

**GLADES COUNTY, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>14</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>16</b>
<b>RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF             NET POSITION</b>	<b>18</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND             BALANCE – GOVERNMENTAL FUNDS</b>	<b>19</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,             AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES</b>	<b>21</b>
<b>STATEMENT OF NET POSITION – PROPRIETARY FUNDS</b>	<b>22</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET             POSITION – PROPRIETARY FUNDS</b>	<b>23</b>
<b>STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS</b>	<b>24</b>
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>25</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>26</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	
<b>SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT BENEFITS         OTHER THAN PENSIONS (OPEB)</b>	<b>62</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCE – BUDGET AND ACTUAL – GENERAL FUND</b>	<b>63</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCE – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND</b>	<b>64</b>

**GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – STATE HOUSING INITIATIVES PROGRAM (SHIP) FUND</b>	<b>65</b>
<b>NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL</b>	<b>66</b>
<b>SCHEDULE OF COUNTY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN</b>	<b>67</b>
<b>SCHEDULE OF COUNTY CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN</b>	<b>68</b>
<b>SCHEDULE OF COUNTY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN</b>	<b>69</b>
<b>SCHEDULE OF COUNTY CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN</b>	<b>70</b>
<b>GOVERNMENT AUDITING STANDARDS AND STATE SINGLE AUDIT</b>	
<b>SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>	<b>71</b>
<b>NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>	<b>73</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>74</b>
<b>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</b>	<b>76</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE PROJECTS</b>	<b>78</b>
<b>MANAGEMENT LETTER</b>	<b>86</b>
<b>INDEPENDENT ACCOUNTANTS’ REPORT</b>	<b>91</b>

## 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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter Correction of an Error***

As described in Note 14 to the financial statements, the County corrected an error in reporting Land. Our opinion was not modified with respect to that matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, 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.

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 22, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 22, 2017

Management’s Discussion and Analysis (Unaudited)

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This section of the report presents our discussion and analysis of the County’s performance during the fiscal year that ended September 30, 2016. Please read it in conjunction with the County’s financial statements, which follow this section.

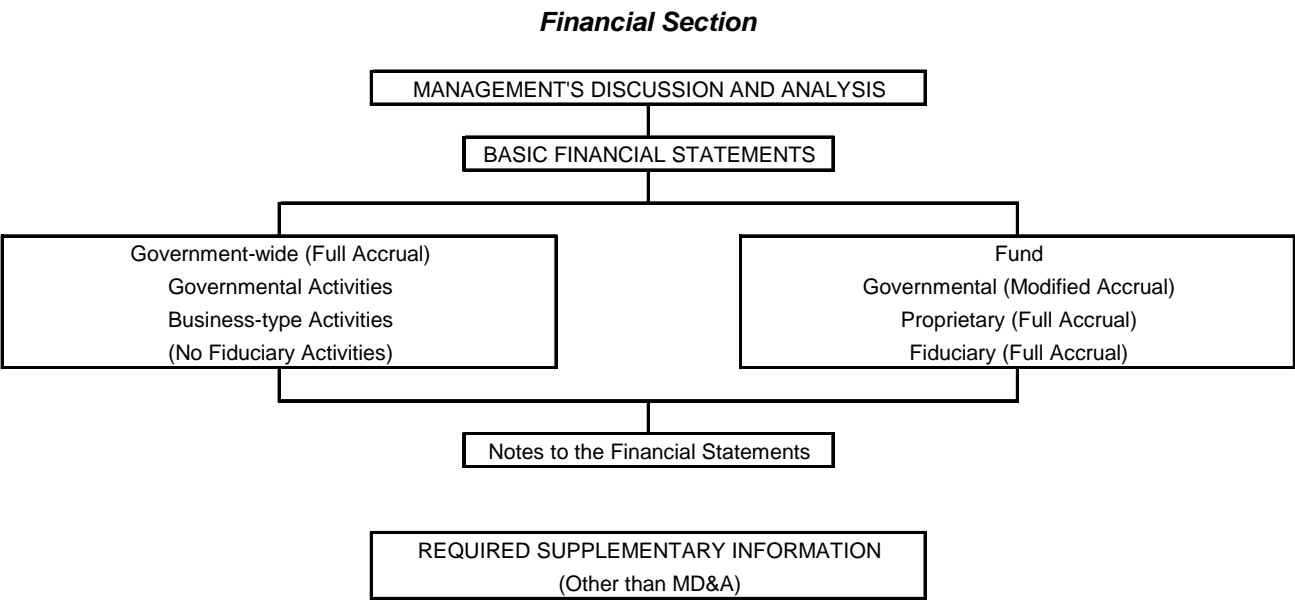
Financial Highlights

The County’s total net position increased by approximately \$1.5 million due to a prior period adjustment and \$2.1 million over the course of this year’s operations. The net position of our business-type activities increased by approximately \$76,000 and net position of our governmental activities increased by approximately \$2.0 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$5.8 million, or 36% of total general fund expenditures.

Overview of the Financial Statements

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



## GLADES COUNTY, FLORIDA

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

#### Major Features of the Basic Financial Statements

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

#### **Basic Financial Statements**

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

The County's government-wide financial statements include the statement of net 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)

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- 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)

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For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting bases are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental fund balance sheet that reconciles the total fund balances for all governmental funds to the amount of net 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, 2016 and 2015, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 16,927	\$ 17,363	\$ 948	\$ 872	\$ 17,875	\$ 18,235
Capital assets	48,326	44,948	445	456	48,771	45,404
Total Assets	65,253	62,311	1,393	1,328	66,646	63,639
Deferred outflows of resources	5,475	1,936	9	3	5,484	1,939
Other liabilities	1,890	2,924	30	28	1,920	2,952
Noncurrent liabilities outstanding	15,489	9,826	522	527	16,011	10,353
Total Liabilities	17,379	12,750	552	555	17,931	13,305
Deferred inflows of resources	2,449	4,241	5	7	2,454	4,248
Net Position:						
Net investment in capital assets	47,571	43,427	445	456	48,016	43,883
Restricted	7,704	5,985	-	-	7,704	5,985
Unrestricted	(4,375)	(2,156)	400	313	(3,975)	(1,843)
Total Net Position	\$ 50,900	\$ 47,256	\$ 845	\$ 769	\$ 51,745	\$ 48,025

Capital assets for the governmental activities increased \$1.5 million due to a prior period adjustment and \$1.9 million mostly due to completion of Loop and Old Lakeport Roads as well as improvements to the Courthouse and paving of Kirby Thompson Road. Deferred outflows of resources increased \$3.5 million due to changes in the actuarial valuation and the County's share. Overall, total liabilities increased \$4.6 million, \$5.5 million of the increase was due to an increase in the net pension liability recorded and the remaining decreases was due to a decrease in construction payables at year-end. Deferred inflows of resources decreased \$1.8 million due to changes in the actuarial valuation and the County's share.

Current and other assets of the business-type activities increased by approximately \$76,000 due to an increase in cash and investments of \$77,000 because of overall operating income. Accounts Receivable increased approximately \$23,000 due to the timing of revenues received. Due from other Governments decreased approximately \$14,000 because of grant payment requests. Due to other Funds increased approximately \$10,000 because of the timing of the last payroll posting for the fiscal year.

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 \$49.2 million. The largest portion of the County's net position is net investment in capital assets and is 92.6% 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 15.4% 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 -7.9% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position increased by approximately \$1.5 million due to a prior period adjustment and \$2.1 million during the fiscal year compared to the increase of \$10.3 million in the prior fiscal year. This decrease is attributed to a decrease in capital grants for the completion of the Emergency Operations Center, the Training Center as well as Loop and Old Lakeport Roads in the previous fiscal year.

The table below presents a summary of changes in net position for the years ended September 30, 2016 and 2015, as derived from the government-wide Statement of Activities:

Changes in Net Position (in thousands)						
Governmental Activities		Business-type Activities		Total		
2016	2015	2016	2015	2016	2015	
Revenues:						
Program revenues:						
Charges for services	\$ 6,050	\$ 6,301	\$ 492	\$ 473	\$ 6,542	\$ 6,774
Operating grants	2,345	1,033	62	53	2,407	1,086
Capital grants	2,022	11,351	-	-	2,022	11,351
General revenues:						
Property taxes	6,822	6,751	-	-	6,822	6,751
Other taxes	4,215	4,106	-	-	4,215	4,106
Other revenues	713	66	2	1	715	67
Total Revenues	<u>22,167</u>	<u>29,608</u>	<u>556</u>	<u>527</u>	<u>22,723</u>	<u>30,135</u>
Expenses:						
General government	4,629	4,546	-	-	4,629	4,546
Public safety	11,782	11,229	-	-	11,782	11,229
Physical environment	387	425	-	-	387	425
Transportation	1,859	1,847	-	-	1,859	1,847
Culture and recreation	434	435	-	-	434	435
Human services	464	526	-	-	464	526
Economic environment	428	428	-	-	428	428
Court-related costs	43	9	-	-	43	9
Interest on long-term debt	-	-	-	-	-	-
Solid waste	-	-	480	437	480	437
Total Expenses	<u>20,026</u>	<u>19,445</u>	<u>480</u>	<u>437</u>	<u>20,506</u>	<u>19,882</u>
Change in net position	2,141	10,163	76	90	2,217	10,253
Net position - beginning	48,763	37,092	769	679	49,532	37,771
Net position - ending	<u>\$ 50,904</u>	<u>\$ 47,255</u>	<u>\$ 845</u>	<u>\$ 769</u>	<u>\$ 51,749</u>	<u>\$ 48,024</u>

Over time, increases and decreases in net position measure whether the County's financial position is improving or deteriorating. During this fiscal year, the net position of the governmental activities increased by approximately \$1.5 million due to a prior period adjustment and \$2.1 million or 4.5% due to current year activities, and the net position of the business-type activities increased by approximately \$76,000 or 9.9%.

## GLADES COUNTY, FLORIDA

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

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**Governmental Activities** – Governmental activities increased the County's net position by approximately \$2.1 million, accounting for 96.3% of the total current year increase in net position. In addition beginning net position increased \$1.5 million due to a prior period adjustment. Overall revenues decreased \$7.4 million and expenses increased \$581,000. Key elements of these changes are as follows:

- Operating grants increased \$1.1 million due primarily for an increase in housing and courthouse facilities projects as well as an increase in grants for the Sheriff's Department
- Capital Grants decreased \$9.3 million due a decrease in the number of capital grants. In the previous fiscal year, the Training Center, Emergency Operations Center and improvements to Palmdale and Canal roads were completed.
- Property tax revenues increased approximately \$71,000 due to increases in assessed value.
- Other Revenues increased approximately \$647,000 due to a insurance reimbursement of \$486,600 to Glades County BOCC, a donation from Glades County School Board of \$40,000 for the Training Center, a \$66,700 donation to the Glades County Library, \$30,400 in dispositions of capital assets and approximately \$65,000 increase in insurance proceeds for the Sheriff's Department.
- Human Services expenses decreased approximately \$62,000 due to a decrease of \$18,500 in Animal Control compared to the previous year for a truck purchase.
- Public Safety increased \$553,000 due to an increase in jail operations from where the County paid the approved 1/12th a month compared to actual prisoner per diem to assist in operations.

**Business-type Activities** – Business-type activities increased the County's net position by approximately \$76,000. Overall revenues increased \$29,000 and expenses increased by \$43,000.

### 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 \$5.8 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 36.4% of total general fund expenditures and 78.0% of the general fund balance.

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

The fund balance of the County's General Fund increased by approximately \$37,000 during the current fiscal year, reflecting normal activities of the County.

## **GLADES COUNTY, FLORIDA**

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

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Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had a decrease of approximately \$75,000 due to decrease in revenues and increases in expenditures due to the purchase of a new dump truck.
- SHIP Fund had an increase of approximately \$207,000 resulting primarily from a decrease in expenditures with an increase in revenues due primarily to the 15/16 funding allowed by the State not being expended prior to the end of the County's fiscal year.
- Capital Outlay Fund had an increase of approximately \$1.6 million resulting primarily from the timing of monies received from SCOP/SCRAP and Rural Infrastructure grant revenues in excess of the amount spent on grant activities.
- Sheriff Asset Forfeiture had an increase of approximately \$72,000 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 \$76,000 increase in net position from the prior year. The increase is due primarily to an increase of \$19,000 in Landfill Fees and \$9,000 increase in operating grants from reimbursements which was offset by an increase in expenses of \$ \$30,800 due to an increase of hauling of debris from the Transfer Station and \$11,200 from the purchase of a new Grasshopper Mower.

#### **General Fund Budgetary Highlights**

Actual revenues were over budget by \$208,000. Expenditures were under budget by \$3.4 million. Some significant changes were as follows:

- Increase of \$86,000 in Sales and Miscellaneous Taxes revenue from the final budget amount compared to actual amount due to the timing of revenues received for Half Cent Sales Tax.
- Increase of \$92,600 in Intergovernmental revenue due to more revenue being received than expected.
- Increase of \$37,000 in Charges for Services revenue from the final budget amount compared to the actual amount of revenues received due to payments received after the end of the fiscal year.
- Expenditures were under budget by \$2.9 million compared to actual in General Government due to a decrease in general operating expenditures.
- Expenditures were under budget by \$226,000 in Public Safety compared to actual due to a decrease in expenditures from employee turnover throughout the fiscal year.
- Expenditures were under budget by \$199,000 in Physical Environment compared to actual due to a decrease in expenditures for the Moore Haven Canal.

The comparison between final amended budget and actual was a positive net change of approximately \$3.4 million.

## GLADES COUNTY, FLORIDA

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

#### Capital Assets and Debt Administration

##### Capital Assets

As of September 30, 2016 and 2015, the County had \$48.8 million and \$45.4 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and construction in progress	\$ 9,563	\$ 6,205	\$ 25	\$ 25	\$ 9,588	\$ 6,230
Land improvements	-	-	574	574	574	574
Infrastructure	48,392	46,668	-	-	48,392	46,668
Building	29,896	29,896	45	45	29,941	29,941
Equipment, furniture and vehicles	11,190	11,419	319	305	11,509	11,724
K-9 Unit	11	11	-	-	11	11
Less: Accumulated depreciation	(50,726)	(49,251)	(518)	(493)	(51,244)	(49,744)
Total	<u>\$ 48,326</u>	<u>\$ 44,948</u>	<u>\$ 445</u>	<u>\$ 456</u>	<u>\$ 48,771</u>	<u>\$ 45,404</u>

Major capital asset events during the year included:

- Improvements to the Courthouse with costs of approximately \$307,000.
- The commencement of improvements to the Industrial Park and Lift Station with costs of approximately \$120,000.
- The commencement of improvements to multiple road projects with costs of approximately \$1.9 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 \$15.5 million in governmental activities, which is an increase in the prior year balance and \$522,000 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	
	2016	2015	2016	2015	2016	2015
Leases payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability	13,586	8,123	25	14	13,611	8,137
OPEB obligation	1,083	910	-	-	1,083	910
Landfill closure obligation	-	-	497	513	497	513
Estimated liability for compensated absences	820	793	-	-	820	793
Total	<u>\$ 15,489</u>	<u>\$ 9,826</u>	<u>\$ 522</u>	<u>\$ 527</u>	<u>\$ 16,011</u>	<u>\$ 10,353</u>

## **GLADES COUNTY, FLORIDA**

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

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

- An increase in compensated absences indicates employees are using less time than in previous year.
- There was an increase 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 2016-2017 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 general operations, 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 been used to help fund existing programs in past years.

#### **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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,527,538	\$ 662,697	\$ 10,190,235	\$ 23,374
Investments	2,889,758	-	2,889,758	-
Restricted assets:				
Cash and cash equivalents	818,634	-	818,634	-
Investments	281,900	-	281,900	-
Accounts receivable, net	1,196,038	91,758	1,287,796	-
Internal balances	11,029	(11,029)	-	-
Due from other governments	2,054,339	17,008	2,071,347	-
Inventories	60,242	-	60,242	-
Prepaid expenses	88,244	1,111	89,355	-
Noncurrent restricted assets:				
Investments	-	186,467	186,467	-
Capital assets				
Nondepreciable capital assets	9,562,897	25,000	9,587,897	-
Depreciable capital assets, net	38,763,260	419,646	39,182,906	-
Total Assets	<u>65,253,879</u>	<u>1,392,658</u>	<u>66,646,537</u>	<u>23,374</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on pensions	<u>5,474,577</u>	<u>8,836</u>	<u>5,483,413</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,544,938	29,453	1,574,391	-
Due to other governmental units	161,868	-	161,868	-
Unearned revenue	183,216	-	183,216	-
Noncurrent liabilities:				
Long-term liabilities due within one year	591,784	264	592,048	-
Long-term liabilities due in more than one year	1,311,077	496,748	1,807,825	-
Net pension liability	13,586,361	25,451	13,611,812	-
Total Liabilities	<u>17,379,244</u>	<u>551,916</u>	<u>17,931,160</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount on pensions	<u>2,449,062</u>	<u>4,513</u>	<u>2,453,575</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	47,571,344	444,646	48,015,990	-
Restricted for:				
Capital project	4,220,447	-	4,220,447	-
Other uses	3,483,529	-	3,483,529	-
Unrestricted	(4,375,170)	400,419	(3,974,751)	23,374
Total Net Position	<u>\$ 50,900,150</u>	<u>\$ 845,065</u>	<u>\$ 51,745,215</u>	<u>\$ 23,374</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016**

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	\$ 4,629,177	\$ 944,883	\$ 676,708	\$ 26,097	\$ (2,981,489)	\$ -	\$ (2,981,489)	
Public safety	6,170,541	459,455	887,120	13,668	(4,810,298)	-	(4,810,298)	
Physical environment	386,926	241,000	60,000	-	(85,926)	-	(85,926)	
Transportation	1,858,519	1,400	-	1,805,847	(51,272)	-	(51,272)	
Culture/Recreation	433,861	20,723	388,672	-	(24,466)	-	(24,466)	
Human services	463,768	1,475	25,000	-	(437,293)	-	(437,293)	
Economic environment	427,676	-	-	176,029	(251,647)	-	(251,647)	
Court-related costs	42,804	166,267	307,445	-	430,908	-	430,908	
Jail operations	5,612,338	4,214,859	-	-	(1,397,479)	-	(1,397,479)	
Total Governmental Activities	20,025,610	6,050,062	2,344,945	2,021,641	(9,608,962)	-	(9,608,962)	
Business-type activities:								
Solid waste	479,543	491,824	62,055	-	-	74,336	74,336	
Total Business-type Activities	479,543	491,824	62,055	-	-	74,336	74,336	
Total Primary Government	\$ 20,505,153	\$ 6,541,886	\$ 2,407,000	\$ 2,021,641	(9,608,962)	74,336	(9,534,626)	
Component Unit								
Glades Soil and Water Conservation District	\$ 3,321	\$ -	\$ 4,000	\$ -				\$ 679
Total Component Unit	\$ 3,321	\$ -	\$ 4,000	\$ -				679
General revenues:								
Taxes:								
Property taxes, levied for general purposes					5,431,391	-	5,431,391	-
Property taxes, levied for other purposes					1,390,596	-	1,390,596	-
Public service, sales and miscellaneous taxes					4,214,641	-	4,214,641	-
Investment earnings					16,760	1,636	18,396	24
Insurance proceeds					486,660	-	486,660	-
Miscellaneous					209,289	-	209,289	-
Total general revenues					11,749,337	1,636	11,750,973	24
Change in net position					2,140,375	75,972	2,216,347	703
Net position - beginning					47,255,221	769,093	48,024,314	22,671
Correction of an error					1,504,554	-	1,504,554	-
Net Position (Deficit) - Beginning, as Restated					48,759,775	769,093	49,528,868	22,671
Net Position - Ending					\$ 50,900,150	\$ 845,065	\$ 51,745,215	\$ 23,374

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	General Fund	Transportation Trust	SHIP	Capital Outlay
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,618,090	\$ 777,325	\$ 803,516	\$ 242,805
Restricted cash and cash equivalents	750,974	-	-	67,660
Investments	1,132,624	1,630,412	1	126,721
Restricted Investments	281,899	-	-	1
Accounts receivable, net	936,042	148,639	18	74,322
Due from other funds	228,740	-	-	107,030
Due from other governments	42,163	-	-	1,924,210
Inventories	-	60,242	-	-
Prepaid items	55,847	3,383	-	-
Total Assets	<u>\$ 9,046,379</u>	<u>\$ 2,620,001</u>	<u>\$ 803,535</u>	<u>\$ 2,542,749</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 543,649	\$ 10,020	\$ -	\$ 450,520
Due to other funds	110,132	79,153	309	98,352
Due to other governments	161,868	-	-	-
Unearned revenue	106,356	-	-	76,810
Other accrued expenditures	433,201	-	-	-
Total Liabilities	<u>1,355,206</u>	<u>89,173</u>	<u>309</u>	<u>625,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>274,340</u>	<u>-</u>	<u>-</u>	<u>581,756</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	55,847	3,383	-	-
Inventory	-	60,242	-	-
Restricted:				
Capital projects	417,933	2,467,203	-	1,335,311
Cemetery care	142,201	-	-	-
Law enforcement	177,725	-	-	-
Public safety	5,981	-	-	-
Other	289,033	-	803,226	-
Assigned:				
Law enforcement	542,436	-	-	-
Unassigned	5,785,677	-	-	-
Total Fund Balances	<u>7,416,833</u>	<u>2,530,828</u>	<u>803,226</u>	<u>1,335,311</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,046,379</u>	<u>\$ 2,620,001</u>	<u>\$ 803,535</u>	<u>\$ 2,542,749</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2016**

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,920,656	\$ 165,146	\$ 9,527,538
Restricted cash and cash equivalents	-	-	818,634
Investments	-	-	2,889,758
Restricted Investments	-	-	281,900
Accounts receivable, net	3,200	33,817	1,196,038
Due from other funds	3,502	-	339,272
Due from other governments	-	87,966	2,054,339
Inventories	-	-	60,242
Prepaid items	-	29,014	88,244
Total Assets	<u>\$ 1,927,358</u>	<u>\$ 315,943</u>	<u>\$ 17,255,965</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 3,045	\$ 104,503	\$ 1,111,737
Due to other funds	-	40,297	328,243
Due to other governments	-	-	161,868
Unearned revenue	-	50	183,216
Other accrued expenditures	-	-	433,201
Total Liabilities	<u>3,045</u>	<u>144,850</u>	<u>2,218,265</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>-</u>	<u>16,885</u>	<u>872,981</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	29,014	88,244
Inventory	-	-	60,242
Restricted:			
Capital projects	-	-	4,220,447
Cemetery care	-	-	142,201
Law enforcement	-	20,062	197,787
Public safety	1,924,313	-	1,930,294
Other	-	120,988	1,213,247
Assigned:			
Law enforcement	-	-	542,436
Unassigned	-	(15,856)	5,769,821
Total Fund Balances	<u>1,924,313</u>	<u>154,208</u>	<u>14,164,719</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,927,358</u>	<u>\$ 315,943</u>	<u>\$ 17,255,965</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

**Total Fund Balance - Governmental Funds** **\$ 14,164,719**

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	\$ 9,562,897	
Depreciable, net	<u>38,763,260</u>	48,326,157

Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		5,474,577
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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.		872,981
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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	(819,668)	
Net pension liability	(13,586,361)	
OPEB obligation	<u>(1,083,193)</u>	(15,489,222)

Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		<u>(2,449,062)</u>
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<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 50,900,150</u></u></b>
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**GLADES COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Transportation Trust	SHIP	Capital Outlay
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,431,391	\$ 54,596	\$ -	\$ -
Sales and miscellaneous taxes	1,864,995	1,746,546	-	547,566
Fees and fines	84,435	-	-	-
Licenses and permits	441	1,400	-	-
Intergovernmental	1,061,785	-	371,200	3,767,216
Charges for services	5,426,960	-	-	-
Investment earnings	10,389	2,336	790	1,378
Miscellaneous	581,535	11,242	-	-
Contributions	143,597	-	-	66,626
Total Revenues	<u>14,605,528</u>	<u>1,816,120</u>	<u>371,990</u>	<u>4,382,786</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,789,911	-	-	-
Public safety	4,862,034	-	-	694
Jail operations	5,564,976	-	-	-
Physical environment	121,085	-	-	-
Transportation	-	1,410,938	-	-
Human services	340,139	-	-	-
Culture/Recreation	125,410	144,727	-	10,355
Economic development	159,416	-	164,944	3,113
Court-related costs	36,764	-	-	-
Capital outlay	886,654	335,659	-	2,694,925
Contributions to others	-	-	-	50,000
Total Expenditures	<u>15,886,389</u>	<u>1,891,324</u>	<u>164,944</u>	<u>2,759,087</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,280,861)</u>	<u>(75,204)</u>	<u>207,046</u>	<u>1,623,699</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of capital assets	30,363	-	-	-
Transfer in	1,391,082	-	-	-
Transfers out	(15,704)	-	-	-
Distribution of excess fees - other governments	(87,670)	-	-	-
Total Other Financing Sources (Uses)	<u>1,318,071</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	37,210	(75,204)	207,046	1,623,699
Fund Balance - Beginning	<u>7,379,623</u>	<u>2,606,032</u>	<u>596,180</u>	<u>(288,388)</u>
Fund Balances - Ending	<u>\$ 7,416,833</u>	<u>\$ 2,530,828</u>	<u>\$ 803,226</u>	<u>\$ 1,335,311</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, 2016**

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ -	\$ 1,336,000	\$ 6,821,987
Sales and miscellaneous taxes	-	55,534	4,214,641
Fees and fines	181,009	-	265,444
Licenses and permits	-	146,061	147,902
Intergovernmental	20,800	238,578	5,459,579
Charges for services	-	57,675	5,484,635
Investment earnings	1,499	368	16,760
Miscellaneous	-	-	592,777
Franchise fees	-	-	210,223
Total Revenues	<u>203,308</u>	<u>1,834,216</u>	<u>23,213,948</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	60,646	3,850,557
Public safety	72,635	168,227	5,103,590
Jail operations	-	-	5,564,976
Physical environment	-	164,404	285,489
Transportation	-	-	1,410,938
Human services	-	-	340,139
Culture/Recreation	-	-	280,492
Economic development	-	-	327,473
Court-related costs	-	-	36,764
Capital outlay	84,317	113,446	4,115,001
Contributions to others	-	-	50,000
Total Expenditures	<u>156,952</u>	<u>506,723</u>	<u>21,365,419</u>
Excess (Deficiency) of Revenues over Expenditures	<u>46,356</u>	<u>1,327,493</u>	<u>1,848,529</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the disposal of capital assets	25,416	-	55,779
Operating transfer in	-	15,704	1,406,786
Operating transfers out	-	(1,391,082)	(1,406,786)
Distribution of excess fees - other governments	-	-	(87,670)
Total Other Financing Sources (Uses)	<u>25,416</u>	<u>(1,375,378)</u>	<u>(31,891)</u>
Change in Fund Balances	71,772	(47,885)	1,816,638
Fund Balance - Beginning	<u>1,852,541</u>	<u>202,093</u>	<u>12,348,081</u>
Fund Balances - Ending	<u><u>\$ 1,924,313</u></u>	<u><u>\$ 154,208</u></u>	<u><u>\$ 14,164,719</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, 2016**

**Net Change in Fund Balance - Governmental Funds** **\$ 1,816,638**

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	\$ 4,115,001	
Depreciation	<u>(2,351,124)</u>	1,763,877

Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).		109,956
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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.		(1,217,862)
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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	(26,329)	
Current change in other postemployment benefits	<u>(173,293)</u>	(199,622)

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>(132,612)</u>
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<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 2,140,375</u></u></b>
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**GLADES COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 662,697
Accounts receivable, net	91,758
Due from other governments	17,008
Prepaid expenses	1,111
Total Current Assets	<u>772,574</u>
<b>NONCURRENT ASSETS</b>	
Restricted assets:	
Investments	186,467
Capital assets (net of accumulated depreciation):	
Land	25,000
Land improvements	574,421
Buildings	45,433
Equipment and furniture	318,520
Total Capital Assets	<u>963,374</u>
Less accumulated depreciation	<u>(518,728)</u>
Net Capital Assets	<u>444,646</u>
Total Noncurrent Assets	<u>631,113</u>
Total Assets	<u>1,403,687</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on pensions	<u>8,836</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	29,453
Due to other funds	11,029
Compensated absences	264
Total Current Liabilities	<u>40,746</u>
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	25,451
Liability for landfill closure	496,748
Total Liabilities	<u>562,945</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amount on pensions	<u>4,513</u>
<b>NET POSITION</b>	
Investment in capital assets	444,646
Unrestricted net position	400,419
Total Net Position	<u>\$ 845,065</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, 2016**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 491,824
Operating grants and contributions	62,055
Total Operating Revenue	<u>553,879</u>
<b>OPERATING EXPENSES</b>	
Personal services	41,826
Contractual services	378,362
Utilities	5,968
Materials and supplies	4,197
Repairs and maintenance	5,922
Insurance claims and expenses	5,004
Miscellaneous	13,273
Depreciation	24,991
Total Operating Expenses	<u>479,543</u>
<b>OPERATING INCOME</b>	<u>74,336</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	1,636
Total Nonoperating Revenues (Expenses)	<u>1,636</u>
Change in Net Position	75,972
Total Net Position - Beginning	<u>769,093</u>
Total Net Position - Ending	<u><u>\$ 845,065</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 544,753
Cash paid to other funds	10,481
Cash paid to suppliers	(427,164)
Cash paid to employees	(38,718)
Net Cash Provided by Operating Activities	<u>89,352</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(13,159)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(13,159)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and other income received	1,636
Purchase of investments	<u>(1,008)</u>
Net Cash Provided by Investing Activities	<u>628</u>
Net Increase in Cash and Cash Equivalents	76,821
Cash and Cash Equivalents - Beginning of Year	<u>585,876</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 662,697</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 74,336
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	24,991
Noncash pension expense	3,078
Changes in net position and liabilities	
(Increase) decrease in:	
Accounts receivable	(23,252)
Due to/from other funds	10,481
Due to/from other governments	14,126
Prepaid expenses	87
Increase (decrease) in:	
Accounts payable and accrued expenses	1,139
Liability for landfill closure	(15,664)
Compensated absences	<u>30</u>
Net Cash Provided by Operating Activities	<u><u>\$ 89,352</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016**

	Agency Funds
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 445,156
Other receivables	<u>15,738</u>
Total Assets	<u><u>\$ 460,894</u></u>
<b>LIABILITIES</b>	
Due to other governmental units	\$ 385,341
Due to individuals	<u>75,553</u>
Total Liabilities	<u><u>\$ 460,894</u></u>

*See accompanying Notes to Financial Statements.*

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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. The County reports the amortized cost of 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, 2016.

**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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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, 2016.

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, 2016 was \$10 per \$1,000.

**NOTE 2 CASH AND INVESTMENTS**

As of September 30, 2016, the County's cash and investments were as follows:

Deposits with financial institutions	\$ 11,453,071
Certificates of deposit	3,159,513
State of Florida Board of Administration Surplus Funds Trust Fund	198,612
Cash on hand	954
Total	<u><u>\$ 14,812,150</u></u>

The breakdown for financial statement purposes are as follows:

Cash and cash equivalents	\$ 10,190,235
Restricted cash and cash equivalents	818,634
Investments	2,889,758
Restricted investments	468,367
Fiduciary funds cash and cash equivalents	445,156
Total	<u><u>\$ 14,812,150</u></u>

**GLADES COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

**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 \$3,159,513, 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 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.

**GLADES COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

**Interest Rate Risk (Continued)**

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	Amortized Cost	Investment Maturities Less Than One Year
Nonnegotiable Certificate of Deposits, at cost	\$ 3,159,513	\$ 3,159,513
Florida Prime	198,612	198,612
Total	<u>\$ 3,358,125</u>	<u>\$ 3,358,125</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, 2016.

**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.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Town's participant account balance should also be considered the fair value of its investment and exempt from the GASB Statement No. 72, *Fair Value Measurement and Application*.



**GLADES COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

**GLADES COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2016:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,366,976	\$ 150,756	\$ -	\$ 2,517,732
Construction in progress	5,342,457	3,452,646	1,749,938	7,045,165
Total Capital Assets Not Being Depreciated	7,709,433	3,603,402	1,749,938	9,562,897
Capital assets being depreciated:				
Infrastructure	46,668,658	1,723,481	-	48,392,139
Buildings	29,895,802	-	-	29,895,802
Equipment, furniture, and vehicles	11,419,030	722,591	951,268	11,190,353
Livestock	10,500	-	-	10,500
Total Capital Assets Being Depreciated	87,993,990	2,446,072	951,268	89,488,794
Less accumulated depreciation for:				
Infrastructure	33,743,203	915,240	-	34,658,443
Buildings	6,009,093	734,882	-	6,743,975
Equipment, furniture, and vehicles	9,492,767	699,502	876,688	9,315,581
Livestock	6,035	1,500	-	7,535
Total Accumulated Depreciation	49,251,098	2,351,124	876,688	50,725,534
Capital Assets Being Depreciated, Net	38,742,892	94,948	74,580	38,763,260
Governmental Activities Capital Assets, Net	\$ 46,452,325	\$ 3,698,350	\$ 1,824,518	\$ 48,326,157
<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	13,159	-	318,520
Total Capital Assets Being Depreciated	925,215	13,159	-	938,374
Less accumulated depreciation for:				
Land improvements	207,784	11,639	-	219,423
Buildings	40,143	555	-	40,698
Equipment, furniture, and vehicles	245,810	12,797	-	258,607
Total Accumulated Depreciation	493,737	24,991	-	518,728
Capital Assets Being Depreciated, Net	431,478	(11,832)	-	419,646
Business-type Activities Capital Assets, Net	\$ 456,478	\$ (11,832)	\$ -	\$ 444,646

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:

General government	\$ 642,277
Public safety	850,851
Transportation	431,948
Physical environment	99,274
Economic development	100,074
Culture and recreation	101,645
Human services	122,893
Court related costs	2,162
Total Depreciation Expense, Governmental Activities	<u><u>\$ 2,351,124</u></u>

Business-type Activities:

Solid waste	\$ 24,991
Total Depreciation Expense, Business-type Activities	<u><u>\$ 24,991</u></u>

**NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS**

At September 30, 2016, interfund receivables and payables were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Activities:</u>		
General	\$ 228,740	\$ 110,132
Transportation Trust	-	79,153
SHIP	-	309
Capital Outlay	107,030	98,352
Building Department	-	12,173
Enhanced 911	-	7,109
Sheriff Special Revenue Funds	3,502	-
Clerk Special Revenue Funds	-	21,015
Total Governmental Activities	<u>339,272</u>	<u>328,243</u>
<u>Business-type Activities:</u>		
Solid waste	-	11,029
Total Business-type Activities	<u><u>\$ 339,272</u></u>	<u><u>\$ 339,272</u></u>

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

For the year ended September 30, 2016, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities:</u>		
General	\$ 1,391,082	\$ 15,704
EMSTU	-	1,391,082
Building Department	1,000	-
Enhanced 911	14,704	-
Total Governmental Activities	<u>\$ 1,406,786</u>	<u>\$ 1,406,786</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.

**NOTE 5 LONG-TERM LIABILITIES**

During the year ended September 30, 2016, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 793,339	\$ 931,796	\$ 905,467	\$ 819,668	\$ 591,784
OPEB obligation	909,900	210,600	37,307	1,083,193	-
Total	<u>\$ 1,703,239</u>	<u>\$ 1,142,396</u>	<u>\$ 942,774</u>	<u>\$ 1,902,861</u>	<u>\$ 591,784</u>
<u>Business-type Activities:</u>					
Compensated absences	\$ 234	\$ 2,410	\$ 2,380	\$ 264	\$ 264
Landfill	512,412	-	15,664	496,748	-
Total	<u>\$ 512,646</u>	<u>\$ 2,410</u>	<u>\$ 18,044</u>	<u>\$ 497,012</u>	<u>\$ 264</u>

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

Restricted cash and investments at September 30, 2016 consisted of the following:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Total Governmental Funds</u>
Cemetery Perpetual Care	\$ 142,201	\$ -	\$ 142,201
Buckhead Ridge Utility	239,701	-	239,701
Law Enforcement Trust	158,946	-	158,946
Law Enforcement Other	18,779	-	18,779
Intergovernmental Radio	189,202	-	189,202
Driver's Education	19,657	-	19,657
Tourism Development	80,174	-	80,174
Capital Outlay	178,232	67,661	245,893
EMS Grant Funds	5,981	-	5,981
Total	<u>\$ 1,032,873</u>	<u>\$ 67,661</u>	<u>\$ 1,100,534</u>

Restricted net position at September 30, 2016 consisted of the following:

<u>Governmental Activities:</u>	<u>Balance</u>
Capital projects	<u>\$ 4,220,447</u>
Other uses:	
Cemetery Perpetual Care	142,201
Law enforcement activities	197,787
Public safety	1,930,294
Intergovernmental Radio	189,202
Driver's Education	19,657
Tourism Development	80,174
SHIP	803,226
Enhanced 911	11,760
Public Record Modernization	109,228
Total Other Uses	<u>3,483,529</u>
Total Restricted Net Position	<u>\$ 7,703,976</u>

**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.

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Background (Continued)**

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](http://www.dms.myflorida.com)).

The County's pension expense totaled \$1,294,588 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2016.

**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, 2016**

**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, 2016**

**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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Elected County Officers</b>	3.00
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Regular</b>	
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, 2015, were applied to employee salaries as follows: regular employees 7.26%, County elected officials 42.27%, senior management 21.43%, DROP participants 12.88% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 4.31%. The County's contributions to the FRS Plan were \$1,028,381 for the year ended September 30, 2016.



**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs**

At September 30, 2016, the County reported a liability of \$10,694,597 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the County's proportion was 0.04235%, which was an increase of 0.00016% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,150,078 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	\$    818,861	\$     99,574
Changes in Actuarial Assumptions	646,991	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,764,423	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	421,481	1,864,056
County Contributions Subsequent to the Measurement Date	319,334	-
Total	<u>\$ 4,971,090</u>	<u>\$ 1,963,630</u>

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs (Continued)**

\$319,334 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, 2017. 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>
2017	\$ 153,505
2018	153,505
2019	1,231,249
2020	949,537
2021	145,654
Thereafter	54,676

**Actuarial Assumptions**

The total pension liability in the July 1, 2016, 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	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, 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, 2016**

**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%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
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 7.60% 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	6.60%	7.60%	8.60%
Authority's Proportionate Share of the FRS Plan			
Net Pension Liability	\$ 19,689,480	\$ 10,694,597	\$ 3,207,548

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016, 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, 2016, the contribution rate was 1.66% 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 \$130,515 for the year ended September 30, 2016.

**Pension Costs**

At September 30, 2016, the County reported a liability of \$2,917,215 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all participating employers. At June 30, 2016, the County's proportion was 0.02503%, which was a decrease of 0.00132% from its proportion measured as of June 30, 2015.

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Pension Costs (Continued)**

For the year ended September 30, 2016, the County recognized pension expense of \$144,510 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	\$            -	\$        6,644
Changes in Actuarial Assumptions	457,784	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,476	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	18,355	483,301
County Contributions Subsequent to the Measurement Date	34,708	-
Total	<u>\$    512,323</u>	<u>\$    489,945</u>

\$34,708 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, 2017. 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>
2017	\$    (16,505)
2018	(16,505)
2019	(16,786)
2020	(16,921)
2021	19,847
Thereafter	34,540

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Actuarial Assumptions**

The total pension liability in the July 1, 2016, 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	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, 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 2.85% 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	1.85%	2.85%	3.85%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 3,346,708	\$ 2,917,215	\$ 2,560,759

**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, 2016**

**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 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-2016 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, 2016, 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, 2016**

**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 \$164,725 for the year ended September 30, 2016. Employee contributions to the Investment Plan totaled \$31,205 for the year ended September 30, 2016.

**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, 2016**

**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, 2016, the County contributed \$37,307 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, 2016:

Annual required contribution	\$ 229,262
Interest on net OPEB obligation	36,397
Adjustment to annual required contribution	<u>(55,059)</u>
Annual OPEB Cost	210,600
Contributions made	<u>(37,307)</u>
Increase in Net OPEB Obligation	173,293
Net OPEB Obligation - Beginning of Year	909,900
Net OPEB Obligation - End of Year	<u><u>\$ 1,083,193</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at September 30, 2016 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2016	\$ 210,600	17.7%	\$ 1,083,193
September 30, 2015	205,350	19.5	909,900
September 30, 2014	180,715	14.8	590,790

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2014, 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.

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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	7.25% in fiscal 2016 (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	7.25% in fiscal 2016 (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	\$2,500 annually, added to Normal Cost.
Payroll Growth	0.0% per year.
Salary Scale	3.0% per year.

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$496,748. 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, 2016, investments of \$186,467 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, 2016**

**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, 2016**

**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 2021.

Total rental expenditures for all operating leases for the year ended September 30, 2016 were \$18,462.

The future minimum lease obligations as of September 30, 2016 are as follows:

<u>Fiscal Year Ending September 30.</u>	<u>Amount</u>
2017	\$ 19,944
2018	15,909
2019	5,722
2020	1,482
2021	1,482
Total Minimum Lease Payments	<u>\$ 44,539</u>

**GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016</u>	<u>Balance to Complete</u>
Training Center - Contractor	\$ 3,203,914	\$ 3,202,053	\$ 1,861
Travel Center - Contractor	1,333,367	-	1,333,367
Scop - Birchwood	177,995	59,260	118,735
Scop - Aspen	144,575	27,200	117,375
Scop/Scrap - Kirby Thompson Rd - Engineer	195,610	194,620	990
Scop/Scrap - Kirby Thompson Rd - Contractor	1,692,841	1,426,205	266,636
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 - Old Lakeport Road	546,511	453,167	93,344
Total	<u>\$ 9,034,472</u>	<u>\$ 6,153,711</u>	<u>\$ 2,880,761</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, 2016**

**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, 2016, the Sheriff received \$3,877,883 from GCDC, which was used to fund payroll expenditures related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and was paid in 12 equal payments during the fiscal year.

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

**NOTE 14 PRIOR PERIOD ADJUSTMENT**

During the current year it was determined that certain contributed and escheated land was not recorded by the County.

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

	Governmental Activities
Net position- beginning	\$ 47,255,221
Correction of errors	1,504,554
Net position - beginning, as restated	<u>\$ 48,759,775</u>

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FUNDING PROGRESS –  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)  
YEAR ENDED SEPTEMBER 30, 2016**

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,282,009	\$ 5,431,391	\$ 5,431,391	\$ -
Sales and miscellaneous taxes	1,724,213	1,778,629	1,864,995	86,366
Fees and fines	44,748	84,436	84,435	(1)
Licenses and permits	-	441	441	-
Intergovernmental	650,676	969,140	1,061,785	92,645
Charges for services	1,078,845	5,389,837	5,426,960	37,123
Investment earnings	9,754	9,656	10,389	733
Miscellaneous	6,060	579,123	581,535	2,412
Franchise fees	96,189	155,047	143,597	(11,450)
Total Operating Revenues	<u>8,892,494</u>	<u>14,397,700</u>	<u>14,605,528</u>	<u>207,828</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,600,586	6,765,253	3,789,911	2,975,342
Public safety	4,555,417	5,088,083	4,862,034	226,049
Jail operations	1,690,744	5,563,748	5,564,976	(1,228)
Physical environment	130,277	320,353	121,085	199,268
Human services	402,570	403,125	340,139	62,986
Culture/Recreation	120,968	132,706	125,410	7,296
Economic development	151,570	231,047	159,416	71,631
Court-related costs	23,961	22,843	36,764	(13,921)
Capital outlay	323,171	713,806	886,654	(172,848)
Total Expenditures	<u>11,999,264</u>	<u>19,240,964</u>	<u>15,886,389</u>	<u>3,354,575</u>
Deficiency of Revenues over Expenditures	<u>(3,106,770)</u>	<u>(4,843,264)</u>	<u>(1,280,861)</u>	<u>3,562,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of capital assets	350	30,363	30,363	-
Operating transfer in	1,348,281	1,391,748	1,391,082	(666)
Operating transfers out	(48,265)	(2,492)	(15,704)	(13,212)
Distribution of excess fees - other governments	-	-	(87,670)	(87,670)
Total Other Financing Sources (Uses)	<u>1,300,366</u>	<u>1,419,619</u>	<u>1,318,071</u>	<u>(101,548)</u>
Appropriated Fund Balance	<u>1,750,532</u>	<u>3,387,590</u>	<u>-</u>	<u>(3,387,590)</u>
Change in Fund Balance	<u>\$ (55,872)</u>	<u>\$ (36,055)</u>	<u>37,210</u>	<u>\$ 73,265</u>
Fund Balance - Beginning			7,379,623	
Fund Balance - Ending			<u>\$ 7,416,833</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 53,477	\$ 54,596	\$ 54,596	\$ -
Sales and miscellaneous taxes	1,494,598	1,752,663	1,746,546	(6,117)
Licenses and permits	1,067	1,400	1,400	-
Investment earnings	1,878	2,274	2,336	62
Miscellaneous	1,560	11,242	11,242	-
Total Operating Revenues	<u>1,552,580</u>	<u>1,822,175</u>	<u>1,816,120</u>	<u>(6,055)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,875,345	1,875,345	1,410,938	464,407
Culture/Recreation	204,070	204,070	144,727	59,343
Capital outlay	<u>693,370</u>	<u>693,370</u>	<u>335,659</u>	<u>357,711</u>
Total Expenditures	<u>2,772,785</u>	<u>2,772,785</u>	<u>1,891,324</u>	<u>881,461</u>
Deficiency of Revenues over Expenditures	<u>(1,220,205)</u>	<u>(950,610)</u>	<u>(75,204)</u>	<u>875,406</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the disposal of capital assets	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>1,219,505</u>	<u>950,610</u>	<u>-</u>	<u>(950,610)</u>
Change in Fund Balance	<u>\$ 100</u>	<u>\$ -</u>	<u>(75,204)</u>	<u>\$ (75,204)</u>
Fund Balance - Beginning			<u>2,606,032</u>	
Fund Balance - Ending			<u>\$ 2,530,828</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 350,000	\$ 371,200	\$ 371,200	\$ -
Investment earnings	930	791	790	(1)
Total Operating Revenues	<u>350,930</u>	<u>371,991</u>	<u>371,990</u>	<u>(1)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	493,071	493,071	164,944	328,127
Total Expenditures	<u>493,071</u>	<u>493,071</u>	<u>164,944</u>	<u>328,127</u>
Deficiency of Revenues over Expenditures	<u>(142,141)</u>	<u>(121,080)</u>	<u>207,046</u>	<u>328,126</u>
Appropriated Fund Balance	<u>142,141</u>	<u>121,080</u>	<u>-</u>	<u>121,080</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>207,046</u>	<u>\$ 207,046</u>
Fund Balance - Beginning			596,180	
Fund Balance - Ending			<u>\$ 803,226</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, 2016**

**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 2016, 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 PLAN<sup>1</sup>**  
**YEAR ENDED SEPTEMBER 30, 2016 \***

	2016	2015	2014
Glades County, Florida's proportion of the net pension liability (asset)	0.042354714%	0.042190745%	0.045384068%
Glades County, Florida's proportionate share of the net pension liability (asset)	\$ 10,694,597	\$ 5,449,500	\$ 2,769,096
Glades County, Florida's covered-employee payroll	\$ 7,003,909	\$ 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	152.69%	73.49%	35.54%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)



**GLADES COUNTY, FLORIDA  
SCHEDULE OF COUNTY CONTRIBUTIONS –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2016 \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,028,381	\$ 1,091,590	\$ 1,068,455
Contributions in relation to the contractually required contribution	<u>(1,028,381)</u>	<u>(1,091,590)</u>	<u>(1,068,455)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Glades County, Florida's covered-employee payroll	\$ 6,822,157	\$ 7,278,692	\$ 7,619,593
Contributions as a percentage of covered-employee payroll	15.07%	15.00%	14.02%

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

<sup>1</sup> 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 PLAN<sup>1</sup>**  
**YEAR ENDED SEPTEMBER 30, 2016 \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Glades County, Florida's proportion of the net pension liability (asset)	0.025030618%	0.026350850%	0.028011104%
Glades County, Florida's proportionate share of the net pension liability (asset)	\$ 2,917,215	\$ 2,687,372	\$ 2,619,107
Glades County, Florida's covered-employee payroll	\$ 7,725,843	\$ 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	37.76%	33.62%	31.46%
Plan fiduciary net position as a percentage of the total pension liability	97.00%	0.50%	0.99%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)

**GLADES COUNTY, FLORIDA  
SCHEDULE OF COUNTY CONTRIBUTIONS –  
HEALTH INSURANCE SUBSIDY PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2016 \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 130,515	\$ 106,866	\$ 99,148
Contributions in relation to the contractually required contribution	<u>(130,515)</u>	<u>(106,866)</u>	<u>(99,148)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Glades County, Florida's covered-employee payroll	\$ 7,862,333	\$ 7,860,408	\$ 8,157,955
Contributions as a percentage of covered-employee payroll	1.66%	1.36%	1.22%

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

<sup>1</sup> 2014 was the first year reporting net pension liability (GASB 68)

## **GOVERNMENT AUDITING STANDARDS AND STATE SINGLE AUDIT**

**GLADES COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2016**

Grantor/Pass-Through Grantor/Program Title	CSFA Number	State, or Pass-Through Contract/Grant Number	Passed Through to Subrecipients	Expenditures
<b><u>STATE FINANCIAL ASSISTANCE</u></b>				
<b><u>State Courts System, Office of the State Courts Administration</u></b>				
<b>Direct Projects:</b>				
Small County Courthouse Facilities	22.004	N/A	\$ -	\$ 307,445
Total State Courts System, Office of the State Courts Administration			-	307,445
<b><u>Executive Office of the Governor</u></b>				
<b>Passed through Florida Division of Emergency Management</b>				
Emergency Management Programs	31.063	16-BG-83-09-32-01-021	-	78,658
Emergency Management Programs	31.063	17-BG-83-09-32-01-016	-	29,591
			-	108,249
Emergency Management Projects	31.067	16-CP-11-09-32-01-158	-	1,176
Total Executive Office of the Governor			-	109,425
<b><u>Department of Environmental Protection</u></b>				
<b>Direct Projects:</b>				
Small County Consolidated Grants	37.012	611SC	-	62,055
Total Department of Environmental Protection				62,055
<b><u>Department of Economic Opportunity</u></b>				
<b>Passed through Florida Division of Community Development</b>				
Rural Infrastructure Fund	40.013	D0077	-	110,043
Total Department of Economic Opportunity			-	110,043
<b><u>Department of State, Division of Library and Information Services</u></b>				
<b>Direct Projects:</b>				
State Aid to Libraries	45.030	16-ST-14	-	16,757
Total Division of Library and Information Services				16,757

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, 2016**

Grantor/Pass-Through Grantor/Program Title	CSFA Number	State, or Pass-Through Contract/Grant Number	Passed Through to Subrecipients	Expenditures
<b><u>Department of Health</u></b>				
<b>Direct Projects:</b>				
County Grant Awards-EMS	64.005	C3022	\$ -	\$ 330
County Grant Awards-EMS	64.005	C4022	-	4,989
County Grant Awards-EMS	64.005	C5022	-	5,407
Total Department of Health-Bureau of Emergency Medical Services (EMS)			-	10,726
<b><u>Department of Management Services</u></b>				
<b>Passed through Florida E911 Board</b>				
Wireless 911 Emergency Telephone System	72.001	15-10-7	-	47,119
Wireless 911 Emergency Telephone System	72.001	S8-15-12-08	-	87,966
Total State of Florida Wireless 911			-	135,085
<b><u>Florida Housing Finance Corporation</u></b>				
<b>Direct Projects:</b>				
State Housing Initiatives Partnership Program	40.901	N/A	-	164,946
Total Department of Housing			-	164,946
<b><u>Department of Transportation</u></b>				
<b>Direct Projects:</b>				
Small County Road Assistance Program	55.016	433600-1-58-01	-	1,681,128
Small County Road Assistance Program	55.016	431885-1-58-01	-	47,554
Small County Road Assistance Program	55.016	430211-1-58-01	-	55,465
Small County Road Assistance Program	55.016	431890-1-54-01	-	59,260
Small County Road Assistance Program	55.016	431891-1-58-01	-	27,200
			-	1,870,607
Total Department of Transportation			-	1,870,607
Total Expenditures of State Financial Assistance			\$ -	\$ 2,787,089

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

**GLADES COUNTY, FLORIDA  
NOTE TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
SEPTEMBER 30, 2016**

**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, 2016, 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 22, 2017.

**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.

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 and of this section 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.



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

- 2010-001 Audit Adjustments
- 2015-003 Journal Entries
- 2016-002 Fund Balance and Chart of Accounts
- 2016-003 SHIP Reporting
- 2016-004 Outstanding Receivables
- 2016-005 Permit Fee Modification

### **Compliance and Other Matters**

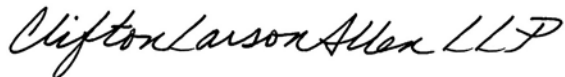
As part of obtaining reasonable assurance about whether County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

### **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 22, 2017

**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, 2016. 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, 2016.


### **Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 22, 2017

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

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

**State Financial Assistance Section**

Internal control over compliance:	
Material weakness(es) identified?	No
Were significant deficiency(ies) identified not considered to be a material weakness(es)	None Reported
Type of auditors' report issued on compliance for major projects:	Unmodified
Identification of major State projects:	

CSFA Number	Name of State Project
22.004	Small County Courthouse Facilities
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, 2016**

**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**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**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**

While there are a limited number of personnel in the Finance Office, Finance is working diligently to improve policies and procedures to prevent future audit adjustments after the year end trial balance is presented to the external auditing firm.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

**Part II - Financial Statement Findings (Continued)**

**2015-003 Journal Entries**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**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 414 individual manual journal entries. This is an improvement over the prior years 551 individual manual journal entries but is still a very high number. 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 education them on the proper account coding.

We also recommend management review the processes for recording transactions. If the processes 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 will continue to improve implementing its Journal Entry policies and procedures 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, 2016**

**Part II - Financial Statement Findings (Continued)**

**2016-001 E911 funding - Florida Administrative Code Rule 60FF1-5.006**

Type of Finding:

- Compliance

**Criteria**

As required by Florida Administrative Code Rule 60FF1-5.006, all counties shall provide financial information on the county fiscal year fee revenues received, the county fiscal year E911 expenditures and the carry forward amount for the county fiscal year. The information shall be provided on the E911 Board Form 6A, "County E911 Fiscal Information," (revised 3/2015).

**Condition**

The County has been correctly reporting using E911 Board Form 6A but has been basing the inputs on the State's fiscal year and not the County's fiscal year as required by Florida Administrative Code Rule 60FF1-5.006.

**Cause**

The County has been reporting this way for years and the reporting agency has not said anything.

**Effect**

By using the incorrect period for reporting, the County could hold excess funds that should be returned to E911.

**Recommendation**

We recommend the County begin reporting on the County fiscal year and set up procedures to review authoritative guidance periodically to verify there have been no changes.

**View of Responsible Officials**

The E911 Coordinator has already amended and resubmitted the last E911 Board Form 6A based on the County's Fiscal Year and was accepted by the State and will continue using the County's fiscal year for reporting.

**2016-002 Fund Balance and Chart of Accounts**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Criteria**

Fund balance should generally agree to the prior year financial statements ending balance.

**Condition**

The fund balance for the general and transportation funds in the trial balance provided by the County for the audit did not agree to the ending balance from the prior financial statements.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

**Part II - Financial Statement Findings (Continued)**

**2016-002 Fund Balance and Chart of Accounts (Continued)**

**Cause**

Upon review it was noted there are a couple accounts in the chart of accounts that are coded incorrectly. In this case there was an interfund payable account coded as an interfund transfer account. In the past posting date errors have resulted in current year activity being posted to the prior year resulting in fund balance differences.

**Effect**

Significant time and effort is needed to research and correct the error to fund balance before the current year audit has an accurate trial balance to work from.

**Recommendation**

We recommend the County begin reviewing and reconciling fund balance to the prior years financial statements as soon as any audit adjustments are posted and then again at year end to verify nothing has changed. Any differences should be researched immediately and corrected prior to sending the final trial balance to the auditors.

**View of Responsible Officials**

County management will review chart of account numbers prior to posting to help ensure the correct code is used and will also begin reconciling the Fund Balance once any audit adjustments are posted.

**2016-003 SHIP Reporting**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Criteria**

Florida Statute 420.9075 (10)

Each county or eligible municipality shall submit to the corporation by September 15 of each year a report of its affordable housing programs and accomplishments through June 30 immediately preceding submittal of the report. The report shall be certified as accurate and complete by the local government's chief elected official or his or her designee. Transmittal of the annual report by a county's or eligible municipality's chief elected official, or his or her designee, certifies that the local housing incentive strategies, or, if applicable, the local housing incentive plan, have been implemented or are in the process of being implemented pursuant to the adopted schedule for implementation. The report must include items (a) – (i).



**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

**Part II - Financial Statement Findings (Continued)**

**2016-003 SHIP Reporting (Continued)**

**Criteria (Continued)**

Florida Statute 420.9075 (11)

The report shall be made available by the county or eligible municipality for public inspection and comment prior to certifying the report and transmitting it to the corporation. The county or eligible municipality shall provide notice of the availability of the proposed report and solicit public comment. The notice must state the public place where a copy of the proposed report can be obtained by interested persons. Members of the public may submit written comments on the report to the county or eligible municipality and the corporation. Written public comments shall identify the author by name, address, and interest affected. The county or eligible municipality shall attach a copy of all such written comments and its responses to the annual report submitted to the corporation.

**Condition**

As part of the audit, we requested the fiscal year 2016 submission. The County was unable to provide evidence that the fiscal year 2016 submission was made as required or that the required public notice was performed.

**Cause**

There has been turnover in staffing in this area and there are no formal checklists that could be used as guidance for all required filings and information required to be maintained as support for required filings.

**Effect**

While late filing does not necessarily disqualify a local government from funding; however, it will delay funding disbursements.

**Recommendation**

We recommend the County develop a checklist that includes required reports that must be filed, what to include in the reports, filing dates and information to be maintained for record keeping purposes to show what was filed and when it was filed.

**View of Responsible Officials**

The SHIP Coordinator has attended several training seminars for SHIP since her hire date in 2016. She does have a print out from the SHIP Program Procedures Manual that she is using. An official checklist will be created and implemented for each file moving forward.

**2016-004 Outstanding Receivables**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Criteria**

Accounts receivable should be monitored on a timely basis to determine collectability and implement collection proceedings for old outstanding receivables.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

**Part II - Financial Statement Findings (Continued)**

**2016-004 Outstanding Receivables (Continued)**

**Condition**

As part of the audit, we tested subsequent receipts of proprietary fund receivables. There were 8 amounts totaling \$20,607 out of \$108,178 still outstanding as of our testing date of April 10, 2017. Of the 8 amounts, 6 related to the period from May to August 2016, with 1 from October 2015 and 1 that was on the September 30, 2015 receivable listing.

**Cause**

Proper research and follow-up was not conducted on old outstanding receivables.

**Effect**

The longer a receivable remains unpaid, the more difficult it could become to collect.

**Recommendation**

We recommend the County, periodically review (monthly or quarterly) the aged receivable trial balance and send letters to customers with balances over 60 or 90 days old. Follow up with a phone call if payment is not received by a specified period after the letter is sent.

**View of Responsible Officials**

We have already modified our solid waste invoice to include the month and amount of past due invoices for our vendors as well as advised the accounting clerk to follow up on any past due amounts over 60 days. Out of the three vendors who were still delinquent as of April, two have paid and we are working with the last to get this resolved.

**2016-005 Permit Fee Modification**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Criteria**

For new occupancy permits, inspections, and other similar fee-generating services, applications are submitted with appropriate documentation, routed to the appropriate departments or individual for review and approval, and then assigned applicable fees based upon predetermined criteria.

**Condition**

There appears to be a lack of adequate internal controls in place to prevent or detect a deletion or a modification of assigned department level fees that could occur subsequent to the review process but prior to customer receipt and payment. Thus, fees associated with these services could be altered without requisite approval and authorization prior to presenting to a customer.

**Cause**

There are currently no restrictions on employee access to add, delete, or modify fees within a permit application that has already completed the review and approval stage.

**GLADES COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2016**

**Part II - Financial Statement Findings (Continued)**

**2016-005 Permit Fee Modification (Continued)**

**Effect**

Permit and inspection revenues are susceptible to misstatement, either by error or fraud, if the fees can be removed or altered by an employee prior to payment at the cashiering station.

**Recommendation**

We recommend that the County either remove, or at least restrict to only authorized individuals, the ability to initiate any changes to permit applications after the departmental review and approval process has been completed. Any necessary changes subsequent to that process should be accompanied by sufficient supporting documentation and also should be prepared and approved by only authorized individuals.

**View of Responsible Officials**

There are a limited number of personnel in the Building Department. However, formal policies and procedures will be put in place for any changes to permit applications after the departmental review and approval process has been completed and any necessary changes subsequent to that will be accompanied by sufficient supporting documentation in order to lessen the risk of any compliance violations.

**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. Our audit did not disclose any matters required to be reported in accordance with Section 10.557, Rules of the Auditor General.

**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.

**Part V – Prior Year Findings**

**2015 – 001**

During this year's testing of cash management, we determined that corrective action was implemented. No similar findings were noted during the current year audit.

**2015 – 002**

During this year's testing of reporting, we determined that corrective action was implemented. No similar findings were noted during the current year audit.

## 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, 2016, and have issued our report thereon dated June 22, 2017.

### 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; which are dated June 22, 2017; 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, which is dated April 21, 2107. Disclosures in those reports and schedule 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, 2016, 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, 2016. 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 2016-001 Uniform Grant Guidance - Procurement** **Criteria**

All grant procurement must follow the Uniform Grant Guidance (Code of Federal Regulations Title 2 Subtitle A Chapter II Part 200 Subpart D sections 200.318 through 200.326).

#### **Condition**

The County's current procurement policy was created prior to the Uniform Grant Guidance becoming effective and has not been updated to take into account the changes in requirements for procurements under the new guidance.

**Other Matters (Continued)**

**ML 2016-001 Uniform Grant Guidance – Procurement (Continued)**

**Cause**

Procurement Policy has not been updated in several years.

**Effect**

Future procurements related to grant funding could be performed in violation of current regulations and requirements. This could result in actions by the granting agencies.

**Recommendation**

Update procurement policy related to grants to be in compliance with the Uniform Grant Guidance.

**Views of Responsible Officials**

County management has already updated its Grant Policy to add the changes to procurement. The General Procurement Policy will also be updated include the changes to Uniform Grant Guidance (Code of Federal Regulations Title 2 Subtitle A Chapter II Part 200 Subpart D sections 200.318 through 200.326).

**ML 2016-002 Quarterly Reconciliation of Capital Assets**

**Criteria**

Glades County Clerk of Courts and Finance Department Tracking of Fixed Assets Standard Operating Procedures (original dated December 17, 2013, revised May 14, 2014) states, the general ledger and fixed asset schedule should be reconciled quarterly to eliminate problems at year end when preparing for the audit.

**Condition**

We noted the reconciliation of the general ledger and fixed asset schedule is not performed on a quarterly basis. A full reconciliation is performed on an annual basis at fiscal year-end.

**Cause**

Management interpreted policy as optional quarterly reconciliations since policy said “should” not that it is “required”.

**Effect**

Quarterly reconciliations between the property records maintained by the Clerk and the general ledger maintained by the Finance Department allow for errors to be found much quicker than if the reconciliation is performed annually.

**Recommendation**

We recommend the Finance Department follow its Standard Operating Procedures and perform quarterly reconciliations of the general ledger to capital asset records to ensure ant errors are caught early and corrected in a timely manner.

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

**Other Matters (Continued)**

**ML 2016-002 Quarterly Reconciliation of Capital Assets (Continued)**

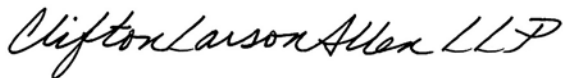
**View of Responsible Officials**

County management has already implemented quarterly reports of the Capital Assets between the Finance Department and the Clerk of Courts. The reconciliations will be reviewed and initialed for compliance.

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.

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

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 22, 2017

**GLADES COUNTY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

**APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

Prior Year Findings		Current Year Status			Current Year Finding #	2014-2015 Year Finding #	2013-2014 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
2010-001 Audit Adjustments	Material Weakness			X	2010-001	2010-001	2010-01
2015-003 Journal Entries	Material Weakness			X	2015-003	2015-003	N/A
2015-001 Cash Management	Significant Deficiency	X			N/A	2015-001	N/A
2015-002 Reporting	Significant Deficiency	X			N/A	2015-002	N/A
ML 2015-001 Construction in Progress Schedule	Management Letter	X			N/A	ML 2015-001	N/A



## **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, 2016. 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, 2016.

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  
April 21, 2017

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2016**

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCE – GOVERNMENTAL FUNDS</b>	<b>5</b>
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – GENERAL FUND</b>	<b>19</b>
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – PUBLIC RECORDS MODERNIZATION FUND</b>	<b>20</b>
<b>NOTE TO SUPPLEMENTARY INFORMATION</b>	<b>21</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>22</b>
<b>MANAGEMENT LETTER</b>	<b>25</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>29</b>
<b>CLERK'S RESPONSE TO FINDINGS</b>	<b>30</b>

## INDEPENDENT AUDITORS' REPORT

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, 2016, 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 Clerk'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 Clerk'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.

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, 2016, 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, 2016, 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 – governmental funds on pages 19-21 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2017 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  
May 18, 2017

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 167,082	\$ 136,535	\$ 303,617
Due from other funds	21,017	-	21,017
Other receivables	9,549	-	9,549
Prepaid items	5,647	23,933	29,580
	<u>5,647</u>	<u>23,933</u>	<u>29,580</u>
Total Assets	<u>\$ 203,295</u>	<u>\$ 160,468</u>	<u>\$ 363,763</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,423	\$ 6,290	\$ 10,713
Other accrued liabilities	28,003	-	28,003
Due to other funds	-	21,017	21,017
Due to Board of County Commissioners	17,784	-	17,784
Due to other governments	143,536	-	143,536
	<u>143,536</u>	<u>-</u>	<u>143,536</u>
Total Liabilities	193,746	27,307	221,053
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	9,549	-	9,549
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	5,647	23,933	29,580
Restricted	-	109,228	109,228
Unassigned	(5,647)	-	(5,647)
	<u>(5,647)</u>	<u>-</u>	<u>(5,647)</u>
Total Fund Balances	<u>-</u>	<u>133,161</u>	<u>133,161</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 203,295</u>	<u>\$ 160,468</u>	<u>\$ 363,763</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, 2016**

	General Fund	Public Records Modernization Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ 142,534	\$ -	\$ 142,534
Charges for services	379,556	57,675	437,231
Miscellaneous revenue	693	-	693
Investment earnings	416	130	546
	<hr/>	<hr/>	<hr/>
Total Revenues	523,199	57,805	581,004
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current - General government:			
Personal services	770,501	1,259	771,760
Operating expenditures	59,464	59,387	118,851
Capital outlay	-	2,110	2,110
	<hr/>	<hr/>	<hr/>
Total Expenditures	829,965	62,756	892,721
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(306,766)	(4,951)	(311,717)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	411,990	-	411,990
Transfers out	(18,144)	-	(18,144)
Unexpended appropriation: State of Florida	(87,080)	-	(87,080)
Total Other Financing Sources (Uses)	306,766	-	306,766
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	(4,951)	(4,951)
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	-	138,112	138,112
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ -	\$ 133,161	\$ 133,161
	<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, 2016**

**ASSETS**

Cash	\$ 344,759
Due from others	<u>15,722</u>
Total Assets	<u><u>\$ 360,481</u></u>

**LIABILITIES**

Due to other governments	\$ 284,928
Due to others	<u>75,553</u>
Total Liabilities	<u><u>\$ 360,481</u></u>

*See accompanying Notes to Financial Statements.*

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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 major governmental funds.

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, 2016**

**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 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.

**Deferred Inflows of Resources**

In addition to liabilities, the balance sheet 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. Unavailable revenue is reported on the General Fund balance sheet and represents receivables which will not be collected within the available period.

**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.

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**Fund Balance (Continued)**

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

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

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

**Interfund Transactions**

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. As of September 30, 2016, the PRM fund owed the General fund \$21,017 due to a time lag between the dates transactions are recorded and the payments are made.
- 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, 2016.

The amount transferred by the board to fund the 2016 budget of the Clerk was \$411,990.

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, 2016, the excess fees were \$18,144 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 \$61 for investment income.

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**Uses of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, 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 is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. In accordance with its policy, all Clerk depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act", provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When Public Deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof; therefore, the Clerk is not exposed to custodial credit risk for its deposits.

**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, 2016 was as follows:

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
Capital Assets, Being Depreciated:				
Equipment	\$ 201,460	\$ 2,110	\$ (12,695)	\$ 190,875
Less Accumulated Depreciation:				
Equipment	138,227	21,336	(12,695)	146,868
Total Capital Assets, Net	<u>\$ 63,233</u>	<u>\$ (19,226)</u>	<u>\$ -</u>	<u>\$ 44,007</u>

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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 2016:

Balance, October 1, 2015	\$ 19,772
Increases	45,902
Decreases	(49,935)
Balance, September 30, 2016	<u>\$ 15,739</u>
Amounts Due Within One Year	<u>\$ 14,165</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, 2016**

**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-employers 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](http://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 six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight 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, 2016**

**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, 2016**

**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, 2016, 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 0.06% of payroll and by forfeited benefits of plan members.

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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. 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, 2016, 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, 2016, 2015, and 2014 were \$75,383, \$72,840, and \$62,210, 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, 2016**

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

As determined by an actuarial valuation, the County records a net OPEB obligation (liability) 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, 2016, 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 \$8,940. 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 noncancelable operating leases. Total costs for these leases were \$5,583 for the fiscal year ended September 30, 2016. The future minimum lease payments under these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 7,236
2018	3,201
Total	<u>\$ 10,437</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.

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 9    ACTUAL EXPENDITURES OVER BUDGET**

During the year ended September 30, 2016, the Public Records Modernization Fund had expenditures in excess of the final budget due to certain expenditures transferred from the General Fund to the Public Records Modernization Fund. The Public Records Modernization Fund's budget was not amended for these expenditures.

## **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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 38,941	\$ 38,941	\$ 142,534	\$ 103,593
Charges for services	405,856	391,200	379,556	(11,644)
Investment Earnings	-	-	416	416
Miscellaneous Revenue	-	-	693	693
Total Revenues	444,797	430,141	523,199	93,058
<b>EXPENDITURES</b>				
Current - general government:				
Personal services	812,838	812,838	770,501	42,337
Operating expenditures	107,412	107,412	59,464	47,948
Capital outlay	2,224	2,224	-	2,224
Total Expenditures	922,474	922,474	829,965	92,509
Deficiency of Revenues over Expenditures	(477,677)	(492,333)	(306,766)	185,567
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	411,990	411,990	411,990	-
Transfers out	-	-	(18,144)	(18,144)
Unexpended appropriation: state of Florida	-	-	(87,080)	(87,080)
Total Other Financing Sources	411,990	411,990	306,766	(105,224)
Net Change in Fund Balance	\$ (65,687)	\$ (80,343)	\$ -	\$ 80,343

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

**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – PUBLIC RECORDS MODERNIZATION FUND  
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Charges for services	\$ 121,637	\$ 121,637	\$ 57,675	\$ (63,962)
Investment Earnings	-	-	130	130
	<u>121,637</u>	<u>121,637</u>	<u>57,805</u>	<u>(63,832)</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current - general government:				
Personal services	-	-	1,259	(1,259)
Operating expenditures	6,950	6,950	59,387	(52,437)
Capital outlay	49,000	34,344	2,110	32,234
	<u>55,950</u>	<u>41,294</u>	<u>62,756</u>	<u>(21,462)</u>
Total Expenditures				
Deficiency of Revenues over Expenditures	<u>65,687</u>	<u>80,343</u>	<u>(4,951)</u>	<u>(85,294)</u>
Net Change in Fund Balance	<u>\$ 65,687</u>	<u>\$ 80,343</u>	<u>\$ (4,951)</u>	<u>\$ (85,294)</u>

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



**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
NOTE TO SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2016**

**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 1 of each year, the Clerk submits to the Board a tentative budget for her 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.
  - 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 schedules presented herein are 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**

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, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated May 18, 2017.

**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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below as 2016-001, 2016-002, and 2016-003 that we consider to be material weaknesses.

### **2016-001 Material Audit Adjustments**

#### **Criteria**

Management is responsible for establishing and maintaining internal controls for the proper recording of all transactions.

#### **Condition**

As part of our audit, we proposed adjustments to revise the Clerk's books at year-end. These adjustments included a correction to record revenue received more than 60 days after year-end to deferred inflow of resources and an adjustment to the excess fines/fees due to the State.

#### **Cause**

The Clerk has a limited number of personnel in the finance department.

#### **Effect**

Child support revenue and excess fines/fees expenditures were materially misstated.

#### **Recommendation**

We recommend that management enhance its review of account balances at year-end to ensure all adjustments are recorded.

### **2016-002 Incorrect Journal Entry**

#### **Criteria**

Care should be taken when entering information into the accounting system.

#### **Condition**

During our review of journal entries, we noted one of five entries tested was recorded incorrectly.

#### **Cause**

The Clerk has a limited number of personnel in the finance department.

#### **Effect**

Due to/from funds and expenditures were misstated.

#### **Recommendation**

We recommend that management review general ledger reports after journal entries are posted to ensure the adjustment was properly recorded.

#### **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*.

### **2016-003 Budgets**

#### **Criteria**

Based on the 129.07 Florida Statutes, it is unlawful for expenditures to exceed budgeted appropriations. In addition, the budget must be balanced so that the total estimated receipts available from all sources, including balances brought forward from prior fiscal years, equals the total of appropriations for expenditures and reserves.

#### **Condition**

Actual expenditures exceed final budgeted appropriations for the Public Records Modernization Fund. The budgets for the General Fund and Public Records Modernization Fund did not balance according to 129.01(2)(b) Florida Statutes.

#### **Cause**

The Public Records Modernization Fund's original budget was not amended for additional expenditures that were transferred from the court-related sub-fund. While budgets were prepared for the General Fund and the Public Records Modernization Fund, the excess of estimated receipts over appropriations for the General Fund was considered as an offset to the excess of appropriations over estimated receipts for the Public Records Modernization Fund.

#### **Effect**

The Public Records Modernization Fund's expenditures exceed the fund's appropriations. A fund's expenditures exceeding appropriations violates 129.07 Florida Statutes. Budgets as prepared did not comply with 129.01(2)(b) Florida Statutes.

#### **Recommendation**

Budgets should be prepared for each fund in a balanced format as required by 129.01(2)(b) Florida Statutes. Additionally, Clerk personnel should review the budget to actual schedules by fund monthly to ensure actual expenditures by fund do not exceed budgeted appropriations by fund.

#### **Clerk's Response to Findings**

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

#### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 18, 2017

## MANAGEMENT LETTER

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, 2016, and have issued our report thereon dated May 18, 2017.

### 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

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* dated May 18, 2017 and our 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 dated April 21, 2017. Disclosures in those reports 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.

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.

#### **Current Status**

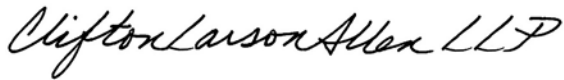
The finding was noted again in the current year. As of September 30, 2016, the Clerk has investigated and made some corrections to certain agency fund balance as part of their planned corrective action.

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

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

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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  
May 18, 2017



**CLERK OF THE CIRCUIT COURT,  
GLADES COUNTY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

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
2015-001: Journal Entries	Control Deficiency	X		

## INDEPENDENT ACCOUNTANTS' REPORT

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, 2016. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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  
April 21, 2017



**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 9, 2017

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

Dear Mr. Redovan:

Please see my response to the findings in the Financial Statements and Supplemental Reports for Year Ended September 30, 2016:

**2016-001 Material Audit Adjustments**

This adjustment was due to child support revenue that was received more than 60 days after year-end and was booked as an Accounts Receivable but should have been a Deferred Revenue. The Clerk's Office was not able to resolve issues with Florida Department of Revenue in a timely manner which caused revenues to be received more than 60 days after year-end. The Clerk will put procedures in place that management will review general ledger reports after journal entries are posted to ensure the adjustments are properly record.

**2016-002 Incorrect Journal Entry**

This adjustment was due to a clerical posting error of \$1,000 and the Due to/ Due from funds and expenditures were misstated. The Clerk will put procedures in place that management will review general ledger reports after journal entries are posted to ensure the adjustments are properly recorded.

**2016-003 Budgets**

This finding was due to actual expenditures exceeding final budgeted appropriations for the Public Records Modernization Fund. The budgets for the General Fund and Public Records Modernization Fund did not balance according to 129.01(2)(b) Florida Statutes. After the Clerk's Office was able to resolve some of the issues with Florida Department of Revenue regarding reimbursement of child support, it was found that some expenditures needed to be transferred from the General Fund to the Public Records Modernization Fund as recommended by Florida Clerks of Court Operations Corporation. After the transfers were made, staff did not amend the budget to offset the expenditures. Technically, the budget was not overspent but the final budget was not amended to reflect the transfers.

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CLERK OF COURTS • COMPTROLLER • RECORDER • CLERK TO BOARD OF COUNTY COMMISSIONERS

TELEPHONE: (863) 946-6010 FACSIMILE: (863) 946-0560 E-MAIL: [gladesclerk@gladesclerk.com](mailto:gladesclerk@gladesclerk.com)

Martin Redovan  
June 9, 2017  
Page 2

Management will create a Standard Operating Procedures and work with staff to implement procedures necessary for properly amending the budget at year-end and that the budget accurately reflects on internal reports.

**Prior Year Findings: ML 2010-001: Timely Remittance of Agency Transactions**

The Clerk's Office has implemented spreadsheets to track the remittances of fines and fees in order to create subsidiary schedules for accounts such as Tax Deed Suspense, General Suspense, Court Registry, Bond Forfeitures, etc. Subsidiary schedules have been maintained on all accounts since March 2012. There are old balances dating back to 2002 in some of the accounts such as Tax Deed Suspense and General Suspense which we have continued to work on reconciling as time permits.

The Court Registry – Cash, Due to Court Registry, Bond Forfeiture and Out of County Bond accounts have been reconciled to the Trial Balance.

We have been and are continuing work on reconciling the old account balances in order to remit funds where they need to be paid; however, we are working with limited amount of staff and time to dedicate to this project.

The FY21516 Draft Audit does state that the Clerk has investigated and made some corrections to certain agency fund balance as part of their planned corrective action.

Thank you,



Sandra H. Brown  
Clerk of Court

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2016**

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GENERAL FUND</b>	<b>4</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCE – GENERAL FUND</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – GENERAL FUND (NON-GAAP BUDGETARY BASIS)</b>	<b>15</b>
<b>NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET         AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)</b>	<b>16</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>18</b>
<b>MANAGEMENT LETTER</b>	<b>20</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>22</b>

## 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, 2016, 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, 2016, 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, 2016, 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.

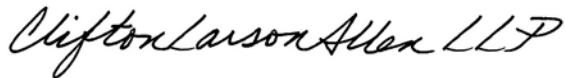
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 April 12, 2017 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 12, 2017

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2016**

**ASSETS**

Cash	<u>\$ 33,979</u>
Total Assets	<u><u>\$ 33,979</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 2,570
Due to Board of County Commissioners	30,819
Due to Other Governments	<u>590</u>
Total Liabilities	33,979

**FUND BALANCE**

Total Liabilities and Fund Balance	<u><u>\$ 33,979</u></u>
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*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, 2016**

**REVENUES**

Charges for Services	\$ 41,015
Miscellaneous	91
Total Revenues	<u>41,106</u>

**EXPENDITURES**

Current:	
Personal Services	516,929
Operating Expenditures	84,037
Capital Outlay	1,405
Total Expenditures	<u>602,371</u>

<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(561,265)
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**OTHER FINANCING SOURCES (USES)**

Transfers In	592,674
Distribution of Excess Fees:	
Board of County Commissioners	(30,819)
Other Governments	(590)
Total Other Financing Sources	<u>561,265</u>

<b>NET CHANGE IN FUND BALANCE</b>	-
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Fund Balance - Beginning of Year	<u>-</u>
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<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>
-----------------------------------	--------------------

*See accompanying Notes to Financial Statements.*

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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 2016 budget of the Property Appraiser was \$592,674.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$30,819 were due to the Board general fund at September 30, 2016.

**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 is the risk that in the event of a bank failure, the Property Appraiser's deposits may not be returned to it. In accordance with its policy, all Property Appraiser depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof; therefore, the Property Appraiser is not exposed to custodial credit risk for its deposits.

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 was as follows:

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
Capital Assets Being Depreciated:				
Equipment	\$ 159,230	\$ 1,405	\$ -	\$ 160,635
Less Accumulated Depreciation:				
Equipment	137,882	12,004	-	149,886
Total Capital Assets, Net	<u>\$ 21,348</u>	<u>\$ (10,599)</u>	<u>\$ -</u>	<u>\$ 10,749</u>

**NOTE 4 COMPENSATED ABSENCES**

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, 2016**

**NOTE 4 COMPENSATED ABSENCES (CONTINUED)**

Changes in compensated absences for the year ended September 30, 2016 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2015	\$ 13,324
Increases	30,866
Decreases	(32,392)
Balance - September 30, 2016	<u>\$ 11,798</u>
Amounts Due Within One Year	<u>\$ 11,798</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](http://www.dms.myflorida.com)).

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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, 2016**

**NOTE 5 PENSION PLAN (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Benefits Provided**

For the fiscal year ended June 30, 2016, 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 0.06% of payroll and by forfeited benefits of plan members.

**PROPERTY APPRAISER  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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. 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, 2016, 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, 2016, 2015, and 2014 were \$67,422, \$67,035, and \$57,257, 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, 2016**

**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, 2016, 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 \$4,728. 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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 22,333	\$ 22,333
Total Revenues	-	-	22,333	22,333
<b>EXPENDITURES</b>				
Current:				
Personal Services	508,846	519,285	516,929	2,356
Operating Expenditures	101,949	94,221	80,413	13,808
Capital Outlay	-	1,500	1,405	95
Total Expenditures	610,795	615,006	598,747	16,259
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(610,795)	(615,006)	(576,414)	(38,592)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	610,795	615,006	592,674	(22,332)
Distribution of Excess Fees:				
Board of County Commissioners	-	-	(15,670)	15,670
Other Governments	-	-	(590)	590
Total Other Financing Sources	610,795	615,006	576,414	38,592
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ -</u>	

*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, 2016**

**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, supplementary 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, 2016**

**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	\$ 22,333
Differences—budget to GAAP:	
Certain revenues are not a component of the Property Appraiser's budget	<u>18,773</u>
Total revenues as reported on the statement of revenues and expenditures	<u><u>\$ 41,106</u></u>
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 598,747
Differences—budget to GAAP:	
Certain expenditures are not a component of the Property Appraiser's budget	<u>3,624</u>
Total expenditures as reported on the statement of revenues and expenditures	<u><u>\$ 602,371</u></u>
Actual amounts (budgetary basis) "Other Financing Sources (Uses)" from the budgetary comparison schedule	\$ 576,414
Differences—budget to GAAP:	
Certain revenues and expenditures are not a component of the Property Appraiser's budget	<u>(15,149)</u>
Total Other Financing Sources (Uses) as reported on the statement of revenues and expenditures	<u><u>\$ 561,265</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, 2016, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated April 12, 2017.

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

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 12, 2017

## 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, 2016, and have issued our report thereon dated April 12, 2017.

### 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 April 12, 2017, 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  
April 12, 2017

## 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, 2016. 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, 2016.

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  
April 12, 2017

**SHERIFF  
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2016**

**SHERIFF  
GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCES – GOVERNMENTAL FUNDS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – GENERAL FUND</b>	<b>19</b>
<b>NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND         ACTUAL – GENERAL FUND</b>	<b>20</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>21</b>
<b>MANAGEMENT LETTER</b>	<b>23</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>26</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable David Hardin  
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, 2016, 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 David Hardin  
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, 2016, 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, 2016, 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.

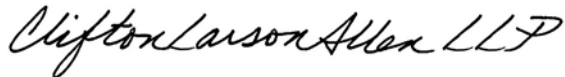
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 David Hardin  
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 9, 2017 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 9, 2017

**SHERIFF  
GLADES COUNTY, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 497,800	\$ 1,920,656	\$ 2,418,456
Accounts receivable	329,585	3,200	332,785
Prepaid	8,885	-	8,885
Due from other funds	-	3,502	3,502
Due from Board of County Commissioners	149,100	-	149,100
	<u>149,100</u>	<u>-</u>	<u>149,100</u>
Total Assets	<u>\$ 985,370</u>	<u>\$ 1,927,358</u>	<u>\$ 2,912,728</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 147,270	\$ 3,045	\$ 150,315
Other accrued liabilities	249,136	-	249,136
Due to other funds	3,502	-	3,502
Due to Board of County Commissioners	15,362	-	15,362
	<u>15,362</u>	<u>-</u>	<u>15,362</u>
Total Liabilities	<u>415,270</u>	<u>3,045</u>	<u>418,315</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	8,885	-	8,885
Restricted:			
Public safety	-	1,924,313	1,924,313
Training	10,846	-	10,846
Donations	7,933	-	7,933
Assigned:			
Personnel expenditures	542,436	-	542,436
Unassigned	-	-	-
Total Fund Balance	<u>570,100</u>	<u>1,924,313</u>	<u>2,494,413</u>
Total Liabilities and Fund Balances	<u>\$ 985,370</u>	<u>\$ 1,927,358</u>	<u>\$ 2,912,728</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, 2016**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
<b>REVENUES</b>			
Fines and forfeitures	\$ 33,550	\$ 181,009	\$ 214,559
Intergovernmental	32,177	20,800	52,977
Charges for services	4,219,622	-	4,219,622
Investment earnings	142	1,499	1,641
Miscellaneous income	83,893	-	83,893
	<u>4,369,384</u>	<u>203,308</u>	<u>4,572,692</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Personal services	2,627,893	-	2,627,893
Operating expenditures	553,582	72,635	626,217
Jail operations:			
Personal services	3,833,601	-	3,833,601
Operating expenditures	1,731,375	-	1,731,375
Capital outlay	290,726	84,317	375,043
	<u>9,037,177</u>	<u>156,952</u>	<u>9,194,129</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(4,667,793)	46,356	(4,621,437)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,723,486	-	4,723,486
Transfers out	(14,348)	-	(14,348)
Proceeds from the disposal of capital assets	14,348	25,416	39,764
	<u>4,723,486</u>	<u>25,416</u>	<u>4,748,902</u>
Total Other Financing Sources			
Net Change in Fund Balance	55,693	71,772	127,465
Fund Balances, Beginning of Year	514,407	1,852,541	2,366,948
Fund Balances, End of Year	<u>\$ 570,100</u>	<u>\$ 1,924,313</u>	<u>\$ 2,494,413</u>

See accompanying Notes to Financial Statements.

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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 major governmental funds.

The County funds the operating budget of the Sheriff.

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**Basis of Accounting and Measurement Focus**

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

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

**Prepaid**

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

**Fund Balance**

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

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

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

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

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**Fund Balance (Continued)**

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

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

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

**Interfund Transactions**

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. The following is a summary of interfund receivables and payables as of September 30, 2016.

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 3,502
Asset Forfeiture Fund	3,502	-
	<u>\$ 3,502</u>	<u>\$ 3,502</u>

- 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, 2016.

The amount transferred by the Board to fund the 2016 budget of the Sheriff was \$4,723,486.

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.

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

**Interfund Transactions (Continued)**

The amount of undistributed excess fees of \$14,348 was due to the Board's general fund at September 30, 2016, 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 \$667 for interest income and \$347 for fee income.

**Use of Estimates**

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

**NOTE 2 DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned to it. In accordance with its policy, all Sheriff depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof; therefore, the Sheriff is not exposed to custodial credit risk for its deposits.

**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, 2016**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 26,457	\$ 28,386	\$ 26,457	\$ 28,386
Capital Assets, Being Depreciated:				
Motor vehicles	2,064,846	270,797	543,798	1,791,845
Equipment and furniture	2,253,301	136,096	49,715	2,339,682
Livestock	10,500	-	-	10,500
Total Capital Assets, Being Depreciated	4,328,647	406,893	593,513	4,142,027
Less Accumulated Depreciation for:				
Motor vehicles	1,791,097	172,408	512,438	1,451,067
Equipment and furniture	1,944,171	96,792	43,869	1,997,094
Livestock	6,035	1,500	-	7,535
Total Accumulated Depreciation	3,741,303	270,700	556,307	3,455,696
Capital Assets, Net	\$ 613,801	\$ 164,579	\$ 63,663	\$ 714,717

**NOTE 4 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, 2016 were \$11,532.

The future minimum lease obligations as of September 30, 2016 are as follows:

<u>Fiscal Year Ending September 30,</u>	
2017	\$ 11,658
2018	11,658
2019	5,722
2020	1,482
2021	1,482
Total minimum lease payments	<u>\$ 32,002</u>



**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 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)

The following is a summary of changes in the compensated absences liability during fiscal year 2016.

Balance, October 1, 2015	\$ 599,465
Increases	628,019
Decreases	(596,574)
Balance, September 30, 2016	<u>\$ 630,910</u>
Amounts Due Within One Year	<u>\$ 443,037</u>

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 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](http://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.

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 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.

**SHERIFF  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 6 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, 2016, 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, 2016**

**NOTE 6 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 0.06% 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, 2016, 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, 2016**

**NOTE 6 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, 2016, 2015, and 2014 were \$807,945, \$775,624, and \$807,141, 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 7 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, 2016, 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 \$156,340. 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, 2016**

**NOTE 8 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 9 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, 2016, the Sheriff received \$3,877,883 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, 2016**

**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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 33,550	\$ 33,550	\$ -
Intergovernmental	-	32,177	32,177	-
Charges for services	-	4,219,621	4,219,622	1
Investment earnings	-	141	142	1
Miscellaneous income	-	80,687	83,893	3,206
Carryover from prior year	-	499,291	-	(499,291)
Total Revenues	-	4,865,467	4,369,384	(496,083)
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personal services	2,200,456	2,625,203	2,627,893	(2,690)
Operating expenditures	554,803	580,319	553,582	26,737
Jail operations:				
Personal services	-	3,833,601	3,833,601	-
Operating expenditures	1,690,744	1,730,147	1,731,375	(1,228)
Capital outlay	68,098	254,930	290,726	(35,796)
Carryover to next year	-	564,753	-	564,753
Total Expenditures	4,514,101	9,588,953	9,037,177	551,776
Excess (Deficiency) of Revenues over Expenditures	(4,514,101)	(4,723,486)	(4,667,793)	55,693
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,514,101	4,827,077	4,723,486	(103,591)
Transfers out	-	(117,939)	(14,348)	103,591
Proceeds from the disposal of capital assets	-	14,348	14,348	-
Total Other Financing Sources (Uses)	4,514,101	4,723,486	4,723,486	-
Net Change in Fund Balance	-	-	55,693	55,693
Fund Balances, Beginning of Year	-	-	514,407	514,407
Fund Balances, End of Year	\$ -	\$ -	\$ 570,100	\$ 570,100

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, 2016**

**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 David Hardin  
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, 2016, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated May 9, 2017.

**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 David Hardin  
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 9, 2017

## MANAGEMENT LETTER

The Honorable David Hardin  
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, 2016, and have issued our report thereon dated May 9, 2017.

### 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

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*, which is dated May 9, 2017, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General, which is dated April 21, 2017. Disclosures in those reports 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*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 9, 2017

**SHERIFF  
GLADES COUNTY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable David Hardin  
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, 2016. 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, 2016.

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  
April 21, 2017



**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2016**

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GENERAL FUND</b>	<b>4</b>
<b>STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – GENERAL FUND (NON-GAAP BUDGETARY BASIS)</b>	<b>15</b>
<b>NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET         AND ACTUAL – GENERAL FUND (NON- GAAP BUDGETARY BASIS)</b>	<b>16</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>18</b>
<b>MANAGEMENT LETTER</b>	<b>21</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>23</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable Aletris Farnam  
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, 2016, 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, 2016, 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 Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Glades County, Florida as of September 30, 2016, 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***

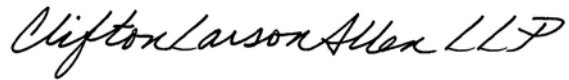
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 15-17 be presented to supplement the basic financial statements. Such information, although not a part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

The Honorable Aletris Farnam  
Supervisor of Elections  
Glades County, Florida

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2017, 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  
May 4, 2017

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2016**

**ASSETS**

Prepaid Expenses	<u>\$ 7,745</u>
Total Assets	<u><u>\$ 7,745</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Due to Board of County Commissioners	<u>\$ 7,745</u>
Total Liabilities	<u>7,745</u>

**FUND BALANCES**

Nonspendable:	
Prepaid items	7,745
Unassigned	<u>(7,745)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 7,745</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, 2016**

<b>REVENUES</b>	<u>\$ -</u>
<b>EXPENDITURES:</b>	
Current - General Government:	
Personal services	173,223
Operating expenditures	<u>68,470</u>
Total Expenditures	<u>241,693</u>
<b>OTHER FINANCING SOURCES</b>	
Transfer in	249,438
Transfer out	<u>(7,745)</u>
Total Other Financing Sources	<u>241,693</u>
<b>Net Change in Fund Balance</b>	-
<b>Fund Balance - Beginning of Year</b>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Financial Statements.*

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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 2016 budget of the Supervisor of Elections was \$249,438. The amount of excess funds transferred back to the Board at year end was \$7,745.

**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, 2016**

**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.

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
Assets Being Depreciated:				
Equipment, furniture, and vehicles	\$ 105,127	\$ -	\$ -	\$ 105,127
Less Accumulated Depreciation for:				
Equipment, furniture, and vehicles	91,764	4,825	-	96,589
Total Capital Assets, Net	<u>\$ 13,363</u>	<u>\$ (4,825)</u>	<u>\$ -</u>	<u>\$ 8,538</u>

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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.

Changes in the compensated absences for the year ended September 30, 2016 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2015	\$ 438
Increases	2,003
Decreases	(1,328)
Balance - September 30, 2016	<u>\$ 1,113</u>
Amounts Due Within One Year	<u>\$ 890</u>

**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.

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 4 PENSION PLAN (CONTINUED)**

**Background (Continued)**

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](http://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. 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.

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 4 PENSION PLAN (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Plan Description (Continued)**

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.

**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.

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 4 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. 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 0.06% of payroll and by forfeited benefits of plan members.

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 4 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. 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.

**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, 2016, 2015, and 2014 were \$35,223, \$34,828, and \$28,381, 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.

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 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 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, 2016, 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 \$1,360 The Supervisor of Elections' employer-paid premiums, as paid to the County-wide plan, include the portion related to postemployment benefits. The details of the plan, methodology and costs are more fully described in the County's Notes to Financial Statements.

**NOTE 6 RISK MANAGEMENT**

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



**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current - General Government:				
Personal services	175,036	173,431	173,223	208
Operating expenditures	41,000	71,705	76,215	(4,510)
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>216,036</u>	<u>245,136</u>	<u>249,438</u>	<u>(4,302)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in:				
Glades County, Florida Board of County Commissioners Appropriations	216,036	245,136	249,438	4,302
	<u>216,036</u>	<u>245,136</u>	<u>249,438</u>	<u>4,302</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPERVISOR OF ELECTIONS  
GLADES COUNTY, FLORIDA  
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
SEPTEMBER 30, 2016**

**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, 2016**

**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	\$      249,438
Differences—budget to GAAP:	
Prepaid expenses which are budgeted expenditures but are not recorded as expenditures in the statement of revenues and expenditures	<u>(7,745)</u>
Total expenditures as reported on the statement of revenues and expenditures - general fund	<u><u>\$      241,693</u></u>
Actual amounts (budgetary basis) "other sources (uses)" from the budgetary comparison schedule	\$      249,438
Differences—budget to GAAP:	
Excess appropriations not budgeted	<u>(7,745)</u>
Total sources (uses) as reported on the statement of revenues and expenditures - general fund	<u><u>\$      241,693</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 Aletris Farnam  
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, 2016, and the related notes to the financial statements, which collectively comprise Supervisor of Elections' financial statements, and have issued our report thereon dated May 4, 2017.

**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.

### **Compliance and Other Matters**

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

### **2016-001 – Budget**

#### Criteria

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

#### Condition

Actual expenditures exceed final budgeted appropriations.

#### Cause

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

#### Effect

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

#### Recommendation

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

#### View of Responsible Official

The final budget amendment did not take into account the budgetary reporting difference related to prepaid expenses as well as the additional expenses for payables. In the future, the budgetary differences along with any potential payables will be considered in developing the final budget amendment.

The Honorable Aletris Farnam  
Supervisor of Elections  
Glades County, Florida

### **Supervisor of Elections, Glades County, Florida's Response to Findings**

Supervisor of Elections, Glades County, Florida's response to the findings identified in our audit are described previously. Supervisor of Elections, Glades County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
May 4, 2017

## MANAGEMENT LETTER

The Honorable Aletris Farnam  
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, 2016, and have issued our report thereon dated May 4, 2017.

### 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 4, 2017, 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 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 Aletris Farnam  
Supervisor of Elections  
Glades County, Florida

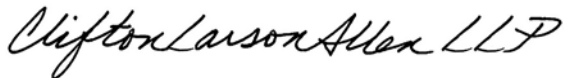
**Other Matters**

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  
May 4, 2017



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Aletris Farnam  
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, 2016. 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, 2016.

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  
April 21, 2017

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2016**

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GENERAL FUND</b>	<b>4</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCE – GENERAL FUND</b>	<b>5</b>
<b>STATEMENT OF FIDUCIARY NET POSITION – ALL AGENCY FUNDS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL         – GENERAL FUND</b>	<b>16</b>
<b>NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND         ACTUAL – GENERAL FUND</b>	<b>17</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>18</b>
<b>MANAGEMENT LETTER</b>	<b>20</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT</b>	<b>24</b>

## 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, 2016, 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, 2016, 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, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

The Honorable 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 April 18, 2017 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  
April 18, 2017

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2016**

**ASSETS**

Cash	<u>\$ 17,795</u>
Total Assets	<u><u>\$ 17,795</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 465
Due to Board of County Commissioners	<u>17,330</u>
Total Liabilities	<u>17,795</u>

**FUND BALANCE**

Total Liabilities and Fund Balance	<u><u>-</u></u>
	<u><u>\$ 17,795</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, 2016**

<b>REVENUES</b>	<u>\$ -</u>
<b>EXPENDITURES</b>	
Current:	
Personal services	335,881
Operating expenditures	82,604
Capital outlay	<u>7,933</u>
Total Expenditures	<u>426,418</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(426,418)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	439,308
Transfers out	<u>(12,890)</u>
Total Other Financing Sources	<u>426,418</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, 2016**

**ASSETS**

Cash	\$ 100,397
Other receivables	<u>16</u>
Total Assets	<u><u>\$ 100,413</u></u>

**LIABILITIES**

Due to other governments	<u>\$ 100,413</u>
Total Liabilities	<u><u>\$ 100,413</u></u>

*See accompanying Notes to Financial Statements.*

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016**

**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 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.

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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 2016 budget of the Tax Collector was \$439,308.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$12,890 were due to the Board of County Commissioners general fund at September 30, 2016.

**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 is the risk that in the event of a bank failure, the Tax Collector's deposits may not be returned to it. In accordance with its policy, all Tax Collector depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof; therefore, the Tax Collector is not exposed to custodial credit risk for its deposits.

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 was as follows:

<u>Capital Assets</u>	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
Capital assets being depreciated:				
Equipment	\$ 88,037	\$ 7,933	\$ -	\$ 95,970
Less accumulated depreciation:				
Equipment	57,053	6,863	-	63,916
Total Capital Assets, Net	<u>\$ 30,984</u>	<u>\$ 1,070</u>	<u>\$ -</u>	<u>\$ 32,054</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.

Changes in compensated absences for the year ended September 30, 2016 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance, October 1, 2015	\$ 7,208
Increases	18,771
Decreases	<u>(18,730)</u>
Balance, September 30, 2016	<u>\$ 7,249</u>
Amounts due within one year	<u>\$ 7,249</u>

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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](http://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.

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 PENSION PLAN (CONTINUED)**

**Florida Retirement System Pension Plan (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.

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.

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**NOTE 5 PENSION PLAN (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Benefits Provided (Continued)**

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, 2016, 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. 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 0.06% of payroll and by forfeited benefits of plan members.



**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016, 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.

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, 2016, 2015, and 2014 were \$28,945, \$29,689, and \$28,043, 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.

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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

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

The County participates in 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 Tax Collector 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, 2016, 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 \$3,349. 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, 2016, 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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Personal services	366,583	343,916	335,881	8,035
Operating expenditures	72,725	87,185	82,604	4,581
Capital outlay	-	8,207	7,933	274
Total Expenditures	439,308	439,308	426,418	12,890
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(439,308)	(439,308)	(426,418)	12,890
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	439,308	439,308	439,308	-
Transfers out	-	-	(12,890)	(12,890)
Total Other Financing Sources	439,308	439,308	426,418	(12,890)
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, 2016**

**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, 2016, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated April 18, 2017.

**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 Gail Jones  
Tax Collector  
Glades County, Florida

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
April 18, 2017

## 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, 2016, and have issued our report thereon dated April 18, 2017.

### 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 April 18, 2017, 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:

#### **2016-001 Credit Card Invoices**

##### **Criteria**

Management is responsible for the proper recording of all Tax Collector disbursements. Credit card statements should be reviewed in detail and charges coded to the correct general ledger accounts.

##### **Condition**

During audit procedures, it was noted that one credit card statement, which included a credit relating to the purchase of office equipment and a charge for travel expenses, was entirely recorded as travel expense.

##### **Effect**

By recording the charges and the credit entirely to travel expense, travel expenditures were understated and capital outlay expenditures overstated. The overstatement of capital outlay results in an overstatement of the asset capitalized as recorded in the County-wide depreciation schedule maintained by the Board of County Commissioners office.

##### **Cause**

The person reviewing the credit card bill for account coding did not realize the effect of entering the entire bill as one amount since all charges for the month in question were travel related.

##### **Recommendation**

Procedures are in place to review and approve the coding of invoices, we recommend reviewers pay special attention to unusual and infrequent items such as credits on the credit card statements and do the appropriate research to identify the original purchase to apply the credit.

##### **Views of Responsible Officials**

The incident in question was a rare incident where a credit for sales tax from the purchase of two computers was in error charged to Tax Collector and credited back to Tax Collector on the same statement as conference travel expenses. When posting the expenses, it was not split correctly to show the transactions on the statement into their proper accounts. We do have systems in place to make sure transactions are credited to the proper accounts. If another incident that is rare like this comes up and we are unsure how to post correctly we will ask our auditors how to properly post.

#### **2016-002 Reconciliation of Agency Fund Payable Accounts**

##### **Criteria**

Management is responsible for establishing and maintaining internal controls for the proper collection of taxes and distribution to taxing authorities according to Florida Statute 197.383.



The Honorable Gail Jones  
Tax Collector  
Glades County, Florida

**Condition**

During audit procedures, it was noted that collections for homestead exemption and/or limitation exclusions in the amount of \$4,101.07 were collected in August, 2014 and not distributed to taxing authorities until March, 2017.

**Effect**

Amounts collected were not distributed timely to taxing authorities in accordance with Florida Statute 197.383.

**Cause**

Agency Fund payable accounts were not properly reconciled.

**Recommendation**

We recommend Tax Collector along with its normal procedure for distributing taxes collected to each taxing authority according to Florida Statute 197.383, run a report of funds collected in QuickBooks for the time period that is being distributed to be sure any special exceptions such as Homestead Penalty payments (as in this case) –special exceptions not run through the normal AS 400 system– are included with the corresponding distribution. Matching the two (QuickBooks balance and the AS 400 distribution report) would also help to reconcile the agency fund payable account (for the Real Estate account) at a more frequent interval and would be beneficial to the year-end reconciling of this account.

**Views of Responsible Officials**

This was again another rare incident and not within our normal procedures. However we do plan to print a balance sheet from the QuickBooks Real Estate account for the timeframe of the distribution that is being processed and reconcile the account at that time. This will show us any deposits into QuickBooks like this homestead penalty that do not get processed through our AS 400 system and must be hand disbursed. We do currently write down all collection amounts from our daily summaries for the time period and balance that to our distribution report. This reconciling in QuickBooks will be a second check (a final catch of sorts) to alleviate this from happening again.

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  
April 18, 2017

**TAX COLLECTOR  
GLADES COUNTY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2014-2015	2013-2014	Cleared	Partially Cleared	Not Cleared
Deleted Transactions	Management Letter	N/A	2015-002	2014-002	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, 2016. 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, 2016.

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  
April 18, 2017