

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018

**GLADES COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

Honorable 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, 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, 2018, 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 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.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Glades County, Florida as of September 30, 2018, 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 a Matter

As described in Note 15, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASB Statement No. 75, the County reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the County's total OPEB liability and related ratios and the schedules of County's proportionate share of net pension liability and the schedules of County contributions on pages 4 - 13, pages 65 – 68, page 69, and pages 70 – 73 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 as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Honorable Board of County Commissioners
Glades County, Florida

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 12, 2019, 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 solely 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 effectiveness of the County's 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 County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 12, 2019

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

This section of the report presents our discussion and analysis of the County's performance during the fiscal year that ended September 30, 2018. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

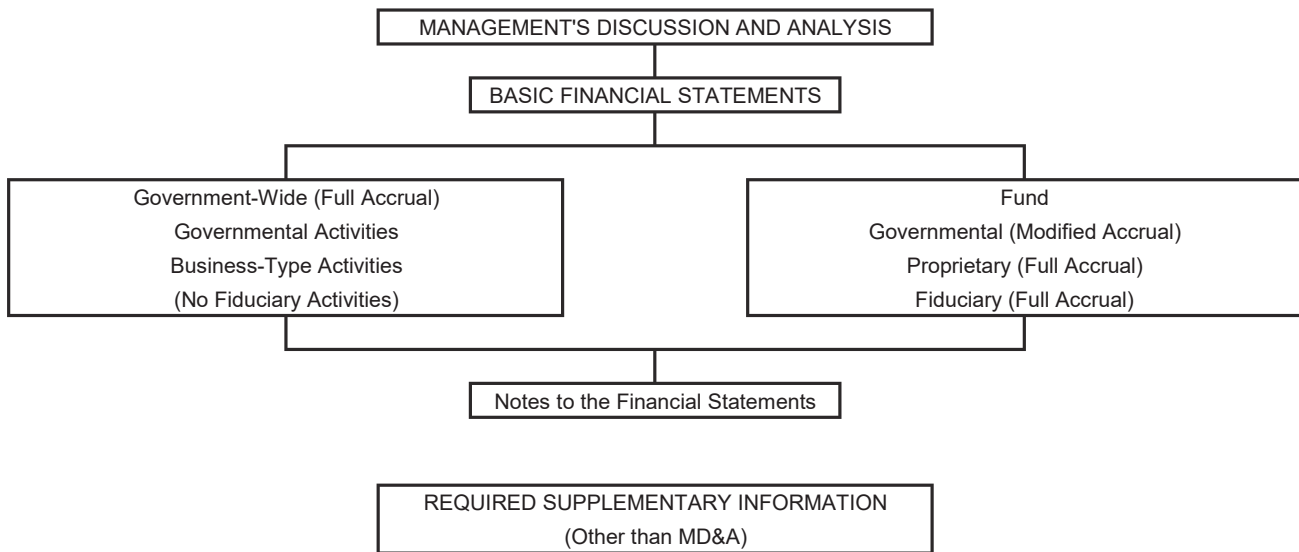
The County's total net position increased by approximately \$1.1 million over the course of this year's operations. The net position of our business-type activities increased by approximately \$150,000 and net position of our governmental activities increased by approximately \$928,000.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.0 million, or 31% of total general fund expenditures.

Overview of the Financial Statements

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

Financial Section



GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-Wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary activities)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private business	Instances in which the County is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in fund balances • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 statement of fiduciary net position is included in the County’s fund financial statements, because the County is financially accountable for those resources, even though they belong to other parties.

- The *Statement of Net Position* presents information on the assets held and liabilities owed by the County, both long term 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.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

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 revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

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

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting bases are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental fund balance sheet that reconciles the total fund balances for all governmental funds to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenues, 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 revenues, 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, 2018 and 2017, derived from the government-wide statement of net position:

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 18,219	\$ 16,789	\$ 1,242	\$ 1,130	\$ 19,461	\$ 17,919
Capital Assets	51,243	50,416	403	419	51,646	50,835
Total Assets	69,462	67,205	1,645	1,549	71,107	68,754
Deferred Outflows of Resources	8,959	7,555	12	11	8,971	7,566
Other Liabilities	1,625	1,446	37	78	1,662	1,524
Noncurrent Liabilities Outstanding	21,107	18,927	497	509	21,604	19,436
Total Liabilities	22,732	20,373	534	587	23,266	20,960
Deferred Inflows of Resources	2,849	2,475	4	4	2,853	2,479
Net Position:						
Net Investment in Capital Assets	50,921	50,073	403	419	51,324	50,492
Restricted	9,707	8,826	-	-	9,707	8,826
Unrestricted	(7,787)	(6,987)	716	550	(7,071)	(6,437)
Total Net Position	\$ 52,841	\$ 51,912	\$ 1,119	\$ 969	\$ 53,960	\$ 52,881

Capital assets for the governmental activities increased \$827,000 due to \$608,000 for road resurfacing and infrastructure as well as \$218,925 in equipment purchases throughout the year. Deferred outflows of resources increased \$1.4 million due to changes in the actuarial valuation and the County’s share of pension related deferred outflows of resources. Overall, total liabilities increased \$2.4 million, which was due to an increase in the net pension liability recorded for approximately \$2.1 million and an increase in operational payables at year-end of \$287,000. Deferred inflows of resources increased \$374,000 due to changes in the actuarial valuation and the County’s share of pension related deferred inflows of resources.

Current and other assets of the business-type activities increased by approximately \$111,000 due to an increase in cash and investments of \$44,615 because of overall operating income. Accounts Receivable increased approximately \$42,900 due to the timing of revenue received at year end. Due to other Funds increased approximately \$22,700 because of grant payment requests.

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 \$53.9 million. The largest portion of the County’s net position is net investment in capital assets and is 95.1% 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 18.0% 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 -13.1% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position increased by approximately \$1.1 million during the fiscal year compared to the increase of \$1.4 million in the prior fiscal year. This decrease is attributed to a decrease in capital grants for the completion of Love’s Travel Center Infrastructure in the previous fiscal year.

The table below presents a summary of changes in net position for the years ended September 30, 2018 and 2017, as derived from the government-wide statement of activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,813	\$ 7,267	\$ 578	\$ 536	\$ 9,391	\$ 7,803
Operating Grants	1,356	2,100	86	37	1,442	2,137
Capital Grants	2,340	2,560	-	-	2,340	2,560
General Revenues:						
Property Taxes	7,495	7,171	-	-	7,495	7,171
Other Taxes	4,897	4,463	-	-	4,897	4,463
Other Revenues	631	98	14	3	645	101
Total Revenues	<u>25,532</u>	<u>23,659</u>	<u>678</u>	<u>576</u>	<u>26,210</u>	<u>24,235</u>
Expenses:						
General Government	5,595	5,037	-	-	5,595	5,037
Public Safety	15,486	13,807	-	-	15,486	13,807
Physical Environment	412	441	-	-	412	441
Transportation	1,826	1,847	-	-	1,826	1,847
Culture and Recreation	414	379	-	-	414	379
Human Services	433	448	-	-	433	448
Economic Environment	339	310	-	-	339	310
Court-Related Costs	93	72	-	-	93	72
Interest on Long-Term Debt	6	1	-	-	6	1
Solid Waste	-	-	528	452	528	452
Total Expenses	<u>24,604</u>	<u>22,342</u>	<u>528</u>	<u>452</u>	<u>25,132</u>	<u>22,794</u>
Change in Net Position	928	1,317	150	124	1,078	1,441
Net Position - Beginning	51,912	50,900	969	845	52,881	51,745
Prior Period Adjustment	-	(305)	-	-	-	(305)
Net Position - Ending	<u>\$ 52,840</u>	<u>\$ 51,912</u>	<u>\$ 1,119</u>	<u>\$ 969</u>	<u>\$ 53,959</u>	<u>\$ 52,881</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 \$928,000 or 1.8% due to current year activities, and the net position of the business-type activities increased by approximately \$150,000 or 15.6%.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Governmental Activities – Governmental activities increased the County's net position by approximately \$928,000, accounting for 85.8% of the total current year increase in net position. Overall revenues increased \$1.2 million and expenses increased \$2.3 million. Key elements of these changes are as follows:

- Charges for services increased approximately \$1.5 million due to \$1.3 million increase in contributions from GCDC, increase of \$71,200 in ambulance fees, increase of \$12,800 in rental fees for the Training Center, increase of \$113,000 in C&D Host Fees, \$1,250 in Clerk of Court Fees, \$19,700 in Tax Collector Fees, \$13,230 in management & administrative fees.
- Operating grants decreased \$750,000 due primarily for a decrease in housing projects.
- Capital Grants decreased \$220,000 due a decrease in the number of active capital grants compared to the previous year.
- Property tax revenues increased approximately \$324,000 due to increases in assessed value.
- Other tax revenue increased approximately \$434,000 due to increases in Amendment One Offset.
- General government expenditures increased approximately \$564,000 for operating expenses.
- Public Safety expenditures increased approximately \$1.7 million due to an increase of approximately \$1.35 million in jail operations and an increase of \$325,000 in county operations.

Business-Type Activities – Business-type activities increased the County's net position by approximately \$150,000. Overall revenues increased \$102,000 and expenses increased by \$76,000.

Financial Analysis of Glades County, Florida's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At end of the current fiscal year, unassigned fund balance of the general fund was \$6.0 million while the total fund balance reached \$7.7 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 31.3% of total general fund expenditures and 77.6% 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 \$231,000 during the current fiscal year, reflecting normal activities of the County.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an increase of approximately \$264,000 due to an increase in revenues and decreases in expenditures.
- SHIP Fund had a decrease of approximately \$135,000 resulting primarily from an increase in expenditures with a decrease in revenues due primarily to not receiving additional funding by the State until prior years funding has been expended.
- Capital Outlay Fund had an increase of approximately \$503,000 resulting primarily from an increase in revenues and decreases in expenditures.
- Sheriff Asset Forfeiture had an increase of approximately \$54,000 resulting primarily from the timing of monies received compared to the amount spent on qualified law enforcement activities.

Proprietary Funds

The Solid Waste Fund showed an approximate \$150,000 increase in net position from the prior year. The increase is due primarily to an increase of \$43,000 in Landfill Fees and \$48,000 in operating grants from reimbursements which was complimented by an increase in expenses of \$76,000 due to the timing along with an increase in non-operating revenues of \$11,000.

General Fund Budgetary Highlights

Actual revenues were over budget by \$228,000. Expenditures were under budget by \$4.5 million. Some significant changes were as follows:

- Increase of \$261,000 in miscellaneous revenue collected over the final budget amount for an easement agreement collected after year end.
- Expenditures were under budget by \$3.6 million compared to actual in General Government due to a \$2.5 million increase in contingencies and reserves for special projects available and the excess due to a decrease in operating expenditures.
- Expenditures were under budget by \$437,000 in Public Safety due to a decrease in expenditures from employee turnover throughout the fiscal year.
- Court-Related Costs were under budget by \$19,000 due to a decrease in operating expenditures.
- Economic Development expenditures were under budget by \$93,000 due to a decrease in operating expenditures.
- Human Services expenditures were under budget by \$47,000 due to a decrease in operating expenditures.
- Capital Outlay expenditures were under budget by \$236,107 due to a decrease in purchasing equipment.

The comparison between final amended budget and actual was a positive change of approximately \$4.6 million.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2018 and 2017, the County had \$51.6 million and \$50.8 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Construction in Progress	\$ 3,331	\$ 6,538	\$ 25	\$ 25	\$ 3,356	\$ 6,563
Land Improvements	-	-	574	574	574	574
Infrastructure	57,428	52,517	-	-	57,428	52,517
Building	33,804	32,578	45	45	33,849	32,623
Equipment, Furniture, and Vehicles	12,054	11,646	330	319	12,384	11,965
K-9 Unit	11	11	-	-	11	11
Less: Accumulated Depreciation	(55,385)	(52,874)	(571)	(544)	(55,956)	(53,418)
Total	<u>\$ 51,243</u>	<u>\$ 50,416</u>	<u>\$ 403</u>	<u>\$ 419</u>	<u>\$ 51,646</u>	<u>\$ 50,835</u>

Major capital asset events during the year included:

- Improvements towards Birchwood Parkway with costs of approximately \$907,000. Glades County received a grant for this project.
- Improvements towards Aspen Blvd with costs of approximately \$1.5 million. Glades County received a grant for this project.

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 \$21.1 million in governmental activities, which is an increase in the prior year balance and \$497,000 in business-type activities, which is less than the balance in the prior year.

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

The long-term liabilities 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	
	2018	2017	2018	2017	2018	2017
Note Payable	\$ 191	\$ 239	\$ -	\$ -	\$ 191	\$ 239
Net Pension Liability	18,376	16,284	27	26	18,403	16,310
Total OPEB Liability	1,637	1,543	-	-	1,637	1,543
Landfill Closure Obligation	-	-	470	483	470	483
Estimated Liability for Compensated Absences	903	861	-	-	903	861
Total	<u>\$ 21,107</u>	<u>\$ 18,927</u>	<u>\$ 497</u>	<u>\$ 509</u>	<u>\$ 21,604</u>	<u>\$ 19,436</u>

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- An increase in compensated absences indicates employees are using less time than in previous year.
- There was an decrease in the estimated liability for landfill closure and post-closure care costs resulting from the closing of Cell 1 of the County's landfill.
- An increase in OPEB obligation resulted from an increase in benefit rates and the implementation of GASB Statement 75.
- A decrease in notes payables resulting from a payment made towards a loan with a Bank used for the purchase of a new fire truck.

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 2018-2019 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, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 11,523,653	\$ 877,387	\$ 12,401,040	\$ 45,152
Investments	2,896,497	-	2,896,497	-
Restricted Assets:				
Cash and Cash Equivalents	829,700	-	829,700	-
Investments	283,313	-	283,313	-
Accounts Receivable, Net	2,042,614	139,440	2,182,054	-
Internal Balances	2,519	(2,519)	-	-
Due from Other Governments	460,245	36,388	496,633	-
Inventories	70,119	-	70,119	-
Prepaid Items	109,953	-	109,953	-
Noncurrent Restricted Assets:				
Investments	-	192,107	192,107	-
Capital Assets:				
Nondepreciable Capital Assets	3,331,392	25,000	3,356,392	-
Depreciable Capital Assets, Net	47,911,462	377,965	48,289,427	-
Total Assets	<u>69,461,467</u>	<u>1,645,768</u>	<u>71,107,235</u>	<u>45,152</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Pensions	8,892,912	11,700	8,904,612	-
Deferred Amount on OPEB	65,916	-	65,916	-
Total Deferred Outflows of Resources	<u>8,958,828</u>	<u>11,700</u>	<u>8,970,528</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,282,814	37,007	1,319,821	-
Accrued Interest	1,052	-	1,052	-
Due to Other Governmental Units	115,797	-	115,797	-
Unearned Revenue	224,885	-	224,885	-
Noncurrent Liabilities:				
Long-Term Liabilities Due Within One Year	696,892	-	696,892	-
Long-Term Liabilities Due in More Than One Year	396,973	470,446	867,419	-
Net Pension Liability	18,376,370	26,542	18,402,912	-
Total OPEB Liability	1,636,648	-	1,636,648	-
Total Liabilities	<u>22,731,431</u>	<u>533,995</u>	<u>23,265,426</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Pensions	2,751,919	4,226	2,756,145	-
Deferred Amount on OPEB	97,243	-	97,243	-
Total Deferred Inflows of Resources	<u>2,849,162</u>	<u>4,226</u>	<u>2,853,388</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	50,920,578	402,965	51,323,543	-
Restricted for:				
Capital Project	8,681,155	-	8,681,155	-
Other Uses	1,025,394	-	1,025,394	-
Unrestricted	(7,787,425)	716,282	(7,071,143)	45,152
Total Net Position	<u>\$ 52,839,702</u>	<u>\$ 1,119,247</u>	<u>\$ 53,958,949</u>	<u>\$ 45,152</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs Primary Government:	Program Revenues			Net Revenue (Expense) 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	
Governmental Activities:							
General Government	\$ 5,594,655	\$ 985,778	\$ 532,997	\$ -	\$ (4,075,880)	\$ -	\$ (4,075,880)
Public Safety	7,106,444	559,610	514,513	14,000	(6,018,321)	-	(6,018,321)
Physical Environment	412,198	417,969	73,253	2,034	81,058	-	81,058
Transportation	1,826,317	1,600	-	2,294,573	469,856	-	469,856
Culture/Recreation	414,242	19,377	26,676	-	(368,189)	-	(368,189)
Human Services	433,486	1,056	25,000	-	(407,430)	-	(407,430)
Economic Environment	338,549	-	162,400	29,050	(147,099)	-	(147,099)
Court-Related Costs	93,383	158,069	21,177	-	85,863	-	85,863
Jail Operations	8,379,350	6,669,068	-	-	(1,710,282)	-	(1,710,282)
Interest on Long-Term Debt	6,300	-	-	-	(6,300)	-	(6,300)
Total Governmental Activities	24,604,924	8,812,527	1,356,016	2,339,657	(12,096,724)	-	(12,096,724)
Business-Type Activities:							
Solid Waste	528,033	578,371	85,535	-	135,873	135,873	135,873
Total Business-Type Activities	528,033	578,371	85,535	-	135,873	135,873	135,873
Total Primary Government	\$ 25,132,957	\$ 9,390,898	\$ 1,441,551	\$ 2,339,657	(12,096,724)	135,873	(11,960,851)
Component Unit							
Glades Soil and Water Conservation District	\$ 13,112	\$ -	\$ 23,774	\$ -	-	-	\$ 10,662
Total Component Unit	\$ 13,112	\$ -	\$ 23,774	\$ -	-	-	\$ 10,662
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					5,837,621	-	5,837,621
Property Taxes, Levied for Other Purposes					1,657,472	-	1,657,472
Public Service, Sales, and Miscellaneous Taxes					4,897,169	-	4,897,169
Investment Earnings					59,149	7,705	66,854
Insurance Proceeds					10,259	-	10,259
Miscellaneous					562,623	6,200	568,823
Total General Revenues					13,024,293	13,905	13,038,198
Change in Net Position					927,569	149,778	1,077,347
Net Position - Beginning					52,216,908	969,469	53,186,377
Change in Accounting Principle - GASB 75 Implementation					(304,775)	-	(304,775)
Net Position (Deficit) - Beginning, as Restated					51,912,133	969,469	52,881,602
Net Position - Ending					\$ 52,839,702	\$ 1,119,247	\$ 53,958,949

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

ASSETS	General Fund	Transportation Trust	SHIP	Capital Outlay
Cash and Cash Equivalents	\$ 5,593,838	\$ 1,213,531	\$ 534,271	\$ 2,165,640
Restricted Cash and Cash Equivalents	821,530	-	-	8,170
Investments	1,136,742	1,632,398	1	127,356
Restricted Investments	283,312	-	-	1
Accounts Receivable, Net	1,680,740	238,490	-	120,098
Due from Other Funds	146,818	398	-	586,419
Due from Other Governments	222,242	-	-	198,772
Inventories	-	70,119	-	-
Prepaid Items	96,027	2,661	-	-
Total Assets	<u>\$ 9,981,249</u>	<u>\$ 3,157,597</u>	<u>\$ 534,272</u>	<u>\$ 3,206,456</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 533,895	\$ 50,302	\$ 281	\$ 45,127
Due to Other Funds	588,318	14,425	-	98,750
Due to Other Governments	115,797	-	-	-
Unearned Revenue	216,773	-	-	8,112
Other Accrued Expenditures	617,101	-	-	-
Total Liabilities	<u>2,071,884</u>	<u>64,727</u>	<u>281</u>	<u>151,989</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	<u>215,935</u>	<u>-</u>	<u>-</u>	<u>176,985</u>
 FUND BALANCES				
Nonspendable:				
Prepaid Items	96,027	2,661	-	-
Inventory	-	70,119	-	-
Restricted:				
Capital Projects	279,845	3,020,090	-	2,877,482
Cemetery Care	142,922	-	-	-
Law Enforcement	123,507	-	-	-
Public Safety	4,977	-	-	-
Other	553,590	-	533,991	-
Assigned:				
Law Enforcement	519,233	-	-	-
Unassigned	5,973,329	-	-	-
Total Fund Balances	<u>7,693,430</u>	<u>3,092,870</u>	<u>533,991</u>	<u>2,877,482</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,981,249</u>	<u>\$ 3,157,597</u>	<u>\$ 534,272</u>	<u>\$ 3,206,456</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,726,156	\$ 290,217	\$ 11,523,653
Restricted Cash and Cash Equivalents	-	-	829,700
Investments	-	-	2,896,497
Restricted Investments	-	-	283,313
Accounts Receivable, Net	3,201	85	2,042,614
Due from Other Funds	-	1,899	735,534
Due from Other Governments	-	39,231	460,245
Inventories	-	-	70,119
Prepaid Items	-	11,265	109,953
Total Assets	\$ 1,729,357	\$ 342,697	\$ 18,951,628
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,418	\$ 32,690	\$ 665,713
Due to Other Funds	132	31,390	733,015
Due to Other Governments	-	-	115,797
Unearned Revenue	-	-	224,885
Other Accrued Expenditures	-	-	617,101
Total Liabilities	3,550	64,080	2,356,511
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	23,640	416,560
 FUND BALANCES			
Nonspendable:			
Prepaid Items	-	11,265	109,953
Inventory	-	-	70,119
Restricted:			
Capital Projects	-	-	6,177,417
Cemetery Care	-	-	142,922
Law Enforcement	-	24,017	147,524
Public Safety	1,725,807	54,800	1,785,584
Other	-	164,895	1,252,476
Assigned:			
Law Enforcement	-	-	519,233
Unassigned	-	-	5,973,329
Total Fund Balances	1,725,807	254,977	16,178,557
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,729,357	\$ 342,697	\$ 18,951,628

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Fund Balance - Governmental Funds \$ 16,178,557

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

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

Nondepreciable	\$ 3,331,392	
Depreciable, Net	<u>47,911,462</u>	51,242,854

Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position. 8,892,912

Deferred outflows of resources are reported as a result of changes in deferred amounts on OPEB in the statement of net position. 65,916

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. 416,560

Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds. (1,052)

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

Note Payable	(191,120)	
Compensated Absences	(902,745)	
Net Pension Liability	(18,376,370)	
Total OPEB Obligation	<u>(1,636,648)</u>	(21,106,883)

Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position. (2,751,919)

Deferred inflows of resources are reported as a result of changes in deferred amounts on OPEB in the statement of net position. (97,243)

Net Position of Governmental Activities \$ 52,839,702

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad Valorem Taxes	\$ 5,837,621	\$ 58,153	\$ -	\$ -
Sales and Miscellaneous Taxes	1,972,440	2,222,453	-	638,563
Fees and Fines	79,442	-	-	-
Licenses and Permits	20	1,600	-	-
Intergovernmental	970,610	-	264	2,201,478
Charges for Services	8,221,613	-	-	-
Investment Earnings	39,342	7,651	2,613	6,896
Miscellaneous	509,926	81,780	-	-
Contributions	118,365	-	-	-
Total Revenues	<u>17,749,379</u>	<u>2,371,637</u>	<u>2,877</u>	<u>2,846,937</u>
EXPENDITURES				
Current:				
General Government	4,510,441	-	-	-
Public Safety	5,535,134	-	-	925
Jail Operations	7,854,066	-	-	-
Physical Environment	139,249	-	-	-
Transportation	-	1,303,407	-	-
Human Services	315,647	-	-	-
Culture/Recreation	167,373	137,781	-	4,192
Economic Development	110,073	-	138,273	8,391
Court-Related Costs	46,299	-	-	-
Capital Outlay	356,623	666,818	-	2,330,001
Debt Service:				
Principal	47,780	-	-	-
Interest	6,563	-	-	-
Total Expenditures	<u>19,089,248</u>	<u>2,108,006</u>	<u>138,273</u>	<u>2,343,509</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,339,869)	263,631	(135,396)	503,428
OTHER FINANCING SOURCES (USES)				
Transfer In	1,660,995	-	-	-
Transfers Out	(24,164)	-	-	-
Distribution of Excess Fees - Other Governments	(66,389)	-	-	-
Total Other Financing Sources (Uses)	<u>1,570,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCES	230,573	263,631	(135,396)	503,428
Fund Balance - Beginning	<u>7,462,857</u>	<u>2,829,239</u>	<u>669,387</u>	<u>2,374,054</u>
FUND BALANCES - ENDING	<u>\$ 7,693,430</u>	<u>\$ 3,092,870</u>	<u>\$ 533,991</u>	<u>\$ 2,877,482</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, 2018

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad Valorem Taxes	\$ -	\$ 1,599,319	\$ 7,495,093
Sales and Miscellaneous Taxes	-	63,712	4,897,168
Fees and Fines	173,517	-	252,959
Licenses and Permits	-	202,798	204,418
Intergovernmental	20,800	143,472	3,336,624
Charges for Services	-	18,333	8,239,946
Investment Earnings	1,303	1,346	59,151
Miscellaneous	-	-	591,706
Contributions	-	-	118,365
Total Revenues	<u>195,620</u>	<u>2,028,980</u>	<u>25,195,430</u>
EXPENDITURES			
Current:			
General Government	-	50,374	4,560,815
Public Safety	66,107	171,847	5,774,013
Jail Operations	-	-	7,854,066
Physical Environment	-	154,843	294,092
Transportation	-	-	1,303,407
Human Services	-	-	315,647
Culture/Recreation	-	-	309,346
Economic Development	-	-	256,737
Court-Related Costs	-	-	46,299
Capital Outlay	75,510	9,460	3,438,412
Debt Service:			
Principal	-	-	47,780
Interest	-	-	6,563
Total Expenditures	<u>141,617</u>	<u>386,524</u>	<u>24,207,177</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>54,003</u>	<u>1,642,456</u>	<u>988,253</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	24,164	1,685,159
Transfers Out	-	(1,660,995)	(1,685,159)
Distribution of Excess Fees - Other Governments	-	-	(66,389)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,636,831)</u>	<u>(66,389)</u>
CHANGE IN FUND BALANCES	54,003	5,625	921,864
Fund Balance - Beginning	<u>1,671,804</u>	<u>249,352</u>	<u>15,256,693</u>
FUND BALANCES - ENDING	<u>\$ 1,725,807</u>	<u>\$ 254,977</u>	<u>\$ 16,178,557</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, 2018**

Net Change in Fund Balance - Governmental Funds	\$	921,864
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital Outlay	\$ 3,438,412	
Depreciation	<u>(2,611,509)</u>	826,903
<p>Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).</p>		
		(288)
<p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal Debt Payments		47,780
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.</p>		
		328,883
<p>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.</p>		
Current Change in Accrued Interest Payable	263	
Current Change in Compensated Absences	<u>(41,255)</u>	(40,992)
<p>Net change in the liability for OPEB and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements.</p>		
		(177,691)
<p>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.</p>		
		<u>(978,890)</u>
Change in Net Position of Governmental Activities	\$	<u><u>927,569</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2018**

	Enterprise Fund
	Solid Waste
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 877,387
Accounts Receivable, Net	139,440
Due from Other Governments	36,388
Total Current Assets	1,053,215
NONCURRENT ASSETS	
Restricted Assets:	
Investments	192,107
Capital Assets (Net of Accumulated Depreciation):	
Land	25,000
Land Improvements	574,421
Buildings	45,433
Equipment and Furniture	329,602
Total Capital Assets	974,456
Less: Accumulated Depreciation	(571,491)
Net Capital Assets	402,965
Total Noncurrent Assets	595,072
Total Assets	1,648,287
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount on Pensions	11,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	37,007
Due to Other Funds	2,519
Total Current Liabilities	39,526
NONCURRENT LIABILITIES	
Net Pension Liability	26,542
Liability for Landfill Closure	470,446
Total Liabilities	536,514
DEFERRED INFLOWS OF RESOURCES	
Deferred Amount on Pensions	4,226
NET POSITION	
Investment in Capital Assets	402,965
Unrestricted Net Position	716,282
Total Net Position	\$ 1,119,247

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Fund
	Solid Waste
OPERATING REVENUES	
Charges for Services	\$ 578,371
Operating Grants and Contributions	85,535
Total Operating Revenues	663,906
OPERATING EXPENSES	
Personal Services	39,539
Contractual Services	429,907
Utilities	8,488
Materials and Supplies	7,496
Repairs and Maintenance	9,468
Miscellaneous	6,227
Depreciation	26,908
Total Operating Expenses	528,033
OPERATING INCOME	135,873
NONOPERATING REVENUES (EXPENSES)	
Interest Income	7,705
Miscellaneous Income	6,200
Total Nonoperating Revenues (Expenses)	13,905
CHANGE IN NET POSITION	149,778
Total Net Position - Beginning	969,469
TOTAL NET POSITION - ENDING	\$ 1,119,247

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Fund
	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 522,732
Cash Received from Grants	62,871
Cash Paid to Other Funds	(3,336)
Cash Paid to Suppliers	(499,634)
Cash Paid to Employees	(40,511)
Net Cash Provided by Operating Activities	42,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Receipts (Payments)	6,200
Net Cash Provided by Noncapital Financing Activities	6,200
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(11,082)
Net Cash Used by Capital and Related Financing Activities	(11,082)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Other Income Received	7,705
Purchase of Investments	(3,615)
Net Cash Provided by Investing Activities	4,090
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,330
Cash and Cash Equivalents - Beginning of Year	836,057
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 877,387

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$	135,873
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation		26,908
Changes in Net Position and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable		(41,915)
Due to/from Other Funds		(3,336)
Due to/from Other Governments		(22,664)
Prepaid Expenses		1,125
Deferred Outflows - Pension		(855)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses		(26,952)
Unearned Revenue		(13,724)
Liability for Landfill Closure		(12,221)
Compensated Absences		(173)
Net Pension Liability		201
Deferred Inflows - Pension		(145)
Net Cash Provided by Operating Activities	<u>\$</u>	<u>42,122</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 517,567
Other Receivables	<u>16,495</u>
Total Assets	<u><u>\$ 534,062</u></u>
LIABILITIES	
Due to Other Governmental Units	\$ 457,815
Due to Individuals	<u>76,247</u>
Total Liabilities	<u><u>\$ 534,062</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 (GAAP) 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 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 statement of activities) 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, 2018**

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, 2018**

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, 2018**

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, 2018.

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 Items

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represents items which are applicable to future accounting periods. Reported amounts in governmental funds 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, 2018

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 estimated acquisition 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, 2018

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 government-wide and proprietary funds statements of net 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 difference between expected and actual economic experience, 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, the Retiree Health Insurance Subsidy Program and the Other Post Employment Benefits Plan. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the government-wide and proprietary funds statements of net 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, changes in actuarial assumptions, 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, the Retiree Health Insurance Subsidy Program and the Other Post Employment Benefits Plan. 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, 2018

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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 the total OPEB obligation in its proprietary and government-wide financial statements related to the implicit subsidy. Please refer to Note 9 for further information.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of state law. Property taxes are levied in October and are payable November 1, with discounts of 1% to 4% if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 of the following year. Pursuant to Florida law, the Tax Collector advertises and sells tax certificates on all real property for which there are unpaid taxes. Accordingly, there is no property taxes receivable as of September 30, 2018.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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, 2018 was \$10 per \$1,000.

New Accounting Pronouncements

For the year ended September 30, 2018, the financial statements include the impact of adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve on accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For further information, see Note 15.

For the year ended September 30, 2018, the financial statements include the impact of the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The primary objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and the simplification of accounting for interest cost incurred before the end of a construction period. This Statement replaces the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The statements also include the impact of the adoption of GASB Statement No. 82, *Pension Issues*, and GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 82 addresses issues regarding the presentation of payroll related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee contribution requirements. GASB Statement No. 85 establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application and post employment benefits.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2018, the County's cash and investments were as follows:

Deposits with Financial Institutions	\$ 13,747,355
Certificates of Deposit	3,167,297
State of Florida Board of Administration Surplus Funds Trust Fund	204,620
Cash on Hand	952
Total	<u>\$ 17,120,224</u>

The breakdown for financial statement purposes are as follows:

Cash and Cash Equivalents	\$ 12,401,040
Restricted Cash and Cash Equivalents	829,700
Investments	2,896,497
Restricted Investments	475,420
Fiduciary Funds Cash and Cash Equivalents	517,567
Total	<u>\$ 17,120,224</u>

Deposits

The County's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. Nonnegotiable certificates of deposits totaling \$3,167,297, 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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

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

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities Less Than One Year</u>
Nonnegotiable Certificate of Deposits, At Cost	\$ 3,167,297	\$ 3,167,297
Florida Prime	204,620	204,620
Total	<u>\$ 3,371,917</u>	<u>\$ 3,371,917</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, 2018.

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.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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*.

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, 2018, 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, 2018**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2018:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,517,732	\$ -	\$ -	\$ 2,517,732
Construction in Progress	4,020,048	2,904,979	6,111,367	813,660
Total Capital Assets Not Being Depreciated	<u>6,537,780</u>	<u>2,904,979</u>	<u>6,111,367</u>	<u>3,331,392</u>
Capital Assets Being Depreciated:				
Infrastructure	52,517,172	4,910,391	-	57,427,563
Buildings	32,578,343	1,226,104	-	33,804,447
Equipment, Furniture, and Vehicles	11,646,253	535,309	128,015	12,053,547
Livestock	10,500	-	-	10,500
Total Capital Assets Being Depreciated	<u>96,752,268</u>	<u>6,671,804</u>	<u>128,015</u>	<u>103,296,057</u>
Less Accumulated Depreciation for:				
Infrastructure	35,695,652	1,263,094	-	36,958,746
Buildings	7,511,414	816,297	-	8,327,711
Equipment, Furniture, and Vehicles	9,657,707	531,011	100,723	10,087,995
Livestock	9,036	1,107	-	10,143
Total Accumulated Depreciation	<u>52,873,809</u>	<u>2,611,509</u>	<u>100,723</u>	<u>55,384,595</u>
Capital Assets Being Depreciated, Net	<u>43,878,459</u>	<u>4,060,295</u>	<u>27,292</u>	<u>47,911,462</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,416,239</u>	<u>\$ 6,965,274</u>	<u>\$ 6,138,659</u>	<u>\$ 51,242,854</u>
	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total Capital Assets Not Being Depreciated	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Capital Assets Being Depreciated:				
Land Improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, Furniture, and Vehicles	318,520	11,082	-	329,602
Total Capital Assets Being Depreciated	<u>938,374</u>	<u>11,082</u>	<u>-</u>	<u>949,456</u>
Less Accumulated Depreciation for:				
Land Improvements	231,064	11,639	-	242,703
Buildings	41,254	555	-	41,809
Equipment, Furniture, and Vehicles	272,265	14,714	-	286,979
Total Accumulated Depreciation	<u>544,583</u>	<u>26,908</u>	<u>-</u>	<u>571,491</u>
Capital Assets Being Depreciated, Net	<u>393,791</u>	<u>(15,826)</u>	<u>-</u>	<u>377,965</u>
Business-Type Activities Capital Assets, Net	<u>\$ 418,791</u>	<u>\$ (15,826)</u>	<u>\$ -</u>	<u>\$ 402,965</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 777,258
Public Safety	926,318
Transportation	479,449
Physical Environment	114,530
Economic Development	80,444
Culture and Recreation	98,420
Human Services	116,274
Court Related Costs	18,816
Total Depreciation Expense, Governmental Activities	\$ 2,611,509

Business-Type Activities:

Solid Waste	\$ 26,908
Total Depreciation Expense, Business-Type Activities	\$ 26,908

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2018, interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
<u>Governmental Activities:</u>		
General	\$ 146,818	\$ 588,318
Transportation Trust	398	14,425
Capital Outlay	586,419	98,750
Building Department	-	2,069
Enhanced 911	-	27,801
Sheriff Special Revenue Funds	-	132
Clerk Special Revenue Funds	1,899	1,520
Total Governmental Activities	735,534	733,015
<u>Business-Type Activities:</u>		
Solid Waste	-	2,519
Total Business-Type Activities	\$ 735,534	\$ 735,534

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2018, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities:</u>		
General	\$ 1,660,995	\$ 24,164
EMSTU	-	1,660,995
Building Department	10,000	-
Enhanced 911	13,075	-
Child Support	1,089	-
Total Governmental Activities	<u>\$ 1,685,159</u>	<u>\$ 1,685,159</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, 2018, 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	\$ 861,490	\$ 1,086,114	\$ 1,044,859	\$ 902,745	\$ 649,112
Note Payable	238,900	-	47,780	191,120	47,780
Total	<u>\$ 1,100,390</u>	<u>\$ 1,086,114</u>	<u>\$ 1,092,639</u>	<u>\$ 1,093,865</u>	<u>\$ 696,892</u>
<u>Business-Type Activities:</u>					
Compensated Absences	\$ 173	\$ 2,742	\$ 2,915	\$ -	\$ -
Landfill	482,667	-	12,221	470,446	-
Total	<u>\$ 482,840</u>	<u>\$ 2,742</u>	<u>\$ 15,136</u>	<u>\$ 470,446</u>	<u>\$ -</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2018 consisted of the following:

<u>Purpose</u>	General Fund	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds	Total Proprietary Funds
Cemetery Perpetual Care	\$ 142,921	\$ -	\$ -	\$ 142,921	\$ -
Buckhead Ridge Utility	279,845	-	-	279,845	-
Law Enforcement Trust	90,013	-	-	90,013	-
Law Enforcement Other	33,494	-	-	33,494	-
Intergovernmental Radio	205,709	-	-	205,709	-
Driver's Education	4,750	-	-	4,750	-
Tourism Development	92,409	-	-	92,409	-
Capital Outlay	-	8,171	-	8,171	-
Courtroom Facilities	250,724	-	-	250,724	-
EMS Grant Funds	4,977	-	-	4,977	-
Landfill Closure	-	-	-	-	192,107
Total	<u>\$ 1,104,842</u>	<u>\$ 8,171</u>	<u>\$ -</u>	<u>\$ 1,113,013</u>	<u>\$ 192,107</u>

Restricted net position at September 30, 2018 consisted of the following:

<u>Governmental Activities:</u>	<u>Balance</u>
Capital Projects:	\$ 6,354,402
Cemetery Perpetual Care	142,921
Law Enforcement Activities	147,524
Public Safety	1,785,584
Courtroom Facilities	250,724
Total Capital Projects	<u>8,681,155</u>
Other:	
Intergovernmental Radio	205,709
Driver's Education	4,750
Tourism Development	92,409
SHIP	533,991
Enhanced 911	67,663
Public Record Modernization	92,678
Child Support Services	28,194
Total Other	<u>1,025,394</u>
Total Restricted Net Position	<u>\$ 9,706,549</u>

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 DEFINED BENEFIT PENSION PLANS

Background

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

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

The County's pension expense totaled \$2,388,736 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2018.

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, 2018**

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 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. Employees enrolled in the FRS Plan may include up to four 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, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

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

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the County, effective July 1, 2017, were applied to employee salaries as follows: regular employees 7.92%, County elected officials 45.50%, senior management 22.71%, DROP participants 13.26% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 4.96%. The County's contributions to the FRS Plan were \$1,247,302 for the year ended September 30, 2018.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2018, the County reported a liability of \$15,229,616 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the County's proportion was 0.05056%, which was an increase of 0.00519% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$2,181,548 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	\$ 1,290,176	\$ 46,827
Changes in Actuarial Assumptions	4,976,299	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,176,673
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,393,765	902,903
County Contributions Subsequent to the Measurement Date	382,364	-
Total	<u>\$ 8,042,604</u>	<u>\$ 2,126,403</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$382,364 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, 2019. 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>
2019	\$ 1,756,064
2020	1,373,641
2021	383,487
2022	1,107,015
2023	767,583
Thereafter	146,047

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	7.40%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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	Annual	Compound	Standard
Cash	1.0 %	2.9 %	2.9 %	1.8 %
Fixed Income	18.0	4.4	4.3	4.0
Global Equity	54.0	7.6	6.3	17.0
Real Estate (Property)	11.0	6.6	6.0	11.3
Private Equity	10.0	10.7	7.8	26.5
Strategic Investments	6.0	6.0	5.7	8.6
Totals	<u>100.0 %</u>			
Assumed Inflation - Mean			2.6 %	1.9 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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	6.00%	7.00%	8.00%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 27,794,688	\$ 15,229,616	\$ 4,793,581

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018, 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, 2018, 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 \$163,341 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the County reported a liability of \$3,173,296 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the County's proportion was 0.02998%, which was an increase of 0.00295% from its proportion measured as of June 30, 2017.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2018, the County recognized pension expense of \$207,187 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	\$ 48,582	\$ 5,391
Changes in Actuarial Assumptions	352,908	335,507
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,916	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	418,619	288,844
County Contributions Subsequent to the Measurement Date	39,983	-
Total	<u>\$ 862,008</u>	<u>\$ 629,742</u>

\$39,983 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, 2019. 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>
2019	\$ 14,975
2020	14,813
2021	49,431
2022	54,339
2023	22,944
Thereafter	35,781

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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
Municipal Bond Rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.87% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.87%	3.87%	4.87%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 3,614,198	\$ 3,173,296	\$ 2,805,778

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, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 15,229,616	\$ 3,173,296	\$ 18,402,912
Deferred Outflows of Resources Related to Pensions	8,042,604	862,008	8,904,612
Deferred Inflows of Resources Related to Pensions	2,126,403	629,742	2,756,145
Pension Expense	2,181,548	207,187	2,388,735

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.

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, 2018, 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, 2018

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 \$437,650 for the year ended September 30, 2018.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description Funding Policy

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.

No trust or agency funds have been established for the plans.

The plans do not issue stand-alone financial statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Participant Data

As of September 30, 2018, the following employees were covered by the benefit terms:

	Valuation Date 09/30/2017
Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	212
Total Employees	218

Total OPEB Liability

The County's total OPEB liability of \$1,636,648 was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2017. The following table shows the changes in the County's total OPEB liability for the year ended September 30, 2018.

	Total OPEB Liability
Balance, as of October 1, 2017 ¹	\$ 1,543,264
Changes:	
Service cost	204,812
Interest	52,687
Differences between expected and actual experience	-
Changes of assumptions	(111,135)
Benefit payments	(52,980)
Net Change	93,384
Balance, as of September 30, 2018 ¹	\$ 1,636,648

¹ The County has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

OPEB Liability Discount Rate Sensitivity

The following presents the County's total OPEB liability, as well as what the County's total OPEB 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 2.64%	Current 3.64%	1% Increase in 4.64%
Total OPEB Liability	\$ 1,834,527	\$ 1,636,648	\$ 1,466,255

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

OPEB Liability Healthcare Rate Sensitivity

The following presents the County's total OPEB liability, as well as what the County's total OPEB liability would be if it were calculated using a healthcare trend rate one percentage point lower or one percentage point higher than the current healthcare trend rate:

Description	1% Decrease	Current Trend	1% Increase in
Healthcare Trend Rate	3.00% - 7.50%	4.00% - 8.50%	5.00% - 9.50%
Total OPEB Liability	\$ 1,435,194	\$ 1,636,648	\$ 1,879,637

Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County's OPEB expense was \$243,607. In addition, the County reported deferred outflows and inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Experience	\$ -	\$ -
Change in Assumptions	-	97,243
County Contributions Subsequent to the Measurement Date	65,916	-
Total	<u>\$ 65,916</u>	<u>\$ 97,243</u>

\$65,916 reported as deferred outflows of resources related to OPEB resulting from County implicit contributions to the OPEB Plan subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ (13,892)
2020	(13,892)
2021	(13,892)
2022	(13,892)
2023	(13,892)
Thereafter	(27,783)

Methods and Assumptions

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, 2018**

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

Methods and Assumptions (Continued)

Calculations for financial reporting purposes are based on the benefits provided under terms of the plan as understood by the employer and the plan members in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial method is:

Actuarial cost method	Entry Age Cost Method (Level Percentage of Pay)
-----------------------	---

The actuarial assumptions are:

Discount rate	3.64%, based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve.
Healthcare cost trend rate	Initial rate of 8.50% in fiscal 2018, then 8.00% in fiscal 2019, grading down to the ultimate trend rate of 4.00% in fiscal 2073.
Healthcare participation rate	20% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65.
Expected return on plan assets	N/A
Inflation rate	2.50%
Salary rate increases	3.00%

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Methods and Assumptions (Continued)

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.

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.

Early Retirement Rates

Tier 1

Regular class

Members may retire early at age 43 and 6 years of service. Members are assumed to retire early at the rates shown below:

Age	Rate
43-54	5%
55	10%
56	10%
57	15%
58	15%
59	15%
60	20%
61	20%
62	100%

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Methods and Assumptions (Continued)

Special risk class

Members may retire early at age 36 and 6 years of service. Members are assumed to retire early at the rates shown below:

Age	Rate
36-49	5%
50	10%
51	10%
52	15%
53	15%
54	20%
55	100%

Tier 2

Regular class

Members may retire early at age 43 and 8 years of service. Members are assumed to retire early at the rates shown below:

Age	Rate
43-54	5%
55	10%
56	10%
57	15%
58	15%
59	15%
60-64	20%
65	100%

Special risk class

Members may retire early at age 36 and 8 years of service. Members are assumed to retire early at the rates shown below:

Age	Rate
36-49	5%
50	10%
51	10%
52	15%
53	15%
54-59	20%
60	100%

Disability

None applied.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Methods and Assumptions (Continued)

Mortality rate
Regular Class

Healthy Active Lives:

Female: RP2000 Generational, 100% Combined
Healthy (previously Annuitant) White Collar,
Scale BB

Male: RP2000 Generational, 50% Combined
Healthy (previously Annuitant) White Collar / 50%
Combined Healthy (previously Annuitant) Blue
Collar, Scale BB

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant
White Collar, Scale BB

Male: RP2000 Generational, 50% Annuitant
White Collar / 50% Annuitant Blue Collar, Scale
BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set
forward two years

Male: 100% RP2000 Disabled Male setback four
years

Special Risk Class

Healthy Active Lives:

Female: RP2000 Generational, 100% Combined
Healthy (previously Annuitant) White Collar,
Scale BB

Male: RP2000 Generational, 10% Combined
Healthy (previously Annuitant) White Collar / 90%
Combined Healthy (previously Annuitant) Blue
Collar, Scale BB

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant
White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant
White Collar / 90% Annuitant Blue Collar, Scale
BB

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Methods and Assumptions (Continued)

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

Mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2016 Florida Retirement System (FRS) valuation report.

The following change was recognized under GASB 75 during the fiscal year:

The discount rate was changed from 3.06% to 3.64% based on updated Bond Buyer 20-Bond Index as published by the Federal Reserve.

Since the most recent GASB 45 valuation, the following changes have been made:

The census data reflects changes in status for the twelve (12) month period since October 1, 2016.

The annual per capita claims costs have been updated to reflect current age-adjusted premiums.

The premium rates have been updated to use the rates effective for FY 2019.

The mortality rates have been updated to use the rates used by the Florida Retirement System (FRS). The rates are those outlined in Milliman's July 1, 2016 FRS valuation report.

Participation has been increased from 15% to 20% to capture higher recent retirement experience.

The GASB 75 discount rate as of the measurement date is 3.64%. The prior GASB 45 measurement used 4.00%. The current GASB 75 discount rate is based on the 20-year municipal bond rate as of the September 28, 2017.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED)

During fiscal year 2009 the County permanently capped the Fill Area 1 of the landfill. At September 30, 2018, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$470,446. 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, 2018, investments of \$192,107 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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 11 RISK MANAGEMENT (CONTINUED)

Property and Casualty Group (Continued)

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 nonrenewal.

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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 2023.

Total rental expenditures for all operating leases for the year ended September 30, 2018 were \$22,448.

The future minimum lease obligations as of September 30, 2018 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 29,649
2020	29,653
2021	29,653
2022	15,529
2023	2,625
Total Minimum Lease Payments	<u><u>\$ 107,109</u></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 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, 2018, the Sheriff received \$6,169,064 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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Glades Correctional Development Corporation (Continued)

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 TAX ABATEMENT

The County enters into property tax abatement agreements with local businesses under Section 3, Article VII of the Florida Constitution and Section 196.1995, Florida Statutes, authorize the Board of County Commissioners to grant economic development ad valorem tax exemptions to certain new and expanding businesses.

For the fiscal year ended September 30, 2018, the County had one agreement for 100 percent property tax abatement with a company for development and use of a piece of property. Taxes abated totaling \$22,678 under this agreement.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year ended September 30, 2018, the County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This pronouncement requires the restatement of the September 30, 2017 net position of the governmental activities, business-type activities, and Solid Waste Fund as follows:

	Governmental Activities	Business-Type Activities	Solid Waste Fund
Net Position, September 30, 2017, as Previously Reported	\$ 52,216,908	\$ 969,469	\$ 969,469
Cumulative Affect of Application of GASB 75, Total OPEB Liability	<u>(304,775)</u>	<u>-</u>	<u>-</u>
Net Position, September 30, 2017, as Restated	<u>\$ 51,912,133</u>	<u>\$ 969,469</u>	<u>\$ 969,469</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 5,656,732	\$ 5,767,347	\$ 5,837,621	\$ 70,274
Sales and Miscellaneous Taxes	1,910,347	1,972,122	1,972,440	318
Fees and Fines	45,495	75,801	79,442	3,641
Licenses and Permits	-	20	20	-
Intergovernmental	722,226	1,120,795	970,610	(150,185)
Charges for Services	1,221,902	8,182,296	8,221,613	39,317
Investment Earnings	9,880	36,111	39,342	3,231
Miscellaneous	6,073	248,585	509,926	261,341
Franchise Fees	101,105	118,365	118,365	-
Total Operating Revenues	<u>9,673,760</u>	<u>17,521,442</u>	<u>17,749,379</u>	<u>227,937</u>
EXPENDITURES				
Current:				
General Government	7,573,017	8,153,274	4,510,441	3,642,833
Public Safety	5,293,163	5,972,406	5,535,134	437,272
Jail Operations	1,694,998	7,850,444	7,854,066	(3,622)
Physical Environment	139,730	139,605	139,249	356
Human Services	362,452	362,452	315,647	46,805
Culture/Recreation	142,110	160,294	167,373	(7,079)
Economic Development	190,193	203,212	110,073	93,139
Court-Related Costs	26,622	64,829	46,299	18,530
Capital Outlay	374,092	592,730	356,623	236,107
Debt Service:				
Principal	-	47,800	47,780	20
Interest	-	6,600	6,563	37
Total Expenditures	<u>15,796,377</u>	<u>23,553,646</u>	<u>19,089,248</u>	<u>4,464,398</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,122,617)	(6,032,204)	(1,339,869)	4,692,335
OTHER FINANCING SOURCES (USES)				
Proceeds from the Disposal of Capital Assets	1,000	-	-	-
Operating Transfer In	1,768,952	1,960,994	1,660,995	(299,999)
Operating Transfers Out	(219,513)	(317,964)	(24,164)	293,800
Distribution of Excess Fees - Other Governments	-	-	(66,389)	(66,389)
Total Other Financing Sources (Uses)	<u>1,550,439</u>	<u>1,643,030</u>	<u>1,570,442</u>	<u>(72,588)</u>
Appropriated Fund Balance	<u>4,572,178</u>	<u>4,389,174</u>	<u>-</u>	<u>(4,389,174)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	230,573	<u>\$ 230,573</u>
Fund Balance - Beginning			<u>7,462,857</u>	
FUND BALANCE - ENDING			<u>\$ 7,693,430</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 56,836	\$ 57,375	\$ 58,153	\$ 778
Sales and Miscellaneous Taxes	1,751,661	2,166,416	2,222,453	56,037
Licenses and Permits	1,500	1,600	1,600	-
Investment Earnings	2,578	7,650	7,651	1
Miscellaneous	12,120	81,391	81,780	389
Total Operating Revenues	<u>1,824,695</u>	<u>2,314,432</u>	<u>2,371,637</u>	<u>57,205</u>
EXPENDITURES				
Current:				
Transportation	2,060,394	2,171,011	1,303,407	867,604
Culture/Recreation	1,101,539	1,479,859	137,781	1,342,078
Capital Outlay	750,370	750,370	666,818	83,552
Total Expenditures	<u>3,912,303</u>	<u>4,401,240</u>	<u>2,108,006</u>	<u>2,293,234</u>
Deficiency of Revenues Over Expenditures	(2,087,608)	(2,086,808)	263,631	2,350,439
OTHER FINANCING SOURCES (USES)				
Proceeds from the Disposal of Capital Assets	800	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated Fund Balance	<u>2,086,808</u>	<u>2,086,808</u>	<u>-</u>	<u>(2,086,808)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>263,631</u>	<u>\$ 263,631</u>
Fund Balance - Beginning			<u>2,829,239</u>	
FUND BALANCE - ENDING			<u>\$ 3,092,870</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 350,000	\$ 264	\$ 264	\$ -
Investment Earnings	790	2,613	2,613	-
Total Operating Revenues	<u>350,790</u>	<u>2,877</u>	<u>2,877</u>	<u>-</u>
EXPENDITURES				
Current:				
Economic Development	970,621	538,748	138,273	400,475
Total Expenditures	<u>970,621</u>	<u>538,748</u>	<u>138,273</u>	<u>400,475</u>
Deficiency of Revenues Over Expenditures	(619,831)	(535,871)	(135,396)	400,475
Appropriated Fund Balance	<u>619,831</u>	<u>535,871</u>	<u>-</u>	<u>535,871</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(135,396)	<u>\$ (135,396)</u>
Fund Balance - Beginning			<u>669,387</u>	
FUND BALANCE - ENDING			<u>\$ 533,991</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, 2018

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 of America (GAAP). 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 GAAP 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 2018, one supplemental appropriation totaling \$6,962,611 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
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2018**

	2018
Total OPEB Liability	
Service Cost	\$ 204,812
Interest	52,687
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(111,135)
Changes of Benefit Terms	-
Benefit Payments	(52,980)
Net Change in Total OPEB Liability	93,384
Total OPEB Liability - Beginning of Year	1,543,264
Total OPEB Liability - End of Year	\$ 1,636,648
Covered Employee Payroll	\$ 9,335,828
OPEB Liability as a Percentage of Covered Payroll	17.53%

*The District implemented GASB Statements No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

NOTE - No assets are accumulated in a trust for payment of related benefits.

GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
Glades County, Florida's Proportion of the Net Pension Liability	0.050562264%	0.045368910%	0.042354714%	0.042190745%	0.045384068%
Glades County, Florida's Proportionate Share of the Net Pension Liability	\$ 15,229,616	\$ 13,419,819	\$ 10,694,597	\$ 5,449,500	\$ 2,769,096
Glades County, Florida's Covered Payroll	\$ 9,796,948	\$ 8,625,025	\$ 7,725,843	\$ 7,992,388	\$ 7,792,275
Glades County, Florida's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	155.45%	155.59%	138.43%	68.18%	35.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2018 ***

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,242,077	\$ 1,068,702	\$ 1,028,381	\$ 1,091,590	\$ 1,068,455
Contributions in Relation to the Contractually Required Contribution	<u>(1,242,077)</u>	<u>(1,068,702)</u>	<u>(1,028,381)</u>	<u>(1,091,590)</u>	<u>(1,068,455)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,839,837	\$ 8,900,169	\$ 7,862,333	\$ 7,860,408	\$ 7,619,593
Contributions as a Percentage of Covered Payroll	12.62%	12.01%	13.08%	13.89%	14.02%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDIARY PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
Glades County, Florida's Proportion of the Net Pension Liability	0.029981688%	0.027033322%	0.025030618%	0.026350850%	0.028011104%
Glades County, Florida's Proportionate Share of the Net Pension Liability	\$ 3,173,296	\$ 2,890,528	\$ 2,917,215	\$ 2,687,372	\$ 2,619,107
Glades County, Florida's Covered Payroll	\$ 9,796,948	\$ 8,625,025	\$ 7,725,843	\$ 7,992,388	\$ 8,325,020
Glades County, Florida's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	32.39%	33.51%	37.76%	33.62%	31.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS
HEALTH INSURANCE SUBSIDIARY PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2018 ***

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 163,341	\$ 147,743	\$ 130,515	\$ 106,866	\$ 99,148
Contributions in Relation to the Contractually Required Contribution	(163,341)	(147,743)	(130,515)	(106,866)	(99,148)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,839,837	\$ 8,900,169	\$ 7,862,333	\$ 7,860,408	\$ 8,157,955
Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.36%	1.22%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

GOVERNMENT AUDITING STANDARDS AND STATE SINGLE AUDIT

**GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2018**

Grantor/Pass-Through Grantor/Program Title	CSFA Number	State, or Pass-Through Contract/Grant Number	Expenditures	Transfers to Subrecipients
<u>STATE FINANCIAL ASSISTANCE</u>				
<u>State Courts System, Office of the State Courts Administration</u>				
Direct Projects:				
Small County Courthouse Facilities	22.004	N/A	\$ 21,177	\$ -
Total State Courts System, Office of the State Courts Administration			21,177	-
<u>Executive Office of the Governor</u>				
Passed Through Florida Division of Emergency Management				
Emergency Management Programs	31.063	18-BG-W9-09-32-01-054	69,070	-
Emergency Management Programs	31.063	19-BG-21-09-32-01-035	26,897	-
			<u>95,967</u>	<u>-</u>
Emergency Management Projects	31.067	18-CP-11-09-32-01-038	983	-
Hurricane Shelter Retrofit Project	31.068	17-SR-3A-09-321-01-383	2,404	-
Total Executive Office of the Governor			99,354	-
<u>Department of Environmental Protection</u>				
Direct Projects:				
Small County Consolidated Grants	37.012	811SC	71,811	-
Total Department of Environmental Protection			71,811	-
<u>Department of State, Division of Library and Information Services</u>				
Direct Projects:				
State Aid to Libraries	45.03	18-ST-14	26,412	-
Total Division of Library and Information Services			26,412	-
<u>Department of Health</u>				
Direct Projects:				
County Grant Awards-EMS	64.005	C5022	1,613	-
County Grant Awards-EMS	64.005	C6022	4,244	-
Total Department of Health-Bureau of Emergency Medical Services (EMS)			5,857	-
<u>Department of Management Services</u>				
Passed Through Florida E911 Board				
Wireless 911 Emergency Telephone System	72.001	17-11-08	46,957	-
Total State of Florida Wireless 911			46,957	-
<u>Florida Department of Highway Safety & Motor Vehicles</u>				
Direct Projects:				
Florida Arts License Plate Project	76.041	N/A	20	-
Total Florida Department of Highway Safety & Motor Vehicles			20	-
<u>Florida Housing Finance Corporation</u>				
Direct Projects:				
State Housing Initiatives Partnership Program	40.901	N/A	138,272	-
Total Department of Housing			138,272	-
<u>Department of Transportation</u>				
Direct Projects:				
Small County Road Assistance Program	55.016	431890-1-54-01	907,319	-
Small County Road Assistance Program	55.016	431891-1-58-01	1,387,254	-
Total Department of Transportation			<u>2,294,573</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 2,704,433</u>	<u>\$ -</u>

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, 2018

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 of 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 Board of County Commissioners
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, 2018, 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 12, 2019.

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 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2010-001, 2016-002, 2016-003, and 2016-005 that we consider to be material weaknesses.

Compliance and Other Matters

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

County's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 12, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable 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, 2018. 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 state statutes, regulations, and the terms and conditions of its state financial assistance 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, 2018.

Report on Internal Control Over Compliance

Management of the County 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 results of that testing based on the requirements of Chapter 10.550 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 12, 2019

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2018**

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	
55.016	Small County Road Assistance Program	
Dollar Threshold Used to Determine Type A State Projects		\$300,000

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

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.

While the Finance Department still has limited personnel and is unable to hire additional staff, it has been working on cross training employees within the department on the different duties and responsibilities to help limit the amount of audit adjustments.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Part II – Financial Statement Findings (Continued)

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

While there was some improvement and the amounts were much smaller, the fund balance for the general and capital projects funds in the trial balance provided by the County for the audit did not agree to the ending balance from the prior financial statements.

Cause

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

The finance director reviewed the fund balance after the 16/17 audit entries were posted and it balanced to the year-end amount at that time. There were posting date errors which resulted in current year activity being posted to the prior year which resulted in a \$387 difference in General Fund and a \$926 difference in Capital Outlay Fund. Staff has been instructed to review data entries prior to posting to cut down on the number of date errors.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Part II – Financial Statement Findings (Continued)

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).

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 2018 submission. The County was able to provide evidence that the fiscal year 2018 submission was made as required by the required due date of September 15 via email but SHIP did not accept email submission of the report and SHIP determined the County was out of compliance.

Cause

The SHIP Coordinator had requested an extension from the County's contact with Florida Housing for filing of SHIP Final Report. The contact stated to the SHIP coordinator that the County would be granted an extension. The SHIP Finance Manager with Florida Housing later informed the County that the contact did not have the authority to grant the extension and that he misspoke when telling the SHIP Coordinator that the County did have an extension. Therefore the County did not receive proper authorization for extension.

The SHIP Coordinator was unable to submit the reports electronically to the State through the Department's website due to encumbrances on the FY14/15 and FY15/16 reports, so she submitted the reports via email on the date of September 14, 2018.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Part II – Financial Statement Findings (Continued)

2016-003 SHIP Reporting (Continued)

The SHIP Program Manager stating the reports submitted via email were not accepted and he stated that the County was out of compliance.

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

There is now an official checklist used with each file to show what is needed as well as the date received. There is also a comments section under the checklist. For FY18 there was miscommunication between the SHIP Coordinator and Florida Housing. Since then the encumbered funds for FY14/15 have been completed and FY15/16 are set to be completed by the deadline.

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.

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.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Part II – Financial Statement Findings (Continued)

2016-005 Permit Fee Modification (Continued)

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, the County is currently in the process of setting up formal policies and procedures 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

There were no major state project findings in the prior year.



MANAGEMENT LETTER

Honorable 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, 2018, and have issued our report thereon dated June 12, 2019.

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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 12, 2019, 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 disclosure 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. 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.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 12, 2019

**GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2018**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status			Current Year Finding #	2016-2017 Year Finding #	2015-2016 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
2010-001 Audit Adjustments	Material Weakness			X	2010-001	2010-001	2010-01
2016-001 E911 funding - Florida Administrative Code Rule 60FF1-5.006	Compliance	X			N/A	2016-001	2016-001
2016-002 Fund Balance and Chart of Accounts	Material Weakness		X		2016-002	2016-002	2016-002
2016-003 SHIP Reporting	Material Weakness		X		2016-003	2016-003	2016-003
2016-004 Outstanding Receivables	Material Weakness	X			N/A	2016-004	2016-004
2016-005 Permit Fee Modification	Material Weakness			X	2016-005	2016-005	2016-005
2017-001 Annual Payout of Accrued Leave Hours	Significant Deficiency	X			N/A	2017-001	N/A
ML 2017-001 Planning and Zoning	Management Letter	X			N/A	ML 2017-001	N/A



INDEPENDENT ACCOUNTANTS' REPORT

Honorable 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, 2018. Management of the County is responsible for the County's compliance the specified requirements. Our responsibility is to express an opinion on the County's compliance the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
June 12, 2019

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2018

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
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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, 2018, 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 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 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, 2018, 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, 2018, 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 and schedule of revenues and expenditures – budget and actual – public records modernization fund on pages 19 and 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.

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 16, 2019 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 16, 2019

FINANCIAL STATEMENTS

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund	Public Records Modernization Fund	Child Support Fund	Total Governmental Funds
ASSETS				
Cash	\$ 179,673	\$ 94,198	\$ 26,211	\$ 300,082
Due from Other Funds	1,520	-	1,899	3,419
Other Receivables	11,834	-	84	11,918
Prepaid Items	9,419	-	-	9,419
	Total Assets	\$ 94,198	\$ 28,194	\$ 324,838
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 12,872	\$ -	\$ -	\$ 12,872
Other Accrued Liabilities	25,837	-	-	25,837
Due to Other Funds	1,899	1,520	-	3,419
Due to Board of County Commissioners	41,706	-	-	41,706
Due to Other Governments	114,642	-	-	114,642
Total Liabilities	196,956	1,520	-	198,476
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	5,490	-	1,045	6,535
 FUND BALANCES				
Nonspendable:				
Prepaid Items	9,419	-	-	9,419
Restricted	-	92,678	27,149	119,827
Unassigned	(9,419)	-	-	(9,419)
Total Fund Balances	-	92,678	27,149	119,827
	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 94,198	\$ 28,194	\$ 324,838

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, 2018**

	General Fund	Public Records Modernization Fund	Child Support Fund	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 99,908	\$ -	\$ 9,250	\$ 109,158
Charges for Services	405,202	18,333	-	423,535
Investment Earnings	2,007	95	-	2,102
Total Revenues	<u>507,117</u>	<u>18,428</u>	<u>9,250</u>	<u>534,795</u>
EXPENDITURES				
Current - General Government:				
Personal Services	780,706	-	-	780,706
Operating Expenditures	64,179	50,374	-	114,553
Capital Outlay	5,983	-	-	5,983
Total Expenditures	<u>850,868</u>	<u>50,374</u>	<u>-</u>	<u>901,242</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(343,751)	(31,946)	9,250	(366,447)
OTHER FINANCING SOURCES (USES)				
Transfers In	455,860	-	1,089	456,949
Transfers Out	(46,275)	-	-	(46,275)
Unexpended Appropriation: State of Florida	(65,834)	-	-	(65,834)
Total Other Financing Sources (Uses)	<u>343,751</u>	<u>-</u>	<u>1,089</u>	<u>344,840</u>
NET CHANGE IN FUND BALANCES	-	(31,946)	10,339	(21,607)
Fund Balances - Beginning of Year	<u>-</u>	<u>124,624</u>	<u>16,810</u>	<u>141,434</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 92,678</u>	<u>\$ 27,149</u>	<u>\$ 119,827</u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 434,723
Due from Others	<u>14,437</u>
Total Assets	<u><u>\$ 449,160</u></u>

LIABILITIES

Due to Other Governments	\$ 372,913
Due to Others	<u>76,247</u>
Total Liabilities	<u><u>\$ 449,160</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 noncourt-related. Noncourt-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, 2018**

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 funded by a portion of recording fees. This fund is mandated by Section 28.24 (12)(d) Florida Statutes, to be held in trust by the Clerk and used exclusively for equipment and maintenance of equipment, personnel training, and technical assistance in modernizing the public records system of the office. Since Revision 7 of Article V, Florida Constitution, went into effect on July 1, 2004, an additional amount is collected pursuant to Section 28.24(12)(e) Florida Statutes, and is used exclusively for funding court related technology needs.

- *Child Support Fund* is a special revenue fund for indirect child support and is used to account for any reimbursements received by the Clerk from the state of Florida, Department of Revenue (or any subsequent state Title IV-D agency) relative to the operation of the County's Child Support collection and enforcement exceeding the direct cost of operations at the end of the fiscal year, shall be deposited into a Special Revenue Fund and used for all court-related functions including personnel, operations, and technology.

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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

The governmental fund type measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

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

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

Prepaid Items

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represent 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.

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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. As of September 30, 2018 the PRM fund owed the General fund \$1,520 and the General fund owed the Child Support fund \$1,899 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). The following is a summary of interfund transfers as of September 30, 2018.

The General fund transferred \$1,089 to the Child Support fund for its allocation of revenues received.

The amount transferred by the Board to fund the 2018 budget of the Clerk was \$455,860.

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, 2018, the excess fees were \$41,596 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 \$110 for investment income.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital Assets, Being Depreciated:				
Equipment	\$ 190,875	\$ 5,983	\$ -	\$ 196,858
Less Accumulated Depreciation:				
Equipment	162,183	11,467	-	173,650
Total Capital Assets, Net	<u>\$ 28,692</u>	<u>\$ (5,484)</u>	<u>\$ -</u>	<u>\$ 23,208</u>

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 2018:

Balance, October 1, 2017	\$ 12,157
Increases	47,641
Decreases	(45,087)
Balance, September 30, 2018	\$ 14,711
Amounts Due Within One Year	\$ 14,711

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 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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

Background (Continued)

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' website (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.

Employees enrolled in the FRS Plan may include up to four 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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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.

Benefits Provided

For the fiscal year ended June 30, 2018, 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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 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. 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.

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, 2018, 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.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

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, 2018, 2017, and 2016 were \$81,412, \$75,349, and \$75,383, 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)

The Clerk provides postemployment health care benefits in accordance with Section 112.0801, Florida Statutes, to all employees who retire from the Clerk. The Clerk is required to provide health care coverage at cost to all retirees but does not pay any portion of the premium for the retiree to participate in the Clerk's group health care plan. The liability and expense for other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are reported in the financial statements of the County.

NOTE 7 COMMITMENTS AND CONTINGENCIES

The Clerk leases certain equipment under various noncancelable operating leases. Total costs for these leases was \$5,083 for the fiscal year ended September 30, 2018. The future minimum lease payments under these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 4,500
2020	4,500
2021	4,500
2022	4,500
2023	2,625
Total	<u>\$ 20,625</u>

NOTE 8 RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County provides coverage for the above risks and no cost is charged to the Clerk. There have been no claims in excess of insurance coverage limits during the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 81,244	\$ 81,244	\$ 99,908	\$ 18,664
Charges for Services	432,424	432,424	405,202	(27,222)
Investment Earnings	570	570	2,007	1,437
Total Revenues	<u>514,238</u>	<u>514,238</u>	<u>507,117</u>	<u>(7,121)</u>
EXPENDITURES				
Current - General Government:				
Personal Services	887,341	887,341	780,706	106,635
Operating Expenditures	80,300	80,300	64,179	16,121
Capital Outlay	2,457	2,457	5,983	(3,526)
Total Expenditures	<u>970,098</u>	<u>970,098</u>	<u>850,868</u>	<u>119,230</u>
Deficiency of Revenues Over Expenditures	(455,860)	(455,860)	(343,751)	112,109
OTHER FINANCING SOURCES (USES)				
Transfers In	455,860	455,860	455,860	-
Transfers Out	-	-	(46,275)	(46,275)
Unexpended Appropriation: State of Florida	-	-	(65,834)	(65,834)
Total Other Financing Sources	<u>455,860</u>	<u>455,860</u>	<u>343,751</u>	<u>(112,109)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Note to Schedules of Revenues and Expenditures – Budget and Actual
(General Fund and Public Records Modernization Fund).

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – PUBLIC RECORDS MODERNIZATION FUND
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 18,333	\$ 18,333
Investment Earnings	-	-	95	95
Total Revenues	-	-	18,428	18,428
EXPENDITURES				
Current - General Government:				
Operating Expenditures	42,541	42,541	50,374	(7,833)
Capital Outlay	1,600	1,600	-	1,600
Total Expenditures	44,141	44,141	50,374	(6,233)
NET CHANGE IN FUND BALANCE	\$ (44,141)	\$ (44,141)	\$ (31,946)	\$ 12,195

*See accompanying Note to Schedules of Revenues and Expenditures – Budget and Actual
(General Fund and Public Records Modernization Fund).*

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(GENERAL FUND AND PUBLIC RECORDS MODERNIZATION FUND)
SEPTEMBER 30, 2018**

NOTE 1 BUDGETARY ACCOUNTING

The Clerk is required to prepare two budgets. One budget relates to the Clerk's court related functions and is filed with the Clerks of Court Operations Corporation (CCOC). The other budget relates to the requirement of the Clerk as Clerk to the Board and is filed with the Board. 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 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 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, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated May 16, 2019.

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. 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.

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 16, 2019



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, 2018, and have issued our report thereon dated May 16, 2019.

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 Reporting Requirements

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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor. Disclosures in those reports, which are dated May 16, 2019, 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

Financial Management

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate 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, 2018, the Clerk has investigated and made some corrections to certain agency fund balance as part of their planned corrective action.

ML 2018-001 Inaccurate Compensated Absence Schedule

Criteria

Complete and accurate schedules should be prepared and proper review of those schedules should be performed.

Condition

During our testing 9 of 21 employees pay rates were not correct.

Cause

A comprehensive and detailed review of the schedule compared to the source documents was not performed.

Effect

Compensated absence balances were understated on the schedule. Inaccurate schedules also result in extra time for both the auditor and the Clerk's staff.

Recommendation

We recommend all schedules be reviewed by someone other than the preparer. This review should include comparing the source documents used to the schedule prepared.

ML 2018-002 Performance Reports

Criteria

Quarterly performance reports relating to collections, timeliness of filling and docketing cases, and timeliness of paying jurors must be submitted to the Florida Clerk of Courts Operations Corporation (CCOC) by the 20th of the month following the end of the quarter.

Condition

All quarterly reports relating to collections and timeliness of paying jurors were late and two of the four quarterly reports related to timeliness of filling and docketing cases were late.

Cause

Limited staff.

Effect

Ultimate submission of performance reports creates delays in the Clerk's evaluation of their results when compared to the performance standards. It also precludes the CCOC from effectively and efficiently making fiscal decisions, and creates delays in evaluating corrective action plans when a timeliness standard is not met.

Recommendation

We recommend management establish procedures to ensure that the performance reports are completed and submitted timely.

ML 2018-003 Clerk of Court Expenditures and Collections Report

Criteria

Based on Florida Statute 28.37(2), Beginning November 1, 2013, that portion of all fines, fees, service charges, and costs collected by the clerks of the court for the previous month which is in excess of one-twelfth of the clerks' total budget for the performance of court-related functions shall be remitted to the Department of Revenue for deposit into the Clerks of the Court Trust Fund. Such collections do not include funding received for the operation of the Title IV-D child support collections and disbursement program. The clerk of the court shall remit the revenues collected during the previous month due to the state on or before the 10th day of each month.

Condition

During there year ending September 30, 2018 there were two months in which the Clerk was required to remit revenues. One of those months was remitted late. The revenues due April 10th were not remitted until May.

Cause

Limited staff.

Effect

The Clerks of the Court Trust Fund is short monies which can be used to provide funding to clerks who did not generate revenue above 1/12 budgeted amounts.

Recommendation

We recommend management establish procedures to ensure that the Clerk of Court Expenditures and Collections Report is reviewed timely each month. For any month in which all fines, fees, service charges, and costs collected exceed 1/12 of the budget we recommend the disbursement process start in order to meet the payment deadline.


Additional Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the 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 16, 2019

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2018**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2016-2017	2015-2016	Cleared	Partially Cleared	Not Cleared
ML 2010-001 Timely Remittance of Agency Transactions	Control Deficiency and Compliance	ML 2010-001	ML 2010-001	ML 2010-001			X
2017-001 Material Audit Adjustments	Material Weakness	N/A	2017-001	2016-001	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 Clerk of the Courts alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding Clerk of the Courts performance standards and budget, during the year ended September 30, 2018. Management of the Clerk is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds; Section 61.181, Florida Statutes, regarding clerks of the courts alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding clerks of the courts performance standards and budgets during year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 16, 2019



SANDRA H. BROWN

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

GLADES COUNTY COURTHOUSE
500 AVENUE I
POST OFFICE Box 10
MOORE HAVEN, FLORIDA 33471-0010

May 17, 2019

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

Please see my response to the findings in the Financial Statements and Supplemental Reports for Year Ended September 30, 2018:

ML 2018-001 Inaccurate Compensated Absence Schedule

The salary for former employees were not updated accurately prior to the report being submitted.

The Finance Director or the Clerk of Court will review the compensated absence schedule for accuracy prior to submission.

ML 2018-002 Performance Reports

The Clerk prepares and transmits the quarterly performance reports. We have had limited staff and several turn overs with staff. We will be training others in the office on the procedures to prepare and transmit reports to try and prevent future late filings.

Martin Redovan
May 17, 2019
Page 2

ML 2018-003 Clerk of Court Expenditures and Collections Reports

The Finance Office prepares and transmits the Expenditures and Collections reports. Prior to submittal it goes thru both Finance and the Clerk. We have had limited staff and several turn overs with staff. We will be training others in the office on the procedures to prepare and transmit reports to try and prevent future late filings.

Prior Year Finding 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.

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 FY18 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, 2018

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Property Appraiser, Glades County, Florida (the Property Appraiser), as of and for the year ended September 30, 2018, 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 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 Property Appraiser's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund, only for that portion of the general fund of Glades County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Glades County, Florida, as of September 30, 2018, 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 this matter.

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 14-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2019 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. The purpose of that report is solely 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 effectiveness of the Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019

FINANCIAL STATEMENTS

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 33,844
Prepaid Items	<u>8,710</u>
Total Assets	<u><u>\$ 42,554</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,015
Accrued Expenses	8,705
Due to Board of County Commissioners	29,279
Due to Other Governments	<u>555</u>
Total Liabilities	42,554

FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 42,554</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, 2018**

REVENUES	
Charges for Services	\$ 40,813
Miscellaneous	97
Total Revenues	40,910
 EXPENDITURES	
Current:	
Personal Services	544,954
Operating Expenditures	87,611
Total Expenditures	632,565
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (591,655)
 OTHER FINANCING SOURCES (USES)	
Transfers In	621,489
Distribution of Excess Fees:	
Board of County Commissioners	(29,279)
Other Governments	(555)
Total Other Financing Sources	591,655
 NET CHANGE IN FUND BALANCE	 -
 Fund Balance - Beginning of Year	 -
 FUND BALANCE - END OF YEAR	 \$ -

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

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 2018 budget of the Property Appraiser was \$621,489.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$29,279 were due to the Board General Fund at September 30, 2018.

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 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, 2018**

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, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital Assets Being Depreciated:				
Equipment	\$ 161,728	\$ -	\$ -	\$ 161,728
Less Accumulated Depreciation:				
Equipment	157,304	2,783	-	160,087
Total Capital Assets, Net	<u>\$ 4,424</u>	<u>\$ (2,783)</u>	<u>\$ -</u>	<u>\$ 1,641</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.

Changes in compensated absences for the year ended September 30, 2018 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2017	\$ 14,214
Increases	32,564
Decreases	(37,180)
Balance - September 30, 2018	<u>\$ 9,598</u>
Amounts Due Within One Year	<u>\$ 9,598</u>

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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).

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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 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 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. Employees enrolled in the FRS Plan may include up to four 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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 forfeiting 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, 2018, 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, 2018, 2017, and 2016 were \$76,816, \$69,229, and \$67,422, 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, 2018**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Property Appraiser provides postemployment health care benefits in accordance with Section 112.0801, Florida Statutes, to all employee who retire from the Property Appraiser. The Property Appraiser is required to provide health care coverage at cost to all retirees but does not pay any portion of the premium for the retiree to participate in the Property Appraiser's group health care plan. The liability and expense for the other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are reported in the financial statements of the County.

NOTE 7 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 23,367	\$ 23,367
EXPENDITURES				
Current:				
Personal Services	547,504	547,035	544,954	2,081
Operating Expenditures	97,821	97,821	84,578	13,243
Capital Outlay	-	-	-	-
Total Expenditures	<u>645,325</u>	<u>644,856</u>	<u>629,532</u>	<u>15,324</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(645,325)	(644,856)	(606,165)	(38,691)
OTHER FINANCING SOURCES (USES)				
Transfers In	645,325	644,856	621,489	(23,367)
Distribution of Excess Fees:				
Board of County Commissioners	-	-	(14,769)	14,769
Other Governments	-	-	(555)	555
Total Other Financing Sources	<u>645,325</u>	<u>644,856</u>	<u>606,165</u>	<u>38,691</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

See accompanying Notes to Schedule of Revenues and Expenditures – Budget and Actual – General Fund (Non-GAAP Budgetary Basis).

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2018**

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 budgeted 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, 2018**

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	\$ 23,367
Differences—Budget to GAAP: Certain Revenues are not a Component of the Property Appraiser's Budget	17,543
Total Revenues as Reported on the Statement of Revenues and Expenditures	\$ 40,910
Actual Amounts (Budgetary Basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 629,532
Differences—Budget to GAAP: Certain Expenditures are not a Component of the Property Appraiser's Budget	3,033
Total Expenditures as Reported on the Statement of Revenues and Expenditures	\$ 632,565
Actual Amounts (Budgetary Basis) "Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ 606,165
Differences—Budget to GAAP: Certain Revenues and Expenditures are not a Component of the Property Appraiser's Budget	(14,510)
Total Other Financing Sources (Uses) as Reported on the Statement of Revenues and Expenditures	\$ 591,655

SUPPLEMENTAL REPORTS



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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Property Appraiser, Glades County, Florida (the Property Appraiser), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control Over Financial Reporting

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

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

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019



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, 2018, and have issued our report thereon dated May 13, 2019.

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 Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 13, 2019, 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

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019



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, 2018. Management of the Property Appraiser is responsible for Property Appraiser's compliance with those specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019

**SHERIFF
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

**SHERIFF
GLADES COUNTY, FLORIDA
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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, 2018, 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 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 Sheriff'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 Sheriff'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, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 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, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The Honorable 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 31, 2019 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Sheriff's 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 31, 2019

FINANCIAL STATEMENTS

**SHERIFF
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
ASSETS			
Cash	\$ 475,030	\$ 1,726,156	\$ 2,201,186
Accounts Receivable	856,384	3,201	859,585
Prepaid Items	16,729	-	16,729
Due from Other Funds	132	-	132
Due from Board of County Commissioners	6,258	-	6,258
	\$ 1,354,533	\$ 1,729,357	\$ 3,083,890
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 209,769	\$ 3,418	\$ 213,187
Other Accrued Liabilities	431,823	-	431,823
Due to Other Funds	-	132	132
Due to Other Governments	600	-	600
Due to Board of County Commissioners	142,885	-	142,885
Total Liabilities	785,077	3,550	788,627
FUND BALANCES			
Nonspendable:			
Prepaid Items	16,729	-	16,729
Restricted:			
Public Safety	-	1,725,807	1,725,807
Training	12,491	-	12,491
Donations	21,003	-	21,003
Assigned:			
Personnel Expenditures	519,233	-	519,233
Total Fund Balances	569,456	1,725,807	2,295,263
Total Liabilities and Fund Balances	\$ 1,354,533	\$ 1,729,357	\$ 3,083,890

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, 2018**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
REVENUES			
Fines and Forfeitures	\$ 34,560	\$ 173,517	\$ 208,077
Intergovernmental	168,905	20,800	189,705
Charges for Services	6,670,549	-	6,670,549
Investment Earnings	72	1,303	1,375
Miscellaneous Income	41,864	-	41,864
Total Revenues	<u>6,915,950</u>	<u>195,620</u>	<u>7,111,570</u>
EXPENDITURES			
Current:			
Public Safety:			
Personal Services	2,979,077	-	2,979,077
Operating Expenditures	675,796	66,107	741,903
Jail Operations:			
Personal Services	6,302,184	-	6,302,184
Operating Expenditures	1,551,882	-	1,551,882
Capital Outlay	199,600	75,510	275,110
Total Expenditures	<u>11,708,539</u>	<u>141,617</u>	<u>11,850,156</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,792,589)	54,003	(4,738,586)
OTHER FINANCING SOURCES (USES)			
Transfers In	4,927,629	-	4,927,629
Transfers Out	(137,501)	-	(137,501)
Total Other Financing Sources (Uses)	<u>4,790,128</u>	<u>-</u>	<u>4,790,128</u>
NET CHANGE IN FUND BALANCES	(2,461)	54,003	51,542
Fund Balances - Beginning of Year	<u>571,917</u>	<u>1,671,804</u>	<u>2,243,721</u>
FUND BALANCES - END OF YEAR	<u>\$ 569,456</u>	<u>\$ 1,725,807</u>	<u>\$ 2,295,263</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 of funds classified for reporting purpose into two governmental funds.

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, 2018**

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 Items

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

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, 2018**

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, 2018.

	Due from Other Funds	Due to Other Funds
General Fund	\$ 132	\$ -
Asset Forfeiture Fund	-	132
Total	\$ 132	\$ 132

- 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, 2018.

The amount transferred by the Board to fund the 2018 budget of the Sheriff was \$4,927,629.

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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount of undistributed excess fees of \$137,501 was due to the Board's General Fund at September 30, 2018.

In addition to the undistributed excess fees, the Sheriff reported amounts due to the Board's General Fund of \$649 for interest income and \$4,735 for fee income.

Use 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 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, 2018**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 25,451	\$ -	\$ 25,451	\$ -
Capital Assets, Being Depreciated:				
Motor Vehicles	1,973,581	219,727	63,862	2,129,446
Equipment and Furniture	2,274,168	107,838	62,337	2,319,669
Livestock	10,500	-	-	10,500
Total Capital Assets, Being Depreciated	<u>4,258,249</u>	<u>327,565</u>	<u>126,199</u>	<u>4,459,615</u>
Less Accumulated Depreciation for:				
Motor Vehicles	1,522,853	133,236	36,570	1,619,519
Equipment and Furniture	1,986,394	57,775	62,337	1,981,832
Livestock	9,036	1,107	-	10,143
Total Accumulated Depreciation	<u>3,518,283</u>	<u>192,118</u>	<u>98,907</u>	<u>3,611,494</u>
Total Capital Assets, Net	<u>\$ 765,417</u>	<u>\$ 135,447</u>	<u>\$ 52,743</u>	<u>\$ 848,121</u>

NOTE 4 OPERATING LEASE OBLIGATIONS

The Sheriff leases office equipment under operating leases. These leases expire on various dates through 2022. 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, 2018 were \$11,799.

The future minimum lease obligations as of September 30, 2018 are as follows:

<u>Fiscal Year Ending September 30,</u>	
2019	\$ 12,510
2020	12,510
2021	12,510
2022	11,029
Total Minimum Lease Payments	<u>\$ 48,559</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 2018.

Balance, October 1, 2017	\$	684,659
Increases		755,473
Decreases		<u>(714,134)</u>
Balance, September 30, 2018	\$	<u><u>725,998</u></u>
Amounts Due Within One Year	\$	<u><u>508,199</u></u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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).

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, 2018**

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 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. Employees enrolled in the FRS Plan may include up to four 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.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, 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, 2018**

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, 2018, 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, 2018**

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, 2018, 2017, and 2016 were \$1,254,249, \$1,029,000, and \$807,945, 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)

The Sheriff provides postemployment health care benefits in accordance with Section 112.0801, Florida Statutes, to all employee who retire from the Sheriff. The Sheriff is required to provide health care coverage at cost to all retirees but does not pay any portion of the premium for the retiree to participate in the Sheriff's group health care plan. The liability and expense for the other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, are reported in the financial statements of the County.

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.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018, the Sheriff received \$6,169,064 from GCDC, which was used to fund payroll expenses related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,004. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and is 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.

REQUIRED SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ -	\$ 34,560	\$ 34,560	\$ -
Intergovernmental	-	168,905	168,905	-
Charges for Services	-	6,670,549	6,670,549	-
Investment Earnings	-	72	72	-
Miscellaneous Income	-	30,821	41,864	11,043
Carryover from Prior Year	-	-	-	-
Total Revenues	<u>-</u>	<u>6,904,907</u>	<u>6,915,950</u>	<u>11,043</u>
EXPENDITURES				
Current:				
Public Safety:				
Personal Services	2,552,026	2,979,078	2,979,077	1
Operating Expenditures	554,803	668,868	675,796	(6,928)
Jail Operations:				
Personal Services	-	6,293,509	6,302,184	(8,675)
Operating Expenditures	1,694,998	1,556,935	1,551,882	5,053
Capital Outlay	68,098	200,291	199,600	691
Carryover to Next Year	-	(3,646)	-	(3,646)
Total Expenditures	<u>4,869,925</u>	<u>11,695,035</u>	<u>11,708,539</u>	<u>(13,504)</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,869,925)	(4,790,128)	(4,792,589)	(2,461)
OTHER FINANCING SOURCES (USES)				
Transfers In	4,869,925	4,927,629	4,927,629	-
Transfers Out	-	(137,501)	(137,501)	-
Total Other Financing Sources (Uses)	<u>4,869,925</u>	<u>4,790,128</u>	<u>4,790,128</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	(2,461)	(2,461)
Fund Balances - Beginning of Year	-	-	571,917	571,917
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,456</u>	<u>\$ 569,456</u>

See accompanying Note to Schedule of Revenues and Expenditures – Budget and Actual – General Fund.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2018**

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.

SUPPLEMENTAL REPORTS



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

The Honorable 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, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated May 31, 2019.

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.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 31, 2019



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 fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 31, 2019, 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.

Financial Management

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

The Honorable David Hardin
Sheriff
Glades County, Florida

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 31, 2019

**SHERIFF
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2018**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	FY 2017	FY 2016	Cleared	Partially Cleared	Not Cleared
ML 2017-001 Review of Bank Reconciliations	Management Letter	N/A	2017-001	N/A	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, 2018. Management of the Sheriff is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended for the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 31, 2019

**SUPERVISOR OF ELECTIONS,
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections as of September 30, 2018, 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, 2018, 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 to 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 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 21, 2019, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Supervisor of Elections internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 21, 2019

FINANCIAL STATEMENTS

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Prepaid Items	<u>\$ 6,950</u>
Total Assets	<u><u>\$ 6,950</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	<u>\$ 6,950</u>
Total Liabilities	6,950

FUND BALANCE

Nonspendable:	
Prepaid Items	6,950
Unassigned	<u>(6,950)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 6,950</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, 2018**

REVENUES		
Intergovernmental	\$	45,768
EXPENDITURES:		
Current - General Government:		
Personal Services		207,858
Operating Expenditures		65,506
Capital Outlay		31,453
Total Expenditures		304,817
OTHER FINANCING SOURCES		
Transfer In		265,999
Transfer Out		(6,950)
Total Other Financing Sources		259,049
NET CHANGE IN FUND BALANCE		-
Fund Balance - Beginning of Year		-
FUND BALANCE - END OF YEAR	\$	-

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018**

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 2018 budget of the Supervisor of Elections was \$265,999. The amount of excess funds transferred back to the Board at year-end was \$6,950.

Prepaid Items

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

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, 2018**

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 of Elections uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Supervisor of Elections 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 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 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, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 105,127	\$ 31,453	\$ -	\$ 136,580
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	100,955	4,123	-	105,078
Total Capital Assets, Net	<u>\$ 4,172</u>	<u>\$ 27,330</u>	<u>\$ -</u>	<u>\$ 31,502</u>

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2017	\$ 351
Increases	2,410
Decreases	(1,645)
Balance - September 30, 2018	<u>\$ 1,116</u>
Amounts Due Within One Year	<u>\$ 893</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, 2018**

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).

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. Employees enrolled in the FRS Plan may include up to four 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, 2018**

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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 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, 2018, 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, 2018**

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, 2018, 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, 2018, 2017, and 2016 were \$47,892, \$43,362, and \$35,223, 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)

The Supervisor of Elections provides postemployment health care benefits in accordance with Section 112.0801, Florida Statutes, to all employees who retire from the Supervisor of Elections. The Supervisor of Elections is required to provide health care coverage at cost to all retirees but does not pay any portion of the premium for the retiree to participate in the Supervisor of Elections' group health care plan. The liability and expense for other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are reported in the financial statements of the County.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 73,111	\$ 45,768	27,343
EXPENDITURES				
Current - General Government:				
Personal Services	211,375	211,225	207,858	3,367
Operating Expenditures	73,200	79,325	72,456	6,869
Capital Outlay	-	79,359	31,453	47,906
Total Expenditures	<u>284,575</u>	<u>369,909</u>	<u>311,767</u>	<u>58,142</u>
OTHER FINANCING SOURCES				
Transfer In:				
Glades County, Florida Board of County Commissioners Appropriations	<u>284,575</u>	<u>296,798</u>	<u>265,999</u>	<u>(30,799)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,686</u></u>

See accompanying Notes to Schedule of Revenues and Expenditures – Budget to Actual – General Fund (Non-GAAP Budgetary Basis).

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2018**

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 (GAAP) 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 TO ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2018**

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	\$ 311,767
Differences—Budget to GAAP:	
Prepaid Expenses Which are Budgeted Expenditures but are not Recorded as Expenditures in the Statement of Revenues and Expenditures	(6,950)
Total Expenditures as Reported on the Statement of Revenues and Expenditures - General Fund	\$ 304,817
Actual Amounts (Budgetary Basis) "Other Sources (Uses)" from the Budgetary Comparison Schedule	\$ 265,999
Differences—Budget to GAAP:	
Excess Appropriations not Budgeted	(6,950)
Total Sources (Uses) as Reported on the Statement of Revenues and Expenditures - General Fund	\$ 259,049

SUPPLEMENTAL REPORTS



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

The Honorable 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, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, and have issued our report thereon dated May 21, 2019.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

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

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

The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 21, 2019



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, 2018, and have issued our report thereon dated May 21, 2019.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 21, 2019, 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 and recommendations reported in the preceding annual financial 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 of Elections discloses this information in the notes to the financial statements.

The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 21, 2019



INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

We have examined the 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, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 21, 2019

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the Tax Collector), as of and for the year ended September 30, 2018, 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 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 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.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, 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, 2018, 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2019 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019

FINANCIAL STATEMENTS

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	<u>\$ 11,178</u>
Total Assets	<u><u>\$ 11,178</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 759
Due to Board of County Commissioners	<u>10,419</u>
Total Liabilities	<u>11,178</u>

FUND BALANCE

	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 11,178</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, 2018**

REVENUES	<u>\$ -</u>
EXPENDITURES	
Current:	
Personal Services	383,673
Operating Expenditures	<u>73,683</u>
Total Expenditures	<u>457,356</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(457,356)
OTHER FINANCING SOURCES (USES)	
Transfers In	463,661
Transfers Out	<u>(6,305)</u>
Total Other Financing Sources	<u>457,356</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
YEAR ENDED SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 82,844
Other Receivables	<u>2,058</u>
Total Assets	<u><u>\$ 84,902</u></u>

LIABILITIES

Due to Other Governments	<u>\$ 84,902</u>
Total Liabilities	<u><u>\$ 84,902</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018**

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, 2018**

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 2018 budget of the Tax Collector was \$463,661.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess fees of \$6,305 were due to the Board of County Commissioners General Fund at September 30, 2018.

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 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, 2018**

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, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital Assets Being Depreciated:				
Equipment	\$ 69,519	\$ -	\$ -	\$ 69,519
Less Accumulated Depreciation:				
Equipment	40,713	6,212	-	46,925
Total Capital Assets, Net	<u>\$ 28,806</u>	<u>\$ (6,212)</u>	<u>\$ -</u>	<u>\$ 22,594</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, 2018 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2017	\$ 13,750
Increases	22,564
Decreases	(21,819)
Balance - September 30, 2018	<u>\$ 14,495</u>
Amounts Due Within One Year	<u>\$ 13,144</u>

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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).

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, 2018**

NOTE 5 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 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. Employees enrolled in the FRS Plan may include up to four 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, 2018**

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, 2018, 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.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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.

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, 2018, 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, 2018, 2017, and 2016 were \$31,219, \$28,647, and \$28,945, respectively, equal to the actuarially determined contribution requirements for each year.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 PENSION PLAN (CONTINUED)

Contributions (Continued)

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

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Tax Collector provides postemployment health care benefits in accordance with Section 112.0801, Florida Statutes, to all employees who retire from the Tax Collector. The Tax Collector is required to provide health care coverage at cost to all retirees but does not pay any portion of the premium for the retiree to participate in the Tax Collector's group health care plan. The liability and expense for the other postemployment benefits, calculated in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are reported in the financial statements of the County.

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, 2018, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

REQUIRED SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Personal Services	387,420	383,673	383,673	-
Operating Expenditures	76,241	79,988	73,683	6,305
Total Expenditures	<u>463,661</u>	<u>463,661</u>	<u>457,356</u>	<u>6,305</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(463,661)	(463,661)	(457,356)	6,305
OTHER FINANCING SOURCES (USES)				
Transfers In	463,661	463,661	463,661	-
Transfers Out	-	-	(6,305)	(6,305)
Total Other Financing Sources (Uses)	<u>463,661</u>	<u>463,661</u>	<u>457,356</u>	<u>(6,305)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

See accompanying Note to Schedule of Revenues and Expenditures – Budget and Actual – General Fund.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1 BUDGETARY ACCOUNTING

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

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

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

SUPPLEMENTAL REPORTS



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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the Tax Collector), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control Over Financial Reporting

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

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019



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, 2018, and have issued our report thereon dated May 13, 2019.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 13, 2019, 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. Corrective actions have been taken to address findings and 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

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019



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, 2018. Management of the Tax Collector is responsible for Tax Collector's compliance with those specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 13, 2019