16,311
Capital assets	35,795	34,876	488	517	36,283	35,393
Total Assets	<u>52,737</u>	<u>50,513</u>	<u>1,263</u>	<u>1,191</u>	<u>54,000</u>	<u>51,704</u>
Other Liabilities	2,523	2,104	40	43	2,563	2,147
Non-current liabilities outstanding	1,660	1,535	525	538	2,185	2,073
Total Liabilities	<u>4,183</u>	<u>3,639</u>	<u>565</u>	<u>581</u>	<u>4,748</u>	<u>4,220</u>
Net Position:						
Net investment in capital assets	35,786	34,815	488	517	36,274	35,332
Restricted	6,718	6,214	-	-	6,718	6,214
Unrestricted	6,050	5,845	210	93	6,260	5,938
Total Net Position	<u>\$ 48,554</u>	<u>\$ 46,874</u>	<u>\$ 698</u>	<u>\$ 610</u>	<u>\$ 49,252</u>	<u>\$ 47,484</u>

Capital assets for the governmental activities increased \$919,000 mostly due to the start up of construction for the Emergency Operations Center as well as improvements to Canal, Loop, Old Lakeport, and Palmdale Roads, and the near completion of Ortona Road. Overall, total liabilities increased \$544,000 due to an increase in construction payables at year-end.

Liabilities of the business-type activities decreased by approximately \$16,000 due to decrease in accounts payable and Landfill Post-Closure liability.

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 \$49.3 million. The largest portion of the County's net position is net investment in capital assets and is 73.7% 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 13.6% 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 12.7% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position increased by approximately \$1.8 million during the fiscal year. This increase is attributed to increases in millage for MSTU Law Enforcement taxes, operating grants, and capital grants, with a decrease in charges for services and other ongoing expenses.

The table below presents a summary of changes in net position for the years ended September 30, 2014 and 2013, as derived from the government-wide Statement of Activities:

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,590	\$ 7,967	\$ 506	\$ 412	\$ 7,096	\$ 8,379
Operating Grants	4,740	4,440	73	61	4,813	4,501
Capital Grants	2,954	1,018	-	-	2,954	1,018
General revenues:						
Property taxes	6,537	6,268	-	-	6,537	6,268
Other taxes	1,078	1,093	-	-	1,078	1,093
Other revenues	172	47	1	1	173	48
Total Revenues	<u>22,071</u>	<u>20,833</u>	<u>580</u>	<u>474</u>	<u>22,651</u>	<u>21,307</u>
Expenses:						
General government	4,453	4,474	-	-	4,453	4,474
Public safety	12,305	13,988	-	-	12,305	13,988
Physical environment	435	634	-	-	435	634
Transportation	1,825	1,953	-	-	1,825	1,953
Culture and recreation	412	250	-	-	412	250
Human services	520	525	-	-	520	525
Economic environment	404	466	-	-	404	466
Court-related costs	35	41	-	-	35	41
Interest on long-term debt	2	4	-	-	2	4
Solid Waste	-	-	492	431	492	431
Total Expenses	<u>20,391</u>	<u>22,335</u>	<u>492</u>	<u>431</u>	<u>20,883</u>	<u>22,766</u>
Change in net position	1,680	(1,502)	88	43	1,768	(1,459)
Net position - beginning	46,875	48,377	610	567	47,485	48,944
Net position - ending	<u>\$ 48,555</u>	<u>\$ 46,875</u>	<u>\$ 698</u>	<u>\$ 610</u>	<u>\$ 49,253</u>	<u>\$ 47,485</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 increased by approximately \$1.7 million or 3.5%, and the net position of the business-type activities increased by approximately \$88,000 or 14.4%.

Governmental Activities – Governmental activities increased the County's net position by approximately \$1.7 million, accounting for 95.0% of the total increase in net position. Overall revenues increased \$1.2 million and expenses decreased \$1.9 million. Key elements of these changes are as follows:

- Operational grants increased \$392,000 due primarily to an increase in SHIP Funds.
- Capital Grants increased \$1.8 million due to construction of the Emergency Operations Center as well as several road projects.
- Property tax revenues increased approximately \$269,000 due to increases in MSTU Law Enforcement millage.
- Physical environment expenses decreased approximately \$199,000 due to decrease in contractual and professional fees.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- Public Safety decreased \$1.7 million due to a decrease in jail operations.
- Transportation decreased \$128,000 due to a decrease in city and county road improvements & repairs.
- Culture & Recreation expenses increased \$162,000 due to the completion of Ortona Community Center and improvements to the rest area and boat ramp at Harney Pond.

Business-type Activities – Business-type activities increased the County's net position by approximately \$88,000. Overall revenues increased \$106,000 and expenses increased by \$61,000.

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 39.7% of total general fund expenditures and 85.2% 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 increased by approximately \$70,000 during the current fiscal year, reflecting normal activities of the County.

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an increase of approximately \$315,000 due to increase in revenues and decreases in expenditures.
- SHIP Fund had an increase of approximately \$142,000 resulting primarily from current year funding received exceeding amounts used for the SHIP program.
- Capital Outlay Fund had a decrease of approximately \$700,000 resulting primarily from the timing of monies received from SCOP/SCRAP and EOC grant revenues in excess of the amount spent on grant activities.
- Sheriff Asset Forfeiture had a decrease of approximately \$17,000 resulting primarily from the timing of monies received in excess of the amount spent on qualified law enforcement activities.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Proprietary Funds

The Solid Waste Fund showed an approximate \$88,000 increase in net position from the prior year. The increase is due primarily to an increase in accounts receivable revenues offset by a decrease in accounts payable and liabilities for the landfill closure.

General Fund Budgetary Highlights

Actual revenues were over budget by \$169,000. Expenditures were under budget by \$190,000. Some significant changes were as follows:

- Increase of \$55,000 in Franchise Fees. The royalty fee received was originally budgeted in with Host Fees but later separated into a different account.
- Decrease of \$237,597 in Intergovernmental Revenue.
- Increase of \$340,742 in Charges for Services.
- Expenditures were under budget by \$122,690 in General Government and \$105,450 in Public Safety.

The comparison between final amended budget and actual was a positive net change of approximately \$283,000.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2014 and 2013, the County had \$36.3 million and \$35.4 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	
	2014	2013	2014	2013	2014	2013
Land and construction in progress	\$ 6,579	\$ 3,442	\$ 25	\$ 25	\$ 6,604	\$ 3,467
Land improvements	-	-	574	574	574	574
Infrastructure	42,817	42,629	-	-	42,817	42,629
Building	21,289	20,881	45	45	21,334	20,926
Equipment, furniture and vehicles	11,225	11,149	305	309	11,530	11,458
K-9 Unit	11	18	-	-	11	18
Less: Accumulated depreciation	(46,125)	(43,243)	(462)	(436)	(46,587)	(43,679)
Total	<u>\$ 35,796</u>	<u>\$ 34,876</u>	<u>\$ 487</u>	<u>\$ 517</u>	<u>\$ 36,283</u>	<u>\$ 35,393</u>

Major capital asset events during the year included:

- The Completion of construction of the Ortona Community Center with costs of approximately \$46,955.
- The continuation of construction of the Emergency Operation Center with costs of approximately \$1,029,581. Glades County has been awarded a \$5,000,000 grant for this project.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- The commencement of improvements to multiple road projects with costs of approximately \$1,538,499. Glades County has been awarded multiple SCOP/SCRAP grants for these projects.

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

Debt Administration

As of year-end, the County had outstanding long-term liabilities of \$1.7 million in governmental activities, which is an increase in the prior year balance and \$525,000 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	
	2014	2013	2014	2013	2014	2013
Leases payable	\$ 9	\$ 61	\$ -	\$ -	\$ 9	\$ 61
OPEB obligation	745	591	-	-	745	591
Landfill closure obligation	-	-	525	537	525	537
Estimated liability for compensated absences	906	883	-	2	906	885
Total	<u>\$ 1,660</u>	<u>\$ 1,535</u>	<u>\$ 525</u>	<u>\$ 539</u>	<u>\$ 2,185</u>	<u>\$ 2,074</u>

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

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

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 2014-2015 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.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 9,149,802	\$ 438,410	\$ 9,588,212	\$ 21,722
Investments	2,880,098	-	2,880,098	-
Restricted assets:				
Cash and cash equivalents	882,425	-	882,425	-
Investments	280,632	-	280,632	-
Accounts receivable, net	1,205,472	102,798	1,308,270	-
Internal balances	(17,843)	17,843	-	-
Due from other governments	2,448,787	29,439	2,478,226	-
Inventories	64,311	-	64,311	-
Prepaid expenses	49,308	1,800	51,108	-
Noncurrent restricted assets:				
Investments	-	185,094	185,094	-
Capital assets (net of accumulated depreciation):				
Nondepreciable capital assets	6,579,095	25,000	6,604,095	-
Depreciable capital assets, net	29,216,191	462,998	29,679,189	-
Total Assets	<u>52,738,278</u>	<u>1,263,382</u>	<u>54,001,660</u>	<u>21,722</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,905,882	40,619	1,946,501	-
Due to other governmental units	134,749	-	134,749	-
Unearned revenue	482,598	-	482,598	-
Noncurrent liabilities:				
Due within one year	652,832	33	652,865	-
Due in more than one year	1,007,432	525,154	1,532,586	-
Total Liabilities	<u>4,183,493</u>	<u>565,806</u>	<u>4,749,299</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	35,786,341	487,998	36,274,339	-
Restricted for:				
Capital project	3,493,217	-	3,493,217	-
Other uses	3,225,177	-	3,225,177	-
Unrestricted	6,050,050	209,578	6,259,628	21,722
Total Net Position	<u>\$ 48,554,785</u>	<u>\$ 697,576</u>	<u>\$ 49,252,361</u>	<u>\$ 21,722</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,451,912	\$ 859,157	\$ 2,017,071	\$ -	\$ (1,575,684)	\$ -	\$ (1,575,684)	
Public safety	6,282,577	364,839	520,881	1,122,953	(4,273,904)	-	(4,273,904)	
Physical environment	434,926	197,602	60,000	14,009	(163,315)	-	(163,315)	
Transportation	1,825,383	1,300	1,302,847	466,801	(54,435)	-	(54,435)	
Culture/Recreation	412,260	20,976	378,831	179,571	167,118	-	167,118	
Human services	519,842	2,135	20,000	-	(497,707)	-	(497,707)	
Economic environment	404,215	-	-	1,170,981	766,766	-	766,766	
Court-related costs	35,167	154,220	439,933	-	558,986	-	558,986	
Jail operations	6,021,330	4,989,316	-	-	(1,032,014)	-	(1,032,014)	
Interest on long-term debt	1,833	-	-	-	(1,833)	-	(1,833)	
Total Governmental Activities	20,389,445	6,589,545	4,739,563	2,954,315	(6,106,022)	-	(6,106,022)	
Business-type Activities:								
Solid waste	492,223	506,376	73,015	-	-	87,168	87,168	
Total Business-type Activities	492,223	506,376	73,015	-	-	87,168	87,168	
Total Primary Government	\$ 20,881,668	\$ 7,095,921	\$ 4,812,578	\$ 2,954,315	(6,106,022)	87,168	(6,018,854)	
Component Unit								
Glades Soil and Water Conservation District	\$ 3,506	\$ -	\$ 2,225	\$ -				\$ (1,281)
General revenues:								
Property taxes, levied for general purposes					5,187,386	-	5,187,386	-
Property taxes, levied for other purposes					1,349,543	-	1,349,543	-
Public service, sales and miscellaneous taxes					1,077,767	-	1,077,767	-
Investment earnings					14,593	710	15,303	22
Miscellaneous					156,060	-	156,060	-
Gain on disposal of capital assets					848	-	848	-
Total general revenues					7,786,197	710	7,786,907	22
Change in net position					1,680,175	87,878	1,768,053	(1,259)
Net position - beginning					46,198,350	609,698	46,808,048	22,981
Prior period adjustment, refer to Note 13					676,260	-	676,260	-
Net position (deficit)- beginning, as restated					46,874,610	609,698	47,484,308	22,981
Net position - ending					\$ 48,554,785	\$ 697,576	\$ 49,252,361	\$ 21,722

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

ASSETS	General Fund	Transportation Trust	SHIP	Capital Outlay
Cash and cash equivalents	\$ 5,057,718	\$ 499,277	\$ 818,573	\$ 652,107
Restricted cash and cash equivalents	384,218	-	-	498,208
Investments	1,128,702	1,625,245	-	126,151
Restricted Investments	280,631	-	-	-
Accounts receivable, net	850,755	249,322	-	87,572
Due from other funds	625,812	241	-	-
Due from other governments	42,021	-	-	2,406,766
Inventories	-	64,311	-	-
Prepaid items	43,006	2,863	-	-
Total Assets	\$ 8,412,863	\$ 2,441,259	\$ 818,573	\$ 3,770,804
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 393,491	\$ 9,651	\$ 5	\$ 1,042,162
Due to other funds	1,841	101,185	310	399,305
Due to other governments	134,749	-	-	-
Unearned revenue	82,350	-	-	400,248
Other accrued expenditures	455,790	-	-	-
Total Liabilities	1,068,221	110,836	315	1,841,715
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	107,800	-	-	966,348
 FUND BALANCES				
Nonspendable:				
Prepaid Items	43,006	2,863	-	-
Inventory	-	64,311	-	-
Restricted:				
Capital projects	200,053	2,263,249	-	962,741
Cemetery care	137,942	-	-	-
Law enforcement	39,290	-	-	-
Public safety	488	-	-	-
Other	231,849	-	818,258	-
Assigned:				
Law enforcement	415,552	-	-	-
Unassigned	6,168,662	-	-	-
Total Fund Balances	7,236,842	2,330,423	818,258	962,741
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,412,863	\$ 2,441,259	\$ 818,573	\$ 3,770,804

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2014

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,879,025	\$ 243,102	\$ 9,149,802
Restricted cash and cash equivalents	-	-	882,426
Investments	-	-	2,880,098
Restricted Investments	-	-	280,631
Accounts receivable, net	800	17,023	1,205,472
Due from other funds	1,600	-	627,653
Due from other governments	-	-	2,448,787
Inventories	-	-	64,311
Prepaid items	-	3,439	49,308
Total Assets	\$ 1,881,425	\$ 263,564	\$ 17,588,488
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,492	\$ 1,291	\$ 1,450,092
Due to other funds	100,000	42,855	645,496
Due to other governments	-	-	134,749
Unearned revenue	-	-	482,598
Other accrued expenditures	-	-	455,790
Total Liabilities	103,492	44,146	3,168,725
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	1,074,148
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	3,439	49,308
Inventory	-	-	64,311
Restricted:			
Capital projects	-	-	3,426,043
Cemetery care	-	-	137,942
Law enforcement	-	7,637	46,927
Public safety	1,777,933	25,160	1,803,581
Other	-	183,182	1,233,289
Assigned:			
Law enforcement	-	-	415,552
Unassigned	-	-	6,168,662
Total Fund Balances	1,777,933	219,418	13,345,615
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,881,425	\$ 263,564	\$ 17,588,488

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total Fund Balance - Governmental Funds \$ 13,345,615

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	6,579,095	
Depreciable, net	<u>29,216,191</u>	35,795,286

Certain revenues will be collected after year-end but are not available to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds. 1,074,148

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

Leases payable	(8,945)	
Compensated absences	(906,632)	
OPEB obligation	<u>(744,687)</u>	(1,660,264)

Net Position of Governmental Activities \$ 48,554,785

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

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad valorem taxes	\$ 5,187,386	\$ 52,428	\$ -	\$ -
Sales and miscellaneous taxes	1,943,788	1,576,299	-	427,953
Fees and fines	103,421	-	-	-
Licenses and permits	40	1,300	-	-
Intergovernmental	877,893	-	351,768	2,376,985
Charges for services	6,021,457	-	-	-
Investment earnings	9,990	1,080	-	1,680
Miscellaneous	27,232	128,826	-	-
Franchise fees	97,030	-	-	-
Total Revenues	14,268,237	1,759,933	351,768	2,806,618
EXPENDITURES				
Current				
General government	3,528,262	-	-	-
Public safety	4,842,484	-	-	51
Jail operations	6,021,330	-	-	-
Physical environment	132,479	-	-	-
Transportation	-	1,294,179	-	-
Human services	368,561	-	-	-
Culture/Recreation	118,131	133,770	-	-
Economic development	60,106	-	209,770	-
Court-related costs	23,463	-	-	-
Capital outlay	395,226	17,968	-	3,456,396
Debt service				
Principal	52,167	-	-	-
Interest	1,833	-	-	-
Contributions to others	-	-	-	50,000
Total Expenditures	15,544,042	1,445,917	209,770	3,506,447
Excess (Deficiency) of Revenues over Expenditures	(1,275,805)	314,016	141,998	(699,829)
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	49	799	-	-
Operating transfer in	1,421,955	33	-	-
Operating transfers out	(6,471)	-	-	-
Distribution of excess fees - other governments	(70,012)	-	-	-
Total Other Financing Sources (Uses)	1,345,521	832	-	-
Change in Fund Balances	69,716	314,848	141,998	(699,829)
Fund Balance - beginning	7,167,126	2,015,575	-	1,662,570
Prior period adjustment, refer to Note 13	-	-	676,260	-
Fund balance - beginning as restated	7,167,126	2,015,575	676,260	1,662,570
Fund Balances - ending	\$ 7,236,842	\$ 2,330,423	\$ 818,258	\$ 962,741

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, 2014

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ -	\$ 1,297,115	\$ 6,536,929
Sales and miscellaneous taxes	-	46,626	3,994,666
Fees and fines	94,849	-	198,270
Licenses and permits	-	143,672	145,012
Intergovernmental	19,515	131,936	3,758,097
Charges for services	-	50,125	6,071,582
Investment earnings	1,440	402	14,592
Miscellaneous	876	5	156,939
Franchise fees	-	-	97,030
Total Revenues	<u>116,680</u>	<u>1,669,881</u>	<u>20,973,117</u>
EXPENDITURES			
Current			
General government	-	44,949	3,573,211
Public safety	41,890	136,130	5,020,555
Jail operations	-	-	6,021,330
Physical environment	-	119,338	251,817
Transportation	-	-	1,294,179
Human services	-	-	368,561
Culture/Recreation	-	-	251,901
Economic development	-	-	269,876
Court-related costs	-	-	23,463
Capital outlay	4,564	15,333	3,889,487
Debt service			
Principal	-	-	52,167
Interest	-	-	1,833
Contributions to others	-	-	50,000
Total Expenditures	<u>46,454</u>	<u>315,750</u>	<u>21,068,380</u>
Excess (Deficiency) of Revenues over Expenditures	<u>70,226</u>	<u>1,354,131</u>	<u>(95,263)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the disposal of capital assets	12,500	-	13,348
Operating transfer in	-	6,471	1,428,459
Operating transfers out	(100,000)	(1,321,988)	(1,428,459)
Distribution of excess fees - other governments	-	-	(70,012)
Total Other Financing Sources (Uses)	<u>(87,500)</u>	<u>(1,315,517)</u>	<u>(56,664)</u>
Change in Fund Balances	(17,274)	38,614	(151,927)
Fund Balance - beginning	1,795,207	180,804	12,821,282
Prior period adjustment, refer to Note 13	-	-	676,260
Fund balance - beginning as restated	<u>1,795,207</u>	<u>180,804</u>	<u>13,497,542</u>
Fund Balances - ending	<u>\$ 1,777,933</u>	<u>\$ 219,418</u>	<u>\$ 13,345,615</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, 2014**

Net Change in Fund Balance - Governmental Funds \$ (151,927)

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	3,889,487	
Depreciation	<u>(3,005,406)</u>	884,081

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).	35,243
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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	52,167
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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.	1,037,653
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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	(23,145)	
Current change in other postemployment benefits	<u>(153,897)</u>	<u>(177,042)</u>

Change in Net Position of Governmental Activities \$ 1,680,175

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

	Enterprise Funds
	Solid Waste
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 438,410
Accounts receivable, net	102,798
Due from other funds	17,843
Due from other governments	29,439
Prepaid expenses	1,800
Total Current Assets	590,290
NONCURRENT ASSETS	
Restricted assets:	
Investments	185,094
Capital assets	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	305,362
Total Capital Assets	950,216
Less accumulated depreciation	(462,218)
Net Capital Assets	487,998
Total Noncurrent Assets	673,092
Total Assets	1,263,382
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	40,619
Compensated absences	33
Total Current Liabilities	40,652
NONCURRENT LIABILITIES	
Liability for landfill closure	525,154
Total Liabilities	565,806
NET POSITION	
Investment in capital assets	487,998
Unrestricted net position	209,578
Total Net Position	\$ 697,576

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, 2014**

	Enterprise Funds
	Solid Waste
OPERATING REVENUES	
Charges for services	\$ 506,376
Operating grants and contributions	73,015
Total Operating Revenue	579,391
OPERATING EXPENSES	
Personal services	32,156
Contractual services	378,240
Utilities	5,980
Materials and supplies	9,738
Repairs and maintenance	3,707
Insurance claims and expenses	1,101
Miscellaneous	21,345
Depreciation	39,956
Total Operating Expenses	492,223
Operating Income	87,168
NON-OPERATING REVENUES (EXPENSES)	
Interest income	710
Total Non-Operating Revenues (Expenses)	710
Change in Net Position	87,878
Total Net Position - beginning	609,698
Total Net Position - ending	\$ 697,576

See accompanying Notes to Financial Statements.

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

	<u>Enterprise Funds</u>
	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 530,145
Cash paid to other funds	(32,618)
Cash paid to suppliers	(421,870)
Cash paid to employees	(33,748)
Net Cash Provided by Operating Activities	<u>41,909</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(24,768)
Net Cash Used by Capital and Related Financing Activities	<u>(24,768)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income received	710
Purchase of investments	(298)
Net Cash Provided by Investing Activities	<u>412</u>
Net Increase in Cash and Cash Equivalents	17,553
CASH AND CASH EQUIVALENTS, beginning of year	<u>420,857</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 438,410</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Enterprise Funds
	Solid Waste
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 87,168
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	39,956
Loss on disposal of capital assets	14,009
Changes in net position and liabilities	
(Increase) decrease in:	
Accounts receivable	(26,316)
Due to/from other funds	(32,618)
Due to/from other governments	(22,930)
Prepaid expenses	(1,800)
Increase (decrease) in:	
Accounts payable and accrued expenses	(2,204)
Liability for landfill closure	(11,764)
Compensated absences	(1,592)
	41,909
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 41,909

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 374,463
Other receivables	18,563
Total Assets	<u>\$ 393,026</u>
LIABILITIES	
Due to other governmental units	\$ 362,973
Due to individuals	30,053
Total Liabilities	<u>\$ 393,026</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 the County. However, the County is financially accountable for the District because the Board 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, 2014**

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, 2014**

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, 2014**

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, 2014.

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, 2014**

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, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Deferred inflows of resources represent acquisitions of resources that apply to future reporting period(s) and will not be recognized as an inflow of resources (revenue) until then. In governmental funds, revenues not received within sixty days of year-end are deferred until collected as they do not meet the availability criteria.

Unearned Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the 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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other than Pensions (OPEB) (Continued)

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.

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, 2014.

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, 2014 was \$10 per \$1,000.

Implementation of New Accounting Standards

During the fiscal year ended September 30, 2014 the City implemented the provisions of GASBS No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources.

Certain reclassifications have been made, none of which affected the results of activities and changes net position, to present the financial statements on a consistent basis.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2014, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 10,844,142
Certificates of deposit	3,149,305
State of Florida Board of Administration Surplus Funds Trust Fund	196,521
Cash on hand	956
	\$ 14,190,924

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 9,588,212
Restricted cash and cash equivalents	882,425
Investments	2,880,098
Restricted investments	465,726
Fiduciary funds cash and cash equivalents	374,463
	\$ 14,190,924

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, 2014**

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
Certificate of Deposits, at cost	\$ 3,149,305	\$ 3,149,305
Florida Prime	196,521	196,521
	<u>\$ 3,345,826</u>	<u>\$ 3,345,826</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, 2014.

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, 2014**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2014:

<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	2,579,262	3,733,241	595,830	5,716,673
Total Capital Assets Not Being Depreciated	<u>3,441,684</u>	<u>3,733,241</u>	<u>595,830</u>	<u>6,579,095</u>
Capital assets being depreciated:				
Infrastructure	42,628,521	188,632	-	42,817,153
Buildings	20,881,434	407,198	-	21,288,632
Equipment, furniture, and vehicles	11,149,464	228,399	153,126	11,224,737
Livestock	18,300	-	7,800	10,500
Total Capital Assets Being Depreciated	<u>74,677,719</u>	<u>824,229</u>	<u>160,926</u>	<u>75,341,022</u>
Less accumulated depreciation for:				
Infrastructure	30,247,263	1,640,967	-	31,888,230
Buildings	4,861,423	519,872	-	5,381,295
Equipment, furniture, and vehicles	8,127,820	856,657	133,706	8,850,771
Livestock	6,935	2,057	4,457	4,535
Total Accumulated Depreciation	<u>43,243,441</u>	<u>3,019,553</u>	<u>138,163</u>	<u>46,124,831</u>
Capital Assets Being Depreciated, Net	<u>31,434,278</u>	<u>(2,195,324)</u>	<u>22,763</u>	<u>29,216,191</u>
Governmental Activities Capital Assets, Net	<u>\$34,875,962</u>	<u>\$ 1,537,917</u>	<u>\$ 618,593</u>	<u>\$35,795,286</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	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Capital assets being depreciated:				
Land improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, furniture, and vehicles	308,749	24,768	28,156	305,361
Total Capital Assets Being Depreciated	<u>928,603</u>	<u>24,768</u>	<u>28,156</u>	<u>925,215</u>
Less accumulated depreciation for:				
Land improvements	184,506	11,639	-	196,145
Buildings	39,031	556	-	39,587
Equipment, furniture, and vehicles	212,871	27,761	14,147	226,485
Total Accumulated Depreciation	<u>436,408</u>	<u>39,956</u>	<u>14,147</u>	<u>462,217</u>
Capital Assets Being Depreciated, Net	<u>492,195</u>	<u>(15,188)</u>	<u>14,009</u>	<u>462,998</u>
Business-type Activities Capital Assets, Net	<u>\$ 517,195</u>	<u>\$ (15,188)</u>	<u>\$ 14,009</u>	<u>\$ 487,998</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 792,681
Public safety	1,098,855
Transportation	524,263
Physical environment	182,506
Economic development	134,338
Culture and recreation	109,912
Human services	151,147
Court related costs	11,704
Total Depreciation Expense, Governmental Activities	<u><u>\$ 3,005,406</u></u>

Business-type Activities:

Solid Waste	\$ 39,956
Total Depreciation Expense, Business-type Activities	<u><u>\$ 39,956</u></u>

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2014, interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
Governmental Activities:		
General	\$ 625,812	\$ 1,841
Transportation Trust	241	101,185
SHIP	-	310
Capital Outlay	-	399,305
EMSTU	-	12,909
Building Department	-	20,425
Enhanced 911	-	9,521
Sheriff Special Revenue Funds	1,600	100,000
Total Governmental Activities	<u>627,653</u>	<u>645,496</u>
Business-type Activities:		
Solid Waste	17,843	-
Total	<u><u>\$ 645,496</u></u>	<u><u>\$ 645,496</u></u>

**GLADES COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2014, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$ 1,421,955	\$ 6,471
Transportation Trust	33	-
EMSTU	-	1,321,954
Building Department	6,471	-
Impact Fee	-	34
Sheriff Special Revenue Funds	-	100,000
Total	<u>\$ 1,428,459</u>	<u>\$ 1,428,459</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, 2014**

NOTE 5 LONG-TERM LIABILITIES

During the year ended September 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 883,487	\$ 969,997	\$ 946,852	\$ 906,632	\$ 643,887
Leases payable	61,112	-	52,167	8,945	8,945
OPEB obligation	590,790	180,715	26,818	744,687	-
	<u>\$ 1,535,389</u>	<u>\$ 1,150,712</u>	<u>\$ 1,025,837</u>	<u>\$ 1,660,264</u>	<u>\$ 652,832</u>
Business-type Activities:					
Compensated absences	\$ 1,625	\$ 2,689	\$ 4,281	\$ 33	\$ 33
Landfill	536,918	-	11,764	525,154	-
	<u>\$ 538,543</u>	<u>\$ 2,689</u>	<u>\$ 16,045</u>	<u>\$ 525,187</u>	<u>\$ 33</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
2015	\$ 8,945	\$ 55	\$ 9,000
	<u>\$ 8,945</u>	<u>\$ 55</u>	<u>\$ 9,000</u>

The cost and accumulated depreciation of capital assets acquired under the capital leases is approximately \$304,150 and \$152,075, respectively.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2014 consisted of the following:

Purpose	General Fund	Capital Outlay	Total Governmental Funds
Cemetery Perpetual Care	\$ 137,942	\$ -	\$ 137,942
Buckhead Ridge Utility	200,054	-	200,054
Law Enforcement Trust	17,852	-	17,852
Intergovernmental Radio	185,139	-	185,139
Driver's Education	509	-	509
Tourism Development	46,200	-	46,200
Capital Outlay	76,665	498,208	574,873
EMS Grant Funds	488	-	488
	<u>\$ 664,849</u>	<u>\$ 498,208</u>	<u>\$ 1,163,057</u>

Restricted net position at September 30, 2014 consisted of the following:

Governmental Activities	Balance
Capital projects	<u>\$ 3,493,217</u>
Other uses:	
Cemetery Perpetual Care	137,942
Law enforcement activities	46,927
Public safety	1,803,581
Intergovernmental Radio	185,139
Driver's Education	509
Tourism Development	46,200
SHIP	818,258
Enhanced 911	38,972
Public Record Modernization	147,649
Total Other Uses	<u>3,225,177</u>
Total Restricted Net Position	<u>\$ 6,718,394</u>

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 622,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 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 the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 6.95% and 5.18%; special risk employees, 19.06% and 14.90%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; special risk employees, 19.82%; DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. 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, 2014, 2013, and 2012 were \$1,184,537, \$1,062,712, and \$941,214, 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, 2014**

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, 2014, the County contributed \$26,818 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, 2014:

Annual Required Contribution	\$	191,005
Interest on net OPEB obligation		26,585
Adjustment to Annual Required Contribution		<u>(36,875)</u>
Annual OPEB Cost		180,715
Contributions Made		<u>(26,818)</u>
Increase in Net OPEB Obligation		153,897
Net OPEB Obligation - beginning of year		<u>590,790</u>
Net OPEB Obligation - end of year	\$	<u><u>744,687</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2014 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2014	\$ 180,715	14.8%	\$ 744,687
September 30, 2013	176,012	17.4	590,790
September 30, 2012	169,033	16.6	445,318

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2013, is as follows:

Actuarial Accrued Liability (AAL)	\$ 1,056,466
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	1,056,466
Funded Ratio	0.0%
Covered Payroll	\$ 9,882,775
Ratio of UAAL to Covered Payroll	10.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 three 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	7.5% in 2014, decreasing 1.0% each year until the ultimate rate of 4.5% in 2017.
Healthcare inflation rate-Post-Medicare	7.5% in 2014, 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	\$2,500 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, 2014

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, 2014, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$525,154. 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, 2014, investments of \$185,094 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, 2014**

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, 2014**

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS

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

NOTE 12 COMMITMENTS AND CONTINGENCIES

Construction Contracts

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

<u>Project</u>	<u>Total Project Authorization</u>	<u>Expended at September 30, 2014</u>	<u>Balance to Complete</u>
EOC Building - Contractor	\$ 4,180,476	\$ 624,340	\$ 3,556,136
EOC Building - Subcontractor	500,000	362,458	137,542
Statewide Surface Water Restoration & Wastewater Project - Engineer	190,000	138,777	51,223
Harney Pond Dredging	93,394	88,394	5,000
Scop/Scrap - Palmdale Road	279,194	113,941	165,253
Scop/Scrap - Canal Road	184,212	80,906	103,306
SFWMD Moore Haven Canal Project	1,000,000	80,906	919,094
Scop/Scrap - Loop Road	229,541	137,270	92,271
Scop/Scrap - Old Lakeport Road	190,604	92,045	98,559
Ortona Road	880,258	777,404	102,854
	<u>\$ 7,727,679</u>	<u>\$ 2,496,441</u>	<u>\$ 5,231,238</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, 2014**

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, 2014, the Sheriff received \$4,584,412 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 the 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 the County nor the Sheriff is liable for this debt.

NOTE 13 PRIOR PERIOD ADJUSTMENT

During the current year it was determined that certain grant revenues were incorrectly treated as unearned revenue in 2013. In accordance with the provisions of GASB Statement No. 33, voluntary nonexchange revenue should be recognized when all applicable eligibility requirements are met and the resources are available.

To correct this error, beginning fund balances of the governmental funds and net position of the governmental activities have been restated as follows:

	SHIP
Fund balance - beginning	\$ -
Correction of errors	676,260
Fund balance - beginning, restated	\$ 676,260
	Governmental Activities
Net position- beginning	\$ 46,198,350
Correction of errors	676,260
Net position - beginning, as restated	\$ 46,874,610

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**GLADES COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS –
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
YEAR ENDED SEPTEMBER 30, 2014**

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)
10/1/2013	\$ -	\$ 1,056,466	\$ 1,056,466	0.00 %	\$ 9,882,775	10.69 %
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

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 5,122,319	\$ 5,189,656	\$ 5,187,386	\$ (2,270)
Sales and miscellaneous taxes	1,802,441	1,943,578	1,943,788	210
Fees and fines	48,692	99,090	103,421	4,331
Licenses and permits	-	40	40	-
Intergovernmental	1,004,547	1,115,490	877,893	(237,597)
Charges for services	520,475	5,680,675	6,021,457	340,782
Investment earnings	8,400	7,746	9,990	2,244
Miscellaneous	17,200	20,510	27,232	6,722
Franchise fees	95,166	42,030	97,030	55,000
Total Operating Revenues	<u>8,619,240</u>	<u>14,098,815</u>	<u>14,268,237</u>	<u>169,422</u>
EXPENDITURES				
Current				
General government	6,739,333	3,650,952	3,528,262	122,690
Public safety	4,366,450	4,947,934	4,842,484	105,450
Jail operations	1,690,744	6,021,332	6,021,330	2
Physical environment	118,617	209,753	132,479	77,274
Human services	353,914	374,218	368,561	5,657
Culture/Recreation	124,400	121,074	118,131	2,943
Economic development	93,745	61,626	60,106	1,520
Court-related costs	51,245	32,674	23,463	9,211
Capital outlay	305,090	260,651	395,226	(134,575)
Debt service				
Principal	-	52,167	52,167	-
Interest	-	1,833	1,833	-
Total Expenditures	<u>13,843,538</u>	<u>15,734,214</u>	<u>15,544,042</u>	<u>190,172</u>
Deficiency of Revenues over Expenditures	<u>(5,224,298)</u>	<u>(1,635,399)</u>	<u>(1,275,805)</u>	<u>359,594</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	35,000	49	49	-
Operating transfer in	1,321,954	1,321,954	1,421,955	100,001
Operating transfers out	(25,457)	99,770	(6,471)	(106,241)
Distribution of excess fees - other governments	-	-	(70,012)	(70,012)
Total Other Financing Sources (Uses)	<u>1,331,497</u>	<u>1,421,773</u>	<u>1,345,521</u>	<u>(76,252)</u>
Appropriated Fund Balance	<u>3,892,801</u>	<u>213,626</u>	<u>-</u>	<u>(213,626)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>69,716</u>	<u>\$ 69,716</u>
Fund Balance - beginning			<u>7,167,126</u>	
Fund Balance - ending			<u>\$ 7,236,842</u>	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 51,704	\$ 52,428	\$ 52,428	\$ -
Sales and miscellaneous taxes	1,499,242	1,584,101	1,576,299	(7,802)
Licenses and permits	1,000	1,300	1,300	-
Investment earnings	800	1,022	1,080	58
Miscellaneous	8,000	128,826	128,826	-
Total Operating Revenues	<u>1,560,746</u>	<u>1,767,677</u>	<u>1,759,933</u>	<u>(7,744)</u>
EXPENDITURES				
Current				
Transportation	1,685,384	1,308,305	1,294,179	14,126
Culture/Recreation	574,447	137,775	133,770	4,005
Capital outlay	390,000	22,500	17,968	4,532
Total Expenditures	<u>2,649,831</u>	<u>1,468,580</u>	<u>1,445,917</u>	<u>22,663</u>
Deficiency of Revenues over Expenditures	<u>(1,089,085)</u>	<u>299,097</u>	<u>314,016</u>	<u>14,919</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	5,000	799	799	-
Operating transfer in	-	33	33	-
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>832</u>	<u>832</u>	<u>-</u>
Appropriated Fund Balance	<u>1,084,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 299,929</u>	<u>314,848</u>	<u>\$ 14,919</u>
Fund Balance - beginning			2,015,575	
Fund Balance - ending			<u>\$ 2,330,423</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 351,768	\$ 1,768
Investment earnings	-	525	-	(525)
Total Operating Revenues	<u>350,000</u>	<u>350,525</u>	<u>351,768</u>	<u>1,243</u>
EXPENDITURES				
Current				
Economic development	500,000	211,985	209,770	2,215
Total Expenditures	<u>500,000</u>	<u>211,985</u>	<u>209,770</u>	<u>2,215</u>
Deficiency of Revenues over Expenditures	<u>(150,000)</u>	<u>138,540</u>	<u>141,998</u>	<u>3,458</u>
Appropriated Fund Balance	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 138,540</u>	<u>141,998</u>	<u>\$ 3,458</u>
Fund Balance - beginning			<u>-</u>	
Fund Balance - ending			<u>\$ 141,998</u>	

See accompanying Notes to Required Supplementary Information.

GLADES COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

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 2014, one supplemental appropriation totaling \$4,963,930 in the County-Wide General Fund was required to fund the jail operating expenditures. The funding for the supplemental appropriation was generated primarily by the agreement between the Sheriff and Glades Correctional Development Corporation (GCDC).

GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT

**GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014**

<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	14-BG-83-09-32-01-022	\$ 88,948
Emergency Management Programs	31.063	15-BG-83-09-32-01-022	29,171
			<u>118,119</u>
Local Emergency Management and Mitigation Initiatives	31.064	13-MP-93-09-32-01-431	1,098,953
Emergency Management Projects	31.067	14-CP-11-09-32-01-176	1,190
Total Executive Office of the Governor			<u>1,218,262</u>
<u>State Courts System, Office of the State Courts Administration</u>			
Direct Projects:			
Small County Courthouse Facilities	22.004	N/A	439,933
Total State Courts System, Office of the State Courts Administration			<u>439,933</u>
<u>Department of Environmental Protection</u>			
Direct Projects:			
Small County Consolidated Grants	37.012	411SC	73,015
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP22020	158,843
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP22021	20,727
			<u>179,570</u>
Total Department of Environmental Protection			<u>252,585</u>
<u>Department of State, Division of Library and Information Services</u>			
Direct Projects:			
State Aid to Libraries	45.030	13-ST-14	26,698
Total Division of Library and Information Services			<u>26,698</u>

**GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

<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	C1022	\$ 2,498
Total Department of Health-Bureau of Emergency Medical Services (EMS)			2,498
<u>Department of Management Services</u>			
Passed through Florida E911 Board			
Wireless 911 Emergency Telephone System	72.001	13-10-23	855
Wireless 911 Emergency Telephone System	72.001	13-10-09	29,912
Total State of Florida Wireless 911			30,767
<u>Florida Housing Finance Corporation</u>			
Direct Projects:			
State Housing Initiatives Partnership Program	52.901	N/A	209,770
Total Department of Housing			209,770
<u>Department of Transportation</u>			
Direct Projects:			
Small County Outreach Program	55.009	424202 1 58 01/02	751,805
			751,805
Small County Road Assistance Program	55.016	424202 1 58 01/02	406,270
Small County Road Assistance Program	55.016	43212-1-58-01/02	164,281
Small County Road Assistance Program	55.016	431885-1-58-01	92,045
Small County Road Assistance Program	55.016	430211-1-58-01	137,270
Small County Road Assistance Program	55.016	430210-1-58-01	73,205
			873,071
Total Department of Transportation			1,624,876
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 3,805,389

**GLADES COUNTY, FLORIDA
NOTES TO SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2014**

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 1, 2015.

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.

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

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

- 2010-01 Audit Adjustments

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
June 1, 2015



**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 State Project

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, 2014. 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 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.

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

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, 2014.

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, 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, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 1, 2015

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2014**

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)	None Reported
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
22.004	Small County Courthouse Facilities
31.064	Local Emergency Management and Mitigation Initiatives
55.009	Small County Outreach Program
55.016	Small County Road Assistance Program

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, 2014**

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, 2014**

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 Section 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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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Glades County, Florida (the "County") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 1, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 1, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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.

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

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

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

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

Purpose of this Letter

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 1, 2015

GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2014

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status			Current Year Finding #	2012-2013 Year Finding #	2011-2012 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
2010-001 Audit Adjustments	Material Weakness			X	2010-001	2010-001	2010-01
2012-001 Journal Entries	Material Weakness	X			N/A	2012-001	2012-01
2012-002 Account Reconciliations	Material Weakness	X			N/A	2012-002	2012-02
2013-001 Payroll Timesheet Approval	Significant Deficiency	X			N/A	2013-001	N/A
ML 2013-001 Physical Inventory of Capital Assets	Management Letter	X			N/A	ML 2013-001	N/A



CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Glades County, Florida's (the "County") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
June 1, 2015

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's 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 error or fraud.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

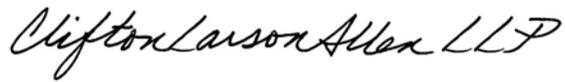
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2015 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 included under the heading 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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 12, 2015

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
ASSETS			
Cash	\$ 112,157	\$ 144,211	\$ 256,368
Other receivables	8,086	-	8,086
Prepaid items	473	3,439	3,912
	Total Assets	Total Assets	Total Assets
	\$ 120,716	\$ 147,650	\$ 268,366
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 8,421	\$ -	\$ 8,421
Other accrued liabilities	18,982	-	18,982
Due to Board of County Commissioners	9,624	-	9,624
Due to other governments	83,689	-	83,689
	Total Liabilities	Total Liabilities	Total Liabilities
	120,716	-	120,716
Fund Balances:			
Nonspendable:			
Prepaid items	473	3,439	3,912
Restricted	-	144,211	144,211
Unassigned	(473)	-	(473)
	Total Fund Balances	Total Fund Balances	Total Fund Balances
	-	147,650	147,650
Total Liabilities and Fund Balance	\$ 120,716	\$ 147,650	\$ 268,366

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 176,871	\$ -	\$ 176,871
Charges for services	325,088	50,125	375,213
Investment earnings	-	139	139
Total Revenues	501,959	50,264	552,223
Expenditures:			
Current - General government:			
Personal services	733,976	-	733,976
Operating expenditures	83,356	44,948	128,304
Capital outlay	-	15,333	15,333
Total Expenditures	817,332	60,281	877,613
Excess (Deficiency) of Revenues over Expenditures	(315,373)	(10,017)	(325,390)
Other Financing Sources (Uses)			
Transfers in	394,446	-	394,446
Transfers out	(9,624)	-	(9,624)
Unexpended appropriation: State of Florida	(69,449)	-	(69,449)
Total Other Financing Sources (Uses)	315,373	-	315,373
Net Change in Fund Balance	-	(10,017)	(10,017)
Fund Balance, beginning of year	-	157,667	157,667
Fund Balance, end of year	\$ -	\$ 147,650	\$ 147,650

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 262,311
Due from others	<u>17,563</u>
Total Assets	<u><u>\$ 279,874</u></u>

LIABILITIES

Due to other governments	\$ 249,821
Due to others	<u>30,053</u>
Total Liabilities	<u><u>\$ 279,874</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 financial statements do not purport to reflect the financial position or the results of operations of Glades County, Florida (the "County"), taken as a whole.

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

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

Description of Funds

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

Governmental Funds

- *General Fund* is used to account for all financial activity of the Clerk not accounted for in other funds. The Clerk's activities are classified as court-related and non court-related. Non court-related activity is funded as a budget officer pursuant to Florida Statutes Chapters 218 and 129, respectively. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board through the collection of Ad Valorem taxes by the Board. The budgeted receipts from the Board are recorded as a transfer in on the Clerk's financial statements. Any excess of revenues and other financing sources received over expenditures as Clerk to the Board are remitted to the Board at year-end. Court-related activities are funded from fees, service charges, costs, and fines collected and retained according to Section 28.36, Florida Statutes. Excess fees are remitted to the State of Florida per Sections 28.36 and 28.37, Florida Statutes. The fees, service charges, costs, and fines collected are restricted to be used exclusively for funding court-related operations. Court-related activities are tracked and recorded in a sub-fund within the Clerk's General Fund.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds (Continued)

Governmental Funds (Continued)

- *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.

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 allows the Clerk to only present fund financial statements. These financial statements present only the portion of the funds of Glades County, Florida that are attributable to the Clerk. They are not intended to present fairly the financial position and results of operations of Glades County, Florida in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Clerk, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (continued)

Exceptions to this general rule include accumulated sick and vacation pay, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

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

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

Prepaid Items

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

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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund receivables or payables as of September 30, 2014.
- 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, 2014:

The amount transferred by the Board to fund the 2014 budget of the Clerk was \$394,446.

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, 2014, the excess fees were \$9,624 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 \$310 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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, the book balance of deposits was \$518,679 and the bank balance was \$594,004. As of September 30, 2014, 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, 2014 was as follows:

<u>Capital Assets</u>	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets being depreciated:				
Equipment	\$ 160,144	\$ 15,333	\$ -	\$ 175,477
Less accumulated depreciation:				
Equipment	97,060	19,738	-	116,798
Total Capital Assets, Net	<u>\$ 63,084</u>	<u>\$ (4,405)</u>	<u>\$ -</u>	<u>\$ 58,679</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2013	\$ 11,921
Increase	45,128
Decrease	<u>(38,837)</u>
Balance, September 30, 2014	<u>\$ 18,212</u>
Amounts due within one year	<u>\$ 15,834</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 622,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 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 the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 RETIREMENT PLAN (CONTINUED)

Funding Policy

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18%; special risk employees, 19.06% and 14.90%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; special risk employees, 19.82%; DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. 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, 2014, 2013, and 2012 were \$62,210, \$35,740, and \$24,271, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

In the County's actuarial valuation for the year ended September 30, 2014, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Clerk is \$26,792, Unfunded Actuarial Accrued Liability (UAAL) is \$26,792, and Annual Required Contribution (ARC) is \$3,418. The Clerk's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 COMMITMENTS AND CONTINGENCIES

The Clerk leases certain equipment under various non-cancelable operating leases. Total costs for these leases were \$6,070 for the fiscal year ended September 30, 2014. The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 7,236
2016	7,236
2017	7,236
2018	3,201
	<u>\$ 24,909</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, 2014, there is no pending, or, to the knowledge of the County, any threatened litigation against the Clerk.

REQUIRED SUPPLEMENTARY INFORMATION

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 463,977	\$ 472,725	\$ 176,871	\$ (295,854)
Charges for services	-	-	325,088	325,088
Total Revenues	463,977	472,725	501,959	29,234
Expenditures:				
Current - general government:				
Personal services	780,917	786,674	733,976	52,698
Operating expenditures	75,833	77,252	83,356	(6,104)
Capital outlay	924	162	-	162
Total Expenditures	857,674	864,088	817,332	46,756
Deficiency of Revenues over Expenditures	(393,697)	(391,363)	(315,373)	75,990
Other Financing Sources (Uses):				
Transfers in	393,697	391,363	394,446	3,083
Transfers out	-	-	(9,624)	(9,624)
Unexpended appropriation: State of Florida	-	-	(69,449)	(69,449)
Total Other Financing Sources	393,697	391,363	315,373	(75,990)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2014**

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 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, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated May 12, 2015.

Internal Control Over Financial Reporting

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

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 below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

2014-001 Audit Adjustments

Criteria

Clerk 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 Clerk'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 Clerk 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 Clerk 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.

Views of Responsible Officials and Planned Corrective Action

Clerk 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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*.

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

The Clerk's Response to Findings

The Clerk's response to the findings identified in our audit is previously described under the caption Views of Responsible Officials and Planned Corrective Action. The Clerk's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 12, 2015

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Clerk of the Circuit Court, Glades County, Florida (the "Clerk"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 12, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 12, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in the notes to the financial statements.

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendation is as follows:

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.

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

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

Current Status

The finding was noted again in the current year. As of September 30, 2014, the Clerk has investigated and made some 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 (9/30/15), if not sooner.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Clerk of the Circuit Court, 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 12, 2015

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2014**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Clerk of the Circuit Court, Glades County, Florida's (the "Clerk") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, and Sections 28.35 and 28.36, Florida Statutes, regarding budget requirements and expenditures, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 12, 2015

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 12-13 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2015 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 included under the heading 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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 24,603
Due from other governments	<u>1,478</u>
Total Assets	<u><u>\$ 26,081</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 904
Due to Board of County Commissioners	24,614
Due to other governments	<u>563</u>

Total Liabilities 26,081

Fund Balance -

Total Liabilities and Fund Balance **\$ 26,081**

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

Revenues:	
Charges for services	\$ 35,951
Miscellaneous	96
	36,047
Total Revenues	36,047
 Expenditures:	
Current	
Personal services	487,705
Operating expenditures	80,530
Capital outlay	1,180
	569,415
Total Expenditures	569,415
Deficiency of Revenues over Expenditures	(533,368)
 Other Financing Sources (Uses):	
Transfers in	558,545
Distribution of excess fees:	
Board of County Commissioners	(24,614)
Other governments	(563)
	533,368
Total Other Financing Sources	533,368
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
Fund Balance, end of year	\$ -

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

These 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 allows the Property Appraiser to only present fund financial statements. These financial statements present only the portion of the funds of the County that are attributable to the Property Appraiser. They are not intended to present fairly the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Property Appraiser, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 2014 budget of the Property Appraiser was \$558,545.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$24,614 were due to the Board general fund at September 30, 2014.

Uses of Estimates

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

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Property Appraiser will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Property Appraiser to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans.

At September 30, 2014, the book balance of deposits was \$24,551 and the bank balance was \$52,111. As of September 30, 2014, 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 was as follows:

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets being depreciated:				
Equipment	\$ 186,566	\$ 1,180	\$ (28,516)	\$ 159,230
Less accumulated depreciation:				
Equipment	133,593	17,177	(28,516)	122,254
Total Capital Assets, net	<u>\$ 52,973</u>	<u>\$ (15,997)</u>	<u>\$ -</u>	<u>\$ 36,976</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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
POTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2014 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2013	\$	14,385
Increases		33,188
Decreases		<u>(25,484)</u>
Balance, September 30, 2014	\$	<u>22,089</u>
Amounts due within one year	\$	<u>19,880</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 622,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000.

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, 6.95 and 5.18%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. 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, 2014, 2013, and 2012 were \$57,257, \$27,652, and \$16,640, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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 \$1,840. The Property Appraiser's employer-paid premiums, as paid to the County-wide self-insurance plan, include the portion related to postemployment benefits. The details of the plan, methodology, and costs are more fully described in the County's Notes to Financial Statements.

NOTE 7 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 21,603	\$ 21,603
Total Revenues	<u>-</u>	<u>-</u>	<u>21,603</u>	<u>21,603</u>
Expenditures:				
Current				
Personal services	485,424	490,126	487,705	2,421
Operating expenditures	90,022	90,022	76,153	13,869
Capital outlay	-	-	1,180	(1,180)
Total Expenditures	<u>575,446</u>	<u>580,148</u>	<u>565,038</u>	<u>15,110</u>
Deficiency of Revenues over Expenditures	(575,446)	(580,148)	(543,435)	(36,713)
Other Financing Sources (Uses):				
Transfers in	575,446	580,148	558,545	(21,603)
Distribution of excess fees:				
Board of County Commissioners	-	-	(14,547)	14,547
Other governments	-	-	(563)	563
Total Other Financing Sources	<u>575,446</u>	<u>580,148</u>	<u>543,435</u>	<u>36,713</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			<u>-</u>	
Fund Balance, end of year			<u>\$ -</u>	

**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, 2014**

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 her 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, 2014**

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	\$ 21,603
Differences—budget to GAAP:	
Certain revenues are are not a component of the Property Appraiser's budget	14,444
Total revenues as reported on the statement of revenues and expenditures	\$ 36,047
Actual amounts (budgetary basis) “expenditures” from the budgetary comparison schedule	\$ 565,038
Differences—budget to GAAP:	
Certain expenditures are not a component of the Property Appraiser's budget	4,377
Total expenditures as reported on the statement of revenues and expenditures	\$ 569,415
Actual amounts (budgetary basis) “Other Financing Sources (Uses)” from the budgetary comparison schedule	\$ 543,435
Differences—budget to GAAP:	
Certain revenues and expenditures are not a component of the Property Appraiser's budget	(10,067)
Total Other Financing Sources (Uses) as reported on the statement of revenues and expenditures	\$ 533,368

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 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, 2014, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated May 7, 2015.

Internal Control Over Financial Reporting

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

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

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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*.

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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

MANAGEMENT LETTER

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Report on the Financial Statements

We have audited the financial statements of the Property Appraiser, Glades County, Florida (the "Property Appraiser"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 7, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 7, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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 Property Appraiser discloses this information in the notes to the financial statements.

Other Matters

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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, 2015



CliftonLarsonAllen

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

We have examined the Glades County Property Appraiser, Glades County, Florida's (the "Property Appraiser") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on Property Appraiser's compliance based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

**SHERIFF
GLADES COUNTY, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS
YEAR ENDED SEPTEMBER 30, 2014**

**SHERIFF
GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Opinions

In our opinion, the 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

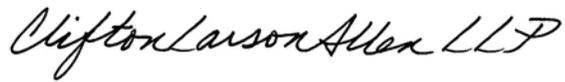
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2015 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading 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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 12, 2015

**SHERIFF
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 633,424	\$ 1,879,025	\$ 2,512,449
Accounts receivable	291,514	800	292,314
Prepaid	11,154	-	11,154
Due from other funds	-	1,600	1,600
Due from Board of County Commissioners	94,075	-	94,075
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,030,167</u>	<u>\$ 1,881,425</u>	<u>\$ 2,911,592</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 126,064	\$ 3,492	\$ 129,556
Other accrued liabilities	222,466	-	222,466
Due to other funds	1,600	-	1,600
Due to Board of County Commissioners	231,893	100,000	331,893
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	582,023	103,492	685,515
Fund Balances:			
Nonspendable:			
Prepaid items	11,154	-	11,154
Restricted			
Public safety	-	1,777,933	1,777,933
Training	9,361	-	9,361
Donations	12,077	-	12,077
Assigned			
Personnel expenditures	415,552	-	415,552
Unassigned			
Total Fund Balance	<u>448,144</u>	<u>1,777,933</u>	<u>2,226,077</u>
Total Liabilities and Fund Balances	<u>\$ 1,030,167</u>	<u>\$ 1,881,425</u>	<u>\$ 2,911,592</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
Revenues:			
Fines and forfeitures	\$ 54,491	\$ 94,849	\$ 149,340
Intergovernmental	32,657	19,515	52,172
Charges for services	4,993,634	-	4,993,634
Investment earnings	138	1,440	1,578
Miscellaneous income	30,908	876	31,784
	<u>5,111,828</u>	<u>116,680</u>	<u>5,228,508</u>
Expenditures:			
Current:			
Public safety			
Personal services	2,690,582	-	2,690,582
Operating expenditures	576,464	41,890	618,354
Jail operations			
Personal services	4,501,887	-	4,501,887
Operating expenditures	1,519,443	-	1,519,443
Debt Service:			
Principal	52,167	-	52,167
Interest and other charges	1,833	-	1,833
Capital outlay	-	4,564	4,564
	<u>9,342,376</u>	<u>46,454</u>	<u>9,388,830</u>
Excess (Deficiency) of Revenues over Expenditures	(4,230,548)	70,226	(4,160,322)
Other Financing Sources (Uses):			
Transfers in	4,548,283	-	4,548,283
Transfers out	(230,379)	(100,000)	(330,379)
Proceeds from the disposal of capital assets	-	12,500	12,500
	<u>4,317,904</u>	<u>(87,500)</u>	<u>4,230,404</u>
Net Change in Fund Balance	87,356	(17,274)	70,082
Fund Balances, beginning of year	<u>360,788</u>	<u>1,795,207</u>	<u>2,155,995</u>
Fund Balances, end of year	<u>\$ 448,144</u>	<u>\$ 1,777,933</u>	<u>\$ 2,226,077</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 allows the Sheriff to only present fund financial statements. These financial statements present only the portion of the funds of Glades County, Florida that are attributable to the Sheriff. They are not intended to present fairly the financial position and results of operations of Glades County, Florida in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Sheriff, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. The following is a summary of interfund receivables and payables as of September 30, 2014.

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 1,600
Asset Forfeiture Fund	1,600	-
	\$ 1,600	\$ 1,600

- Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources (uses). There were no interfund transfers as of September 30, 2014.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount transferred by the Board to fund the 2014 budget of the Sheriff was \$4,548,283.

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 \$230,379 was due to the Board's general fund at September 30, 2014, and is reported as a transfer out.

In addition to the undistributed excess fees, The Sheriff reported amounts due to the Board's general fund of \$487 for interest income and \$1,027 for fee income.

Use of Estimates

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

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Sheriff will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Sheriff to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans. At September 30, 2014, the book balance of deposits was \$2,512,151 and the bank balance was \$2,520,853. As of September 30, 2014, all surplus funds held by the Sheriff were held by depositories. In accordance with its policy, the Sheriff's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 was as follows:

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital Assets, Being Depreciated:				
Motor Vehicles	\$ 2,044,054	\$ 33,996	\$ 43,035	\$ 2,035,015
Equipment and Furniture	2,289,562	4,564	19,239	2,274,887
Livestock	18,300	-	7,800	10,500
Total Capital Assets, Being Depreciated	<u>4,351,916</u>	<u>38,560</u>	<u>70,074</u>	<u>4,320,402</u>
Less Accumulated Depreciation for:				
Motor Vehicles	1,513,400	200,318	24,023	1,689,695
Equipment and Furniture	1,694,729	168,371	18,831	1,844,269
Livestock	6,935	2,057	4,457	4,535
Total Accumulated Depreciation	<u>3,215,064</u>	<u>370,746</u>	<u>47,311</u>	<u>3,538,499</u>
Capital Assets, Net	<u>\$ 1,136,852</u>	<u>\$ (332,186)</u>	<u>\$ 22,763</u>	<u>\$ 781,903</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 are as follows:

Fiscal Year Ending September 30

2015	\$ 9,000
Total minimum lease payments	<u>9,000</u>
Less amount representing interest	<u>(55)</u>
	<u><u>\$ 8,945</u></u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$304,150 and \$152,075, respectively, as of September 30, 2014.

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, 2013	\$ 61,112
Principal Retirements	<u>(52,167)</u>
Balance, September 30, 2014	<u><u>\$ 8,945</u></u>
Amounts Due Within One Year	<u><u>\$ 8,945</u></u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 OPERATING LEASE OBLIGATIONS

The Sheriff leases office equipment under operating leases. These leases expire on various dates through 2019. 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, 2014 were \$10,655.

The future minimum lease obligations as of September 30, 2014 are as follows:

Fiscal Year Ending September 30

2015	\$	11,532
2016		11,419
2017		10,176
2018		10,176
2019		4,240
Total minimum lease payments	\$	47,543

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 COMPENSATED ABSENCES (CONTINUED)

The following is a summary of changes in the compensated absences liability during fiscal year 2014.

Balance, October 1, 2013	\$	688,174
Increases		660,030
Decreases		<u>(661,554)</u>
Balance, September 30, 2014	\$	<u><u>686,650</u></u>
Amounts Due Within One Year	\$	<u><u>480,655</u></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 622,000 full-time employees of various governmental units within the State of Florida.

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

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000.

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, 6.95% and 5.18%; special risk employees, 19.06% and 14.90%; DROP employees, 12.84% and 5.44%; and elected officials, 33.03% and 10.23%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; special risk employees, 19.82%; DROP employees, 12.28%; and elected officials, 43.24%. 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, 2014, 2013, and 2012 were \$807,141, \$803,865, and \$719,185, respectively, equal to the actuarially determined contribution requirements for each year.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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 \$157,715. 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, the Sheriff received \$4,584,412 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 \$404,904. 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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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.

REQUIRED SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ 54,491	\$ 54,491	\$ -
Intergovernmental	-	32,657	32,657	-
Charges for services	-	4,993,634	4,993,634	-
Investment earnings	-	138	138	-
Miscellaneous income	-	15,782	30,908	15,126
Carryover from prior year	-	354,025	-	(354,025)
Total Revenues	-	5,450,727	5,111,828	(338,899)
Expenditures:				
Current:				
Public safety				
Personal services	2,055,747	2,690,583	2,690,582	1
Operating expenditures	554,803	567,407	576,464	(9,057)
Jail operations				
Personal services	-	4,501,887	4,501,887	-
Operating expenditures	1,690,744	1,519,445	1,519,443	2
Debt service:				
Principal	-	52,167	52,167	-
Interest and other charges	-	1,833	1,833	-
Capital outlay	68,098	-	-	-
Asset forfeiture refund	-	-	-	-
Carryover to next year	-	435,309	-	435,309
Total Expenditures	4,369,392	9,768,631	9,342,376	426,255
Excess (Deficiency) of Revenues over Expenditures	(4,369,392)	(4,317,904)	(4,230,548)	87,356
Other Financing Sources (Uses):				
Transfers in	4,369,392	4,317,904	4,548,283	230,379
Transfers out	-	-	(230,379)	(230,379)
Total Other Financing Sources (Uses)	4,369,392	4,317,904	4,317,904	-
Net Change in Fund Balance	\$ -	\$ -	\$ 87,356	\$ 87,356
Fund Balances, Beginning of Year	-	-	360,788	360,788
Fund Balances, End of Year	\$ -	\$ -	\$ 448,144	\$ 448,144

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

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 financial statements of each major fund of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated May 12, 2015.

Internal Control Over Financial Reporting

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

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

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

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free 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 12, 2015

MANAGEMENT LETTER

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sheriff, Glades County, Florida (the "Sheriff"), as of and for the year ended September 30, 2014, and have issued our report thereon dated May 12, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 12, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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 Sheriff discloses this information in the notes to the financial statements.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendation is as follows:

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 12, 2015

**SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2014**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
ML 2013-001 Formal Written Policies	Management Letter			X
ML 2012-02 Payroll Timesheet Approval	Management Letter	X		

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Stuart Whiddon
Sheriff
Glades County, Florida

We have examined the Sheriff, Glades County, Florida's (the "Sheriff") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 12, 2015

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying 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, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Supervisor of Elections' 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 Supervisor of Elections' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 13-15 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2015, 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 included under the heading 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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Prepaid Expenses	<u>\$ 15,062</u>
Total Assets	<u><u>\$ 15,062</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Board of County Commissioners	<u>\$ 15,062</u>
Total Liabilities	<u>15,062</u>

Fund Balances:

Nonspendable:	
Prepaid items	15,062
Unassigned	<u>(15,062)</u>
Total Fund Balance	<u>-</u>

Total Liabilities and Fund Balance	<u><u>\$ 15,062</u></u>
---	-------------------------

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

REVENUES	<u>\$ -</u>
EXPENDITURES:	
Current - General Government:	
Personal services	142,064
Operating expenditures	53,742
Capital outlay	<u>11,100</u>
Total Expenditures	<u>206,906</u>
OTHER FINANCING SOURCES:	
Transfer in	221,968
Transfer out	<u>(15,062)</u>
Total Other Financing Sources	<u>206,906</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 Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

These 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 allows the Supervisor of Elections to only present fund financial statements. These financial statements present only the portion of the funds of the County that are attributable to the Supervisor of Elections. They are not intended to present fairly the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Supervisor of Elections, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 2014 budget of the Supervisor of Elections was \$221,968.

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 of Elections 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 of Elections' formal action of highest level of decision making authority.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Uses of Estimates

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

NOTE 2 CAPITAL ASSETS

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 CAPITAL ASSETS (CONTINUED)

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

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 94,027	\$ 11,100	\$ -	\$ 105,127
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	78,924	6,582	-	85,506
Total Capital Assets, Net	<u>\$ 15,103</u>	<u>\$ 4,518</u>	<u>\$ -</u>	<u>\$ 19,621</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 Supervisor of Elections has no employees who are currently eligible to receive termination payments upon separation or who are expected to become eligible in the future.

The accumulated compensated absences balance as of September 30, 2014 and 2013 was \$-0-.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 622,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 6.95% and 5.18%; special risk employees, 19.06% and 14.90%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; special risk employees, 19.82%, DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. 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, 2014, 2013, and 2012 were \$28,381, \$13,733, and \$8,719, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

In the County's latest actuarial plan dated September 30, 2014, 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 \$758. The Supervisor of Elections' employer-paid premiums, as paid to the County-wide plan, include the portion related to postemployment benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

NOTE 6 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current - General Government:				
Personal services	166,433	142,063	142,064	(1)
Operating expenditures	48,545	41,313	68,804	(27,491)
Capital outlay	-	-	11,100	(11,100)
Total Expenditures	<u>214,978</u>	<u>183,376</u>	<u>221,968</u>	<u>(38,592)</u>
Other Financing Sources:				
Transfer in:				
Glades County, Florida Board of County Commissioners Appropriations	<u>214,978</u>	<u>183,376</u>	<u>221,968</u>	<u>(38,592)</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2014**

NOTE 1 BUDGETARY ACCOUNTING

Pursuant to Chapter 129, Florida Statutes, the Board 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, 2014**

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	\$ 221,968
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	(15,062)
Total expenditures as reported on the statement of revenues and expenditures - general fund	\$ 206,906
Actual amounts (budgetary basis) “other sources (uses)” from the budgetary comparison schedule	\$ 221,968
Differences—budget to GAAP:	
Excess appropriations not budgeted	(15,062)
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	\$ 206,906

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 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, 2014, and the related notes to the financial statements, which collectively comprise Supervisor of Elections' financial statements, and have issued our report thereon dated May 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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' 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' 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described below.

2014-001 – Budget

Criteria

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

Condition

Actual expenditures exceed final budgeted appropriations.

Cause

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

Effect

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

Recommendation

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

View of Responsible Official

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

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

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, 2015

MANAGEMENT LETTER

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

Report on the Financial Statements

We have audited the financial statements of the Supervisor of Elections, Glades County, Florida (the "Supervisor of Elections"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 7, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 7, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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 Supervisor discloses this information in the notes to the financial statements.

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

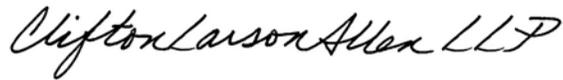
Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 7, 2015



CliftonLarsonAllen

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

We have examined the Glades County Supervisor of Elections, Glades County, Florida's (the "Supervisor of Elections") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Report on the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

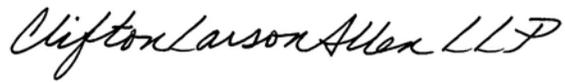
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 14-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2015 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading 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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 35,966
	<u>35,966</u>
Total Assets	\$ <u><u>35,966</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 749
Due to Board of County Commissioners	<u>35,217</u>

Total Liabilities	<u>35,966</u>
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Fund Balance	<u>-</u>
---------------------	-----------------

Total Liabilities and Fund Balance	\$ <u><u>35,966</u></u>
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See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

Revenues:		\$ <u> -</u>
Expenditures:		
Current		
Personal services		336,270
Operating expenditures		<u>61,536</u>
Total Expenditures		<u>397,806</u>
Deficiency of Revenues over Expenditures		<u>(397,806)</u>
Other Financing Sources (Uses):		
Transfers in		425,006
Transfers out		<u>(27,200)</u>
Total Other Financing Sources		<u>397,806</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 Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION –
ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 112,152
Other receivables	<u>1,000</u>
Total Assets	<u><u>\$ 113,152</u></u>

LIABILITIES

Due to other governments	<u>113,152</u>
Total Liabilities	<u><u>\$ 113,152</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These 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 allows the Tax Collector to only present fund financial statements. These financial statements present only the portion of the funds of Glades County, Florida that are attributable to the Tax Collector. They are not intended to present fairly the financial position and results of operations of Glades County, Florida in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Tax Collector, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, which are shown as other financing sources (uses). The amount transferred by the Board to fund the 2014 budget of the Tax Collector was \$425,006

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$27,200 were due to the Board of County Commissioners general fund at September 30, 2014

Uses of Estimates

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

NOTE 2 DEPOSITS

Custodial Credit Risk for Deposits – Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Tax Collector will not be able to recover the value of its securities that are in the possession of an outside party. Florida Statutes authorize the Tax Collector to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 DEPOSITS (CONTINUED)

At September 30, 2014, the book balance of deposits was \$35,966 and the bank balance was \$64,880. As of September 30, 2014, 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, 2014 was as follows:

<u>Capital Assets</u>	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
Capital assets being depreciated:				
Equipment	\$ 88,037	\$ -	\$ -	\$ 88,037
Less accumulated depreciation:				
Equipment	43,403	6,998	-	50,401
Total Capital Assets, net	<u>\$ 44,634</u>	<u>\$ (6,998)</u>	<u>\$ -</u>	<u>\$ 37,636</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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2014 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2013	\$	6,867
Increases		16,288
Decreases		<u>(17,350)</u>
Balance, September 30, 2014	\$	<u>5,805</u>
Amounts due within one year	\$	<u>5,805</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 622,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service 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 eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 the Florida Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, Post Office Box 9000, Tallahassee, Florida 32315-9000.

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, 6.95 and 5.18%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. 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, 2014, 2013, and 2012 were \$28,043, \$17,244, and \$14,070, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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 \$1,964. 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, 2014, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

REQUIRED SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current				
Personal services	360,476	353,385	336,270	17,115
Operating expenditures	64,530	71,621	61,536	10,085
Total Expenditures	<u>425,006</u>	<u>425,006</u>	<u>397,806</u>	<u>27,200</u>
Deficiency of Revenues over Expenditures	<u>(425,006)</u>	<u>(425,006)</u>	<u>(397,806)</u>	<u>27,200</u>
Other Financing Sources (Uses):				
Transfers in	425,006	425,006	425,006	-
Transfers out	-	-	(27,200)	(27,200)
Total Other Financing Sources	<u>425,006</u>	<u>425,006</u>	<u>397,806</u>	<u>(27,200)</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, 2014**

NOTE 1 BUDGETARY ACCOUNTING

Pursuant to Chapters 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 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, 2014, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated May 7, 2015.

Internal Control Over Financial Reporting

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

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

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

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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015

MANAGEMENT LETTER

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Report on the Financial Statements

We have audited the financial statements of the Tax Collector, Glades County, Florida (the "Tax Collector"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 7, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 7, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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 Tax Collector discloses this information in the notes to the financial statements.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

2014-001 – Reconciliation Discrepancy

Criteria

The Tax Collector is responsible for establishing and maintaining internal controls for the proper recording of all financial records.

Condition

During a review of the general ledger detail the TAG Account had a reconciliation discrepancy account credit balance of \$773. Upon further review the Operating and Real Estate general ledger detail also had reconciliation discrepancy accounts with no balance since current year activity in the accounts netted to \$0.

The TAG Account balance was the result of double recording of a transaction.

Cause

During the reconciliation process, items that are not already recorded in the accounting records are accepted as a reconciliation discrepancy and recorded as such into the accounting records.

Effect

By automatically accepting a reconciliation discrepancy transaction in QuickBooks, there is not a clear audit trail of the transactions. This also causes the potential to double record transaction or post the transactions to the incorrect accounts.

Recommendation

During the bank reconciliation procedures we recommend not accepting any reconciliation discrepancies. When a situation arises which produces a discrepancy in the reconciliation process, we recommend suspending the reconciliation to research the discrepancy. When the discrepancy is found and properly entered into the accounting records the bank reconciliation can be resumed and completed.

Views of responsible officials

When reconciling we will not accept a reconciliation discrepancy. Most in the past have been for bank errors and we waited until the next month for it to cancel out. Laura will now post these errors in the A/R Bank Error account so we will have record of these errors and when they are corrected by the bank. For any others we will research and once found post an adjusting entry to fix any error found.

2014-002 – Deleted Transactions

Criteria

The Tax Collector is responsible for establishing and maintaining internal controls for the proper recording of all financial records.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Condition

During our review of journal entries and QuickBooks audit trail, it was noted that transactions were deleted.

Cause

The Tax Collector hired new employees during the fiscal year and transactions were erroneously deleted.

Effect

By deleting transactions, QuickBooks is not providing an accurate history of all transactions and can make previous reports produced by QuickBooks inaccurate.

Recommendation

We recommend the Tax Collector adopt a policy prohibiting the deletion of financial records once entered into the accounting software. If changes need to be made to the financial records, items should be edited, voided, or corrected through an adjusting entry which will provide an audit trail in the financial records.

Views of responsible officials

Once entries are made they should not be deleted they need to either be voided or an adjusting entry made to offset the error. When deleting there is no clear audit trail and we were unaware of that. Most of the deletions were from duplicate entries and posting errors not entered correctly the first time. For the DMV/Delinquent & Real Estate Accounts, Rita will sign off after posting in QuickBooks to verify it has been posted and eliminate duplicate entries. As for the deletions on the Operating Account, Laura will make adjusting entries instead of deleting if errors are found.

2014-003 – Journal Entry Approval Process

Criteria

The Tax Collector is responsible for establishing and maintaining internal controls for the proper recording of all financial records.

Condition

During our review of journal entries process, it was noted there was no formal review and approval of journal entries.

Cause

The Tax Collector's policies and procedures does not include a review and approval process of general journal entries.

Effect

Journal entries can be entered into the accounting system that are either erroneous or inaccurate resulting in financial records that are also inaccurate.

Recommendation

We recommend the Tax Collector adopt a policy and approval process for general journal entries.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Views of responsible officials

We have changed the process of bill entry in the Operating Account so it will not list as a journal entry. All bills are signed off and approved by Laura and Gail. Gail signs the bank statements after looking them over when they come in but will now also circle and initial the interest earned on the statement as to approve that journal entry. Any other journal entries such as bank error corrections will be approved by Gail and then entered by Laura.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 7, 2015

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have examined the Glades County Tax Collector, Glades County, Florida's (the "Tax Collector") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

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

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 7, 2015