

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

**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, 2015, 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, 2015, 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.

Change in Accounting Principle

During the fiscal year ended September 30, 2015, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement (GASBS) No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of GASBS No. 68 and 71, the County reported a restatement for the change in accounting principle (see Note 1.) Our opinion was not modified with respect to the restatement.

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, budgetary comparison information and the schedules of County's proportionate share of net pension liability and the schedules of County contributions on pages 4 - 13, page 62, pages 63 - 66 and pages 67 - 70 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.

Other Information (Continued)

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 16, 2016, 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 16, 2016

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, 2015. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

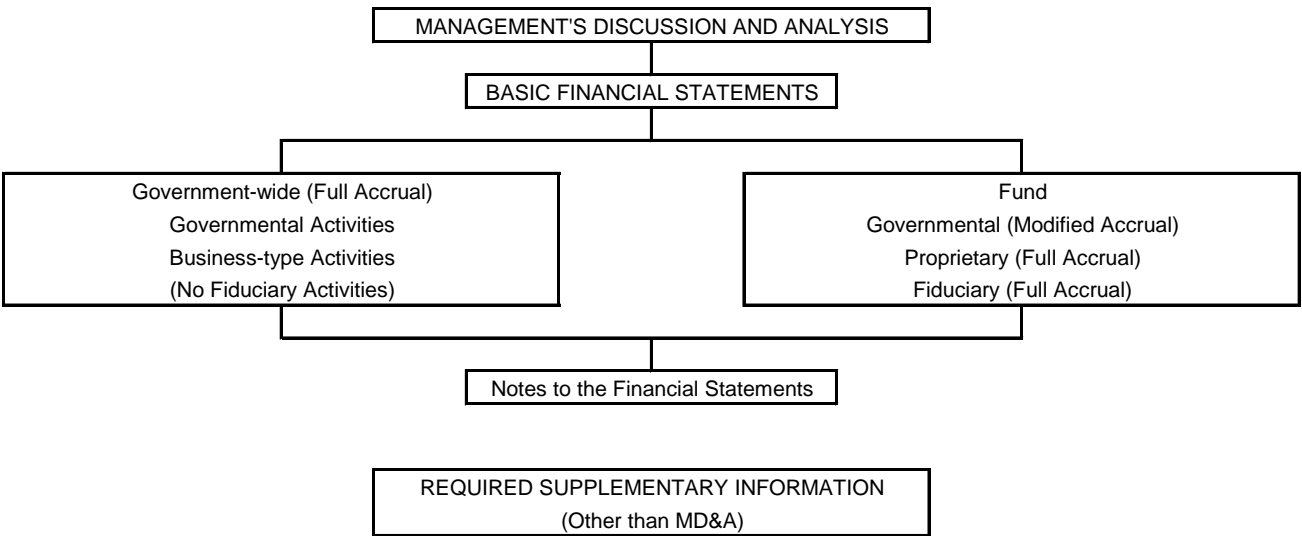
The County's total net position increased by approximately \$10.3 million over the course of this year's operations. The County's operational increase was offset by a decrease of \$11.5 million to beginning net position for the adoption of the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and Governmental Accounting Standards Board Statement (GASBS) No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The County's overall change in net position was a decrease of \$1,228,000. The net position of our business-type activities increased by approximately \$90,000 and net position of our governmental activities increased by approximately \$10.2 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.0 million, or 39% 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.

Financial Section



GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

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

Basic Financial Statements

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

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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

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

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

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

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

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

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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

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

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

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

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

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

Required Supplementary Information

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

The table below presents a summary of net position as of September 30, 2015 and 2014, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 17,363	\$ 16,943	\$ 872	\$ 775	\$ 18,235	\$ 17,718
Capital assets	44,948	35,795	456	488	45,404	36,283
Total Assets	62,311	52,738	1,328	1,263	63,639	54,001
Deferred outflows of resources	1,936	-	3	-	1,939	-
Other Liabilities	2,924	2,523	28	40	2,952	2,563
Noncurrent liabilities outstanding	9,826	1,660	527	525	10,353	2,185
Total Liabilities	12,750	4,183	555	565	13,305	4,748
Deferred inflows of resources	4,241	-	7	-	4,248	-
Net Position:						
Net investment in capital assets	43,427	35,786	456	488	43,883	36,274
Restricted	5,985	6,719	-	-	5,985	6,719
Unrestricted	(2,156)	6,050	313	210	(1,843)	6,260
Total Net Position	\$ 47,256	\$ 48,555	\$ 769	\$ 698	\$ 48,025	\$ 49,253

Capital assets for the governmental activities increased \$9.2 million mostly due to the completion of the Emergency Operations Center, the Training Center as well as improvements to Canal, Loop, Old Lakeport Roads, and the completion of Palmdale Road. Overall, total liabilities increased \$8.6 million, \$8.1 million of the increase was due to the net pension liability recorded as a result of the implementation of GASB 68 and GASB 71 and the remaining increases was due to an increase in construction payables at year-end. The increase in deferred outflows and inflows of resources was the result of the implementation of GASB 68 and GASB 71.

Liabilities of the business-type activities decreased by approximately \$10,000 due to decrease in accounts payable.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47.3 million. The largest portion of the County's net position is net investment in capital assets and is 91.4% 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.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Restricted net position represents 12.5% 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 -3.8% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position increased by approximately \$10.2 million during the fiscal year. This increase is attributed to increases in capital grants.

The table below presents a summary of changes in net position for the years ended September 30, 2015 and 2014, as derived from the government-wide Statement of Activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,301	\$ 6,590	\$ 473	\$ 506	\$ 6,774	\$ 7,096
Operating grants	3,967	4,740	53	73	4,020	4,813
Capital grants	11,351	2,954	-	-	11,351	2,954
General revenues:						
Property taxes	6,751	6,537	-	-	6,751	6,537
Other taxes	1,172	1,078	-	-	1,172	1,078
Other revenues	66	172	1	1	67	173
Total Revenues	<u>29,608</u>	<u>22,071</u>	<u>527</u>	<u>580</u>	<u>30,135</u>	<u>22,651</u>
Expenses:						
General government	4,546	4,453	-	-	4,546	4,453
Public safety	11,229	12,305	-	-	11,229	12,305
Physical environment	425	435	-	-	425	435
Transportation	1,847	1,825	-	-	1,847	1,825
Culture and recreation	435	412	-	-	435	412
Human services	526	520	-	-	526	520
Economic environment	428	404	-	-	428	404
Court-related costs	9	35	-	-	9	35
Interest on long-term debt	-	2	-	-	-	2
Solid Waste	-	-	437	492	437	492
Total Expenses	<u>19,445</u>	<u>20,391</u>	<u>437</u>	<u>492</u>	<u>19,882</u>	<u>20,883</u>
Change in net position	10,163	1,680	90	88	10,253	1,768
Net position - beginning	37,092	46,875	679	610	37,771	47,485
Net position - ending	<u>\$ 47,255</u>	<u>\$ 48,555</u>	<u>\$ 769</u>	<u>\$ 698</u>	<u>\$ 48,024</u>	<u>\$ 49,253</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 \$10.2 million or 20.6%, and the net position of the business-type activities increased by approximately \$90,000 or 12.9%.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Governmental Activities – Governmental activities increased the County's net position by approximately \$10.2 million, accounting for 99.1% of the total increase in net position. Overall revenues increased \$7.5 million and expenses decreased \$946,000. Key elements of these changes are as follows:

- Operational grants decreased \$350,000 due primarily to a decrease in SHIP revenue.
- Capital Grants increased \$8.4 million due to construction of the Emergency Operations Center the Training Center, Waste Water, as well as several road projects.
- Property tax revenues increased approximately \$214,000 due to increases in assessed value.
- Physical environment expenses decreased approximately \$26,000 due to decrease in contractual and professional fees.
- Public Safety decreased \$1.2 million due to a decrease in jail operations.
- Transportation decreased \$47,000 due to a decrease in city and county road improvements and repairs.

Business-type Activities – Business-type activities increased the County's net position by approximately \$90,000. Overall revenues decreased \$53,000 and expenses decreased by \$55,000.

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 \$6.0 million while the total fund balance reached \$7.4 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 39.3% of total general fund expenditures and 81.8% 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 \$143,000 during the current fiscal year, reflecting normal activities of the County.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an increase of approximately \$275,000 due to increase in revenues and decreases in expenditures.
- SHIP Fund had a decrease of approximately \$222,000 resulting primarily from an increase in expenditures with a decrease in revenues.
- Capital Outlay Fund had a decrease of approximately \$1.25 million resulting primarily from the timing of monies received from SCOP/SCRAP, EOC and WWTP grant revenues in excess of the amount spent on grant activities.
- Sheriff Asset Forfeiture had an increase of approximately \$75,000 resulting primarily from the timing of monies received in excess of the amount spent on qualified law enforcement activities.

Proprietary Funds

The Solid Waste Fund showed an approximate \$90,000 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 under budget by \$599,000. Expenditures were under budget by \$1.5 million. Some significant changes were as follows:

- Increase of \$5.1 million in Charges for Services revenue from the original budget amount compared to the final budget amount due to more revenue being received than expected.
- Increase of \$368,000 in Capital Outlay expenditures from the original budget amount compared to the final budget amount due to an expected increase in expenditures from projects assigned after the original budget was approved.
- Decrease of \$288,000 in Intergovernmental Revenue due to a decrease in revenues received.
- Decrease of \$312,000 in Charges for Services due to a decrease in revenues received.
- Expenditures were under budget by \$446,000 compared to actual in General Government due to a decrease in expenditures.
- Expenditures were under budget by \$527,000 in Jail Operations compared to actual due to a decrease in the number of inmates throughout the year.
- Expenditures were under budget by \$229,000 in Capital Outlay compared to actual due to grants not being completely expended during the current fiscal year.

The comparison between final amended budget and actual was a negative net change of approximately \$40,000.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2015 and 2014, the County had \$45.0 million and \$35.8 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	
	2015	2014	2015	2014	2015	2014
Land and construction in progress	\$ 6,205	\$ 6,579	\$ 25	\$ 25	\$ 6,230	\$ 6,604
Land improvements	-	-	574	574	574	574
Infrastructure	46,668	42,817	-	-	46,668	42,817
Building	29,896	21,289	45	45	29,941	21,334
Equipment, furniture and vehicles	11,419	11,225	305	305	11,724	11,530
K-9 Unit	11	11	-	-	11	11
Less: Accumulated depreciation	(49,251)	(46,125)	(493)	(462)	(49,744)	(46,587)
Total	<u>\$ 44,948</u>	<u>\$ 35,796</u>	<u>\$ 456</u>	<u>\$ 487</u>	<u>\$ 45,404</u>	<u>\$ 36,283</u>

Major capital asset events during the year included:

- The construction of the Training Center with costs of approximately \$3.5 million.
- The construction of the Emergency Operation Center with costs of approximately \$3.9 million.
- The commencement of improvements to multiple road projects with costs of approximately \$1.5 million. 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 \$513,000 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	
	2015	2014	2015	2014	2015	2014
Leases payable	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ 9
Net pension liability	8,123	-	14	-	8,137	-
OPEB obligation	910	745	-	-	910	745
Landfill closure obligation	-	-	513	525	513	525
Estimated liability for compensated absences	793	906	-	-	793	906
Total	<u>\$ 9,826</u>	<u>\$ 1,660</u>	<u>\$ 527</u>	<u>\$ 525</u>	<u>\$ 10,353</u>	<u>\$ 2,185</u>

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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

- A decrease in compensated absences indicates employees are using more time than in previous year.
- 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 an increase in benefit rates.

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 2015-2016 budget. The County expenditures have been strategically linked to the goals, objectives, core businesses, and existing obligations of the County. The impact on the budgetary process has been an increase in capital improvements, infrastructure improvements, and development service related costs.

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

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

**GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 9,388,561	\$ 585,876	\$ 9,974,437	\$ 22,671
Investments	2,885,979	-	2,885,979	-
Restricted assets:				
Cash and cash equivalents	907,589	-	907,589	-
Investments	281,195	-	281,195	-
Accounts receivable, net	1,032,393	68,506	1,100,899	-
Internal balances	548	(548)	-	-
Due from other governments	2,730,508	31,134	2,761,642	-
Inventories	59,496	-	59,496	-
Prepaid expenses	77,343	1,198	78,541	-
Noncurrent restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	185,459	185,459	-
Capital assets (net of accumulated depreciation):				
Nondepreciable capital assets	6,204,879	25,000	6,229,879	-
Depreciable capital assets, net	38,742,892	431,478	39,174,370	-
Total Assets	<u>62,311,383</u>	<u>1,328,103</u>	<u>63,639,486</u>	<u>22,671</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on pensions	<u>1,935,650</u>	<u>3,196</u>	<u>1,938,846</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	2,369,083	28,314	2,397,397	-
Due to other governmental units	91,529	-	91,529	-
Unearned revenue	464,077	-	464,077	-
Noncurrent liabilities:				
Long-term liabilities due within one year	565,584	234	565,818	-
Long-term liabilities due in more than one year	1,137,655	512,412	1,650,067	-
Net pension liability	8,122,499	14,374	8,136,873	-
Total Liabilities	<u>12,750,427</u>	<u>555,334</u>	<u>13,305,761</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on pensions	<u>4,241,385</u>	<u>6,872</u>	<u>4,248,257</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	43,426,568	456,478	43,883,046	-
Restricted for:				
Capital project	2,890,779	-	2,890,779	-
Other uses	3,094,365	-	3,094,365	-
Unrestricted	(2,156,491)	312,615	(1,843,876)	22,671
Total Net Position	<u>\$ 47,255,221</u>	<u>\$ 769,093</u>	<u>\$ 48,024,314</u>	<u>\$ 22,671</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,546,192	\$ 861,979	\$ 2,011,861	\$ -	\$ (1,672,352)	\$ -	\$ (1,672,352)	
Public safety	6,110,260	679,314	470,968	3,548,841	(1,411,137)	-	(1,411,137)	
Physical environment	424,556	231,044	60,000	451,540	318,028	-	318,028	
Transportation	1,847,282	1,800	1,349,370	6,814,773	6,318,661	-	6,318,661	
Culture/Recreation	434,696	19,085	29,246	529,272	142,907	-	142,907	
Human services	525,568	1,986	29,250	-	(494,332)	-	(494,332)	
Economic environment	427,981	-	-	6,579	(421,402)	-	(421,402)	
Court-related costs	9,247	143,407	15,994	-	150,154	-	150,154	
Jail operations	5,118,103	4,361,996	-	-	(756,107)	-	(756,107)	
Interest on long-term debt	55	-	-	-	(55)	-	(55)	
Total Governmental Activities	19,443,940	6,300,611	3,966,689	11,351,005	2,174,365	-	2,174,365	
Business-type activities:								
Solid waste	436,956	473,275	52,680	-	-	88,999	88,999	
Total Business-type Activities	436,956	473,275	52,680	-	-	88,999	88,999	
Total Primary Government	\$ 19,880,896	\$ 6,773,886	\$ 4,019,369	\$ 11,351,005	2,174,365	88,999	2,263,364	
Component Unit								
Glades Soil and Water Conservation District	\$ 3,298	\$ -	\$ 4,225	\$ -				\$ 927
Total Component Unit	\$ 3,298	\$ -	\$ 4,225	\$ -				927
General revenues:								
Property taxes, levied for general purposes					5,372,357	-	5,372,357	-
Property taxes, levied for other purposes					1,378,648	-	1,378,648	-
Public service, sales and miscellaneous taxes					1,172,060	-	1,172,060	-
Investment earnings					21,301	928	22,229	22
Miscellaneous					44,256	21	44,277	-
Total general revenues					7,988,622	949	7,989,571	22
Change in net position					10,162,987	89,948	10,252,935	949
Net position - beginning					48,554,785	697,576	49,252,361	21,722
Change in application of accounting principal					(11,462,551)	(18,431)	(11,480,982)	-
Net Position (Deficit) - Beginning, as Restated					37,092,234	679,145	37,771,379	21,722
Net Position - Ending					\$ 47,255,221	\$ 769,093	\$ 48,024,314	\$ 22,671

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Transportation Trust	SHIP	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 5,539,070	\$ 791,270	\$ 629,829	\$ 276,862
Restricted cash and cash equivalents	536,448	-	-	371,141
Investments	1,130,745	1,628,829	1	126,404
Restricted Investments	281,194	-	-	1
Accounts receivable, net	741,802	144,623	-	124,284
Due from other funds	154,129	-	-	84,730
Due from other governments	37,072	-	-	2,693,436
Inventories	-	59,496	-	-
Prepaid items	46,801	2,534	-	694
Total Assets	<u>\$ 8,467,261</u>	<u>\$ 2,626,752</u>	<u>\$ 629,830</u>	<u>\$ 3,677,552</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 340,017	\$ 7,770	\$ 33,182	\$ 1,521,202
Due to other funds	87,183	12,950	468	-
Due to other governments	91,529	-	-	-
Unearned revenue	79,772	-	-	384,255
Other accrued expenditures	460,378	-	-	-
Total Liabilities	<u>1,058,879</u>	<u>20,720</u>	<u>33,650</u>	<u>1,905,457</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>28,759</u>	<u>-</u>	<u>-</u>	<u>2,060,483</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	46,801	2,534	-	694
Inventory	-	59,496	-	-
Restricted:				
Capital projects	219,416	2,544,002	-	-
Cemetery care	141,863	-	-	-
Law enforcement	46,622	-	-	-
Public safety	7,427	-	-	-
Other	402,314	-	596,180	-
Assigned:				
Law enforcement	481,282	-	-	-
Unassigned	6,033,898	-	-	(289,082)
Total Fund Balances	<u>7,379,623</u>	<u>2,606,032</u>	<u>596,180</u>	<u>(288,388)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,467,261</u>	<u>\$ 2,626,752</u>	<u>\$ 629,830</u>	<u>\$ 3,677,552</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2015

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,989,329	\$ 162,201	\$ 9,388,561
Restricted cash and cash equivalents	-	-	907,589
Investments	-	-	2,885,979
Restricted Investments	-	-	281,195
Accounts receivable, net	4,800	16,884	1,032,393
Due from other funds	-	-	238,859
Due from other governments	-	-	2,730,508
Inventories	-	-	59,496
Prepaid items	-	27,314	77,343
Total Assets	<u>\$ 1,994,129</u>	<u>\$ 206,399</u>	<u>\$ 17,601,923</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,988	\$ 1,546	\$ 1,908,705
Due to other funds	135,000	2,710	238,311
Due to other governments	-	-	91,529
Unearned revenue	-	50	464,077
Other accrued expenditures	-	-	460,378
Total Liabilities	<u>139,988</u>	<u>4,306</u>	<u>3,163,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>1,600</u>	<u>-</u>	<u>2,090,842</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	-	27,314	77,343
Inventory	-	-	59,496
Restricted:			
Capital projects	-	-	2,763,418
Cemetery care	-	-	141,863
Law enforcement	-	19,396	66,018
Public safety	1,852,541	24,599	1,884,567
Other	-	130,784	1,129,278
Assigned:			
Law enforcement	-	-	481,282
Unassigned	-	-	5,744,816
Total Fund Balances	<u>1,852,541</u>	<u>202,093</u>	<u>12,348,081</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,994,129</u>	<u>\$ 206,399</u>	<u>\$ 17,601,923</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balance - Governmental Funds \$ 12,348,081

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	\$ 6,204,879	
Depreciable, net	<u>38,742,892</u>	44,947,771

Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.	1,935,650
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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.	2,090,842
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.

Compensated absences	(793,339)	
Net pension liability	(8,122,499)	
OPEB obligation	<u>(909,900)</u>	(9,825,738)

Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.	(4,241,385)
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Net Position of Governmental Activities	<u><u>\$ 47,255,221</u></u>
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GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad valorem taxes	\$ 5,372,357	\$ 54,081	\$ -	\$ -
Sales and miscellaneous taxes	1,911,840	1,655,516	-	482,971
Fees and fines	76,331	-	-	-
Licenses and permits	-	1,800	-	-
Intergovernmental	978,900	-	1,100	10,052,324
Charges for services	5,491,099	-	-	-
Investment earnings	12,620	4,319	776	1,395
Miscellaneous	39,341	4,901	-	-
Franchise fees	107,867	-	-	-
Total Revenues	<u>13,990,355</u>	<u>1,720,617</u>	<u>1,876</u>	<u>10,536,690</u>
EXPENDITURES				
Current:				
General government	3,801,403	-	-	1,169
Public safety	4,910,927	-	-	117,697
Jail operations	5,493,896	-	-	-
Physical environment	122,355	-	-	-
Transportation	-	1,264,600	-	-
Human services	351,290	-	-	-
Culture/Recreation	119,536	132,610	-	-
Economic development	68,530	-	223,954	-
Court-related costs	27,701	-	-	-
Capital outlay	430,322	47,798	-	11,618,953
Debt service:				
Principal	8,945	-	-	-
Interest	55	-	-	-
Contributions to others	-	-	-	50,000
Total Expenditures	<u>15,334,960</u>	<u>1,445,008</u>	<u>223,954</u>	<u>11,787,819</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,344,605)</u>	<u>275,609</u>	<u>(222,078)</u>	<u>(1,251,129)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	-	-	-	-
Transfer in	1,503,693	-	-	-
Transfers out	-	-	-	-
Distribution of excess fees - other governments	(16,307)	-	-	-
Total Other Financing Sources (Uses)	<u>1,487,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	142,781	275,609	(222,078)	(1,251,129)
Fund Balance - Beginning	<u>7,236,842</u>	<u>2,330,423</u>	<u>818,258</u>	<u>962,741</u>
Fund Balances - Ending	<u>\$ 7,379,623</u>	<u>\$ 2,606,032</u>	<u>\$ 596,180</u>	<u>\$ (288,388)</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ -	\$ 1,324,566	\$ 6,751,004
Sales and miscellaneous taxes	-	55,639	4,105,966
Fees and fines	328,437	-	404,768
Licenses and permits	-	155,775	157,575
Intergovernmental	19,294	204,661	11,256,279
Charges for services	-	43,578	5,534,677
Investment earnings	1,448	743	21,301
Miscellaneous	11	-	44,253
Franchise fees	-	-	107,867
Total Revenues	<u>349,190</u>	<u>1,784,962</u>	<u>28,383,690</u>
EXPENDITURES			
Current:			
General government	-	29,261	3,831,833
Public safety	51,212	223,917	5,303,753
Jail operations	-	-	5,493,896
Physical environment	-	156,428	278,783
Transportation	-	-	1,264,600
Human services	-	-	351,290
Culture/Recreation	-	-	252,146
Economic development	-	-	292,484
Court-related costs	-	-	27,701
Capital outlay	88,370	23,988	12,209,431
Debt service:			
Principal	-	-	8,945
Interest	-	-	55
Contributions to others	-	-	50,000
Total Expenditures	<u>139,582</u>	<u>433,594</u>	<u>29,364,917</u>
Excess (Deficiency) of Revenues over Expenditures	<u>209,608</u>	<u>1,351,368</u>	<u>(981,227)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the disposal of capital assets	-	-	-
Operating transfer in	-	-	1,503,693
Operating transfers out	(135,000)	(1,368,693)	(1,503,693)
Distribution of excess fees - other governments	-	-	(16,307)
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(1,368,693)</u>	<u>(16,307)</u>
Change in Fund Balances	74,608	(17,325)	(997,534)
Fund Balance - Beginning	<u>1,777,933</u>	<u>219,418</u>	<u>13,345,615</u>
Fund Balances - Ending	<u><u>\$ 1,852,541</u></u>	<u><u>\$ 202,093</u></u>	<u><u>\$ 12,348,081</u></u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balance - Governmental Funds \$ (997,534)

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	\$ 12,209,431	
Depreciation	<u>(3,251,148)</u>	8,958,283

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).		194,202
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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		8,945
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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.		1,016,694
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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	113,293	
Current change in other postemployment benefits	<u>(165,213)</u>	(51,920)

Net change in the liability for pensions and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements.		<u>1,034,317</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 10,162,987</u></u>
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GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	\$ 585,876
Accounts receivable, net	68,506
Due from other governments	31,134
Prepaid expenses	1,198
Total Current Assets	<u>686,714</u>
NONCURRENT ASSETS	
Restricted assets:	
Investments	185,459
Capital assets (net of accumulated depreciation):	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	305,362
Total Capital Assets	<u>950,216</u>
Less accumulated depreciation	<u>(493,738)</u>
Net Capital Assets	<u>456,478</u>
Total Noncurrent Assets	<u>641,937</u>
Total Assets	<u>1,328,651</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pensions	<u>3,196</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	28,314
Due to other funds	548
Compensated absences	234
Total Current Liabilities	<u>29,096</u>
NONCURRENT LIABILITIES	
Net pension liability	14,374
Liability for landfill closure	512,412
Total Liabilities	<u>555,882</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on pensions	<u>6,872</u>
NET POSITION	
Investment in capital assets	456,478
Unrestricted net position	312,615
Total Net Position	<u>\$ 769,093</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
OPERATING REVENUES	
Charges for services	\$ 473,275
Operating grants and contributions	52,680
Total Operating Revenue	<u>525,955</u>
OPERATING EXPENSES	
Personal services	36,951
Contractual services	351,208
Utilities	6,043
Materials and supplies	6,753
Repairs and maintenance	1,503
Miscellaneous	2,978
Depreciation	31,520
Total Operating Expenses	<u>436,956</u>
OPERATING INCOME	<u>88,999</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	928
Miscellaneous income	21
Total Nonoperating Revenues (Expenses)	<u>949</u>
Change in Net Position	89,948
Total Net Position - Beginning, as Restated	<u>679,145</u>
Total Net Position - Ending	<u><u>\$ 769,093</u></u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 558,552
Cash paid to other funds	18,391
Cash paid to suppliers	(392,930)
Cash paid to employees	(37,131)
Net Cash Provided by Operating Activities	<u>146,882</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other receipts (payments)	<u>21</u>
Net Cash Provided by Noncapital Financing Activities	<u>21</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income received	928
Purchase of investments	(365)
Net Cash Provided by Investing Activities	<u>563</u>
Net Increase in Cash and Cash Equivalents	147,466
Cash and Cash Equivalents - Beginning of Year	<u>438,410</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 585,876</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 88,999
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	31,520
Loss on disposal of capital assets	-
Non-cash pension expense	(381)
Changes in net position and liabilities	
(Increase) decrease in:	
Accounts receivable	34,292
Due to/from other funds	18,391
Due to/from other governments	(1,695)
Prepaid expenses	602
Increase (decrease) in:	
Accounts payable and accrued expenses	(12,305)
Liability for landfill closure	(12,742)
Compensated absences	<u>201</u>
Net Cash Provided by Operating Activities	<u><u>\$ 146,882</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 406,842
Other receivables	<u>15,576</u>
Total Assets	<u><u>\$ 422,418</u></u>
LIABILITIES	
Due to other governmental units	\$ 345,765
Due to individuals	<u>76,653</u>
Total Liabilities	<u><u>\$ 422,418</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, Florida 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, 2015**

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, 2015**

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, 2015**

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, 2015.

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.

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 are classified as 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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

In the government-wide and proprietary funds statements of net position, liabilities are recognized for the County's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the County's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the County's contributions and proportionate share of contributions, and the County's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the County's statement of net position represent the difference between expected and actual economic experience, the net difference between projected and actual earnings on Florida Retirement System Pension investments, and changes in the proportion and differences between the County's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

Deferred inflows of resources also include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion (availability) has not been met.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Fund Balance

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

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

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

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

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

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

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Accounting Estimates

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

Interfund Transactions

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

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

Postemployment Benefits Other than Pensions (OPEB)

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

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of state law. Property taxes are levied in October and are payable November 1, with discounts of 1% to 4% if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 of the following year. Pursuant to Florida law, the Tax Collector advertises and sells tax certificates on all real property for which there are unpaid taxes. Accordingly, there is no property taxes receivable as of September 30, 2015.

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, 2015 was \$10 per \$1,000.

Change in Accounting Principle

During the year ended September 30, 2015, the County adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the September 30, 2014 net position of the governmental activities and proprietary funds as follows:

	Governmental Activities	Business-Type Activities	Solid Waste Fund
Net Position, September 30, 2014, as Previously Reported	\$ 48,554,785	\$ 697,576	\$ 697,576
Cumulative Affect of Application of GASB 68, Net Pension Liability	(11,757,292)	(18,841)	(18,841)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for County Contributions Made to the Plan Subsequent to Measurement Date of June 30, 2014	294,741	410	410
Net Position, September 30, 2014, as Restated	<u>\$ 37,092,234</u>	<u>\$ 679,145</u>	<u>\$ 679,145</u>

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2015, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 11,287,912
Certificates of deposit	3,155,095
State of Florida Board of Administration Surplus Funds Trust Fund	197,538
Cash on hand	956
Total	<u><u>\$ 14,641,501</u></u>

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 9,974,437
Restricted cash and cash equivalents	907,589
Investments	2,885,979
Restricted investments	466,654
Fiduciary funds cash and cash equivalents	406,842
Total	<u><u>\$ 14,641,501</u></u>

Deposits

The County's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. Nonnegotiable certificates of deposits totaling \$3,155,095, reported as investments, are deemed deposits under Florida Statutes, Chapter 280. 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.

When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk.

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

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Authorized Investments (Continued)

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.

Interest Rate Risk

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

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

Investment Type	Fair Value	Investment Maturities Less Than One Year
Nonnegotiable Certificate of Deposits, at cost	\$ 3,155,095	\$ 3,155,095
Florida Prime	197,538	197,538
Total	<u>\$ 3,352,633</u>	<u>\$ 3,352,633</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, 2015.

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, 2015

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2015:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	5,716,673	12,050,734	12,424,950	5,342,457
Total Capital Assets Not Being Depreciated	6,579,095	12,050,734	12,424,950	6,204,879
Capital assets being depreciated:				
Infrastructure	42,817,153	3,851,505	-	46,668,658
Buildings	21,288,632	8,607,170	-	29,895,802
Equipment, furniture, and vehicles	11,224,737	326,333	132,040	11,419,030
Livestock	10,500	-	-	10,500
Total Capital Assets Being Depreciated	75,341,022	12,785,008	132,040	87,993,990
Less accumulated depreciation for:				
Infrastructure	31,888,230	1,854,973	-	33,743,203
Buildings	5,381,295	627,798	-	6,009,093
Equipment, furniture, and vehicles	8,850,771	766,877	124,881	9,492,767
Livestock	4,535	1,500	-	6,035
Total Accumulated Depreciation	46,124,831	3,251,148	124,881	49,251,098
Capital Assets Being Depreciated, Net	29,216,191	9,533,860	7,159	38,742,892
Governmental Activities Capital Assets, Net	\$ 35,795,286	\$ 21,584,594	\$ 12,432,109	\$ 44,947,771
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total Capital Assets Not Being Depreciated	25,000	-	-	25,000
Capital assets being depreciated:				
Land improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, furniture, and vehicles	305,361	-	-	305,361
Total Capital Assets Being Depreciated	925,215	-	-	925,215
Less accumulated depreciation for:				
Land improvements	196,145	11,639	-	207,784
Buildings	39,587	556	-	40,143
Equipment, furniture, and vehicles	226,485	19,325	-	245,810
Total Accumulated Depreciation	462,217	31,520	-	493,737
Capital Assets Being Depreciated, Net	462,998	(31,520)	-	431,478
Business-type Activities Capital Assets, Net	\$ 487,998	\$ (31,520)	\$ -	\$ 456,478

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 887,554
Public safety	1,136,657
Transportation	616,673
Physical environment	146,932
Economic development	136,557
Culture and recreation	139,275
Human services	175,619
Court related costs	11,881
Total Depreciation Expense, Governmental Activities	<u><u>\$ 3,251,148</u></u>

Business-type Activities:

Solid waste	\$ 31,520
Total Depreciation Expense, Business-type Activities	<u><u>\$ 31,520</u></u>

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2015, interfund receivables and payables were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Activities:</u>		
General	\$ 116,676	\$ 86,330
Transportation Trust	-	12,950
SHIP	-	468
Capital Outlay	84,730	-
Building Department	-	1,956
Enhanced 911	-	754
Sheriff Special Revenue Funds	1,600	100,000
Total Governmental Activities	<u>203,006</u>	<u>202,458</u>
<u>Business-type Activities:</u>		
Solid waste	-	548
Total Business-type Activities	<u><u>\$ 203,006</u></u>	<u><u>\$ 203,006</u></u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2015, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities:</u>		
General	\$ 1,468,693	\$ -
EMSTU	-	1,368,693
Sheriff Special Revenue Funds	-	100,000
Total Governmental Activities	<u>\$ 1,468,693</u>	<u>\$ 1,468,693</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, 2015**

NOTE 5 LONG-TERM LIABILITIES

During the year ended September 30, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 906,632	\$ 911,563	\$ 1,024,856	\$ 793,339	\$ 565,584
Leases payable	8,945	-	8,945	-	-
OPEB obligation	744,687	205,350	40,137	909,900	-
Total	<u>\$ 1,660,264</u>	<u>\$ 1,116,913</u>	<u>\$ 1,073,938</u>	<u>\$ 1,703,239</u>	<u>\$ 565,584</u>
<u>Business-type Activities:</u>					
Compensated absences	\$ 33	\$ 2,303	\$ 2,102	\$ 234	\$ 234
Landfill	525,154	-	12,742	512,412	-
Total	<u>\$ 525,187</u>	<u>\$ 2,303</u>	<u>\$ 14,844</u>	<u>\$ 512,646</u>	<u>\$ 234</u>

Leases Payable

The County entered into a lease agreement for financing the purchase of law enforcement vehicles. The lease agreement qualified as a capital lease and was recorded at the present value of the future minimum lease payments as of the inception dates. The lease term expired and the lease was fully paid as of September 30, 2015.

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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2015 consisted of the following:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Total Governmental Funds</u>
Cemetery Perpetual Care	\$ 141,863	\$ -	\$ 141,863
Buckhead Ridge Utility	219,416	-	219,416
Law Enforcement Trust	23,809	-	23,809
Law Enforcement Other	22,813	-	22,813
Intergovernmental Radio	205,242	-	205,242
Driver's Education	9,161	-	9,161
Tourism Development	60,550	-	60,550
Capital Outlay	127,361	371,142	498,503
EMS Grant Funds	7,427	-	7,427
Total	<u>\$ 817,642</u>	<u>\$ 371,142</u>	<u>\$ 1,188,784</u>

Restricted net position at September 30, 2015 consisted of the following:

<u>Governmental Activities:</u>	<u>Balance</u>
Capital projects	\$ 2,890,779
Other uses:	
Cemetery Perpetual Care	141,863
Law enforcement activities	66,018
Public safety	1,884,567
Intergovernmental Radio	205,242
Driver's Education	9,161
Tourism Development	60,550
SHIP	596,180
Enhanced 911	19,742
Public Record Modernization	111,042
Total Other Uses	<u>3,094,365</u>
Total Restricted Net Position	<u>\$ 5,985,144</u>

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GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The County's pension expense totaled \$163,759 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2015.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the County, effective July 1, 2014, were applied to employee salaries as follows: regular employees 7.37%, County elected officials 43.24%, senior management 21.14%, DROP participants 12.28% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 3.80%. The County's contributions to the FRS Plan were \$1,091,590 for the year ended September 30, 2015.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2015, the County reported a liability of \$5,449,501 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2015, the County's proportion was 0.04219%, which was a decrease of 0.00319% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$43,607 for its proportionate share of FRS's pension expense. In addition, the County reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 575,306	\$ 129,246
Changes in Actuarial Assumptions	361,702	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,301,250
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	476,204	2,357,355
County Contributions Subsequent to the Measurement Date	258,698	-
Total	<u>\$ 1,671,910</u>	<u>\$ 3,787,851</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$258,698 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2016	\$ (850,185)
2017	(850,185)
2018	(850,185)
2019	223,387
2020	(56,313)
Thereafter	8,842

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.65%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2014.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Totals	100%			

Assumed Inflation - Mean	2.6%	1.9%
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Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.65%	7.65%	8.65%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 14,120,888	\$ 5,449,501	\$ (1,766,518)

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26% of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$106,866 for the year ended September 30, 2015.

Pension Costs

At September 30, 2015, the County reported a liability of \$2,687,372 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all participating employers. At June 30, 2015, the County's proportion was 0.02635%, which was a decrease of 0.00166% from its proportion measured as of June 30, 2014.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2015, the County recognized pension expense of \$120,153 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	211,426	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,455	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	21,885	460,407
County Contributions Subsequent to the Measurement Date	32,171	-
Total	<u>\$ 266,937</u>	<u>\$ 460,407</u>

\$32,171 reported as deferred outflows of resources related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ (43,515)
2017	(43,515)
2018	(43,515)
2019	(43,811)
2020	(43,953)
Thereafter	(7,332)

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

HIS Actuarial Assumptions

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 3.80% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.80%	3.80%	4.80%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 3,062,136	\$ 2,687,372	\$ 2,374,876

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-2015 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 8 DEFINED CONTRIBUTION PLAN (CONTINUED)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's Investment Plan pension expense totaled \$83,455 for the year ended September 30, 2015. Employee contributions to the Investment Plan totaled \$17,451 for the year ended September 30, 2015.

NOTE 9 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, 2015**

NOTE 9 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, 2015, the County contributed \$40,137 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 30 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, 2015:

Annual required contribution	\$ 220,208
Interest on net OPEB obligation	29,787
Adjustment to annual required contribution	<u>(44,645)</u>
Annual OPEB Cost	205,350
Contributions made	<u>(40,137)</u>
Increase in Net OPEB Obligation	165,213
Net OPEB Obligation - Beginning of Year	744,687
Net OPEB Obligation - End of Year	<u><u>\$ 909,900</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2015 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 205,350	19.5%	\$ 909,900
September 30, 2014	180,715	14.8	744,687
September 30, 2013	176,012	17.4	590,790

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 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)	\$ 1,248,322
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>1,248,322</u>
Funded Ratio	0.0%
Covered Payroll	\$ 8,201,240
Ratio of UAAL to Covered Payroll	15.2%

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, 2015**

NOTE 9 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:	10/1/2014
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

Pre-Retirement

Regular Class

RP-2000 Combined Healthy Mortality Table projected with Scale AA to the valuation date.

Special Risk Class

RP-2000 Combined Healthy Mortality Table.

Post-Retirement

RP-2000 Combined Healthy Mortality Table projected with Scale AA to the valuation date.

Investment rate of return

4.0% per year, compounded annually, net of investment related expenses.

Retirement Rates - Tier 1

Regular Class

100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

Special Risk Class

100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Retirement Rates - Tier 2

Regular Class	100% are assumed to retire at age 65 and 8 years of service or upon completion of 33 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.
Special Risk Class	100% are assumed to retire at age 60 and 8 years of service or upon completion of 30 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service.
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.
Disability Rates	None applied.
Health Care Participation	15% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65.
Healthcare inflation rate-Pre-Medicare	8.00% in fiscal 2015 (grading down 0.75% per year to 5% in fiscal 2019, with an ultimate rate of 4.50% in fiscal 2020).
Healthcare inflation rate-Post-Medicare	8.00% in fiscal 2015 (grading down 0.75% per year to 5% in fiscal 2019, with an ultimate rate of 4.50% in fiscal 2020).
Medical Aging Factors	4% per year prior to age 65; 3% per year between ages 65 and 75; 2% per year between ages 75 and 85; 0% per year thereafter.
Health Claims	Developed using a blend of manual and active fully insured rates.
Administrative Expenses	\$7,800 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, 2015

NOTE 10 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, 2015, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$512,412. 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. 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, 2015, investments of \$185,459 are held for these purposes.

NOTE 11 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, 2015**

NOTE 11 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, 2015**

NOTE 12 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 13 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Board, Clerk and Sheriff leases office equipment under operating leases. These leases expire on various dates through 2019.

Total rental expenditures for all operating leases for the year ended September 30, 2015 were \$19,818.

The future minimum lease obligations as of September 30, 2015 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 19,592
2017	18,462
2018	14,427
2019	4,240
Total Minimum Lease Payments	<u>\$ 56,721</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2015</u>	<u>Balance to Complete</u>
Training Center - Contractor	\$ 3,203,914	\$ 2,907,313	\$ 296,601
Statewide Surface Water Restoration & Wastewater Project - Engineer	190,000	168,416	21,584
Harney Pond Dredging	93,394	88,394	5,000
Scop/Scrap - Palmdale Road - Engineer	279,194	277,951	1,243
Scop/Scrap - Palmdale Road - Contractor	1,016,002	958,477	57,525
Scop/Scrap - Canal Road - Engineer	184,212	183,574	638
Scop/Scrap - Canal Road - Contractor	739,659	710,300	29,359
SFWMD Moore Haven Canal Project	1,000,000	80,906	919,094
Scop/Scrap - Loop Road	776,041	530,084	245,957
Scop/Scrap - Old Lakeport Road	583,381	391,653	191,728
Total	<u>\$ 8,065,797</u>	<u>\$ 6,297,068</u>	<u>\$ 1,768,729</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, 2015**

NOTE 13 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, 2015, the Sheriff received \$4,025,020 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.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**GLADES COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS –
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
YEAR ENDED SEPTEMBER 30, 2015**

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)
10/1/2014	\$ -	\$ 1,248,322	\$ 1,248,322	0.00 %	\$ 8,201,240	15.22 %
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

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Ad valorem taxes	\$ 5,249,128	\$ 5,369,956	\$ 5,372,357	\$ 2,401
Sales and miscellaneous taxes	1,928,045	1,910,993	1,911,840	847
Fees and fines	44,721	92,950	76,331	(16,619)
Intergovernmental	1,083,890	1,267,136	978,900	(288,236)
Charges for services	659,444	5,803,407	5,491,099	(312,308)
Investment earnings	11,561	10,558	12,620	2,062
Miscellaneous	7,069	26,063	39,341	13,278
Franchise fees	96,012	107,867	107,867	-
Total Operating Revenues	<u>9,079,870</u>	<u>14,588,930</u>	<u>13,990,355</u>	<u>(598,575)</u>
EXPENDITURES				
Current:				
General government	4,196,468	4,247,824	3,801,403	446,421
Public safety	4,353,389	5,010,694	4,910,927	99,767
Jail operations	1,690,744	6,021,332	5,493,896	527,436
Physical environment	122,536	137,436	122,355	15,081
Human services	398,491	402,871	351,290	51,581
Culture/Recreation	122,397	130,310	119,536	10,774
Economic development	101,242	147,572	68,530	79,042
Court-related costs	17,984	31,934	27,701	4,233
Capital outlay	291,135	659,081	430,322	228,759
Debt service:				
Principal	-	52,167	8,945	43,222
Interest	-	1,833	55	1,778
Total Expenditures	<u>11,294,386</u>	<u>16,843,054</u>	<u>15,334,960</u>	<u>1,508,094</u>
Deficiency of Revenues over Expenditures	<u>(2,214,516)</u>	<u>(2,254,124)</u>	<u>(1,344,605)</u>	<u>909,519</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	7,041	-	-	-
Operating transfer in	1,368,207	1,368,693	1,503,693	135,000
Operating transfers out	(135,438)	(272,362)	-	272,362
Distribution of excess fees - other governments	-	-	(16,307)	(16,307)
Total Other Financing Sources (Uses)	<u>1,239,810</u>	<u>1,096,331</u>	<u>1,487,386</u>	<u>391,055</u>
Appropriated Fund Balance	<u>974,706</u>	<u>1,157,793</u>	<u>-</u>	<u>(1,157,793)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>142,781</u>	<u>\$ 142,781</u>
Fund Balance - Beginning			7,236,842	
Fund Balance - Ending			<u>\$ 7,379,623</u>	

See accompanying Note to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual.

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Ad valorem taxes	\$ 53,113	\$ 54,055	\$ 54,081	\$ 26
Sales and miscellaneous taxes	1,564,892	1,663,414	1,655,516	(7,898)
Licenses and permits	800	1,800	1,800	-
Investment earnings	2,224	4,319	4,319	-
Miscellaneous	10,080	4,901	4,901	-
Total Operating Revenues	<u>1,631,109</u>	<u>1,728,489</u>	<u>1,720,617</u>	<u>(7,872)</u>
EXPENDITURES				
Current:				
Transportation	1,852,906	1,852,906	1,264,600	588,306
Culture/Recreation	145,957	145,957	132,610	13,347
Capital outlay	<u>693,593</u>	<u>693,593</u>	<u>47,798</u>	<u>645,795</u>
Total Expenditures	<u>2,692,456</u>	<u>2,692,456</u>	<u>1,445,008</u>	<u>1,247,448</u>
Deficiency of Revenues over Expenditures	<u>(1,061,347)</u>	<u>(963,967)</u>	<u>275,609</u>	<u>1,239,576</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the disposal of capital assets	5,000	-	-	-
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>1,056,347</u>	<u>963,967</u>	<u>-</u>	<u>(963,967)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>275,609</u>	<u>\$ 275,609</u>
Fund Balance - Beginning			<u>2,330,423</u>	
Fund Balance - Ending			<u>\$ 2,606,032</u>	

See accompanying Note to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual.

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 1,100	\$ (348,900)
Investment earnings	590	776	776	-
Total Operating Revenues	<u>350,590</u>	<u>350,776</u>	<u>1,876</u>	<u>(348,900)</u>
EXPENDITURES				
Current:				
Economic development	811,898	811,898	223,954	587,944
Total Expenditures	<u>811,898</u>	<u>811,898</u>	<u>223,954</u>	<u>587,944</u>
Deficiency of Revenues over Expenditures	<u>(461,308)</u>	<u>(461,122)</u>	<u>(222,078)</u>	<u>239,044</u>
Appropriated Fund Balance	<u>461,308</u>	<u>461,122</u>	<u>-</u>	<u>461,122</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(222,078)</u>	<u>\$ (222,078)</u>
Fund Balance - Beginning			818,258	
Fund Balance - Ending			<u>\$ 596,180</u>	

See accompanying Note to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual.

GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SEPTEMBER 30, 2015

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 2015, one supplemental appropriation totaling \$4,576,680 in the County-Wide General Fund 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).

GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u>	<u>2014</u>
Glades County, Florida's proportion of the net pension liability (asset)	0.042190745%	0.045384068%
Glades County, Florida's proportionate share of the net pension liability (asset)	\$ 5,449,500	\$ 2,769,096
Glades County, Florida's covered-employee payroll	\$ 7,415,472	\$ 7,792,275
Glades County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.49%	35.54%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
YEAR ENDED SEPTEMBER 30, 2015**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,091,590	\$ 1,068,455
Contributions in relation to the contractually required contribution	<u>(1,091,590)</u>	<u>(1,068,455)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Glades County, Florida's covered-employee payroll	\$ 7,278,692	\$ 7,619,593
Contributions as a percentage of covered-employee payroll	15.00%	14.02%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN¹
YEAR ENDED SEPTEMBER 30, 2015

	<u>2015</u>	<u>2014</u>
Glades County, Florida's proportion of the net pension liability (asset)	0.026350850%	0.028011104%
Glades County, Florida's proportionate share of the net pension liability (asset)	\$ 2,687,372	\$ 2,619,107
Glades County, Florida's covered-employee payroll	\$ 7,992,388	\$ 8,325,020
Glades County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.62%	31.46%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN¹
YEAR ENDED SEPTEMBER 30, 2015**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 106,866	\$ 99,148
Contributions in relation to the contractually required contribution	<u>(106,866)</u>	<u>(99,148)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Glades County, Florida's covered-employee payroll	\$ 7,860,408	\$ 8,157,955
Contributions as a percentage of covered-employee payroll	1.36%	1.22%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2015

Grantor/Pass-Through Grantor/Program Title	CSFA Number	State, or Pass-Through Contract/Grant Number	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>			
<u>State Courts System, Office of the State Courts Administration</u>			
Direct Projects:			
Small County Courthouse Facilities	22.004	N/A	\$ 15,994
Total State Courts System, Office of the State Courts Administration			15,994
<u>Executive Office of the Governor</u>			
Passed through Florida Division of Emergency Management			
Emergency Management Programs	31.063	15-BG-83-09-32-01-022	76,635
Emergency Management Programs	31.063	16-BG-83-09-32-01-021	27,118
			103,753
Local Emergency Management and Mitigation Initiatives	31.064	13-MP-93-09-32-01-431	3,525,309
Emergency Management Projects	31.067	15-CP-11-09-32-01-186	1,206
Total Executive Office of the Governor			3,630,268
<u>Department of Environmental Protection</u>			
Direct Projects:			
Small County Consolidated Grants	37.012	511SC	52,680
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP22021	529,273
Statewide Surface Water Restoration & Wastewater Proj	37.039	S0757	250,000
			779,273
Total Department of Environmental Protection			831,953
<u>Department of Economic Opportunity</u>			
Passed through Florida Division of Community Development			
Rural Infrastructure Fund	40.013	D0077	64,760
Division of Community Development	40.038	HL019	3,500,000
Total Department of Economic Opportunity			3,564,760
<u>Department of State, Division of Library and Information Services</u>			
Direct Projects:			
State Aid to Libraries	45.030	15-ST-14	27,356
Total Division of Library and Information Services			27,356

See accompanying Note to Schedule of Expenditures of State Financial Assistance.

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

Grantor/Pass-Through Grantor/Program Title	CSFA Number	State, or Pass-Through Contract/Grant Number	Expenditures
<u>Department of Health</u>			
Direct Projects:			
County Grant Awards-EMS	64.005	C1022	\$ 1,515
County Grant Awards-EMS	64.005	C2022	6,052
Total Department of Health-Bureau of Emergency Medical Services (EMS)			<u>7,567</u>
<u>Department of Management Services</u>			
Passed through Florida E911 Board			
Wireless 911 Emergency Telephone System	72.001	14-10-09	44,442
Wireless 911 Emergency Telephone System	72.001	S7-14-12-5	59,056
Total State of Florida Wireless 911			<u>103,498</u>
<u>Florida Housing Finance Corporation</u>			
Direct Projects:			
State Housing Initiatives Partnership Program	52.901	N/A	223,945
Total Department of Housing			<u>223,945</u>
<u>Department of Transportation</u>			
Direct Projects:			
Small County Outreach Program	55.009	43212-1-58-01 & 02	997,350
Small County Outreach Program	55.009	433600-1-58-01 & 02	103,121
			<u>1,100,471</u>
Small County Road Assistance Program	55.016	424202 1 58 01/02	6,579
Small County Road Assistance Program	55.016	43212-1-58-01 & 02	74,798
Small County Road Assistance Program	55.016	433600-1-58-01 & 02	5,804
Small County Road Assistance Program	55.016	431885-1-58-01	520,529
Small County Road Assistance Program	55.016	430211-1-58-01	665,604
Small County Road Assistance Program	55.016	430210-1-58-01	820,667
Small County Road Assistance Program	55.016	431891-1-58-01	62,140
			<u>2,156,121</u>
Total Department of Transportation			<u>3,256,592</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 11,661,933</u></u>

See accompanying Note to Schedule of Expenditures of State Financial Assistance.

**GLADES COUNTY, FLORIDA
NOTE TO SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2015**

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.

**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, 2015, 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 16, 2016.

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.

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.

- 2010-001 Audit Adjustments
- 2015-003 Journal Entries

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

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 16, 2016

**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, 2015. 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.

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, 2015.

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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002, that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to our auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 16, 2016

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2015**

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)	Yes
Type of auditors' report issued on compliance for major projects:	Unmodified
Identification of major State projects:	

CSFA Number	Name of State Project
31.064	Local Emergency Management and Mitigation Initiatives
37.039	Statewide Surface Water Restoration & Wastewater Proj
40.038	Division of Community Development
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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

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 as well as internal control policies 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

Part II - Financial Statement Findings (Continued)

2015-003 Journal Entries

Criteria

Care should be taken when entering information into the accounting system. Manual journal entries should be kept to a minimum.

Condition

During our review of journal entries we determined there were 551 individual manual journal entries. Many of the journal entries are needed, however some are to make corrections or adjust for original journal entries made incorrectly.

We noted there were many entries to reclassify amounts from one revenue or expense account to another due to wrong accounts or department codes being used originally.

Cause

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

Effect

Fraudulent or erroneous journal entries may be entered into the accounting system and not be detected. There is also considerable staff time necessary to research, prepare and review each entry taking them away from other duties they could be performing.

Recommendation

We understand mistakes may occur and adjusting entries may be necessary. We recommend management determine what is causing the need for so many adjusting entries during the year. If it is due to certain individuals or departments miscoding information, training should be provided to help educate them on the proper account coding.

We also recommend management review the processes for recording transactions. If the process takes several journal entries to record a single transaction, we suggest updating the processes to combine entries where reasonably possible.

For recurring entries we suggest developing a journal entry template with pre-populated account information allowing for easy entry of the amounts to the correct accounts thereby limiting the possibility of incorrect account numbers being used.

View of Responsible Officials

Glades County management has updated its Journal Entry policies and procedure in order to limit the amount of journal entries entered throughout the year.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

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.

2015-001 Cash Management

State Project Information

Department of Transportation

CSFA 55.009 and CSFA 55.0016 Small County Outreach Program and Small County Road Assistance Program

Award Numbers: ARE18, ARE19, ARD29, ARD 30, ARD 31 and AQS60

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria

The County should document review and approval over reimbursement requests prior to submission to the grantor.

Condition

There was no evidence of review for reimbursement requests prior to submission.

Context

For grant awards ARE18 and ARE19, the auditors selected 4 of the 12 reimbursement requests and 2 requests were lacking documentation of review. For grant awards ARD29, ARD30, ARD31 and AQS60, the auditors selected 5 of 30 reimbursement requests, and 5 of the requests were lacking documentation of review.

Question Costs

None

Cause

Documentation of review and approval by the Finance Director is missing, as required by the County's internal control policies and procedures.

Effect

Inaccurate requests of funds could result in potential loss of funding.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

Part III - Findings and Questioned Costs – Major State Projects (Continued)

2015-001 Cash Management (Continued)

Recommendation

The County should design and implement internal control policies and procedures to ensure accurate amounts are being requested to be reimbursed under the grant.

Views of Responsible Officials and Corrective Action Plan

Glades County had multiple grants requiring reimbursement at the same time. In order to limit any errors in compliance, Glades County management updated the internal controls for grant processing. The Finance Director and the Fiscal Assistant have already implemented dual signatures prior to submittal of reimbursement requests.

Responsible party: Tiffany Patterson, Finance Director

Planned completion date for corrective action plan: May 2016

2015-002 Reporting

State Project Information

Division of Emergency Management

CSFA 31.064 Emergency Operations Center

Award Number 13-MP-93-09-32-01-431

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria

Per the grant agreement, a close-out report is due no later than 60 days after the termination of the agreement or after 60 days of completion of activities. The agreement end date was May 31, 2015 and the certificate of occupancy for the building was issued on April 7, 2015 indicating the completion of the activities.

Condition

The close out report was issued on December 1, 2015, which is more than 60 days after the end date of both the completion of activities and the grant agreement.

Context

There was only one close out report that was required under the grant.

Question Costs

None

Cause

The close out report was not issued in a timely manner as required by the grant agreement.

Effect

The County could lose funding by not following the provisions of the grant agreement.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

Part III - Findings and Questioned Costs – Major State Projects (Continued)

2015-002 Reporting (Continued)

Recommendation

The County should implement continued training for employees related to grant compliance.

Views of Responsible Officials and Corrective Action Plan

The project for the Emergency Operations Center was submitted with payments pending. The grant manager was unaware that it was late. Glades County management will continue to seek additional training opportunities for departments that are responsible for grants in order to remain up to date on grant compliance.

Responsible party: Paul Carlisle, County Manager

Planned completion date for corrective action plan: September 2016

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.

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, 2015, and have issued our report thereon dated June 16, 2016.

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 16, 2016, 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.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2015, 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, 2015. 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 had the following recommendation.

ML 2015-001 Construction in Progress Schedule

Criteria

Schedules of construction in progress projects should be maintained in enough detail to provide the information necessary to track and identify each project in order to determine when the project is placed into service and the amount of accumulated costs on the project.

Condition

During the review of the construction in progress listing it was noted there were two projects with generic names that have been on the listing with no additional amounts added to the projects for a number of years. Based on discussions management did not feel these projects were still ongoing and they should have been placed into service in a prior year.

Other Matters (Continued)

ML 2015-001 Construction in Progress Schedule (Continued)

Cause

While these items were known to management, the time required to research the projects to determine their nature and when they were placed into service has not been available.

Effect

The government-wide financial statements are misstated for depreciation that should have been taken when the assets were placed into service. As items accumulate on the construction in progress schedule and are not placed into service this misstatement could become material in future years.

Recommendation

We recommend management verify all amounts included as construction in progress are for ongoing projects at least annually. When adding projects to the listing, care should be taken to adequately name the project and each individual project should be listed separately in the listing to reduce the likelihood of confusion later due to grouped projects. If any project is listed without an adequate description to identify the project, adjustments should be made to better describe the project.

Views of Responsible Officials

The CIP schedule has already been updated. Any outstanding projects on the schedule are reviewed annually for completion.

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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 16, 2016

**GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status			Current Year Finding #	2013-2014 Year Finding #	2012-2013 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
2010-001 Audit Adjustments	Material Weakness			X	2010-001	2010-001	2010-01

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 and Section 365.172(10) and 365.172(2)(d), Florida Statutes, regarding emergency communications number E911 system fund, during the year ended September 30, 2015. 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, 2015.

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

Fort Myers, Florida
June 16, 2016

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

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

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

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, 2015, 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, 2015, 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, 2015, 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 19-20 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 June 6, 2016 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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 6, 2016

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
ASSETS			
Cash	\$ 89,303	\$ 111,042	\$ 200,345
Other receivables	8,490	-	8,490
Prepaid items	3,790	27,070	30,860
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 101,583</u>	<u>\$ 138,112</u>	<u>\$ 239,695</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 7,280	\$ -	\$ 7,280
Other accrued liabilities	23,269	-	23,269
Due to Board of County Commissioners	14,477	-	14,477
Due to other governments	56,557	-	56,557
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	101,583	-	101,583
FUND BALANCES			
Nonspendable:			
Prepaid items	3,790	27,070	30,860
Restricted	-	111,042	111,042
Unassigned	(3,790)	-	(3,790)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>138,112</u>	<u>138,112</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 101,583</u>	<u>\$ 138,112</u>	<u>\$ 239,695</u>

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, 2015**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 203,591	\$ -	\$ 203,591
Charges for services	284,666	43,578	328,244
Investment earnings	-	134	134
	<hr/>	<hr/>	<hr/>
Total Revenues	488,257	43,712	531,969
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current - General government:			
Personal services	766,082	-	766,082
Operating expenditures	93,466	29,262	122,728
Capital outlay	1,995	23,988	25,983
	<hr/>	<hr/>	<hr/>
Total Expenditures	861,543	53,250	914,793
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(373,286)	(9,538)	(382,824)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	403,177	-	403,177
Transfers out	(14,436)	-	(14,436)
Unexpended appropriation: State of Florida	(15,455)	-	(15,455)
Total Other Financing Sources (Uses)	373,286	-	373,286
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	(9,538)	(9,538)
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	-	147,650	147,650
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ -	\$ 138,112	\$ 138,112
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

ASSETS

Cash	\$ 305,345
Due from others	<u>15,352</u>
Total Assets	<u><u>\$ 320,697</u></u>

LIABILITIES

Due to other governments	\$ 244,044
Due to others	<u>76,653</u>
Total Liabilities	<u><u>\$ 320,697</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015**

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, 2015**

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

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 are classified as non-spendable 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, 2015**

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, 2015.
- 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, 2015.

The amount transferred by the Board to fund the 2015 budget of the Clerk was \$403,177.

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, 2015, the excess fees were \$14,436 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 \$41 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, 2015**

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, 2015, the book balance of deposits was \$505,490 and the bank balance was \$537,487. As of September 30, 2015, 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, 2015 was as follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital Assets, Being Depreciated:				
Equipment	\$ 175,477	\$ 25,983	\$ -	\$ 201,460
Less Accumulated Depreciation:				
Equipment	116,798	21,429	-	138,227
Total Capital Assets, Net	<u>\$ 58,679</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 63,233</u>

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 following is a summary of changes in accumulated compensated absences during the year 2015:

Balance, October 1, 2014	\$ 18,212
Increases	48,624
Decreases	(47,064)
Balance, September 30, 2015	<u>\$ 19,772</u>
Amounts Due Within One Year	<u>\$ 17,795</u>

NOTE 5 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Background (Continued)

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2015, 2014, and 2013 were \$72,840, \$62,210, and \$35,740, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

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.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 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.

In the County's actuarial valuation for the year ended September 30, 2015, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Clerk is \$48,988, Unfunded Actuarial Accrued Liability (UAAL) is \$48,988, and Annual Required Contribution (ARC) is \$8,614. 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, 2015. The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 7,236
2017	7,236
2018	<u>3,201</u>
	<u><u>\$ 17,673</u></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.

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, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 31,142	\$ 31,142	\$ 203,591	\$ 172,449
Charges for services	496,348	471,305	284,666	(186,639)
Total Revenues	527,490	502,447	488,257	(14,190)
EXPENDITURES				
Current - general government:				
Personal services	846,620	821,577	766,082	55,495
Operating expenditures	82,523	82,523	93,466	(10,943)
Capital outlay	1,524	1,524	1,995	(471)
Total Expenditures	930,667	905,624	861,543	44,081
Deficiency of Revenues over Expenditures	(403,177)	(403,177)	(373,286)	29,891
OTHER FINANCING SOURCES (USES)				
Transfers in	403,177	403,178	403,177	(1)
Transfers out	-	-	(14,436)	(14,436)
Unexpended appropriation: State of Florida	-	-	(15,455)	(15,455)
Total Other Financing Sources	403,177	403,178	373,286	(29,892)
Net Change in Fund Balance	\$ -	\$ 1	\$ -	\$ (1)

See Independent Auditors' Report and accompanying Note to Required Supplementary Information.

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2015**

NOTE 1 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, 2015, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated June 6, 2016.

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, 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 deficiency described below as 2015-001 to be a material weakness.

2015-001 Journal Entries

Criteria

Care should be taken when entering information into the accounting system. Manual journal entries should be kept to a minimum.

Condition

During our review of journal entries we determined there were approximate 160 individual manual journal entries. Many of the journal entries are needed, however some are to make corrections or adjust for original journal entries made incorrectly.

Cause

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

Effect

Fraudulent or erroneous journal entries may be entered into the accounting system and not be detected. There is also considerable staff time necessary to research, prepare and review each entry taking them away from other duties they could be performing.

Recommendation

We understand mistakes may occur and adjusting entries may be necessary. We recommend management determine what is causing the need for so many adjusting entries during the year. If it is due to certain individuals miscoding information, training should be provided to address the root cause.

For recurring entries we suggest developing a journal entry template with pre-populated account information allowing for easy entry of the amounts to the correct accounts.

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*.

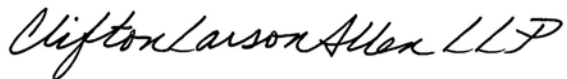
Clerk's Response to Findings

The Clerk's response to findings was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Honorable Sandra Brown
Clerk of the Circuit Court
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 Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 6, 2016

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, 2015, and have issued our report thereon dated June 6, 2016.

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 June 6, 2016, 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 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)

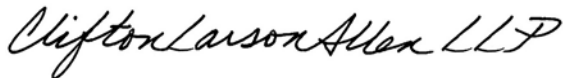
Current Status

The finding was noted again in the current year. As of September 30, 2015, the Clerk has investigated and made some corrections to certain agency fund balance as part of their planned corrective action.

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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 6, 2016

**CLERK OF THE CIRCUIT COURT
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

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
ML 2014-001: Audit Adjustments	Control Deficiency	X		

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; Section 61.181, Florida Statutes, regarding alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding budget requirements and expenditures, during the year ended September 30, 2015. 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.

Our examination disclosed one instance, out of the 12 payments tested, in which the Clerk did not remit a child support payment within the time period required by Section 61.181, Florida Statutes.

In our opinion, except for the deviation described in the third paragraph, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Fort Myers, Florida
June 6, 2016



SANDRA H. BROWN

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

**GLADES COUNTY COURTHOUSE
500 AVENUE J
POST OFFICE BOX 10
MOORE HAVEN, FLORIDA 33471-0010**

June 15, 2016

Martin A. Redovan, CPA, Principal
CliftonLarsonAllen LLP
6810 International Center Boulevard
Fort Myers, Florida 33912

RE: Response to findings – Clerk of Circuit Court Draft Financial Statements September 30, 2015

Dear Mr. Redovan:

Please see below for our response to findings:

2015-001 Journal Entries

Due to the nature of the Glades County Clerk's Office business, a large number of Journal Entries are necessary such as receipting of deposits/revenues into the Clerk's Budget account. The State of Florida will only wire funds to one bank account, therefore, some wire transfers into the Budget Account must be transferred to the Clerk's Trust Account which require a journal voucher. Management has met with Clerk's staff to review all the journal entries and discussed ways to reduce the number of journal entries due to miscoding information. A Standard Operating Procedure for Journal Entries has been adopted and templates have been created for all reoccurring journal entries.

ML 2010-001: Timely Remittance of Agency Transactions

The Clerk's Office has implemented spreadsheets to track the remittances of money due to other agencies. Subsidiary schedules for accounts such as Tax Deed Suspense, General Suspense, Court Registry, Bond Forfeitures, etc. have been maintained since March 2012. There are old balances dating back to 2002 which staff continues to work on reconciling as time permits. The Clerk's Office has a limited amount of staff and time to dedicate to this project.

Independent Accountants' Report

In regards to the one instance, out of the 12 payments tested, in which the Clerk did not remit a child support payment within the time period required by Section 61.181 Florida Statutes, all staff that handles child support payments has been met with and briefed on the importance of processing child

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

**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, 2015, 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.

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, 2015, 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, 2015, 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

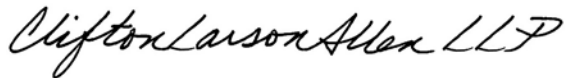
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 15-17 be presented to supplement the basic financial statements. Such information, although not a part 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 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 18, 2016 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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 18, 2016

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	<u>\$ 41,556</u>
Total Assets	<u><u>\$ 41,556</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,794
Due to Board of County Commissioners	35,910
Due to other governments	<u>852</u>

Total Liabilities	<u>41,556</u>
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FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 41,556</u></u>
------------------------------------	-------------------------

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, 2015**

REVENUES

Charges for services	\$ 41,391
Miscellaneous	<u>80</u>
Total Revenues	<u>41,471</u>

EXPENDITURES

Current:	
Personal services	504,762
Operating expenditures	<u>88,145</u>
Total Expenditures	<u>592,907</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(551,436)</u>
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OTHER FINANCING SOURCES (USES)

Transfers in	588,196
Distribution of excess fees:	
Board of County Commissioners	(35,908)
Other governments	<u>(852)</u>
Total Other Financing Sources	<u>551,436</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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015**

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 2015 budget of the Property Appraiser was \$588,196.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$35,908 were due to the Board general fund at September 30, 2015.

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, 2015, the book balance of deposits was \$41,503 and the bank balance was \$71,507. As of September 30, 2015, 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, 2015**

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, 2015 was as follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital assets being depreciated:				
Equipment	\$ 159,230	\$ -	\$ -	\$ 159,230
Less accumulated depreciation:				
Equipment	122,254	15,628	-	137,882
Total Capital Assets, Net	<u>\$ 36,976</u>	<u>\$ (15,628)</u>	<u>\$ -</u>	<u>\$ 21,348</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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2015 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2014	\$ 22,089
Increases	32,789
Decreases	<u>(41,554)</u>
Balance, September 30, 2015	<u>\$ 13,324</u>
Amounts due within one year	<u>\$ 13,324</u>

NOTE 5 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Property Appraiser are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2015, 2014, and 2013 were \$67,035, \$57,257, and \$27,652, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

In the County's latest actuarial plan dated September 30, 2015, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Property Appraiser is \$23,113, Unfunded Actuarial Accrued Liability (UAAL) is \$23,113, and Annual Required Contribution (ARC) is \$4,484. 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 22,995	\$ 22,995
Total Revenues	-	-	22,995	22,995
EXPENDITURES				
Current:				
Personal services	502,223	509,242	504,762	4,480
Operating expenditures	101,949	101,949	83,792	18,157
Capital outlay	-	-	-	-
Total Expenditures	604,172	611,191	588,554	22,637
DEFICIENCY OF REVENUES OVER EXPENDITURES	(604,172)	(611,191)	(565,559)	(45,632)
OTHER FINANCING SOURCES (USES)				
Transfers in	604,172	611,191	588,196	(22,995)
Distribution of excess fees:				
Board of County Commissioners	-	-	(21,785)	21,785
Other governments	-	-	(852)	852
Total Other Financing Sources	604,172	611,191	565,559	45,632
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

*See Independent Auditors' Report and accompanying Notes
to Required Supplementary Information*

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2015**

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)
SEPTEMBER 30, 2015**

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	\$ 22,995
Differences—budget to GAAP:	
Certain revenues are not a component of the Property Appraiser's budget	<u>18,476</u>
Total revenues as reported on the statement of revenues and expenditures	<u><u>\$ 41,471</u></u>
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 588,554
Differences—budget to GAAP:	
Certain expenditures are not a component of the Property Appraiser's budget	<u>4,353</u>
Total expenditures as reported on the statement of revenues and expenditures	<u><u>\$ 592,907</u></u>
Actual amounts (budgetary basis) "Other Financing Sources (Uses)" from the budgetary comparison schedule	\$ 565,559
Differences—budget to GAAP:	
Certain revenues and expenditures are not a component of the Property Appraiser's budget	<u>(14,123)</u>
Total Other Financing Sources (Uses) as reported on the statement of revenues and expenditures	<u><u>\$ 551,436</u></u>

**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, 2015, 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 18, 2016.

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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 18, 2016

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, 2015, and have issued our report thereon dated May 18, 2016.

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 18, 2016, 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)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. The Property Appraiser discloses this information in the notes to the financial statements.

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

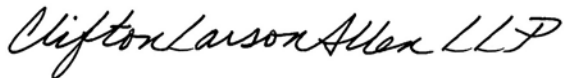
Other Matters

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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 18, 2016

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, 2015. 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, 2015.

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

Fort Myers, Florida
May 18, 2016

**SHERIFF
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

**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, 2015, 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, 2015, 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 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, 2015, 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 19-20 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 16, 2016 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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 16, 2016

**SHERIFF
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
ASSETS			
Cash	\$ 567,780	\$ 1,989,329	\$ 2,557,109
Accounts receivable	409,259	4,800	414,059
Prepaid	10,312	-	10,312
Due from Board of County Commissioners	134,803	-	134,803
	<u>134,803</u>	<u>-</u>	<u>134,803</u>
Total Assets	<u>\$ 1,122,154</u>	<u>\$ 1,994,129</u>	<u>\$ 3,116,283</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 157,706	\$ 4,988	\$ 162,694
Other accrued liabilities	214,071	-	214,071
Due to Board of County Commissioners	235,970	135,000	370,970
	<u>235,970</u>	<u>135,000</u>	<u>370,970</u>
Total Liabilities	<u>607,747</u>	<u>139,988</u>	<u>747,735</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>-</u>	<u>1,600</u>	<u>1,600</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	10,312	-	10,312
Restricted:			
Public safety	-	1,852,541	1,852,541
Training	8,452	-	8,452
Donations	14,361	-	14,361
Assigned:			
Personnel expenditures	481,282	-	481,282
Unassigned	-	-	-
Total Fund Balance	<u>514,407</u>	<u>1,852,541</u>	<u>2,366,948</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,122,154</u>	<u>\$ 1,994,129</u>	<u>\$ 3,116,283</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, 2015**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
REVENUES			
Fines and forfeitures	\$ 37,872	\$ 328,437	\$ 366,309
Intergovernmental	47,426	19,294	66,720
Charges for services	4,371,881	-	4,371,881
Investment earnings	187	1,448	1,635
Miscellaneous income	29,241	11	29,252
	<u>4,486,607</u>	<u>349,190</u>	<u>4,835,797</u>
Total Revenues			
EXPENDITURES			
Current:			
Public safety:			
Personal services	2,676,562	-	2,676,562
Operating expenditures	554,581	51,212	605,793
Jail operations:			
Personal services	3,942,291	-	3,942,291
Operating expenditures	1,551,605	-	1,551,605
Debt Service:			
Principal	8,945	-	8,945
Interest and other charges	55	-	55
Capital outlay	59,814	88,370	148,184
	<u>8,793,853</u>	<u>139,582</u>	<u>8,933,435</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(4,307,246)	209,608	(4,097,638)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,608,228	-	4,608,228
Transfers out	(234,719)	(135,000)	(369,719)
	<u>4,373,509</u>	<u>(135,000)</u>	<u>4,238,509</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	66,263	74,608	140,871
Fund Balances, Beginning of Year	448,144	1,777,933	2,226,077
Fund Balances, End of Year	<u>\$ 514,407</u>	<u>\$ 1,852,541</u>	<u>\$ 2,366,948</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015**

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.

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 60 days of year-end are deferred until collected as they do not meet the availability criteria.

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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund reimbursements as of September 30, 2015.
- 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, 2015.

The amount transferred by the Board to fund the 2015 budget of the Sheriff was \$4,608,228.

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 \$234,719 was due to the Board's general fund at September 30, 2015, 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 \$796 for interest income and \$455 for fee income.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015, the book balance of deposits was \$2,556,684 and the bank balance was \$2,575,275. As of September 30, 2015, all surplus funds held by the Sheriff were held by depositories. In accordance with its policy, the Sheriff's depositories are banks designated by the Florida State Treasurer as qualified public depositories, thus ensuring that deposits whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to the Public Depository Security Act of the State of Florida, Chapter 280 of the Florida Statutes.

NOTE 3 CAPITAL ASSETS

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

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ -	\$ 26,457	\$ -	\$ 26,457
Capital Assets, Being Depreciated:				
Motor vehicles	2,035,015	116,732	86,901	2,064,846
Equipment and furniture	2,274,887	4,995	26,581	2,253,301
Livestock	10,500	-	-	10,500
Total Capital Assets, Being Depreciated	4,320,402	121,727	113,482	4,328,647
Less Accumulated Depreciation for:				
Motor vehicles	1,689,695	181,341	79,939	1,791,097
Equipment and furniture	1,844,269	126,286	26,384	1,944,171
Livestock	4,535	1,500	-	6,035
Total Accumulated Depreciation	3,538,499	309,127	106,323	3,741,303
Capital Assets, Net	<u>\$ 781,903</u>	<u>\$ (160,943)</u>	<u>\$ 7,159</u>	<u>\$ 613,801</u>

NOTE 4 CAPITAL LEASE OBLIGATIONS

The Sheriff entered into a lease agreement for financing the purchase of law enforcement vehicles. The lease agreement qualified as a capital lease and was recorded at the present value of the future minimum lease payments as of the inception date. The lease term expired and the lease was fully paid as of September 30, 2015.

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, 2014	\$ 8,945
Principal Retirements	<u>(8,945)</u>
Balance, September 30, 2015	<u>\$ -</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015 were \$11,532.

The future minimum lease obligations as of September 30, 2015 are as follows:

<u>Fiscal Year Ending September 30,</u>	
2016	\$ 11,306
2017	10,176
2018	10,176
2019	4,240
Total minimum lease payments	<u>\$ 35,898</u>

NOTE 6 COMPENSATED ABSENCES

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

- 100% of earned, but unused vacation and holiday leave
- 25% of earned, but unused sick leave, for employees with greater than 5 years of service (125 hours maximum for employees with 5 to 10 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, 2015**

NOTE 6 COMPENSATED ABSENCES (CONTINUED)

The following is a summary of changes in the compensated absences liability during fiscal year 2015.

Balance, October 1, 2014	\$ 686,650
Increases	605,907
Decreases	<u>(692,847)</u>
Balance, September 30, 2015	<u>\$ 599,710</u>
Amounts Due Within One Year	<u>\$ 419,797</u>

NOTE 7 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Glades County, Florida, Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 PENSION PLAN (CONTINUED)

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Glades County, Florida, Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Glades County, Florida, Sheriff.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Glades County, Florida, Sheriff's contributions made to the plans during the years ended September 30, 2015, 2014, and 2013 were \$775,624, \$807,141, and \$803,865, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

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, 2015, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Sheriff is \$832,944, Unfunded Actuarial Accrued Liability (UAAL) is \$832,944, and Annual Required Contribution (ARC) is \$149,512. 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.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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.

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, 2015, the Sheriff received \$4,025,020 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 \$336,975. 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, 2015**

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.

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Fines and forfeitures	\$ -	\$ 37,872	\$ 37,872	\$ -
Intergovernmental	-	47,426	47,426	-
Charges for services	-	4,371,881	4,371,881	-
Investment earnings	-	187	187	-
Miscellaneous income	-	15,238	29,241	14,003
Carryover from prior year	-	435,309	-	(435,309)
Total Revenues	-	4,907,913	4,486,607	(421,306)
EXPENDITURES				
Current:				
Public safety:				
Personal services	2,126,525	2,676,561	2,676,562	(1)
Operating expenditures	554,803	542,857	554,581	(11,724)
Jail operations:				
Personal services	-	3,942,292	3,942,291	1
Operating expenditures	1,690,744	1,551,607	1,551,605	2
Debt service:				
Principal	-	8,945	8,945	-
Interest and other charges	-	55	55	-
Capital outlay	68,098	59,814	59,814	-
Asset forfeiture refund	-	-	-	-
Carryover to next year	-	499,291	-	499,291
Total Expenditures	4,440,170	9,281,422	8,793,853	487,569
Excess (Deficiency) of Revenues over Expenditures	(4,440,170)	(4,373,509)	(4,307,246)	66,263
OTHER FINANCING SOURCES (USES)				
Transfers in	4,440,170	4,608,228	4,608,228	-
Transfers out	-	(234,719)	(234,719)	-
Total Other Financing Sources (Uses)	4,440,170	4,373,509	4,373,509	-
Net Change in Fund Balance	\$ -	\$ -	\$ 66,263	\$ 66,263
Fund Balances, Beginning of Year	-	-	448,144	448,144
Fund Balances, End of Year	\$ -	\$ -	\$ 514,407	\$ 514,407

See Independent Auditors' Report and accompanying Note to Required Supplementary Information.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1 BUDGETARY ACCOUNTING`

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

- On or before June 1 of each year, the Sheriff submits to the Board a tentative budget for his office for the fiscal year commencing the following October 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. 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 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.

**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, 2015, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated May 16, 2016.

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 16, 2016

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, 2015, and have issued our report thereon dated May 16, 2016.

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 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 16, 2016, 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 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:

ML2015-001 – Formal Written Policies

Criteria

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

Condition

The results of our 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 Sheriff 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 16, 2016

**SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2013-2014	2012-2013	Cleared	Partially Cleared	Not Cleared
ML 2015-001 Formal Written Policies	Management Letter	2015-001	2013-001	2013-001			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, 2015. 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, 2015.

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 16, 2016

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

**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, 2015, 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.

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, 2015, 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, 2015, 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

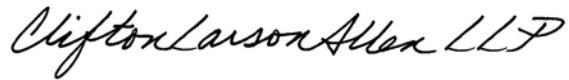
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 16-18 be presented to supplement the basic financial statements. Such information, although not a part 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 June 3, 2016, 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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 3, 2016

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Prepaid Expenses	<u>\$ 7,272</u>
Total Assets	<u><u>\$ 7,272</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	<u>\$ 7,272</u>
Total Liabilities	<u>7,272</u>

FUND BALANCES

Nonspendable:	
Prepaid items	7,272
Unassigned	<u>(7,272)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 7,272</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, 2015**

REVENUES	\$ -
EXPENDITURES:	
Current - General Government:	
Personal services	152,055
Operating expenditures	42,881
Capital outlay	<u>-</u>
Total Expenditures	<u>194,936</u>
OTHER FINANCING SOURCES	
Transfer in	202,208
Transfer out	<u>(7,272)</u>
Total Other Financing Sources	<u>194,936</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, 2015**

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, 2015**

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 it is 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 2015 budget of the Supervisor of Elections was \$202,208. The amount of excess funds transferred back to the Board at year end was \$7,272.

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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Committed – Amounts that are constrained for specific purposes imposed by the Supervisor of Elections' 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 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, 2015**

NOTE 2 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Assets Being Depreciated:				
Equipment, furniture, and vehicles	\$ 105,127	\$ -	\$ -	\$ 105,127
Less Accumulated Depreciation for:				
Equipment, furniture, and vehicles	85,506	6,258	-	91,764
Total Capital Assets, Net	<u>\$ 19,621</u>	<u>\$ (6,258)</u>	<u>\$ -</u>	<u>\$ 13,363</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 had one employee who is currently eligible to receive termination payments upon separation or who is expected to become eligible in the future.

The accumulated compensated absences balance as of September 30, 2015 was \$438.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 PENSION PLAN (CONTINUED)

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Glades County, Florida, Supervisor of Elections employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Glades County, Florida, Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4 PENSION PLAN (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Supervisor of Elections' contributions made during the years ended September 30, 2015, 2014, and 2013 were \$34,828, \$28,381, and \$13,733, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

In the County's latest actuarial plan dated September 30, 2015, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Supervisor of Elections is \$11,898, Unfunded Actuarial Accrued Liability (UAAL) is \$11,898, and Annual Required Contribution (ARC) is \$1,330. 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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current - General Government:				
Personal services	174,956	159,706	152,055	7,651
Operating expenditures	37,200	52,450	50,153	2,297
Capital outlay	-	-	-	-
Total Expenditures	212,156	212,156	202,208	9,948
OTHER FINANCING SOURCES				
Transfer in:				
Glades County, Florida Board of County Commissioners Appropriations	212,156	212,156	202,208	(9,948)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2015**

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)
SEPTEMBER 30, 2015**

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	\$ 202,208
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	<u>(7,272)</u>
Total expenditures as reported on the statement of revenues and expenditures - general fund	<u><u>\$ 194,936</u></u>
Actual amounts (budgetary basis) "other sources (uses)" from the budgetary comparison schedule	\$ 202,208
Differences—budget to GAAP:	
Excess appropriations not budgeted	<u>(7,272)</u>
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	<u><u>\$ 194,936</u></u>

**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, 2015, and the related notes to the financial statements, which collectively comprise Supervisor of Elections' financial statements, and have issued our report thereon dated June 3, 2016.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 3, 2016

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, 2015, and have issued our report thereon dated June 3, 2016.

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 June 3, 2016, 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 Supervisor discloses this information in the notes to the financial statements.

The Honorable Holly Whiddon
Supervisor of Elections
Glades County, Florida

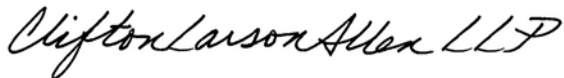
Other Matters

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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 3, 2016

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2013-2014	2012-2013	Cleared	Partially Cleared	Not Cleared
2014-001 Budget	Compliance	N/A	2014-001	N/A	X		

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, 2015. 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, 2015.

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

Fort Myers, Florida
June 3, 2016

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

**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, 2015, 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 Tax Collector'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 Tax Collector'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 general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2015, 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, 2015, 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 17-18 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 23, 2016 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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 23, 2016

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	<u>\$ 14,898</u>
Total Assets	<u><u>\$ 14,898</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	<u>\$ 14,898</u>
Total Liabilities	<u>14,898</u>

FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 14,898</u></u>
------------------------------------	-------------------------

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, 2015**

REVENUES	\$ <u>-</u>
EXPENDITURES	
Current:	
Personal services	352,762
Operating expenditures	<u>69,558</u>
Total Expenditures	<u>422,320</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(422,320)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	432,786
Transfers out	<u>(10,466)</u>
Total Other Financing Sources	<u>422,320</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, 2015**

ASSETS

Cash	\$ 101,497
Other receivables	<u>224</u>
Total Assets	<u><u>\$ 101,721</u></u>

LIABILITIES

Due to other governments	<u>\$ 101,721</u>
Total Liabilities	<u><u>\$ 101,721</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015**

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, 2015**

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 2015 budget of the Tax Collector was \$432,786.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$10,466 were due to the Board of County Commissioners general fund at September 30, 2015.

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, 2015**

NOTE 2 DEPOSITS (CONTINUED)

At September 30, 2015, the book balance of deposits was \$14,298 and the bank balance was \$35,888. As of September 30, 2015, 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, 2015 was as follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
<u>Capital Assets</u>				
Capital assets being depreciated:				
Equipment	\$ 88,037	\$ -	\$ -	\$ 88,037
Less accumulated depreciation:				
Equipment	50,401	6,652	-	57,053
Total Capital Assets, Net	<u>\$ 37,636</u>	<u>\$ (6,652)</u>	<u>\$ -</u>	<u>\$ 30,984</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, 2015**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2015 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2014	\$ 5,805
Increases	19,552
Decreases	<u>(18,149)</u>
Balance, September 30, 2015	<u>\$ 7,208</u>
Amounts due within one year	<u>\$ 7,208</u>

NOTE 5 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2015, 2014, and 2013 were \$29,689, \$28,043, and \$17,244, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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

In the County's latest actuarial plan dated September 30, 2015, the portion of the Actuarial Accrued Liability (AAL) for the County-wide plan applicable to the Tax Collector is \$19,561, Unfunded Actuarial Accrued Liability (UAAL) is \$19,561, and Annual Required Contribution (ARC) is \$3,276. The Tax Collector 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, 2015, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Personal services	363,558	355,207	352,762	2,445
Operating expenditures	69,228	77,579	69,558	8,021
Total Expenditures	432,786	432,786	422,320	10,466
DEFICIENCY OF REVENUES OVER EXPENDITURES	(432,786)	(432,786)	(422,320)	10,466
OTHER FINANCING SOURCES (USES)				
Transfers in	432,786	432,786	432,786	-
Transfers out	-	-	(10,466)	(10,466)
Total Other Financing Sources	432,786	432,786	422,320	(10,466)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

*See Independent Auditors' Report and accompanying Note
to Required Supplementary Information.*

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2015**

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.

**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, 2015, 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 23, 2016.

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.

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 and significant deficiencies.

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

2015-001 Audit Adjustments

Criteria

Management is responsible for establishing and maintaining internal controls for the proper recording of all the Tax Collector's receipts and disbursements.

Condition

As part of the audit, we proposed audit adjustments to revise the Tax Collector's books at year-end. These adjustments involved the recording of reclassification of agency funds.

Effect

The design of the controls over the financial reporting process affects the Tax Collector's ability to report their financial data consistent with the assertions of management.

Cause

Management began accepting credit cards in the DMV agency fund in current year and the transactions were not properly recorded.

Recommendation

We recommend management create a procedure to properly record credit card transactions.

Views of Responsible Officials

As far as procedures being in place, this was a new field to tackle for us with the inception of credit cards to our office. We have not had prior policy and figuring out the proper way to record was a trial and error which led to deleted transactions (2015-002) as well. Laura did make contact with auditors to correct the improper recordings and is now aware of how to properly post these transactions. Laura will also be going to QuickBooks training in June to be properly trained so she can have a better overall understanding of QuickBooks and to be better prepared for any new issues that may arise in the future. (As well as teach the other QuickBooks users.)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as follows to be significant deficiencies.

2015-002 – Deleted Transactions

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 and QuickBooks audit trail, it was noted that transactions were deleted.

Cause

Management does not have policies and procedures to not delete transactions.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

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

This matter was told to us last year and we have stopped deleting transactions but as mentioned above in trying to figure out the proper way to record the new credit card transaction-deletions were made. The policy is still the same and also as mentioned above the QuickBooks training should help in resolving these matters correctly.

Tax Collector's Response to Findings

The Tax Collector's responses to the findings identified in our audit are described previously. The Tax Collector'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.

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 23, 2016

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, 2015, and have issued our report thereon dated May 23, 2016.

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 23, 2016, 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. See Appendix A for corrective action on findings or recommendations made in the preceding annual financial audit report.

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 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:

2015-003 User IDs

Criteria

Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (or other comprehensive basis of accounting).

Condition

During audit procedures, it was noted that individual user IDs and passwords were known and used by several staff in QuickBooks and no individual user IDs were used in the ACS system. During our review of cash receipts, it was noted that the reports used for collections (DMV Fund Sheet, Real Estate Daily Cash Summary) did not have identifiable information as to the person collecting and recording the collection.

Effect

By not using individual user IDs, protecting passwords and identifiable preparer information on reports, erroneous and fraudulent transactions may occur with no tracking of who records the transaction making it difficult to correct any issues that occur.

Cause

Management has not developed policies and procedures for individual user IDs and passwords and the Tax Collector's office has been short staffed and policy and procedures were not followed when creating collection reports.

Recommendation

Management generates a policy to create individual user IDs and passwords in QuickBooks and AS400 and assign rights to users in QuickBooks. Also, we recommend management follows its policy and make all collection reports in DMV and Real Estate identifiable as to who received and recorded collection.

Views of Responsible Officials

QuickBooks: As for the User ID's being used (Laura-still using Lorie-as this was the Admin-and Rita-using Laura), not enough was known to correct these without fear of messing up the connections, etc. (Gail was using her own ID). The new edition of QuickBooks is being installed and this matter will be corrected at this time.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

AS400: In this system, all employees have their own passwords but these are set by workstations (this system is not as intricate as the State's DMV-in that respect). For example, if an employee is not assigned to a certain workstation and was to sign on to that workstation, it could cause a problem with printing, receipt numbers, etc. So each counter clerk signs in to their own workstation up front that is specifically for validating the tax bills. If one of us needs to validate, we use their machine instead of signing them out and us signing in and creating bigger problems. This system reports transactions by workstation and not by User ID. We are implementing where all employees will initial each tax bill stub as to show proof of who did the transaction.

DMV: In this system, each employee has her own password and can log in to whichever workstation and the business is reported under each User ID.

Daily Cash Receipt recording: DMV-each employee has their own sheet and has been instructed to write their name and the date at the top. This is normal procedure, however, the one that was pulled happened to be Gail's from our Buckhead Ridge sub office. She is normally the only one who goes to that office and understands that in error she left off her name that day. A change has been made to help all employees remember this important part of the sheet-Name has been added at the top of the sheet to go along with date that was already there to be sure there are hopefully no more errors.

RE: Each workstation has a cash sheet and the person whose WS it is put their name at the top and if one of us other than that person collects cash at that WS we put our initials-policy already in place-but we did improve our policy by updating that sheet to clearly state name and drawer number. As far as those cash receipt reports found without names it was due to having a switch in employees and no set employee tied to a certain WS so only the drawer number was listed. The policy change of initialing each tax bill stub will help this problem as well. (Prior only cash collections were initialed on the cash receipt worksheet not the tax stub.)

Delinquent & FWC: These sheets are the same as DMV as each employee has their own. We updated the sheets to clarify a spot for Name and Date if needed.

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 23, 2016

**TAX COLLECTOR
SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2013-2014	2012-2013	Cleared	Partially Cleared	Not Cleared
Reconciliation Discrepancy	Management Letter	N/A	2014-001	N/A	X		
Deleted Transactions	Management Letter	2015-002	2014-002	N/A			X
Journal Entry Approval Process	Management Letter	N/A	2014-003	N/A	X		

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, 2015. 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, 2015.

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 23, 2016