

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019



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**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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

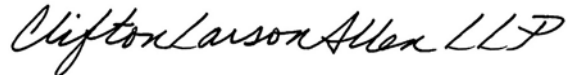
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and 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 federal awards and 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 24, 2020, 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 24, 2020

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, 2019. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

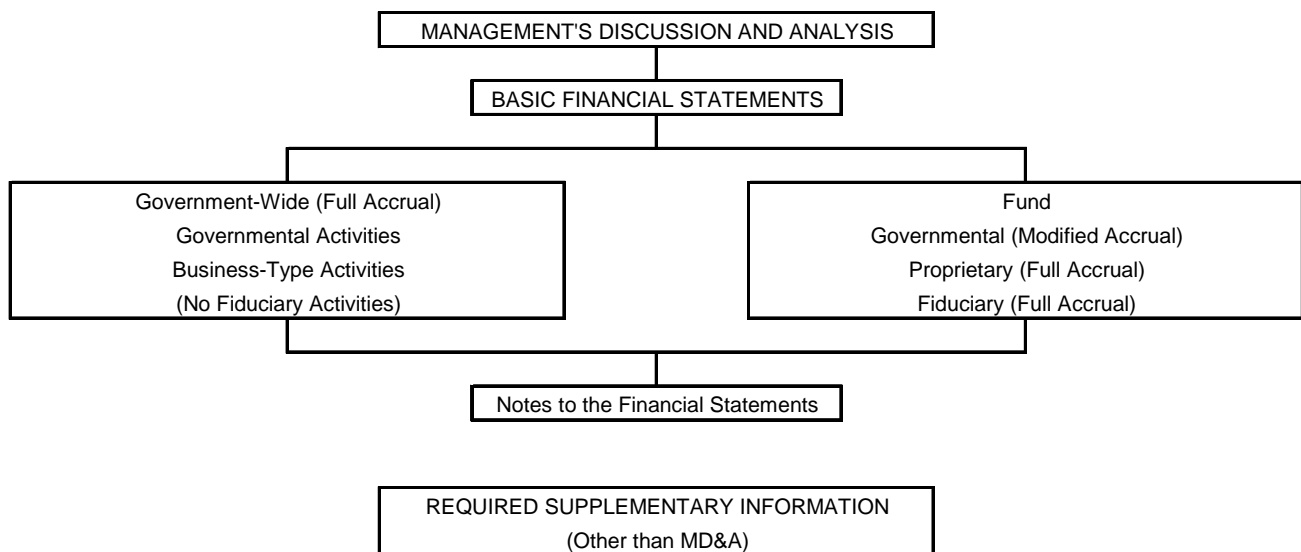
The County's total net position decreased by approximately \$1.1 million over the course of this year's operations. The net position of our business-type activities increased by approximately \$116,000 and net position of our governmental activities decreased by approximately \$1.2 million.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$7.2 million, or 36% of total general fund expenditures.

Overview of the Financial Statements

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

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, 2019 and 2018, derived from the government-wide statement of net position:

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 21,038	\$ 18,219	\$ 1,394	\$ 1,242	\$ 22,432	\$ 19,461
Capital Assets	50,654	51,243	375	403	51,029	51,646
Total Assets	71,692	69,462	1,769	1,645	73,461	71,107
Deferred Outflows of Resources	8,061	8,959	11	12	8,072	8,971
Other Liabilities	2,194	1,625	53	37	2,247	1,662
Noncurrent Liabilities Outstanding	23,802	21,107	489	497	24,291	21,604
Total Liabilities	25,996	22,732	542	534	26,538	23,266
Deferred Inflows of Resources	2,134	2,849	3	4	2,137	2,853
Net Position:						
Net Investment in Capital Assets	50,057	50,921	375	403	50,432	51,324
Restricted	11,111	9,707	-	-	11,111	9,707
Unrestricted	(9,545)	(7,788)	860	716	(8,685)	(7,072)
Total Net Position	\$ 51,623	\$ 52,840	\$ 1,235	\$ 1,119	\$ 52,858	\$ 53,959

Current and other assets for the governmental activities increased \$2.8 million due to \$3.7 increase in cash and investments, both restricted and unrestricted followed by a \$876,700 decrease in accounts receivables, \$1,703 in inventories and \$28,000 in prepaids. Capital assets decreased \$589,000 due to a decrease of \$416,000 in equipment disposal, \$9,000 in land sold as well as current year depreciation. Deferred outflows of resources decreased \$898,000 due to changes in the actuarial valuation and the County’s share of pension related deferred outflows of resources. Overall, total liabilities increased \$3.3 million, which was due to an increase in the net pension liability recorded for approximately \$2.5 million, \$100,000 in total OPEB liability, \$93,000 liabilities due within a year, \$5,500 liabilities due in more than a year and an increase in operational payables at year-end of \$569,000. Deferred inflows of resources decreased \$715,000 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 \$152,000 due to an increase in cash and investments of \$212,000 because of overall operating income. Accounts Receivable decreased approximately \$48,000 due to the timing of revenue received at year end. Due to other Funds decreased approximately \$16,000 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 \$52.9 million. The largest portion of the County’s net position is net investment in capital assets and is 95.4% of total net position. This category reflects its net investment in capital assets net of any outstanding related debt used to acquire these assets. The County uses these capital assets to provide services to the citizens of the County; consequently this net position is not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Restricted net position represents 21.0% 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 -16.4% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position decreased by approximately \$1.1 million during the fiscal year compared to the increase of \$1.1 million in the prior fiscal year. This decrease is attributed to a decrease in capital grants for the completion of Aspen & Birchwood paving projects.

The table below presents a summary of changes in net position for the years ended September 30, 2019 and 2018, as derived from the government-wide statement of activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 9,646	\$ 8,813	\$ 589	\$ 578	\$ 10,235	\$ 9,391
Operating Grants	2,636	1,356	53	86	2,689	1,442
Capital Grants	971	2,340	-	-	971	2,340
General Revenues:						
Property Taxes	7,883	7,495	-	-	7,883	7,495
Other Taxes	5,153	4,897	-	-	5,153	4,897
Other Revenues	285	631	24	14	309	645
Total Revenues	<u>26,574</u>	<u>25,532</u>	<u>666</u>	<u>678</u>	<u>27,240</u>	<u>26,210</u>
Expenses:						
General Government	5,914	5,595	-	-	5,914	5,595
Public Safety	17,769	15,486	-	-	17,769	15,486
Physical Environment	421	412	-	-	421	412
Transportation	2,073	1,826	-	-	2,073	1,826
Culture and Recreation	433	414	-	-	433	414
Human Services	394	433	-	-	394	433
Economic Environment	653	339	-	-	653	339
Court-Related Costs	129	93	-	-	129	93
Interest on Long-Term Debt	5	6	-	-	5	6
Solid Waste	-	-	550	528	550	528
Total Expenses	<u>27,791</u>	<u>24,604</u>	<u>550</u>	<u>528</u>	<u>28,341</u>	<u>25,132</u>
Change in Net Position	(1,217)	928	116	150	(1,101)	1,078
Net Position - Beginning	52,840	51,912	1,119	969	53,959	52,881
Net Position - Ending	<u>\$ 51,623</u>	<u>\$ 52,840</u>	<u>\$ 1,235</u>	<u>\$ 1,119</u>	<u>\$ 52,858</u>	<u>\$ 53,959</u>

Over time, increases and decreases in net position measure whether the County’s financial position is improving or deteriorating. During this fiscal year, the net position of the governmental activities decreased by approximately \$1.1 million or 2.0% due to current year activities, and the net position of the business-type activities increased by approximately \$116,000 or 10.4%.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Governmental Activities – Governmental activities decreased the County's net position by approximately \$1.2 million, accounting for 110.5% of the total current year decrease in net position. Overall revenues increased \$1.0 million and expenses increased \$3.2 million. Key elements of these changes are as follows:

- Charges for services increased approximately \$833,000 due to \$341,000 increase in contributions from GCDC, increase of \$40,800 in court facilities fees, increase of \$4,800 in rental fees for the Training Center, increase of \$38,000 in the sale of assets, \$10,600 in Clerk of Court Fees, \$4,200 in Sheriff Fees, \$4,400 in the Sale of Maps, \$4,400 in Cemetery Fees, \$1,000 in Fire Inspections, \$2,400 in Court Technology Fees.
- Operating grants increased \$1.3 million due primarily to an increase in \$686,000 in FEMA funds from Hurricane Irma and \$700,000 increase in SHIP funds.
- Capital Grants decreased \$1.4 due a decrease in the number of active capital grants compared to the previous year.
- Property tax revenues increased approximately \$388,000 due to increases in assessed value.
- Other tax revenue increased approximately \$256,000 due to increases in Amendment One Offset.
- General government expenditures increased approximately \$319,000 for operating expenses.
- Public Safety expenditures increased approximately \$2.3 million due to an increase of approximately \$777,000 in jail operations and an increase of \$1.5 million in county operations.

Business-Type Activities – Business-type activities increased the County's net position by approximately \$116,000. Overall revenues decreased \$12,000 and expenses increased by \$22,000.

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 \$7.2 million while the total fund balance reached \$8.7 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 35.7% of total general fund expenditures and 82.3% 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 \$1.0 million 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 \$661,000 due to an increase in revenues and decreases in expenditures.
- SHIP Fund had an increase of approximately \$321,000 resulting primarily from an increase in revenues due primarily to receiving additional funding by the state for prior years.
- Capital Outlay Fund had an increase of approximately \$101,000 resulting primarily from an increase in revenues and decreases in expenditures.
- Sheriff Asset Forfeiture had a decrease of approximately \$95,000 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 \$116,000 increase in net position from the prior year. The increase is due primarily to an increase in revenues followed by a decrease in overall expenses due primarily to the timing of payables at year-end.

General Fund Budgetary Highlights

Actual revenues were over budget by \$325,000. Expenditures were under budget by \$5.7 million. Some significant changes were as follows:

- Decrease of \$146,000 in miscellaneous sales and tax revenue and \$3,846 in miscellaneous revenue collected under the final budget amount for the timing of receipt after year-end.
- Expenditures were under budget by \$4.2 million compared to actual in General Government due to a \$1.3 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 \$529,000 in Public Safety due to a decrease in expenditures from employee turnover throughout the fiscal year.
- Court-Related Costs were under budget by \$15,000 due to a decrease in operating expenditures.
- Economic Development expenditures were under budget by \$148,000 due to a decrease in operating expenditures.
- Human Services expenditures were under budget by \$65,000 due to a decrease in operating expenditures.
- Capital Outlay expenditures were under budget by \$765,000 due to a decrease in purchasing equipment and other capital expenditures.

The comparison between final amended budget and actual was a positive change of approximately \$6.3 million.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2019 and 2018, the County had \$51.0 million and \$51.6 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	
	2019	2018	2019	2018	2019	2018
Land and Construction in Progress	\$ 3,970	\$ 3,331	\$ 25	\$ 25	\$ 3,995	\$ 3,356
Land Improvements	-	-	574	574	574	574
Infrastructure	57,695	57,428	-	-	57,695	57,428
Building	33,925	33,804	45	45	33,970	33,849
Equipment, Furniture, and Vehicles	12,572	12,054	326	330	12,898	12,384
K-9 Unit	11	11	-	-	11	11
Less: Accumulated Depreciation	(57,519)	(55,385)	(595)	(571)	(58,114)	(55,956)
Total	<u>\$ 50,654</u>	<u>\$ 51,243</u>	<u>\$ 375</u>	<u>\$ 403</u>	<u>\$ 51,029</u>	<u>\$ 51,646</u>

Major capital asset events during the year included:

- Rebuilt the Muse Fire Station with costs of approximately \$120,000.
- Improvements towards waste water infrastructure with costs of approximately \$600,000. Glades County received grants for these projects.

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

Debt Administration

As of year-end, the County had outstanding long-term liabilities of \$23.8 million in governmental activities, which is an increase in the prior year balance and \$489,000 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	
	2019	2018	2019	2018	2019	2018
Note Payable	\$ 143	\$ 191	\$ -	\$ -	\$ 143	\$ 191
Leases Payable	127	-	-	-	127	-
Net Pension Liability	20,837	18,376	29	27	20,866	18,403
Total OPEB Liability	1,723	1,637	-	-	1,723	1,637
Landfill Closure Obligation	-	-	459	470	459	470
Estimated Liability for Compensated Absences	972	903	1	-	973	903
Total	<u>\$ 23,802</u>	<u>\$ 21,107</u>	<u>\$ 489</u>	<u>\$ 497</u>	<u>\$ 24,291</u>	<u>\$ 21,604</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 a decrease in the estimated liability for landfill closure and post-closure care costs resulting from the closing of Cell 1 of the County's landfill.
- An increase in OPEB obligation resulted from an increase in benefit rates.
- 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.
- An increase in Leases Payable resulting from the capital lease agreement the Sheriff entered into for radios.

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 2020-2021 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 dropped low, keeping investment earnings down, which have been used to help fund existing programs in past years.

During Fiscal Year 2019-2020, a global pandemic broke out caused from COVID-19. Due to world-wide shut-downs, this will have a negative impact on revenues while increasing expenditures. It is unknown at this time the full impact.

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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 14,869,978	\$ 1,088,722	\$ 15,958,700	\$ 49,362
Investments	2,911,695	-	2,911,695	-
Restricted Assets:				
Cash and Cash Equivalents	871,481	-	871,481	-
Investments	283,616	-	283,616	-
Accounts Receivable, Net	1,166,935	91,063	1,257,998	-
Internal Balances	2,073	(2,073)	-	-
Due from Other Governments	731,754	19,774	751,528	-
Land Held for Sale	49,849	-	49,849	-
Inventories	68,416	-	68,416	-
Prepaid Items	82,029	-	82,029	-
Noncurrent Restricted Assets:				
Investments	-	197,010	197,010	-
Capital Assets:				
Nondepreciable Capital Assets	3,970,255	25,000	3,995,255	-
Depreciable Capital Assets, Net	46,683,671	350,299	47,033,970	-
Total Assets	<u>71,691,752</u>	<u>1,769,795</u>	<u>73,461,547</u>	<u>49,362</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts Related to Pensions	7,995,395	10,565	8,005,960	-
Deferred Amounts Related to OPEB	66,013	-	66,013	-
Total Deferred Outflows of Resources	<u>8,061,408</u>	<u>10,565</u>	<u>8,071,973</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,674,575	32,897	1,707,472	-
Accrued Interest	789	-	789	-
Due to Other Governmental Units	206,112	-	206,112	-
Unearned Revenue	312,697	19,774	332,471	-
Noncurrent Liabilities:				
Long-Term Liabilities Due Within One Year	789,858	623	790,481	-
Long-Term Liabilities Due in More Than One Year	452,154	459,427	911,581	-
Net Pension Liability	20,836,465	29,415	20,865,880	-
Total OPEB Liability	1,723,182	-	1,723,182	-
Total Liabilities	<u>25,995,832</u>	<u>542,136</u>	<u>26,537,968</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts Related to Pensions	1,954,957	3,031	1,957,988	-
Deferred Amounts Related to OPEB	178,925	-	178,925	-
Total Deferred Inflows of Resources	<u>2,133,882</u>	<u>3,031</u>	<u>2,136,913</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	50,056,813	375,299	50,432,112	-
Restricted for:				
Capital Project	9,720,751	-	9,720,751	-
Other Uses	1,390,919	-	1,390,919	-
Unrestricted	(9,545,037)	859,894	(8,685,143)	49,362
Total Net Position	<u>\$ 51,623,446</u>	<u>\$ 1,235,193</u>	<u>\$ 52,858,639</u>	<u>\$ 49,362</u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	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	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 5,914,355	\$ 1,202,884	\$ 577,993	\$ -	\$ (4,133,478)	\$ -	\$ (4,133,478)	
Public Safety	8,612,324	855,878	1,159,385	126,500	(6,470,561)	-	(6,470,561)	
Physical Environment	421,088	345,456	74,313	844,146	842,827	-	842,827	
Transportation	2,072,713	2,600	-	-	(2,070,113)	-	(2,070,113)	
Culture/Recreation	433,046	22,493	795,981	-	385,428	-	385,428	
Human Services	394,217	950	24,000	-	(369,267)	-	(369,267)	
Economic Environment	652,865	-	-	-	(652,865)	-	(652,865)	
Court-Related Costs	128,605	205,929	4,493	-	81,817	-	81,817	
Jail Operations	9,156,711	7,010,144	-	-	(2,146,567)	-	(2,146,567)	
Interest on Long-Term Debt	5,304	-	-	-	(5,304)	-	(5,304)	
Total Governmental Activities	27,791,228	9,646,334	2,636,165	970,646	(14,538,083)	-	(14,538,083)	
Business-Type Activities:								
Solid Waste	549,966	588,655	53,439	-	-	92,128	92,128	
Total Business-Type Activities	549,966	588,655	53,439	-	-	92,128	92,128	
Total Primary Government	\$ 28,341,194	\$ 10,234,989	\$ 2,689,604	\$ 970,646	(14,538,083)	92,128	(14,445,955)	
Component Unit								
Glades Soil and Water Conservation District	\$ 13,168	\$ -	\$ 17,104	\$ -				\$ 3,936
Total Component Unit	\$ 13,168	\$ -	\$ 17,104	\$ -				3,936
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					6,065,144	-	6,065,144	-
Property Taxes, Levied for Other Purposes					1,818,282	-	1,818,282	-
Public Service, Sales, and Miscellaneous Taxes					5,153,292	-	5,153,292	-
Investment Earnings					173,779	16,885	190,664	274
Miscellaneous					72,931	6,933	79,864	-
Gain on Disposal of Capital Assets					38,399	-	38,399	-
Total General Revenues					13,321,827	23,818	13,345,645	274
Change in Net Position					(1,216,256)	115,946	(1,100,310)	4,210
Net Position - Beginning					52,839,702	1,119,247	53,958,949	45,152
Net Position - Ending					\$ 51,623,446	\$ 1,235,193	\$ 52,858,639	\$ 49,362

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

ASSETS	General Fund	Transportation Trust	SHIP	Capital Outlay
Cash and Cash Equivalents	\$ 7,488,217	\$ 1,872,061	\$ 808,270	\$ 2,604,073
Restricted Cash and Cash Equivalents	867,736	-	-	3,745
Investments	1,148,287	1,635,925	-	127,483
Restricted Investments	283,616	-	-	-
Accounts Receivable, Net	878,071	187,592	-	96,966
Due from Other Funds	176,094	19,498	-	386,020
Due from Other Governments	100,519	-	-	553,210
Land Held for Sale	-	-	49,849	-
Inventories	-	68,416	-	-
Prepaid Items	68,671	3,707	-	-
Total Assets	<u>\$ 11,011,211</u>	<u>\$ 3,787,199</u>	<u>\$ 858,119</u>	<u>\$ 3,771,497</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 600,231	\$ 13,519	\$ 2,961	\$ 328,149
Due to Other Funds	440,573	17,543	-	52,471
Due to Other Governments	206,112	-	-	-
Unearned Revenue	251,165	1,830	-	3,619
Other Accrued Expenditures	710,780	-	-	-
Total Liabilities	<u>2,208,861</u>	<u>32,892</u>	<u>2,961</u>	<u>384,239</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	<u>98,663</u>	<u>-</u>	<u>-</u>	<u>409,056</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	68,671	3,707	-	-
Inventory	-	68,416	-	-
Restricted:				
Capital Projects	594,541	3,682,184	-	2,978,202
Cemetery Care	143,203	-	-	-
Law Enforcement	129,221	-	-	-
Public Safety	10,373	-	-	-
Economic Development	-	-	855,158	-
Intergovernmental Radio	169,131	-	-	-
Driver's Education	6,809	-	-	-
Tourism Development	98,074	-	-	-
Court Related Functions	-	-	-	-
Enhanced 911	-	-	-	-
Assigned:				
Law Enforcement	322,331	-	-	-
Unassigned	7,161,333	-	-	-
Total Fund Balances	<u>8,703,687</u>	<u>3,754,307</u>	<u>855,158</u>	<u>2,978,202</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,011,211</u>	<u>\$ 3,787,199</u>	<u>\$ 858,119</u>	<u>\$ 3,771,497</u>

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2019

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,735,327	\$ 362,030	\$ 14,869,978
Restricted Cash and Cash Equivalents	-	-	871,481
Investments	-	-	2,911,695
Restricted Investments	-	-	283,616
Accounts Receivable, Net	3,203	1,103	1,166,935
Due from Other Funds	9,175	26,278	617,065
Due from Other Governments	-	78,025	731,754
Land Held for Sale	-	-	49,849
Inventories	-	-	68,416
Prepaid Items	-	9,651	82,029
Total Assets	\$ 1,747,705	\$ 477,087	\$ 21,652,818
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 16,583	\$ 2,352	\$ 963,795
Due to Other Funds	100,000	4,405	614,992
Due to Other Governments	-	-	206,112
Unearned Revenue	-	56,083	312,697
Other Accrued Expenditures	-	-	710,780
Total Liabilities	116,583	62,840	2,808,376
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	57,900	565,619
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	9,651	82,029
Inventory	-	-	68,416
Restricted:			
Capital Projects	-	-	7,254,927
Cemetery Care	-	-	143,203
Law Enforcement	-	28,066	157,287
Public Safety	1,631,122	114,784	1,756,279
Economic Development	-	-	855,158
Intergovernmental Radio	-	-	169,131
Driver's Education	-	-	6,809
Tourism Development	-	-	98,074
Court Related Functions	-	164,405	164,405
Enhanced 911	-	39,441	39,441
Assigned:			
Law Enforcement	-	-	322,331
Unassigned	-	-	7,161,333
Total Fund Balances	1,631,122	356,347	18,278,823
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,747,705	\$ 477,087	\$ 21,652,818

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balance - Governmental Funds \$ 18,278,823

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	\$ 3,970,255	
Depreciable, Net	<u>46,683,671</u>	50,653,926

Deferred outflows of resources are reported as a result of changes in deferred amounts related to pensions in the statement of net position. 7,995,395

Deferred outflows of resources are reported as a result of changes in deferred amounts related to OPEB in the statement of net position. 66,013

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. 565,619

Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds. (789)

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

Leases Payable	(126,782)	
Note Payable	(143,340)	
Compensated Absences	(971,890)	
Net Pension Liability	(20,836,465)	
Total OPEB Liability	<u>(1,723,182)</u>	(23,801,659)

Deferred inflows of resources are reported as a result of changes in deferred amounts related to pensions in the statement of net position. (1,954,957)

Deferred inflows of resources are reported as a result of changes in deferred amounts related to OPEB in the statement of net position. (178,925)

Net Position of Governmental Activities \$ 51,623,446

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Transportation Trust	SHIP	Capital Outlay
REVENUES				
Ad Valorem Taxes	\$ 6,065,144	\$ 60,672	\$ -	\$ -
Sales and Miscellaneous Taxes	2,030,031	2,381,695	-	676,276
Fees and Fines	99,976	-	-	-
Licenses and Permits	-	2,600	-	-
Intergovernmental	1,882,195	35,076	770,763	348,918
Charges for Services	8,608,178	-	-	-
Investment Earnings	108,833	21,299	4,934	30,359
Miscellaneous	85,452	10,116	-	-
Contributions	119,800	-	-	-
Total Revenues	<u>18,999,609</u>	<u>2,511,458</u>	<u>775,697</u>	<u>1,055,553</u>
EXPENDITURES				
Current:				
General Government	4,365,911	-	-	2,000
Public Safety	6,157,733	-	-	-
Jail Operations	8,104,212	-	-	-
Physical Environment	147,296	-	-	-
Transportation	-	1,519,270	-	-
Human Services	282,663	-	-	-
Culture/Recreation	149,357	163,154	-	-
Economic Development	112,113	1,339	454,530	947
Court-Related Costs	42,229	-	-	-
Capital Outlay	623,303	185,358	-	751,488
Debt Service:				
Principal	54,823	-	-	-
Interest	6,401	-	-	-
Total Expenditures	<u>20,046,041</u>	<u>1,869,121</u>	<u>454,530</u>	<u>754,435</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,046,432)	642,337	321,167	301,118
OTHER FINANCING SOURCES (USES)				
Proceeds from the Disposal of Capital Assets	18,290	19,100	-	-
Proceeds from Capital Lease	133,825	-	-	-
Transfers In	2,124,190	-	-	-
Transfers Out	-	-	-	(200,398)
Distribution of Excess Fees - Other Governments	(219,616)	-	-	-
Total Other Financing Sources (Uses)	<u>2,056,689</u>	<u>19,100</u>	<u>-</u>	<u>(200,398)</u>
CHANGE IN FUND BALANCES	1,010,257	661,437	321,167	100,720
Fund Balance - Beginning	<u>7,693,430</u>	<u>3,092,870</u>	<u>533,991</u>	<u>2,877,482</u>
FUND BALANCES - ENDING	<u>\$ 8,703,687</u>	<u>\$ 3,754,307</u>	<u>\$ 855,158</u>	<u>\$ 2,978,202</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, 2019

	Sheriff Asset Forfeiture	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad Valorem Taxes	\$ -	\$ 1,757,611	\$ 7,883,427
Sales and Miscellaneous Taxes	-	65,290	5,153,292
Fees and Fines	497,544	-	597,520
Licenses and Permits	-	219,966	222,566
Intergovernmental	19,200	190,554	3,246,706
Charges for Services	-	21,448	8,629,626
Investment Earnings	1,416	6,939	173,780
Miscellaneous	9,390	57	105,015
Contributions	-	-	119,800
Total Revenues	<u>527,550</u>	<u>2,261,865</u>	<u>26,131,732</u>
EXPENDITURES			
Current:			
General Government	-	16,360	4,384,271
Public Safety	90,034	158,068	6,405,835
Jail Operations	-	-	8,104,212
Physical Environment	-	162,275	309,571
Transportation	-	-	1,519,270
Human Services	-	-	282,663
Culture/Recreation	-	-	312,511
Economic Development	-	-	568,929
Court-Related Costs	-	-	42,229
Capital Outlay	432,201	-	1,992,350
Debt Service:			
Principal	-	-	54,823
Interest	-	-	6,401
Total Expenditures	<u>522,235</u>	<u>336,703</u>	<u>23,983,065</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,315</u>	<u>1,925,162</u>	<u>2,148,667</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Disposal of Capital Assets	-	-	37,390
Proceeds from Capital Lease	-	-	133,825
Transfers In	-	-	2,124,190
Transfers Out	(100,000)	(1,823,792)	(2,124,190)
Distribution of Excess Fees - Other Governments	-	-	(219,616)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(1,823,792)</u>	<u>(48,401)</u>
CHANGE IN FUND BALANCES	(94,685)	101,370	2,100,266
Fund Balance - Beginning	<u>1,725,807</u>	<u>254,977</u>	<u>16,178,557</u>
FUND BALANCES - ENDING	<u>\$ 1,631,122</u>	<u>\$ 356,347</u>	<u>\$ 18,278,823</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, 2019**

Net Change in Fund Balance - Governmental Funds		\$ 2,100,266
<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	\$ 1,992,350	
Depreciation	<u>(2,828,129)</u>	(835,779)
<p>Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).</p>		
		246,851
<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	54,823	
Capital Lease Proceeds	<u>(133,825)</u>	(79,002)
<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>		
		149,061
<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>(69,145)</u>	(68,882)
<p>Net change in the total OPEB liability and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements.</p>		
		(168,119)
<p>Net change in the net pension liability and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements.</p>		
		<u>(2,560,652)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (1,216,256)</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,088,722
Accounts Receivable, Net	91,063
Due from Other Governments	19,774
Total Current Assets	1,199,559
NONCURRENT ASSETS	
Restricted Assets:	
Investments	197,010
Capital Assets (Net of Accumulated Depreciation):	
Land	25,000
Land Improvements	574,421
Buildings	45,433
Equipment and Furniture	325,937
Total Capital Assets	970,791
Less: Accumulated Depreciation	(595,492)
Net Capital Assets	375,299
Total Noncurrent Assets	572,309
Total Assets	1,771,868
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	10,565
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	32,897
Due to Other Funds	2,073
Compensated Absences	623
Unearned Revenue	19,774
Total Current Liabilities	55,367
NONCURRENT LIABILITIES	
Net Pension Liability	29,415
Liability for Landfill Closure	459,427
Total Liabilities	544,209
DEFERRED INFLOWS OF RESOURCES	
Deferred Amounts Related to Pensions	3,031
NET POSITION	
Investment in Capital Assets	375,299
Unrestricted	859,894
Total Net Position	\$ 1,235,193

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
OPERATING REVENUES	
Charges for Services	\$ 588,655
Operating Grants and Contributions	53,439
Total Operating Revenues	<u>642,094</u>
OPERATING EXPENSES	
Personal Services	45,622
Contractual Services	451,609
Utilities	9,000
Materials and Supplies	4,747
Repairs and Maintenance	4,236
Miscellaneous	7,086
Depreciation	27,666
Total Operating Expenses	<u>549,966</u>
OPERATING INCOME	92,128
NONOPERATING REVENUES (EXPENSES)	
Interest Income	16,885
Miscellaneous Income	6,933
Total Nonoperating Revenues (Expenses)	<u>23,818</u>
CHANGE IN NET POSITION	115,946
Total Net Position - Beginning	<u>1,119,247</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 1,235,193</u></u>

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 656,806
Cash Received from Grants	70,053
Cash Paid to Other Funds	(446)
Cash Paid to Suppliers	(491,807)
Cash Paid to Employees	(42,186)
Net Cash Provided by Operating Activities	192,420
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Receipts (Payments)	6,933
Net Cash Provided by Noncapital Financing Activities	6,933
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Other Income Received	16,885
Purchase of Investments	(4,903)
Net Cash Provided by Investing Activities	11,982
 NET INCREASE IN CASH AND CASH EQUIVALENTS	211,335
Cash and Cash Equivalents - Beginning of Year	877,387
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,088,722

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019

	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 92,128
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	27,666
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	48,377
Due to/from Other Funds	(446)
Due to/from Other Governments	16,614
Deferred Outflows - Pension	1,135
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(4,110)
Unearned Revenue	19,774
Liability for Landfill Closure	(11,019)
Compensated Absences	623
Net Pension Liability	2,873
Deferred Inflows - Pension	(1,195)
Net Cash Provided by Operating Activities	\$ 192,420

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 478,499
Other Receivables	19,574
Total Assets	\$ 498,073
LIABILITIES	
Due to Other Governmental Units	\$ 477,743
Due to Individuals	20,330
Total Liabilities	\$ 498,073

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019**

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, 2019**

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 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.

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.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019.

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.

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.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 County's net pension liability and total OPEB liability. These amounts will be recognized as increases in 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 investments, and changes in the proportion and differences between the County's contributions and proportionate share of contributions relating to the County's net pension liability and total OPEB liability. These amounts will be recognized as reductions in 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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Complete)

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.

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).

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liability in its 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, 2019.

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, 2019 was \$10 per \$1,000.

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2019, the County's cash and investments were as follows:

Deposits with Financial Institutions	\$ 17,307,728
Certificates of Deposit	3,182,479
State of Florida Board of Administration Surplus Funds Trust Fund	209,842
Cash on Hand	952
Total	<u><u>\$ 20,701,001</u></u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The breakdown for financial statement purposes are as follows:

Cash and Cash Equivalents	\$ 15,958,700
Restricted Cash and Cash Equivalents	871,481
Investments	2,911,695
Restricted Investments	480,626
Fiduciary Funds Cash and Cash Equivalents	478,499
Total	\$ 20,701,001

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 \$3,182,479, reported as investments, are deemed deposits under Florida Statutes, Chapter 280. All of the County's deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security of Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 50% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

Authorized Investments

The County's policy for investments is to follow Florida Statutes, Section 218.415. The Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida Prime) is not a registrant with the Securities and Exchange Commission (SEC); however, it meets all of the necessary criteria to elect to measure all of the investments at amortized cost. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Florida Prime is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of Florida Prime. The County's investments include certificates of deposit that mature in less than one year which are recorded at amortized cost.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities Less Than One Year</u>
Nonnegotiable Certificate of Deposits, At Cost	\$ 3,182,481	\$ 3,182,481
Florida Prime	209,842	209,842
Total	<u>\$ 3,392,323</u>	<u>\$ 3,392,323</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, 2019.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a formal investment policy that limits investments with any one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County does not have a formal investment policy that limits investment with any one counterparty.

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk(Continued)

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

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

As of September 30, 2019, 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, 2019**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2019:

	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,517,732	\$ 20,010	\$ 8,984	\$ 2,528,758
Construction in Progress	813,660	1,015,852	388,015	1,441,497
Total Capital Assets Not Being Depreciated	<u>3,331,392</u>	<u>1,035,862</u>	<u>396,999</u>	<u>3,970,255</u>
Capital Assets Being Depreciated:				
Infrastructure	57,427,563	267,650	-	57,695,213
Buildings	33,804,447	120,365	-	33,924,812
Equipment, Furniture, and Vehicles	12,053,547	1,253,329	734,734	12,572,142
Livestock	10,500	-	-	10,500
Total Capital Assets Being Depreciated	<u>103,296,057</u>	<u>1,641,344</u>	<u>734,734</u>	<u>104,202,667</u>
Less Accumulated Depreciation for:				
Infrastructure	36,958,746	1,392,545	-	38,351,291
Buildings	8,327,711	832,678	-	9,160,389
Equipment, Furniture, and Vehicles	10,087,995	612,689	703,868	9,996,816
Livestock	10,143	357	-	10,500
Total Accumulated Depreciation	<u>55,384,595</u>	<u>2,838,269</u>	<u>703,868</u>	<u>57,518,996</u>
Capital Assets Being Depreciated, Net	<u>47,911,462</u>	<u>(1,196,925)</u>	<u>30,866</u>	<u>46,683,671</u>
Governmental Activities Capital Assets, Net	<u>\$ 51,242,854</u>	<u>\$ (161,063)</u>	<u>\$ 427,865</u>	<u>\$ 50,653,926</u>
	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<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	329,602	-	3,665	325,937
Total Capital Assets Being Depreciated	<u>949,456</u>	<u>-</u>	<u>3,665</u>	<u>945,791</u>
Less Accumulated Depreciation for:				
Land Improvements	242,703	11,639	-	254,342
Buildings	41,810	556	-	42,366
Equipment, Furniture, and Vehicles	286,978	15,471	3,665	298,784
Total Accumulated Depreciation	<u>571,491</u>	<u>27,666</u>	<u>3,665</u>	<u>595,492</u>
Capital Assets Being Depreciated, Net	<u>377,965</u>	<u>(27,666)</u>	<u>-</u>	<u>350,299</u>
Business-Type Activities Capital Assets, Net	<u>\$ 402,965</u>	<u>\$ (27,666)</u>	<u>\$ -</u>	<u>\$ 375,299</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 890,535
Public Safety	1,065,304
Transportation	452,814
Physical Environment	102,200
Economic Development	83,939
Culture and Recreation	102,706
Human Services	107,478
Court Related Costs	23,153
Total Depreciation Expense, Governmental Activities	\$ 2,828,129

Business-Type Activities:

Solid Waste	\$ 27,666
Total Depreciation Expense, Business-Type Activities	\$ 27,666

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2019, interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
<u>Governmental Activities:</u>		
General	\$ 176,094	\$ 440,573
Transportation Trust	19,498	17,543
Capital Outlay	386,020	52,471
Sheriff Asset Forfeiture	9,175	100,000
Building Department	-	2,440
Enhanced 911	7,810	445
Clerk Special Revenue Funds	18,468	1,520
Total Governmental Activities	617,065	614,992
<u>Business-Type Activities:</u>		
Solid Waste	-	2,073
Total Business-Type Activities	\$ 617,065	\$ 617,065

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2019, interfund transfers were as follows:

	Transfers In	Transfers Out
<u>Governmental Activities:</u>		
General	\$ 2,124,190	\$ -
Capital Outlay	-	200,398
Sheriff Asset Forfeiture	-	100,000
EMSTU	-	1,823,792
Total Governmental Activities	\$ 2,124,190	\$ 2,124,190

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, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 902,745	\$ 1,153,930	\$ 1,084,785	\$ 971,890	\$ 698,875
Capital Leases Payable	-	133,825	7,043	126,782	43,203
Note Payable	191,120	-	47,780	143,340	47,780
Total	\$ 1,093,865	\$ 1,287,755	\$ 1,139,608	\$ 1,242,012	\$ 789,858
<u>Business-Type Activities:</u>					
Compensated Absences	\$ -	\$ 3,045	\$ 2,422	\$ 623	\$ 623
Landfill	470,446	-	11,019	459,427	-
Total	\$ 470,446	\$ 3,045	\$ 13,441	\$ 460,050	\$ 623

On July 24, 2017, the County entered into an unsecured financing agreement in the amount of \$238,900 with a bank. Interest is being charged at an annual rate of 2.875% and annual payments are due in the amount of \$47,780 plus interest for four years with a final payment of \$49,154 plus interest. Final maturity of the note payable is July 2022. The total outstanding balance of the note payable at September 30, 2019 is \$143,340.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The Sheriff entered into a lease agreement for financing the purchase of radio equipment. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception dates. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2019 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 47,263
2021	47,263
2022	<u>39,386</u>
Total Minimum Lease Payments	133,912
Less Amount Representing Interest	(7,130)
Total	<u><u>\$ 126,782</u></u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$167,865 and \$11,990, respectively, as of September 30, 2019.

The principal balance outstanding under this capital lease obligation is recorded as a liability in the basic financial statements of the County (statement of net position). The change in the capital lease obligation is as follows:

Balance, October 1, 2018	\$ -
Proceeds	133,825
Principal Retirements	<u>(7,043)</u>
Balance, September 30, 2019	<u>\$ 126,782</u>
Amounts Due Within One Year	<u><u>\$ 43,203</u></u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2019 consisted of the following:

<u>Purpose</u>	General Fund	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds	Total Proprietary Funds
Cemetery Perpetual Care	\$ 143,203	\$ -	\$ -	\$ 143,203	\$ -
Buckhead Ridge Utility	266,754	-	-	266,754	-
Law Enforcement Trust	91,102	-	-	91,102	-
Law Enforcement Other	38,119	-	-	38,119	-
Intergovernmental Radio	169,131	-	-	169,131	-
Driver's Education	6,810	-	-	6,810	-
Tourism Development	98,074	-	-	98,074	-
Capital Outlay	-	3,745	-	3,745	-
Courtroom Facilities	327,786	-	-	327,786	-
EMS Grant Funds	10,373	-	-	10,373	-
Landfill Closure	-	-	-	-	197,010
Total	<u>\$ 1,151,352</u>	<u>\$ 3,745</u>	<u>\$ -</u>	<u>\$ 1,155,097</u>	<u>\$ 197,010</u>

Restricted net position at September 30, 2019 consisted of the following:

<u>Governmental Activities:</u>	<u>Balance</u>
Capital Projects:	\$ 7,336,196
Cemetery Perpetual Care	143,203
Law Enforcement Activities	157,287
Public Safety	1,756,279
Courtroom Facilities	327,786
Total Capital Projects	<u>9,720,751</u>
Other:	
Intergovernmental Radio	169,131
Driver's Education	6,810
Tourism Development	98,074
SHIP	855,158
Enhanced 911	97,341
Public Record Modernization	103,400
Child Support Services	61,005
Total Other	<u>1,390,919</u>
Total Restricted Net Position	<u>\$ 11,111,670</u>

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 \$4,047,601 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2019.

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, 2019**

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, 2019**

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, 2018, were applied to employee salaries as follows: regular employees 8.26%, County elected officials 48.70%, senior management 24.06%, DROP participants 14.03% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 5.16%. The County's contributions to the FRS Plan were \$1,314,114 for the year ended September 30, 2019.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2019, the County reported a liability of \$17,485,087 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2019, the County's proportion was 0.05077%, which was an increase of 0.00021% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$3,813,605 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	\$ 1,037,089	\$ 10,851
Changes in Actuarial Assumptions	4,490,924	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	967,365
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,227,173	502,900
County Contributions Subsequent to the Measurement Date	398,111	-
Total	<u>\$ 7,153,297</u>	<u>\$ 1,481,116</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$398,111 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, 2020. 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>
2020	\$ 1,696,830
2021	701,923
2022	1,428,358
2023	1,087,709
2024	298,441
Thereafter	60,809

Actuarial Assumptions

The total pension liability in the July 1, 2019, 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	7.20%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 %	3.3 %	3.3 %	1.2 %
Fixed Income	18.0	4.1	4.1	3.5
Global Equity	54.0	8.0	68.0	16.5
Real Estate (Property)	10.0	6.7	6.1	11.7
Private Equity	11.0	11.2	8.4	25.8
Strategic Investments	6.0	5.9	5.7	6.7
Totals	<u>100.0 %</u>			
Assumed Inflation - Mean			2.6 %	1.7 %

Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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	5.90%	6.90%	7.90%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 30,225,893	\$ 17,485,087	\$ 6,844,359

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, 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, 2019, 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 \$170,024 for the year ended September 30, 2019.

Pension Costs

At September 30, 2019, the County reported a liability of \$3,380,793 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2018, through June 30, 2019, relative to the total employer contributions received from all participating employers. At June 30, 2019, the County's proportion was 0.03022%, which was an increase of 0.00023% from its proportion measured as of June 30, 2018.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2019, the County recognized pension expense of \$233,996 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	\$ 41,064	\$ 4,140
Changes in Actuarial Assumptions	391,462	276,319
Net Difference Between Projected and Actual Earnings on HIS Program Investments	2,183	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	375,744	196,413
County Contributions Subsequent to the Measurement Date	42,210	-
Total	<u>\$ 852,663</u>	<u>\$ 476,872</u>

\$42,210 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, 2020. 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>
2020	\$ 40,421
2021	74,936
2022	79,661
2023	47,882
2024	54,127
Thereafter	36,554

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2019, 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	3.50%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2019, 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 3.50% 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	2.50%	3.50%	4.50%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 3,859,349	\$ 3,380,793	\$ 2,982,211

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, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 17,485,087	\$ 3,380,793	\$ 20,865,880
Deferred Outflows of Resources Related to Pensions	7,153,297	852,663	8,005,960
Deferred Inflows of Resources Related to Pensions	1,481,116	476,872	1,957,988
Pension Expense	3,813,605	233,996	4,047,601

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, 2019, 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, 2019

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 \$506,674 for the year ended September 30, 2019.

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, 2019**

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

Participant Data

As of September 30, 2019, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The County's total OPEB liability of \$1,723,182 was measured as of September 30, 2018 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, 2019.

Total OPEB Liability	
Balance, as of October 1, 2018	\$ 1,636,648
Changes:	
Service cost	187,999
Interest	65,378
Changes of assumptions	(109,227)
Benefit payments	<u>(57,616)</u>
Net Change	86,534
Balance, as of September 30, 2019	<u><u>\$ 1,723,182</u></u>

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	Current	1% Increase in
Discount Rate	3.18%	4.18%	5.18%
Total OPEB Liability	\$ 1,932,812	\$ 1,723,182	\$ 1,543,036

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase in</u>
Healthcare Trend Rate	3.00% - 7.50%	4.00% - 8.50%	5.00% - 9.50%
Total OPEB Liability	\$ 1,497,255	\$ 1,723,182	\$ 1,997,558

Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the County's OPEB expense was \$234,132. In addition, the County reported deferred outflows and inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Assumptions	\$ -	\$ 178,925
Benefit Payments Subsequent to the Measurement Date	66,013	-
Total	<u>\$ 66,013</u>	<u>\$ 178,925</u>

\$66,013 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, 2020. 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>
2020	\$ (27,545)
2021	(27,545)
2022	(27,545)
2023	(27,545)
2024	(27,545)
Thereafter	(41,200)

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, 2019**

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)
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The actuarial assumptions are:

Discount rate	4.18%, based on the September 30, 2018 Bond Buyer 20-Bond Index, as published by the Federal Reserve.
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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.
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Healthcare participation rate	20% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65.
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Expected return on plan assets	N/A
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Inflation rate	2.50%
----------------	-------

Salary rate increases	3.00%
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**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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, 2019**

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, 2019**

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 during the fiscal year:

The discount rate was changed from 3.64% to 4.18% based on updated September 30, 2018 Bond Buyer 20-Bond Index, as published by the Federal Reserve.

NOTE 10 LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its Ortona landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as operating expense in each period based on landfill capacity used at each financial statement date.

During fiscal year 2009 the County permanently capped the Fill Area 1 of the landfill. At September 30, 2019, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$459,427. 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, 2019, investments of \$197,010 are held for these purposes.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 11 RISK MANAGEMENT (CONTINUED)

Property and Casualty Group (Continued)

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.

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, 2019 were \$23,943.

The future minimum lease obligations as of September 30, 2019 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 37,228
2021	36,362
2022	34,881
2023	15,130
2024	11,226
Thereafter	10,800
Total Minimum Lease Payments	<u>\$ 145,627</u>

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 11 RISK MANAGEMENT (CONTINUED)

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, 2019, the Sheriff received \$6,510,144 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 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.

Computer Assisted Mass Appraisal System Contract

Effective June 26, 2019, the Property Appraiser entered into an agreement with Government Software Assurance Corporation to license, configure and install computer assisted mass appraisal system software in the amount of \$194,632. As of September 30, 2019, amounts included in capital outlay for work completed totaled \$50,000 and amounts remaining total \$144,632.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Contracts

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

<u>Project</u>	<u>Total Project Authorization</u>	<u>Expended at September 30, 2019</u>	<u>Balance to Complete</u>
Washington Park - Grant Administration	\$ 52,500	\$ 40,500	\$ 12,000
Washington Park - Engineering Services	112,145	58,828	53,317
Glades County Caloosahatchee River & Estuary Area Wastewater - Engineering Services	142,093	54,723	87,370
Glades County Caloosahatchee River & Estuary Area Wastewater - Construction	994,420	690,399	304,021
Total	<u>\$ 1,301,158</u>	<u>\$ 844,450</u>	<u>\$ 456,708</u>

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, 2019, the County had one agreement for 100% property tax abatement with a company for development and use of a piece of property. Taxes abated totaling \$19,221 under this agreement.

NOTE 15 SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 5,893,195	\$ 6,065,526	\$ 6,065,144	\$ (382)
Sales and Miscellaneous Taxes	1,956,796	2,176,239	2,030,031	(146,208)
Fees and Fines	43,907	99,976	99,976	-
Intergovernmental	682,903	1,582,771	1,882,195	299,424
Charges for Services	1,358,729	8,435,299	8,608,178	172,879
Investment Earnings	9,226	105,369	108,833	3,464
Miscellaneous	6,366	89,298	85,452	(3,846)
Franchise Fees	103,605	120,326	119,800	(526)
Total Operating Revenues	<u>10,054,727</u>	<u>18,674,804</u>	<u>18,999,609</u>	<u>324,805</u>
EXPENDITURES				
Current:				
General Government	8,023,111	8,575,601	4,365,911	4,209,690
Public Safety	5,678,125	6,686,624	6,157,733	528,891
Jail Operations	1,694,998	8,104,212	8,104,212	-
Physical Environment	150,804	150,804	147,296	3,508
Human Services	339,926	347,806	282,663	65,143
Culture/Recreation	160,301	166,326	149,357	16,969
Economic Development	215,089	260,089	112,113	147,976
Court-Related Costs	32,402	57,599	42,229	15,370
Capital Outlay	374,776	1,388,065	623,303	764,762
Debt Service:				
Principal	47,780	47,780	54,823	(7,043)
Interest	5,568	5,568	6,401	(833)
Total Expenditures	<u>16,722,880</u>	<u>25,790,474</u>	<u>20,046,041</u>	<u>5,744,433</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,668,153)	(7,115,670)	(1,046,432)	6,069,238
OTHER FINANCING SOURCES (USES)				
Proceeds from the Disposal of Capital Assets	-	18,290	18,290	-
Proceeds from Capital Lease	-	-	133,825	133,825
Operating Transfer In	1,986,043	1,880,926	2,124,190	243,264
Operating Transfers Out	(249,044)	(82,115)	-	82,115
Distribution of Excess Fees - Other Governments	-	-	(219,616)	(219,616)
Total Other Financing Sources (Uses)	<u>1,736,999</u>	<u>1,817,101</u>	<u>2,056,689</u>	<u>239,588</u>
Appropriated Fund Balance	<u>4,931,154</u>	<u>5,298,569</u>	<u>-</u>	<u>(5,298,569)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,010,257	<u>\$ 1,010,257</u>
Fund Balance - Beginning			<u>7,693,430</u>	
FUND BALANCE - ENDING			<u>\$ 8,703,687</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 59,453	\$ 60,619	\$ 60,672	\$ 53
Sales and Miscellaneous Taxes	2,513,714	2,349,526	2,381,695	32,169
Licenses and Permits	1,500	2,600	2,600	-
Intergovernmental	-	25,076	35,076	10,000
Investment Earnings	2,593	21,302	21,299	(3)
Miscellaneous	3,200	10,115	10,116	1
Total Operating Revenues	<u>2,580,460</u>	<u>2,469,238</u>	<u>2,511,458</u>	<u>42,220</u>
EXPENDITURES				
Current:				
Transportation	2,381,006	2,432,005	1,519,270	912,735
Culture/Recreation	1,553,267	2,152,310	163,154	1,989,156
Economic Development	-	2,000	1,339	661
Capital Outlay	1,396,200	1,396,200	185,358	1,210,842
Total Expenditures	<u>5,330,473</u>	<u>5,982,515</u>	<u>1,869,121</u>	<u>4,113,394</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,750,013)	(3,513,277)	642,337	4,155,614
OTHER FINANCING SOURCES (USES)				
Proceeds from the Disposal of Capital Assets	-	19,100	19,100	-
Total Other Financing Sources (Uses)	-	19,100	19,100	-
Appropriated Fund Balance	<u>2,750,013</u>	<u>3,494,177</u>	-	<u>(3,494,177)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	661,437	<u>\$ 661,437</u>
Fund Balance - Beginning			<u>3,092,870</u>	
FUND BALANCE - ENDING			<u>\$ 3,754,307</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 720,914	\$ 770,763	\$ 49,849
Investment Earnings	790	4,934	4,934	-
Total Operating Revenues	<u>790</u>	<u>725,848</u>	<u>775,697</u>	<u>49,849</u>
EXPENDITURES				
Current:				
Economic Development	<u>404,612</u>	<u>725,848</u>	<u>454,530</u>	<u>271,318</u>
Total Expenditures	<u>404,612</u>	<u>725,848</u>	<u>454,530</u>	<u>271,318</u>
Excess (Deficiency) of Revenues Over Expenditures	(403,822)	-	321,167	321,167
Appropriated Fund Balance	<u>403,822</u>	-	-	-
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	321,167	<u>\$ 321,167</u>
Fund Balance - Beginning			<u>533,991</u>	
FUND BALANCE - ENDING			<u>\$ 855,158</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, 2019

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 2019, one supplemental appropriation totaling \$9,067,594 in the County-wide General Fund required to fund the jail operating expenditures and to account for other changes in revenue sources. 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
SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 187,999	\$ 204,812
Interest	65,378	52,687
Changes of Assumptions	(109,227)	(111,135)
Benefit Payments	<u>(57,616)</u>	<u>(52,980)</u>
Net Change in Total OPEB Liability	86,534	93,384
Total OPEB Liability - Beginning of Year	<u>1,636,648</u>	<u>1,543,264</u>
Total OPEB Liability - End of Year	<u><u>\$ 1,723,182</u></u>	<u><u>\$ 1,636,648</u></u>
Covered Employee Payroll	\$ 9,615,903	\$ 9,335,828
OPEB Liability as a Percentage of Covered Employee Payroll	17.92%	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.

NOTE - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2019	4.18%
FY 2018	3.64%

GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
SEPTEMBER 30, 2019 *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Glades County, Florida's Proportion of the Net Pension Liability	0.050771759%	0.050562264%	0.045368910%	0.042354714%	0.042190745%	0.045384068%
Glades County, Florida's Proportionate Share of the Net Pension Liability	\$ 17,485,087	\$ 15,229,616	\$ 13,419,819	\$ 10,694,597	\$ 5,449,500	\$ 2,769,096
Glades County, Florida's Covered Payroll	\$ 10,111,035	\$ 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	172.93%	155.45%	155.59%	138.43%	68.18%	35.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

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

**GLADES COUNTY, FLORIDA
SCHEDULE OF COUNTY CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
SEPTEMBER 30, 2019 ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,314,114	\$ 1,242,077	\$ 1,068,702	\$ 1,028,381	\$ 1,091,590	\$ 1,068,455
Contributions in Relation to the Contractually Required Contribution	<u>(1,314,114)</u>	<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>	<u>\$ -</u>
Covered Payroll	\$ 10,242,383	\$ 9,839,837	\$ 8,900,169	\$ 7,862,333	\$ 7,860,408	\$ 7,619,593
Contributions as a Percentage of Covered Payroll	12.83%	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
SEPTEMBER 30, 2019 *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Glades County, Florida's Proportion of the Net Pension Liability	0.030215336%	0.029981688%	0.027033322%	0.025030618%	0.026350850%	0.028011104%
Glades County, Florida's Proportionate Share of the Net Pension Liability	\$ 3,380,793	\$ 3,173,296	\$ 2,890,528	\$ 2,917,215	\$ 2,687,372	\$ 2,619,107
Glades County, Florida's Covered Payroll	\$ 10,111,035	\$ 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	33.44%	32.39%	33.51%	37.76%	33.62%	31.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63%	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, 2019 ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 170,024	\$ 163,341	\$ 147,743	\$ 130,515	\$ 106,866	\$ 99,148
Contributions in Relation to the Contractually Required Contribution	<u>(170,024)</u>	<u>(163,341)</u>	<u>(147,743)</u>	<u>(130,515)</u>	<u>(106,866)</u>	<u>(99,148)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,242,383	\$ 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%	1.66%	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 FEDERAL AND STATE SINGLE AUDIT

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Agency, or Pass-Through Contract/Grant Number	Expenditures	Transfers to Subrecipients
<u>FEDERAL AWARDS</u>				
<u>Department of Justice</u>				
Direct Programs:				
Equitable Sharing of Federally Forfeited Property	16.922	N/A	\$ 490,329	\$ -
Passed Through Florida Department of Law Enforcement JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-JAGC-GLAD-1-Y5-028	13,014	-
Total Department of Justice			<u>503,343</u>	-
<u>Department of Homeland Security</u>				
Passed Through Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0273	582,286	-
Emergency Management Performance Grants	97.042	G0020	7,015	-
Emergency Management Performance Grants	97.042	19-FG-AF-09-32-01-169	37,661	-
			<u>44,676</u>	-
Total Department of Homeland Security			<u>626,962</u>	-
<u>Department of Housing and Urban Development</u>				
Passed Through Florida Department of Economic Opportunity				
CDBG - State-Administered Small Cities Program Cluster				
Community Development Block Grants/State's Program and Nonentitlement Grants	14.228	18DB-OM-09-32-01-N19	69,168	-
Total Department of Housing and Urban Development			<u>69,168</u>	-
<u>Elections Assistance Commission</u>				
Pass through program from Florida Department of State Division of Elections				
Help America Vote Act Requirements Payments	90.401	19.e.an.000.062	5,975	-
Help America Vote Act Requirements Payments	90.401	19,e.an.000.341	23,270	-
Total Elections Assistance Commission			<u>29,245</u>	-
<u>Department of Health and Human Services</u>				
Direct Programs:				
Child Support Enforcement	93.563	COC22	94,495	-
Total Department of Health and Human Services			<u>94,495</u>	-
Total Expenditures of Federal Awards			<u>\$ 1,323,213</u>	<u>\$ -</u>

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

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019

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</u>				
Direct Projects:				
Small County Courthouse Facilities	22.004	N/A	\$ 4,493	\$ -
Total State Courts System, Office of the State Courts Administration			4,493	-
<u>Executive Office of the Governor</u>				
Passed Through Florida Division of Emergency Management				
Emergency Management Programs	31.063	19-BG-21-09-32-01-035	101,926	-
Emergency Management Projects	31.067	19-CP-11-09-32-01-218	334	-
Emergency Management Projects	31.067	18-CP-11-09-32-01-038	983	-
			<u>1,317</u>	-
Total Executive Office of the Governor			103,243	-
<u>Department of Environmental Protection</u>				
Direct Projects:				
Small County Consolidated Grants	37.012	CS911	73,213	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP22023	507,328	-
Total Department of Environmental Protection			<u>580,541</u>	-
<u>Department of State, Division of Library and Information Services</u>				
Direct Projects:				
State Aid to Libraries	45.03	19-ST-14	23,787	-
Total Department of State, Division of Library and Information Services			23,787	-
<u>Department of Health</u>				
Direct Projects:				
Emergency Medical Services (EMS) Matching Grant	64.003	R6014	110,000	-
County Grant Awards-EMS	64.005	C7022	7,260	-
Total Department of Health-Bureau of Emergency Medical Services (EMS)			<u>117,260</u>	-
<u>Department of Management Services</u>				
Passed Through Florida E911 Board				
Wireless 911 Emergency Telephone System	72.001	17-11-08	3,600	-
Wireless 911 Emergency Telephone System	72.001	18-04-10	17,408	-
Wireless 911 Emergency Telephone System	72.001	19-04-09	37,797	-
Total Department of Management Services			<u>58,805</u>	-
<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			<u>20</u>	-
<u>Florida Housing Finance Corporation</u>				
Direct Projects:				
State Housing Initiatives Partnership Program	40.901	N/A	454,529	-
Total Florida Housing Finance Corporation			<u>454,529</u>	-
Total Expenditures of State Financial Assistance			<u>\$ 1,342,678</u>	<u>\$ -</u>

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

GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
SEPTEMBER 30, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and 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 and the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Expenditures awarded from the Federal Emergency Management Agency (FEMA) under CFDA Number 97.036 must be presented on the schedule of expenditures of federal awards (SEFA) when: 1) FEMA has approved the County's Project Worksheet (PW) and 2) the County has incurred the eligible expenditures. All the County's projects from Hurricane Irma included in the schedule of expenditures of federal awards and state financial assistance were obligated during fiscal year 2019. Eligible expenditures related to those projects were expended in prior years.

NOTE 2 INDIRECT COST RATE

The County has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.



**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, 2019, 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 24, 2020.

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 2019-001 and 2019-002 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 is 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 results 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 24, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND 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 Federal Program and State Project

We have audited Glades County, Florida's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2019. The County's major federal programs and 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 federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance 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 federal program or 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 qualified and unmodified opinions on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on CSFA 40.901 State Housing Initiatives Partnership Program (SHIP)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CSFA 40.901 State Housing Initiatives Partnership Program (SHIP) as described in findings 2019-003 for Reporting and 2019-004, 2019-006 and 2019-007 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on CSFA 40.901 State Housing Initiatives Partnership Program (SHIP)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CSFA 40.901 State Housing Initiatives Partnership Program (SHIP) for the year ended September 30, 2019.

Unmodified Opinion on the Major Federal Program and the Other 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 other major federal programs and state projects identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2019.

Other Matters

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

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 federal program and 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 federal program and state project and to test and report on internal control over compliance in accordance with Uniform Guidance and 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.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003, 2019-004, 2019-006 and 2019-007 to be material weaknesses.

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 federal program or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-005 to be a significant deficiency.

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
June 24, 2020

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2019**

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

Federal Awards 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 Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)	No

Identification of Major Federal Programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar Threshold Used to Determine Type A Federal Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	No

**GLADES COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 YEAR ENDED SEPTEMBER 30, 2019**

Part I – Summary of Auditors’ Results (Continued)

State Financial Assistance Section

Internal Control Over Compliance:

Material Weakness(es) Identified? Yes

Were Significant Deficiency(ies) Identified Not Considered to be a Material Weakness(es): Yes

Type of Auditors’ Report Issued on Compliance for Major Projects: Qualified for
40.901,
Unmodified for
37.039

Identification of Major State Projects:

CSFA Number	Name of State Project
37.039	Statewide Surface Water Restoration and Wastewater Projects
40.901	State Housing Initiatives Partnership Program

Dollar Threshold Used to Determine Type A State Projects \$402,803

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

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*.

2019-001 Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement

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.

Context

While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that all account balances are materially correct.

Cause

The County's internal controls did not detect or prevent the errors.

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.

Repeat Finding

Yes. Internal Control Over Financial Reporting Finding 2010-001.

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.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Part II – Financial Statement Findings (Continued)

2019-001 Audit Adjustments (Continued)

View of Responsible Officials and Planned Corrective Actions

No disagreement with audit finding. See Corrective Action Plan.

2019-002 Inaccurate Schedules

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement

The Finance Department is responsible for preparing support schedules for significant balance sheet accounts. These schedules should include detail of all items included in the account and should reconcile to the general ledger. All financial statement accounts with material balances should be reconciled throughout the course of the fiscal year and within a reasonable amount of time after year-end.

Condition

Provided schedules and reconciliations required significant adjustments. For example, there were adjustments to the original budget schedule, accounts payables schedule, accrued payables schedule, receivables schedule, due to/from schedule, and the grant schedules provided in order to accurately reflect the current balances.

Context

While performing audit procedures it was noted that management does not have internal controls in place to provide reasonable assurance that all schedules used to support account balances are accurate.

Cause

The County's internal controls did not detect or prevent the errors.

Effect

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

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Part II – Financial Statement Findings (Continued)

2019-002 Inaccurate Schedules (Continued)

Recommendation

We recommend the Finance Director be given the responsibility to review schedules and reconciliations prepared by staff. In addition we recommend schedules such as the due to/from and grant schedules be updated on a regular basis in order to catch mistakes early and have them corrected timely. The earlier and more often you review for mistakes the easier it is to find and correct them. The reviewer should pay special attention to nonstandard amounts such as debits to liability accounts or credits to asset accounts that are not offsetting.

View of Responsible Officials and Planned Corrective Actions

No disagreement with audit finding. See Corrective Action Plan.

Part III – Findings and Questioned Costs – Major Federal Programs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported under 2 CFR 200.516(a). Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Part IV – 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.

2019-003 SHIP Reporting

State Agency : Florida Housing Finance Corporation

State project title: State Housing Initiatives Partnership Program (SHIP)

CSFA Number: 40.901

Award Period: 2015/2016, 2016/2017 & 2017/2018

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement

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).

Condition

The 2015/2016 annual report was not filed until April 2020, and no reports were filed for the 2016/2017 and 2017/2018 award periods.

Questioned costs

None

Context

The annual report for one out of three awards was filed past the due date, and the annual reports for two out of three awards were not filed at all.

Cause

Policies and procedures were not established to ensure the timely filing of reports.

Effect

While late filing does not necessarily disqualify a local government from receiving funding, it could delay program funding due to the noncompliance with the program rules.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Repeat Finding

Yes. Internal Control Over Financial Reporting Finding 2016-003

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 and Planned Corrective Actions

No disagreement with audit finding. See Corrective Action Plan.

2019-004 SHIP Application & Third-Party Verification

State Agency: Florida Housing Finance Corporation

State project title: State Housing Initiatives Partnership Program (SHIP)

CSFA Number: 40.901

Award Period: 2015/2016, 2016/2017 & 2017/2018

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement

Per 2018 SHIP Program Manual Program Administration, it is the responsibility of the local government program administrator to ensure that applicant eligibility is correctly determined and application for program should contain minimum information as stated in program manual. Also, per Appendix E, Third-Party Verification, written third-party verification is the most reliable and preferred of the three types of income verification methods. Further, if verification by faxing, mailing are not returned, make additional attempts to obtain verification by sending another form and document all efforts. As last resort, an oral verification can be obtained using written income information (pay 4-6 pay stubs). This latter option involving pay stubs and tax returns should only be used as a last resort and on very rare occasions. Make a note in the applicant's file of all of your attempts to obtain third-party verification.

Context

One of five participants tested for eligibility did not have a complete application or third-party income verification documented.

Condition

Participant application did not contain all employers and third-party verification was performed by review of participant's bank statements and participant provided paystubs.

Questioned costs

\$15,000

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

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

2019-004 SHIP Application & Third-Party Verification (Continued)

Cause

SHIP Coordinator did not review application for completeness and third-party verification procedures understood and instituted by SHIP Coordinator differ from third-party verification procedures per SHIP Program Manual.

Effect

Incomplete applications and lack of third-party verification procedures could lead to incorrect calculation of benefits and improper awards to ineligible participants.

Recommendation

We recommend completed application is reviewed for accuracy, SHIP Program Manual procedures are followed for third-party verification of income and further develop local guidelines and procedures for implementation by SHIP Coordinator.

View of Responsible Officials

No disagreement with audit finding. See Corrective Action Plan.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

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

2019-005 SHIP Annual Anticipated Household Income Calculation

State Agency: Florida Housing Finance Corporation

State project title: State Housing Initiatives Partnership Program (SHIP)

CSFA Number: 40.901

Award Period: 2015/2016, 2016/2017 & 2017/2018

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement

Per 2018 Ship Program Manual - Program Administration, it is the responsibility of the local government program administrator to calculate the annual gross income for the household in the next 12 months.

Condition

There was an error in calculating the annual anticipated household income for one participant resulting in incorrect label of "moderate" versus "low" income. However, benefits paid on behalf of participant were not incorrectly paid based on incorrect income label.

Questioned costs

None

Context

One of five participants tested for eligibility contained an error in calculating annual gross income.

Cause

A clerical error was made during calculation.

Effect

Incorrect calculation of annual gross income could lead to incorrect benefits paid to or on behalf of participants.

Recommendation

We recommend recalculation of income be included on resident income certification form and add procedures for review of annual anticipated household income for clerical accuracy.

View of Responsible Officials

No disagreement with audit finding. See Corrective Action Plan.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

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

2019-006 SHIP Eligibility of Benefits

State Agency: Florida Housing Finance Corporation

State project title: State Housing Initiatives Partnership Program (SHIP)

CSFA Number: 40.901

Award Period: 2015/2016, 2016/2017 & 2017/2018

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement

Per 2018 SHIP Program Manual, the local government should ensure assistance is awarded to eligible persons and that all project activities conform to program requirements.

Condition

A participant was awarded funds based on "Emergency Rehab" strategy that was not included in 2016-2017, 2017-2018 and 2018-2019 LHAP at the time the award was given and did not include encumbrance approval by the Board of County Commissioners (BOCC).

Questioned costs

\$9,900

Context

One of five participants tested for eligibility received benefits paid on behalf of participant that were not encumbered by the Board of County Commissioners until after benefits were paid on behalf of participant. Also, strategy used was not in the LHAP at the time the participant and award was provided to participant.

Cause

The County did not follow the policies and procedures in the SHIP Program Manual nor the LHAP.

Effect

Benefits awarded to participant that do not qualify under LHAP plan could result in loss of SHIP funding.

Recommendation

We recommend management follow strategies per LHAP and receive BOCC authorization and encumbrance of funds before funds are provided to or on behalf of participant and further develop local guidelines and procedures for implementation by SHIP Coordinator.

View of Responsible Officials

No disagreement with audit finding. See Corrective Action Plan.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

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

2019-007 SHIP Award Rehabilitation Plan

State Agency: Florida Housing Finance Corporation

State project title: State Housing Initiatives Partnership Program (SHIP)

CSFA Number: 40.901

Award Period: 2015/2016, 2016/2017 & 2017/2018

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement

Per LHAP for Owner Occupied Rehabilitation - Summary of Strategy, the upgrading of homeowner conditions will be determined as per the housing code (building department) and will be given priority and shall be addressed first. Repairs above and beyond code violations will be considered based on the availability of funding and the necessity of the repair, such as but not limited to, plumbing, roof leaks, electrical, structural, and septic. Aesthetic (cosmetic) upgrades are not covered by this program.

Condition

The award and encumbrance was approved without formal documentation of rehabilitation plan to achieve minimum standards as determined by building department.

Questioned costs

\$23,452

Context

One of five participants tested for eligibility received rehabilitation award with no documentation of rehabilitation plan as determined by building department at time of award encumbrance.

Cause

The County did not have a full understanding of LHAP requirements and approval was given based on interpretation of inspection report and no formal documentation from building department.

Effect

Benefits awarded to participant that do not qualify under LHAP plan could result in loss of SHIP funding.

Recommendation

We recommend management follow its LHAP and include rehabilitation plan as determined by building department at time of BOCC authorization and encumbrance of funds and further develop local guidelines and procedures for implementation by SHIP Coordinator.

View of Responsible Officials

No disagreement with audit finding. See Corrective Action Plan.



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, 2019, and have issued our report thereon dated June 24, 2020.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 Federal Program and 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 24, 2020, 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 24, 2020

**GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2019**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status			Current Year Finding #	2017-2018 Year Finding #	2016-2017 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
2010-001 Audit Adjustments	Material Weakness			X	2019-001	2010-001	2010-01
2016-002 Fund Balance and Chart of Accounts	Material Weakness	X			N/A	2016-002	2016-002
2016-003 SHIP Reporting	Material Weakness			X	2019-003	2016-003	2016-003
2016-005 Permit Fee Modification	Material Weakness	X			N/A	2016-005	2016-005



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, 2019. 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, 2019.

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 24, 2020



Glades County Board of County Commissioners

P.O. Box 1527 • 500 Avenue J• Moore Haven, Florida 33471

Phone: (863) 946-6000 • Fax: (863) 946-2860

Internet address <http://www.MyGlades.com>

GLADES COUNTY BOARD OF COUNTY COMMISSIONERS CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2019

There were findings in the current year that require a corrective action plan.

Glades County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2019.

Audit period: October 1, 2018 thru September 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Audit Adjustments

Recommendation: We recommend County management be consistently aware of all procedures and process involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action plan taken in response to finding: The Finance Department has limited personnel and is unable to hire additional staff at this time. They are working on cross training employees within the department on the different duties and responsibilities to help limit the amount of audit adjustments.

Name(s) of the contact person(s) responsible for corrective action:
Tiffany Patterson, Chief Deputy Clerk

Planned completion date for corrective action plan: September 30, 2021

Weston Pryor
District 1

Donna Storter-Long
District 2

Donald Strenth
District 3

John Ahern
District 4

Tim Stanley
District 5

Robert Jones
County Manager

Richard W. Pringle
County Attorney

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-002 Inaccurate Schedules

Recommendation: We recommend the Finance Director be given the responsibility to review schedules and reconciliations prepared by staff. In addition we recommend schedules such as the due to/from and grant schedules be updated on a regular basis in order to catch mistakes early hand have them corrected timely. The earlier and more often you review for mistakes the easier it is to find and correct them. The reviewer should pay special attention to non-standard amounts such as debits to liability accounts or credits to asset accounts that are not offsetting.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: While the Finance Department has limited personnel, will begin reconciling the schedules periodically throughout the year in order to limit the amount of errors that could be on the schedules. The Finance Director or Clerk of Court will review for accuracy.

Name(s) of the contact person(s) responsible for corrective action:
Tiffany Patterson, Chief Deputy Clerk

Planned completion date for corrective action plan: September 30, 2021

FINDINGS—STATE AWARD PROGRAMS AUDITS

FLORIDA HOUSING FINANCE CORPORATION

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

MATERIAL NON-COMPLIANCE (Modified Opinion)

2019-003 SHIP Reporting
State Housing Initiative Partnership Program – CSFA No. 40.901

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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County will create an official checklist to be used to show what is needed as well as the date received. While the County is located in a rural area which can make reaching set-asides difficult, the SHIP Coordinator is working diligently to promote the SHIP program and to encumber funds in a timely manner.

Weston Pryor
District 1

Donna Storter-Long
District 2

Donald Strenth
District 3

John Ahern
District 4

Tim Stanley
District 5

Robert Jones
County Manager

Richard W. Pringle
County Attorney

Name(s) of the contact person(s) responsible for corrective action:
Bob Jones, County Manager

Planned completion date for corrective action plan: September 30, 2022

FLORIDA HOUSING FINANCE CORPORATION

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE
MATERIAL NON-COMPLIANCE (Modified Opinion)

2019-004 SHIP Application & Third Party Verification
State Housing Initiative Partnership Program – CSFA No. 40.901

Recommendation: We recommend completed application is reviewed for accuracy, SHIP Program Manual procedures are followed for third party verification of income and further develop local guidelines and procedures for implementation by SHIP Coordinator.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County will work on putting together local policies and procedures for the SHIP program. The application will be reviewed for accuracy prior to the encumbrance of any funds by the County Manager.

Name(s) of the contact person(s) responsible for corrective action:
Bob Jones, County Manager

Planned completion date for corrective action plan: September 30, 2021

FLORIDA HOUSING FINANCE CORPORATION

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

2019-005 SHIP ANNUAL ANTICIPATED HOUSEHOLD INCOME CALCULATION
Award Period: 2015/2016, 2016/2017, 2017/2018
State Housing Initiative Partnership Program – CSFA No. 40.901

Recommendation: We recommend recalculation of income be included on resident income certification form and add procedures for review of annual anticipated household income for clerical accuracy

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County will work on putting together local policies and procedures for the SHIP program. The application will be reviewed for accuracy prior to the encumbrance of any funds by the County Manager.

Weston Pryor
District 1

Donna Storter-Long
District 2

Donald Strenth
District 3

John Ahern
District 4

Tim Stanley
District 5

Robert Jones
County Manager

Richard W. Pringle
County Attorney

Name(s) of the contact person(s) responsible for corrective action:
Bob Jones, County Manager

Planned completion date for corrective action plan: September 30, 2021

FLORIDA HOUSING FINANCE CORPORATION

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE
MATERIAL NON-COMPLIANCE (Modified Opinion)

FLORIDA HOUSING FINANCE CORPORATION

2019-006 SHIP ELIGIBILITY OF BENEFITS
MATERIAL WEAKNESS IN INTERNAL CONTROLS OVER COMPLIANCE
MATERIAL NON-COMPLIANCE (Modified Opinion)
Award Period: 2015/2016, 2016/2017, 2017/2018
State Housing Initiative Partnership Program – CSFA No. 40.901

Recommendation: We recommend management follow strategies per LHAP and receive BOCC authorization and encumbrance of funds before funds are provided to or on behalf of participant and further develop local guidelines and procedures for implementation by SHIP Coordinator

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The SHIP Coordinator has updated the LHAP with BOCC approval to include all strategies that have been put in place. Applicants will be reviewed by County Manager prior to funds being encumbered or expended.

Name(s) of the contact person(s) responsible for corrective action:
Bob Jones, County Manager

Planned completion date for corrective action plan: September 30, 2021

FLORIDA HOUSING FINANCE CORPORATION

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE
MATERIAL NON-COMPLIANCE (Modified Opinion)

2019-007 SHIP AWARD REHABILITATION PLAN
MATERIAL WEAKNESS IN INTERNAL CONTROLS OVER COMPLIANCE
MATERIAL NON-COMPLIANCE (Modified Opinion)
Award Period: 2015/2016, 2016/2017, 2017/2018
State Housing Initiative Partnership Program – CSFA No. 40.901

Recommendation: We recommend management follow its LHAP and include rehabilitation plan

Weston Pryor
District 1

Donna Storter-Long
District 2

Donald Strenth
District 3

John Ahern
District 4

Tim Stanley
District 5

Robert Jones
County Manager

Richard W. Pringle
County Attorney

as determined by building department at time of BOCC authorization and encumbrance of funds and further develop local guidelines and procedures for implementation by SHIP Coordinator.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County will create local policies and procedures for the SHIP program and include a rehabilitation plan as recommended by the building department prior to the authorization or encumbrance of funds to an applicant.

Name(s) of the contact person(s) responsible for corrective action:
Bob Jones, County Manager

Planned completion date for corrective action plan: September 30, 2021

If there are any questions regarding this plan, please call Tiffany Patterson Chief Deputy Clerk at 863-946-6013.

Weston Pryor
District 1

Donna Storter-Long
District 2

Donald Strenth
District 3

John Ahern
District 4

Tim Stanley
District 5

Robert Jones
County Manager

Richard W. Pringle
County Attorney



Glades County Board of County Commissioners

P.O. Box 1527 • 500 Avenue J• Moore Haven, Florida 33471

Phone: (863) 946-6000 • Fax: (863) 946-2860

Internet address <http://www.MyGlades.com>

GLADES COUNTY, FLORIDA SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2019

Glades County, Florida respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2019.

Audit period: October 1, 2018 – September 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2010 – 001 Audit Adjustments

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.

Status: See current year finding 2019-001.

Reason for finding's recurrence: Glades County has limited personnel in its Finance Department and does rely on external auditors to assist in recording a portion of items at year-end. The staff will begin reconciling accounts throughout the year compared to annually in order to limit the number of reclassifications at year end.

Corrective Action: See Corrective Action Plan.

2016 – 002 Fund Balance and Chart of Accounts

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.

Status: Corrected.

2016 – 003 SHIP Reporting

Condition: The 2015/2016 Annual Report was not filed until April 2020 and no reports were filed until for the 2016/2017 and 2017/2018 award period.

Status: See current year finding 2019-003.

Reason for finding's recurrence: The SHIP Coordinator was unable to submit the 2015/2016 report until set asides were reached. The County did not receive the 2016/2017 and 2017/2018 funding until

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August 2019. The SHIP Coordinator has been working diligently to assist the community and to reach the necessary set asides for the program in order to file the reports in a timely manner.

Corrective Action: See Corrective Action Plan.

2016 – 005 Permit Fee Modification

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.

Status: Corrected.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

If the Oversight Agency has questions regarding this schedule, please call Tiffany Patterson, Chief Deputy Clerk, at 863-946-6013.

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2019



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**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, 2019, 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.

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, 2019, 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, 2019, 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

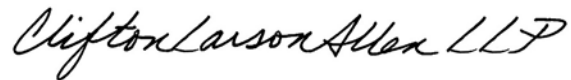
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020, 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
June 18, 2020

FINANCIAL STATEMENTS

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Public Records Modernization Fund	Child Support Fund	Total Governmental Funds
ASSETS				
Cash	\$ 276,828	\$ 104,920	\$ 43,378	\$ 425,126
Due from Other Funds	1,520	-	18,468	19,988
Other Receivables	15,476	-	79	15,555
Prepaid Items	5,345	-	3,537	8,882
	<u>5,345</u>	<u>-</u>	<u>3,537</u>	<u>8,882</u>
Total Assets	<u>\$ 299,169</u>	<u>\$ 104,920</u>	<u>\$ 65,462</u>	<u>\$ 469,551</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 5,928	\$ -	\$ 920	\$ 6,848
Other Accrued Liabilities	32,098	-	-	32,098
Due to Other Funds	18,468	1,520	-	19,988
Due to Board of County Commissioners	38,692	-	-	38,692
Due to Other Governments	203,983	-	-	203,983
Total Liabilities	<u>299,169</u>	<u>1,520</u>	<u>920</u>	<u>301,609</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	5,345	-	3,537	8,882
Restricted	-	103,400	61,005	164,405
Unassigned	(5,345)	-	-	(5,345)
Total Fund Balances	<u>-</u>	<u>103,400</u>	<u>64,542</u>	<u>167,942</u>
Total Liabilities and Fund Balances	<u>\$ 299,169</u>	<u>\$ 104,920</u>	<u>\$ 65,462</u>	<u>\$ 469,551</u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Public Records Modernization Fund	Child Support Fund	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 160,010	\$ -	\$ 42,934	\$ 202,944
Charges for Services	546,974	21,448	-	568,422
Investment Earnings	3,353	93	-	3,446
Total Revenues	<u>710,337</u>	<u>21,541</u>	<u>42,934</u>	<u>774,812</u>
EXPENDITURES				
Current - General Government:				
Personal Services	820,198	-	-	820,198
Operating Expenditures	104,029	10,819	5,541	120,389
Capital Outlay	3,186	-	-	3,186
Total Expenditures	<u>927,413</u>	<u>10,819</u>	<u>5,541</u>	<u>943,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(217,076)	10,722	37,393	(168,961)
OTHER FINANCING SOURCES (USES)				
Transfers In from the Board of County Commissioners	479,003	-	-	479,003
Transfers Out to the Board of County Commissioners	(42,761)	-	-	(42,761)
Unexpended Appropriation: State of Florida	(219,166)	-	-	(219,166)
Total Other Financing Sources	<u>217,076</u>	<u>-</u>	<u>-</u>	<u>217,076</u>
NET CHANGE IN FUND BALANCES	-	10,722	37,393	48,115
Fund Balances - Beginning of Year	<u>-</u>	<u>92,678</u>	<u>27,149</u>	<u>119,827</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 103,400</u>	<u>\$ 64,542</u>	<u>\$ 167,942</u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

ASSETS

Cash	\$ 392,044
Due from Others	<u>17,516</u>
Total Assets	<u><u>\$ 409,560</u></u>

LIABILITIES

Due to Board of County Commissioners	\$ 23,761
Due to Other Governments	365,469
Due to Others	<u>20,330</u>
Total Liabilities	<u><u>\$ 409,560</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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, Child Support 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, 2019**

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 funds do 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, 2019**

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, 2019, the Public Records Modernization fund owed the General fund \$1,520 and the General fund owed the Child Support fund \$18,468 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, 2019.

The amount transferred by the Board to fund the 2019 budget of the Clerk was \$479,003.

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, 2019, the excess fees were \$42,761, of this, \$38,529 is 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 \$163 for investment income.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital Assets, Being Depreciated:				
Equipment	\$ 196,858	\$ 3,186	\$ -	\$ 200,044
Less Accumulated Depreciation:				
Equipment	173,650	10,646	-	184,296
Total Capital Assets, Net	<u>\$ 23,208</u>	<u>\$ (7,460)</u>	<u>\$ -</u>	<u>\$ 15,748</u>

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 2019:

Balance, October 1, 2018	\$ 14,711
Increases	44,873
Decreases	(39,130)
Balance, September 30, 2019	\$ 20,454
Amounts Due Within One Year	\$ 20,454

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, 2019**

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, 2019**

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, 2019, 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, 2019**

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, 2019, 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, 2019**

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, 2019, 2018, and 2017 were \$86,809, \$81,412, and \$75,349, 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 \$4,688 for the fiscal year ended September 30, 2019. The future minimum lease payments under these leases are as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2020	\$ 4,500
2021	4,500
2022	4,500
2023	2,625
Total	<u>\$ 16,125</u>

NOTE 8 RISK MANAGEMENT

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

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Clerk, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Clerk is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 20,187	\$ 20,187	\$ 160,010	\$ 139,823
Charges for Services	482,017	482,017	546,974	64,957
Investment Earnings	-	-	3,353	3,353
Total Revenues	<u>502,204</u>	<u>502,204</u>	<u>710,337</u>	<u>208,133</u>
EXPENDITURES				
Current - General Government:				
Personal Services	899,022	899,022	820,198	78,824
Operating Expenditures	79,151	79,151	104,029	(24,878)
Capital Outlay	<u>3,034</u>	<u>3,034</u>	<u>3,186</u>	<u>(152)</u>
Total Expenditures	<u>981,207</u>	<u>981,207</u>	<u>927,413</u>	<u>53,794</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(479,003)	(479,003)	(217,076)	261,927
OTHER FINANCING SOURCES (USES)				
Transfers In From the Board of County Commissioners	479,003	479,003	479,003	-
Transfers Out to the Board of County Commissioners	-	-	(42,761)	(42,761)
Unexpended Appropriation: State of Florida	<u>-</u>	<u>-</u>	<u>(219,166)</u>	<u>(219,166)</u>
Total Other Financing Sources	<u>479,003</u>	<u>479,003</u>	<u>217,076</u>	<u>(261,927)</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).

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTE TO SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(GENERAL FUND)
SEPTEMBER 30, 2019**

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, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated June 18, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below as 2019-001 that we consider to be a material weakness.

2019-001 Material Audit Adjustments

Criteria

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

Condition

As part of our audit, we proposed adjustments to revise the Clerk's books at year-end. These adjustments included a correction to excess fines/fees due to the State in the amount of \$33,273, a correction to properly classify indirect child support funds in the amount of \$2,901, and a correction to properly recognize deferred child support funds received within 60 days of fiscal year-end in the amount of \$8,413.

Cause

Internal controls failed to detect or prevent the errors.

Effect

An adjustment was made to the financial statements to correct child support revenue and excess fines/fees expenditures.

Recommendation

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

Compliance and Other Matters

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

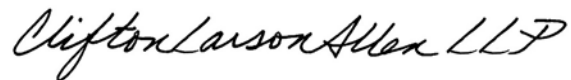
Clerk's Response to Findings

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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
June 18, 2020



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, 2019, and have issued our report thereon dated June 18, 2020.

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 on 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 June 18, 2020, 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 2019-002 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.

Prior Year Finding

Yes

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.

ML 2019-003 Performance Reports

Criteria

Quarterly performance reports relating to collections, timeliness of filing 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

During the year ended September 30, 2019, three quarterly reports relating to collections and timeliness of paying jurors, two quarterly reports related to timeliness of filing and docketing cases, and one of the four quarterly reports related to timeliness of paying jurors were late.

Cause

Internal controls failed to ensure the timely submission of required performance reports to the Florida Clerk of Courts Operations Corporation (CCOC).

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.

Prior Year Finding

Yes

Recommendation

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

ML 2019-004 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 the year ended September 30, 2019, there was one month in which the Clerk was required to remit revenues, and these revenues were remitted late. The revenues due May 10th were not remitted until August.

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

Cause

Internal controls failed to ensure the timely remittance of excess monthly fines, fees, service charges, and costs to the Department of Revenue.

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.

Prior Year Finding

Yes

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.

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, Glades County, Florida 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 18, 2020

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2019**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	FY 2018	FY 2017	Cleared	Partially Cleared	Not Cleared
ML 2010-001 Timely Remittance of Agency Transactions	Management Letter	ML 2019-002	ML 2010-001	ML 2010-001			X
ML 2018-001 Inaccurate Compensated Absence Schedule	Management Letter	N/A	ML 2018-001	N/A	X		
ML 2018-002 Performance Reports	Management Letter	ML 2019-003	ML 2018-002	N/A			X
ML 2018-003 Clerk of Court Expenditures and Collections Report	Management Letter	ML 2019-004	ML 2018-003	N/A			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, 2019. 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, 2019.

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
June 18, 2020





SANDRA H. BROWN

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

GLADES COUNTY COURTHOUSE
500 AVENUE J
POST OFFICE Box 10
MOORE HAVEN, FLORIDA 33471-00 10

June 22, 2020

Christopher Kessler, CPA, Principal
CliftonLarsonAllen LLP
12800 University Drive, Suite 210
Fort Myers, Florida 33907

Please see my response to the findings in the Financial Statements and Supplemental Reports for Year Ended September 30, 2019:

2019-001 Material Audit Adjustments

The excess fines and fees were booked at what was actually paid out in January after adjustments instead of what would have been due at 9/30 prior to being notified. The Finance Director or the Clerk of Court will review the year end entries due at 9/30 prior to submission.

ML 2019-002-001: Timely Remittance of Agency Transactions

The Clerk's Office has been working on 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.

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

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

Christopher Kessler
June 22, 2020
Page 2

ML 2019-003 Performance Reports

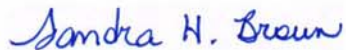
The Clerk prepares and transmits the quarterly performance reports. We have had limited staff and several turn overs with staff. We have been working on training others in the office on the procedures to prepare and transmit reports to try and prevent future late filings.

ML 2019-004 Clerk of Court Expenditures and Collections Reports

The Finance Office prepares and transmits the Expenditures and Collections reports. The May 1/12 that was due was transmitted to DOR, however wire was rejected from the Bank due to clerical error. It was discovered when reconciling the bank statements. After researching done with Finance and DOR, we had to resubmit again in August.

Finance will review all wire information prior to submittal and verify that the funds transferred in a timely manner.

Thank You,



Sandra H. Brown
Clerk of Court

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2019



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WEALTH ADVISORY

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**AUDIT, TAX, AND
CONSULTING**

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Property Appraiser, Glades County, Florida (the Property Appraiser), as of and for the year ended September 30, 2019, 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, 2019, 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, 2019, 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

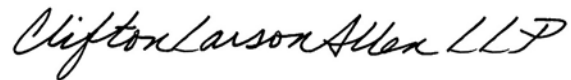
Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund (non-GAAP budgetary basis) on pages 14-16 be presented to supplement the basic financial statements. Such information, although not a part 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 June 5, 2020 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
June 5, 2020

FINANCIAL STATEMENTS

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS

Cash	\$ 97,982
	<u>97,982</u>
Total Assets	<u>\$ 97,982</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 72,853
Accrued Expenses	9
Due to Board of County Commissioners	24,671
Due to Other Governments	449
Total Liabilities	<u>97,982</u>

FUND BALANCE

Total Liabilities and Fund Balance	<u>\$ -</u>
	<u>\$ 97,982</u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019**

REVENUES

Charges for Services	\$	42,101
Miscellaneous		120
Total Revenues		42,221

EXPENDITURES

Current:		
Personal Services		488,876
Operating Expenditures		116,988
Capital Outlay		52,303
Total Expenditures		658,167

DEFICIENCY OF REVENUES OVER EXPENDITURES (615,946)

OTHER FINANCING SOURCES (USES)

Transfers From the Board of County Commissioners		641,067
Distribution of Excess Fees:		
Board of County Commissioners		(24,671)
Other Governments		(450)
Total Other Financing Sources		615,946

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, 2019**

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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2019, 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 2019 budget of the Property Appraiser was \$641,067.

In accordance with Florida Statutes, all Board funding in excess of expenditures as of year-end are owed to the Board. Excess fees of \$24,671 were due to the Board General Fund at September 30, 2019.

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, 2019**

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, 2019 was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital Assets Not Being Depreciated:				
Construction in Process	\$ -	\$ 50,000	\$ -	\$ 50,000
Capital Assets Being Depreciated:				
Equipment	161,728	2,303	(6,153)	157,878
Less Accumulated Depreciation:				
Equipment	160,087	865	(6,153)	154,799
Total Capital Assets				
Being Depreciated, Net	<u>1,641</u>	<u>1,438</u>	<u>-</u>	<u>3,079</u>
Total Capital Assets, Net	<u>\$ 1,641</u>	<u>\$ 51,438</u>	<u>\$ -</u>	<u>\$ 53,079</u>

NOTE 4 COMPENSATED ABSENCES

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2019 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2018	\$ 9,598
Increases	29,862
Decreases	(29,356)
Balance - September 30, 2019	\$ 10,104
Amounts Due Within One Year	\$ 10,104

NOTE 5 PENSION PLAN

Background

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

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided (Continued)

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

FRS Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by 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, 2019, 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$55,899, \$76,816, and \$69,229, 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 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.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES

Computer Assisted Mass Appraisal System Contract

Effective June 26, 2019, the Property Appraiser entered into an agreement with Government Software Assurance Corporation to license, configure and install computer assisted mass appraisal system software in the amount of \$194,632. As of September 30, 2019, amounts included in capital outlay for work completed totaled \$50,000 and amounts remaining total \$144,632.

NOTE 9 SUBSEQUENT EVENT

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Property Appraiser, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Property Appraiser is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 24,711	\$ 24,711
EXPENDITURES				
Current:				
Personal Services	559,486	497,957	488,876	9,081
Operating Expenditures	97,821	113,618	112,488	1,130
Capital Outlay	-	54,203	52,303	1,900
Total Expenditures	<u>657,307</u>	<u>665,778</u>	<u>653,667</u>	<u>12,111</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(657,307)	(665,778)	(628,956)	(36,822)
OTHER FINANCING SOURCES (USES)				
Transfers In	657,307	665,778	641,067	(24,711)
Distribution of Excess Fees:				
Board of County Commissioners	-	-	(11,661)	11,661
Other Governments	-	-	(450)	450
Total Other Financing Sources	<u>657,307</u>	<u>665,778</u>	<u>628,956</u>	<u>36,822</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)
YEAR ENDED SEPTEMBER 30, 2019**

NOTE 1 BUDGETARY ACCOUNTING

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

- On or before June 1 of each year, the Property Appraiser concurrently submits to the Department of Revenue (the DOR) and the Board of County Commissioners (the Board) a budget for the operation of her office for the ensuing fiscal year.
- On or before August 15, the DOR makes final amendments or changes to the budget and provides notice thereof to the Property Appraiser and the Board.
- Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments.
- The budget is legally adopted through Board Resolution.
- Once the budget is legally adopted by the Board and the DOR, the Board may not make any amendments without the approval of the DOR. No transfer of funds between appropriations categories may be made without the written approval of the DOR; however, transfers may be made within these categories. All monies received by the Property Appraiser in complying with Chapter 119.07, Florida Statutes, may be used and expended in the same manner and to the same extent as funds budgeted for the office, and no budget amendment shall be required.
- It is unlawful for the Property Appraiser to expend or contract for, in any fiscal year, expenditures which exceed the amount budgeted, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparison schedule presented herein is on a budgetary basis which differs from accounting principles generally accepted in the United States of America.

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2019**

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	\$ 24,711
Differences—Budget to GAAP: Certain nonadvalorem related Revenues are not a Component of the Property Appraiser's Budget	17,510
Total Revenues as Reported on the Statement of Revenues and Expenditures	\$ 42,221
Actual Amounts (Budgetary Basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 653,667
Differences—Budget to GAAP: Certain non-advalorem related Expenditures are not a Component of the Property Appraiser's Budget	4,500
Total Expenditures as Reported on the Statement of Revenues and Expenditures	\$ 658,167
Actual Amounts (Budgetary Basis) "Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ 628,956
Differences—Budget to GAAP: Distribution of excess fees related to certain revenues and expenditures that are not a component of the Property Appraiser's budget	(13,010)
Total Other Financing Sources (Uses) as Reported on the Statement of Revenues and Expenditures	\$ 615,946

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, 2019, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated June 5, 2020.

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
June 5, 2020



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, 2019, and have issued our report thereon dated June 5, 2020.

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 June 5, 2020, 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

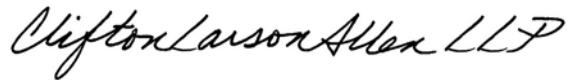
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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
June 5, 2020



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, 2019. 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, 2019.

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
June 5, 2020

**SHERIFF
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2019



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**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, 2019, 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, 2019, 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, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of revenues and expenditures – budget and actual – general fund on pages 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements 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 June 23, 2020 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
June 23, 2020

FINANCIAL STATEMENTS

**SHERIFF
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 529,309	\$ 1,735,327	\$ 2,264,636
Accounts Receivable	529,167	3,203	532,370
Prepaid Items	9,470	-	9,470
Due from Board of County Commissioners	<u>170,914</u>	<u>-</u>	<u>170,914</u>
Total Assets	<u>\$ 1,238,860</u>	<u>\$ 1,747,705</u>	<u>\$ 2,986,565</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 270,743	\$ 16,583	\$ 287,326
Other Accrued Liabilities	498,836	-	498,836
Due to Board of County Commissioners	<u>90,186</u>	<u>100,000</u>	<u>190,186</u>
Total Liabilities	868,940	116,583	985,523
FUND BALANCES			
Nonspendable:			
Prepaid Items	9,470	-	9,470
Restricted:			
Public Safety	-	1,631,122	1,631,122
Training	18,944	-	18,944
Donations - Public Safety	19,175	-	19,175
Assigned:			
Personnel Expenditures	<u>322,331</u>	<u>-</u>	<u>322,331</u>
Total Fund Balances	<u>369,920</u>	<u>1,631,122</u>	<u>2,001,042</u>
Total Liabilities and Fund Balances	<u>\$ 1,238,860</u>	<u>\$ 1,747,705</u>	<u>\$ 2,986,565</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Asset Forfeiture Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Fines and Forfeitures	\$ 38,594	\$ 497,544	\$ 536,138
Intergovernmental	174,524	19,200	193,724
Charges for Services	7,010,969	-	7,010,969
Investment Earnings	104	1,416	1,520
Miscellaneous Income	45,725	9,390	55,115
Total Revenues	<u>7,269,916</u>	<u>527,550</u>	<u>7,797,466</u>
EXPENDITURES			
Current:			
Public Safety:			
Personal Services	3,235,233	-	3,235,233
Operating Expenditures	970,492	90,034	1,060,526
Jail Operations:			
Personal Services	6,493,885	-	6,493,885
Operating Expenditures	1,610,327	-	1,610,327
Debt Service:			
Principal	7,043	-	7,043
Interest and Other Charges	834	-	834
Capital Outlay	357,438	432,201	789,639
Total Expenditures	<u>12,675,252</u>	<u>522,235</u>	<u>13,197,487</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,405,336)	5,315	(5,400,021)
OTHER FINANCING SOURCES (USES)			
Transfers from Board of County Commissioners	5,158,225	-	5,158,225
Transfers to Board of County Commissioners	(86,250)	(100,000)	(186,250)
Capital Lease Proceeds	133,825	-	133,825
Total Other Financing Sources (Uses)	<u>5,205,800</u>	<u>(100,000)</u>	<u>5,105,800</u>
NET CHANGE IN FUND BALANCES	(199,536)	(94,685)	(294,221)
Fund Balances - Beginning of Year	<u>569,456</u>	<u>1,725,807</u>	<u>2,295,263</u>
FUND BALANCES - END OF YEAR	<u>\$ 369,920</u>	<u>\$ 1,631,122</u>	<u>\$ 2,001,042</u>

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 Fund 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, 2019**

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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. There were no interfund receivables or payables as of September 30, 2019.
- 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, 2019.

The amount transferred by the Board to fund the 2019 budget of the Sheriff was \$5,158,225.

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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount of undistributed excess fees of \$86,250 was due to the Board's General Fund at September 30, 2019.

In addition to the undistributed excess fees, the Sheriff reported amounts due to the Board's General Fund of \$526 for interest and \$3,410 for fee income.

The Asset Forfeiture Fund reports transfers to the Board of County Commissioners in the amount of \$100,000 for the matching share of law enforcement grants. The amount was \$100,000 was due and payable to the Board as of September 30, 2019.

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, 2019**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital Assets, Being Depreciated:				
Motor Vehicles	\$ 2,129,446	\$ 597,236	\$ 155,974	\$ 2,570,708
Equipment and Furniture	2,319,669	202,543	163,097	2,359,115
Livestock	10,500	-	-	10,500
Total Capital Assets, Being Depreciated	<u>4,459,615</u>	<u>799,779</u>	<u>319,071</u>	<u>4,940,323</u>
Less Accumulated Depreciation for:				
Motor Vehicles	1,619,519	207,938	125,108	1,702,349
Equipment and Furniture	1,981,832	85,646	163,097	1,904,381
Livestock	10,143	357	-	10,500
Total Accumulated Depreciation	<u>3,611,494</u>	<u>293,941</u>	<u>288,205</u>	<u>3,617,230</u>
Total Capital Assets, Net	<u>\$ 848,121</u>	<u>\$ 505,838</u>	<u>\$ 30,866</u>	<u>\$ 1,323,093</u>

NOTE 4 CAPITAL LEASE OBLIGATIONS

The Sheriff entered into a lease agreement for financing the purchase of radio equipment. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception dates. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2019 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 47,263
2021	47,263
2022	<u>39,386</u>
Total Minimum Lease Payments	133,912
Less Amount Representing Interest	<u>(7,130)</u>
Total	<u>\$ 126,782</u>

The cost and accumulated depreciation of capital assets acquired under the leases are \$167,865 and \$11,990, respectively, as of September 30, 2019.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 CAPITAL LEASE OBLIGATIONS (CONTINUED)

The principal balance outstanding under this capital lease obligation is recorded as a liability in the basic financial statements of the County (statement of net position). The change in the capital lease obligation is as follows:

Balance, October 1, 2018	\$ -
Proceeds	133,825
Principal Retirements	(7,043)
Balance, September 30, 2019	<u>\$ 126,782</u>
Amounts Due Within One Year	<u>\$ 43,203</u>

NOTE 5 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, 2019 were \$12,510.

The future minimum lease obligations as of September 30, 2019 are as follows:

<u>Fiscal Year Ending September 30,</u>	
2020	\$ 12,510
2021	12,510
2022	11,029
Total Minimum Lease Payments	<u>\$ 36,049</u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 COMPENSATED ABSENCES

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

- 100% of earned, but unused vacation and holiday leave
- 25% of earned, but unused sick leave, for employees with greater than 5 years of service (125 hours maximum for employees with 5 to 10 years of service and 250 hours maximum for employees with over 10 years of service)

The following is a summary of changes in the compensated absences liability during fiscal year 2019.

Balance, October 1, 2018	\$	725,998
Increases		823,653
Decreases		<u>(768,887)</u>
Balance, September 30, 2019	\$	<u><u>780,764</u></u>
Amounts Due Within One Year	\$	<u><u>546,535</u></u>

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 PENSION PLAN

Background

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

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

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, 2019**

NOTE 7 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, 2019**

NOTE 7 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, 2019, 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, 2019**

NOTE 7 PENSION PLAN (CONTINUED)

FRS Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Glades County, Florida, Sheriff Employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% 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, 2019, 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, 2019**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Glades County, Florida, Sheriff's contributions made to the plans during the years ended September 30, 2019, 2018, and 2017 were \$1,374,321, \$1,254,249, and \$1,029,000, respectively, equal to the actuarially determined contribution requirements for each year.

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

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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 9 RISK MANAGEMENT

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

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

The Sheriff purchases commercial insurance policies for health and dental insurance benefits.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10 COMMITMENTS AND CONTINGENCIES

Glades Correctional Development Corporation

The Sheriff entered into an agreement with Glades Correctional Development Corporation (GCDC), to manage, operate, and maintain the GCDC prison facility. The facility is a 440-bed prison located in Moore Haven, Florida. The agreement is effective through September 30, 2030. For the year ended September 30, 2019, the Sheriff recognized revenue in the amount of \$6,510,144 from GCDC, which was used to fund payroll expenses related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and 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.

NOTE 11 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Sheriff, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Sheriff is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ -	\$ 38,594	\$ 38,594	\$ -
Intergovernmental	-	174,524	174,524	-
Charges for Services	-	7,010,969	7,010,969	-
Investment Earnings	-	104	104	-
Miscellaneous Income	-	48,523	45,725	(2,798)
Carryover	-	555,754	-	(555,754)
Total Revenues	-	7,828,468	7,269,916	(558,552)
EXPENDITURES				
Current:				
Public Safety:				
Personal Services	2,675,670	3,235,232	3,235,233	(1)
Operating Expenditures	554,803	961,329	970,492	(9,163)
Jail Operations:				
Personal Services	-	6,493,885	6,493,885	-
Operating Expenditures	1,694,998	1,610,327	1,610,327	-
Debt Service:				
Principal	-	42,043	7,043	35,000
Interest and Other Charges	-	834	834	-
Capital Outlay	68,098	189,573	357,438	(167,865)
Reserves - General Operating	-	367,220	-	367,220
Total Expenditures	4,993,569	12,900,443	12,675,252	225,191
Excess (Deficiency) of Revenues Over Expenditures	(4,993,569)	(5,071,975)	(5,405,336)	(333,361)
OTHER FINANCING SOURCES (USES)				
Transfers from Board of County Commissioners	4,993,569	5,158,225	5,158,225	-
Transfers to Board of County Commissioners	-	(86,250)	(86,250)	-
Capital Lease Proceeds	-	-	133,825	133,825
Total Other Financing Sources (Uses)	4,993,569	5,071,975	5,205,800	133,825
NET CHANGE IN FUND BALANCES	-	-	(199,536)	(199,536)
Fund Balances - Beginning of Year	-	-	569,456	569,456
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,920</u>	<u>\$ 369,920</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, 2019**

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, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated June 23, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below as item 2019-001 that we consider to be a material weaknesses.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described below as item 2019-001.

2019-001 – Asset Forfeiture Funding Equitable Sharing Requirements

Criteria

Department of Justice Equitable Sharing Guidelines Section VI.A.(8.)

To the extent practicable and if consistent with the agency's procurement and disposal policies, agencies must deposit proceeds from the sale of such property into the agency's sharing account or accounting code.

Condition

As part of the audit, we reviewed capital asset dispositions. During this review, we noted the Sheriff received insurance proceeds for a vehicle purchased with equitable sharing funds. The funds received were deposited to the operating bank account rather than the equitable sharing bank account as required.

Cause

Equitable sharing funds were deposited to the operating account inadvertently by the finance personnel when received from the insurance company. Cash receipts when received are reviewed by finance personnel to determine proper account for deposit.

Effect

The Sheriff was not in compliance with equitable sharing program requirements and an audit adjustment was required to correct the financial statements as a result. Noncompliance could result in denial or extinguishment of agency sharing requests, return of funds, or offsets from future sharing.

Recommendation

We recommend the insurance proceeds be withdrawn from operating bank account and redeposited to the equitable sharing bank account.

View of Responsible Official

Management is in agreement with audit finding and has implemented corrective action. The cash proceeds received were withdrawn from the operating bank account and redeposited into the equitable sharing bank account.

The Honorable David Hardin
Sheriff
Glades County, Florida

Sheriff’s Response to Findings

The Sheriff’s response to the finding identified in our audit are described previously. The Sheriff’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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

CliftonLarsonAllen LLP

Fort Myers, Florida
June 23, 2020



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, 2019, and have issued our report thereon dated June 23, 2020.

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 June 23, 2020, 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 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 had the following recommendation.

The Honorable David Hardin
Sheriff
Glades County, Florida

ML 2019-002 Segregation of Dues – Online Banking and Transfers

Criteria

Accounting system limitations have necessitated that personnel within the finance office be provided with certain banking system access that is inconsistent with appropriate segregation of duties.

Condition

The system access allows certain employees to both initiate and approve transfers of funds from Department accounts, and perform account reconciliations. Such access is deemed necessary to perform day to day responsibilities, however, there should be additional controls and/or limitations with regard to these transactions.

Cause

The Sheriff has a limited number of staff in the finance department who all report directly to the Finance Director.

Effect

Misappropriation, misstatements, or errors could occur and not be prevented or detected.

Recommendation

We recommend that banking controls are established to require all external banking transfers require two individuals to process a transaction, one individual must enter or initiate a transfer and a second individual must approve and release the transfer. This would mitigate the risk that an unauthorized or incorrect transaction could occur and not be detected. We further recommend that all banking transfers require two-factor identification, this can be in the form of two individuals required to login with individual user IDs and passwords to initiate and approve a transaction, or the use of a peripheral device, such as a security token.

View of Responsible Official

The Glades County Sheriff's Office will create a Banking Transfer Authorization Form which will be completed by the Finance Director and approved by the Sheriff or Chief Deputy before any online banking transfer is initiated.

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.

The Honorable David Hardin
Sheriff
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, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
June 23, 2020



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, 2019. 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, 2019.

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
June 23, 2020

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2019



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**AUDIT, TAX, AND
CONSULTING**

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2019**

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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, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Election'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, 2019, 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, 2019, 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 June 15, 2020, 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
June 15, 2020

FINANCIAL STATEMENTS

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS

Prepaid Items	<u>\$ 170</u>
Total Assets	<u><u>\$ 170</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	<u>\$ 170</u>
Total Liabilities	170

FUND BALANCE

Nonspendable:	
Prepaid Items	170
Unassigned	<u>(170)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 170</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, 2019**

REVENUES

Intergovernmental	\$	29,067
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EXPENDITURES:

Current - General Government:

Personal Services		222,515
Operating Expenditures		75,548
Capital Outlay		20,935
Total Expenditures		318,998

OTHER FINANCING SOURCES

Transfer From the Board of County Commissioners		290,101
Transfer to the Board of County Commissioners		(170)
Total Other Financing Sources		289,931

NET CHANGE IN FUND BALANCE

-

Fund Balance - Beginning of Year

-

FUND BALANCE - END OF YEAR

\$ -

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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 2019 budget of the Supervisor of Elections was \$290,101. The amount of excess funds transferred back to the Board at year-end was \$170.

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, 2019**

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, 2019 was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Assets Being Depreciated:				
Equipment, Furniture, and Vehicles	\$ 136,580	\$ 20,935	\$ -	\$ 157,515
Less Accumulated Depreciation for:				
Equipment, Furniture, and Vehicles	105,078	8,211	-	113,289
Total Capital Assets, Net	<u>\$ 31,502</u>	<u>\$ 12,724</u>	<u>\$ -</u>	<u>\$ 44,226</u>

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2018	\$	1,116
Increases		3,405
Decreases		(1,522)
Balance - September 30, 2019	<u>\$</u>	<u>2,999</u>
Amounts Due Within One Year	<u>\$</u>	<u>2,399</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, 2019**

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, 2019**

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, 2019**

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, 2019, 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, 2019**

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, 2019, 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, 2019, 2018, and 2017 were \$51,185, \$47,892, and \$43,362, 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, 2019**

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.

NOTE 7 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Supervisor of Elections, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs emergency preparedness and shortages of personnel. Management believes the Supervisor of Elections is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

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, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 1,724	\$ 29,067	\$ 27,343
Total Revenues	-	1,724	29,067	27,343
EXPENDITURES				
Current - General Government:				
Personal Services	221,851	222,521	222,515	6
Operating Expenditures	76,960	79,465	75,718	3,747
Capital Outlay	-	27,018	20,935	6,083
Total Expenditures	298,811	329,004	319,168	9,836
OTHER FINANCING SOURCES				
Transfer In:				
Glades County, Florida Board of County Commissioners Appropriations	298,811	327,280	290,101	(37,179)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -

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, 2019**

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, 2019**

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	\$ 319,168
Differences—Budget to GAAP:	
Prepaid Expenses Which are Budgeted Expenditures but are not Recorded as Expenditures in the Statement of Revenues and Expenditures	(170)
Total Expenditures as Reported on the Statement of Revenues and Expenditures - General Fund	\$ 318,998
Actual Amounts (Budgetary Basis) "Other Sources (Uses)" from the Budgetary Comparison Schedule	\$ 290,101
Differences—Budget to GAAP:	
Excess Appropriations not Budgeted	(170)
Total Sources (Uses) as Reported on the Statement of Revenues and Expenditures - General Fund	\$ 289,931

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, 2019, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, and have issued our report thereon dated June 15, 2020.

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.

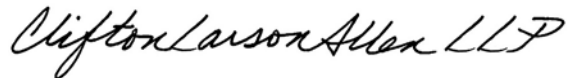
The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

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
June 15, 2020



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, 2019, and have issued our report thereon dated June 15, 2020.

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 June 15, 2020, 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

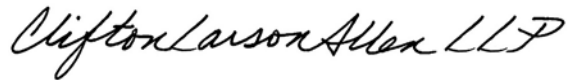
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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
June 15, 2020



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, 2019. 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, 2019.

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
June 15, 2020

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2019



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CONSULTING**

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Tax Collector, Glades County, Florida (the Tax Collector), as of and for the year ended September 30, 2019, 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, 2019, 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, 2019, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

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

The Honorable Gail Jones
Tax Collector
Glades County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2020 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
June 17, 2020

FINANCIAL STATEMENTS

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS

Cash	<u>\$ 8,121</u>
Total Assets	<u><u>\$ 8,121</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,709
Due to Board of County Commissioners	<u>6,412</u>
Total Liabilities	<u>8,121</u>

FUND BALANCE

	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 8,121</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, 2019**

REVENUES	\$ -
EXPENDITURES	
Current:	
Personal Services	395,118
Operating Expenditures	76,163
Capital Outlay	1,786
Total Expenditures	<u>473,067</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(473,067)
OTHER FINANCING SOURCES (USES)	
Transfers from the Board of County Commissioners	475,244
Transfers to the Board of County Commissioners	<u>(2,177)</u>
Total Other Financing Sources	<u>473,067</u>
NET CHANGE IN FUND BALANCE	-
Fund Balance - Beginning of Year	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2019**

ASSETS

Cash	\$ 234,653
Other Receivables	<u>2,058</u>
Total Assets	<u><u>\$ 236,711</u></u>

LIABILITIES

Due to Board of County Commissioners	\$ 124,437
Due to Other Governments	<u>112,274</u>
Total Liabilities	<u><u>\$ 236,711</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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, 2019**

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 2019 budget of the Tax Collector was \$475,244.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess appropriations of \$2,177 were due to the Board of County Commissioners General Fund at September 30, 2019.

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, 2019**

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, 2019 was as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital Assets Being Depreciated:				
Equipment	\$ 69,519	\$ 1,786	\$ -	\$ 71,305
Less Accumulated Depreciation:				
Equipment	46,925	5,842	-	52,767
Total Capital Assets, Net	<u>\$ 22,594</u>	<u>\$ (4,056)</u>	<u>\$ -</u>	<u>\$ 18,538</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, 2019 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

Balance - October 1, 2018	\$ 14,495
Increases	23,797
Decreases	<u>(22,977)</u>
Balance - September 30, 2019	<u>\$ 15,315</u>
Amounts Due Within One Year	<u>\$ 12,692</u>

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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, 2019**

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, 2019, 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, 2019**

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, 2019, 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, 2019, 2018, and 2017 were \$33,424, \$31,219, and \$28,647, respectively, equal to the actuarially determined contribution requirements for each year.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

NOTE 9 SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Tax Collector, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Tax Collector is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Personal Services	397,623	395,118	395,118	-
Operating Expenditures	77,621	78,340	76,163	2,177
Capital Outlay	-	1,786	1,786	-
Total Expenditures	<u>475,244</u>	<u>475,244</u>	<u>473,067</u>	<u>2,177</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(475,244)	(475,244)	(473,067)	2,177
OTHER FINANCING SOURCES (USES)				
Transfers In	475,244	475,244	475,244	-
Transfers Out	-	-	(2,177)	(2,177)
Total Other Financing Sources (Uses)	<u>475,244</u>	<u>475,244</u>	<u>473,067</u>	<u>(2,177)</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, 2019**

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. The budgetary comparison schedule presented herein is on a basis consistent with accounting principles generally accepted in the United States of America and is 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, 2019, 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 June 17, 2020.

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
June 17, 2020



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, 2019, and have issued our report thereon dated June 17, 2020.

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 June 17, 2020, 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 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
June 17, 2020



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, 2019. 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, 2019.

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
June 17, 2020