

GLADES COUNTY, FLORIDA
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020



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AUDIT, TAX, AND CONSULTING

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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, 2020, 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, 2020, 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 September 3, 2021, 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
September 3, 2021

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, 2020. Please read it in conjunction with the County’s financial statements, which follow this section.

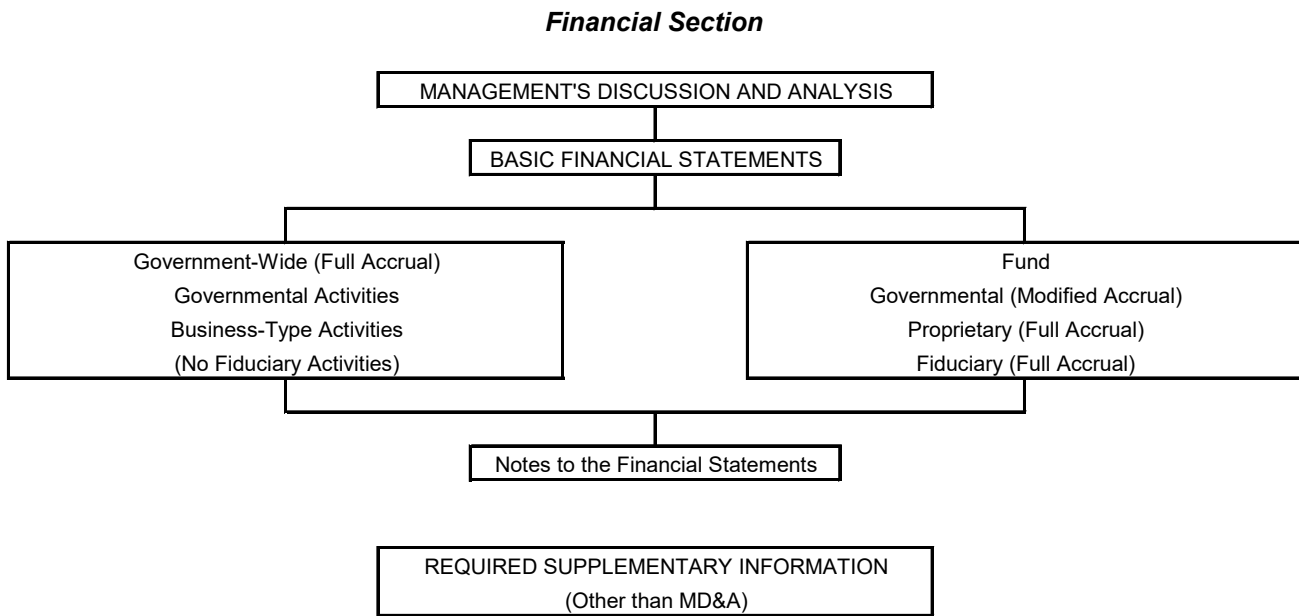
Financial Highlights

The County’s total net position decreased by approximately \$24,000 over the course of this year’s operations. The net position of our business-type activities increased by approximately \$151,000 and net position of our governmental activities decreased by approximately \$175,000.

At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$8.2 million, or 40% of total general fund expenditures.

Overview of the Financial Statements

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



GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

| Scope | Government-Wide Financial Statements | Fund Financial Statements | | |
|--|---|---|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire County government (except fiduciary activities) | Activities of the County that are not proprietary or fiduciary | Activities of the County that are operated similar to private business | Instances in which the County is the trustee or agent for someone else’s resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • 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, 2020 and 2019, derived from the government-wide statement of net position:

| | Net Position (in thousands) | | | | | |
|------------------------------------|-----------------------------|-----------|--------------------------|----------|-----------|-----------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other Assets | \$ 23,602 | \$ 21,038 | \$ 1,537 | \$ 1,394 | \$ 25,139 | \$ 22,432 |
| Capital Assets | 51,140 | 50,654 | 356 | 375 | 51,496 | 51,029 |
| Total Assets | 74,742 | 71,692 | 1,893 | 1,769 | 76,635 | 73,461 |
| Deferred Outflows of Resources | 8,524 | 8,061 | 11 | 11 | 8,535 | 8,072 |
| Other Liabilities | 2,327 | 2,194 | 36 | 53 | 2,363 | 2,247 |
| Noncurrent Liabilities Outstanding | 27,968 | 23,802 | 480 | 489 | 28,448 | 24,291 |
| Total Liabilities | 30,295 | 25,996 | 516 | 542 | 30,811 | 26,538 |
| Deferred Inflows of Resources | 1,523 | 2,134 | 2 | 3 | 1,525 | 2,137 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 50,562 | 50,057 | 356 | 375 | 50,918 | 50,432 |
| Restricted | 10,772 | 11,111 | - | - | 10,772 | 11,111 |
| Unrestricted | (9,886) | (9,545) | 1,030 | 860 | (8,856) | (8,685) |
| Total Net Position | \$ 51,448 | \$ 51,623 | \$ 1,386 | \$ 1,235 | \$ 52,834 | \$ 52,858 |

Current and other assets for the governmental activities increased \$2.6 million due to \$1.1 million increase in cash and investments, both restricted and unrestricted, followed by a \$2.1 million increase in due from other governments. The increases were offset by a \$576,000 decrease in accounts receivables. Capital assets increased \$486,000 due to additions to capital assets primarily related to waste water and road projects in progress. Deferred outflows of resources increased \$463,000 due to changes in the actuarial valuation and the County’s share of pension related deferred outflows of resources. Overall, total liabilities increased \$4.3 million, which was due to an increase in the net pension liability of \$3.8 million, unearned revenue of \$722,000, OPEB liability of \$303,000, offset by a decrease of \$547,000 in accounts payable and other accrued liabilities. Deferred inflows of resources decreased \$611,000 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 \$143,000 due to an increase in cash and investments of \$176,000. Accounts Receivable decreased approximately \$24,000 due to the timing of revenue received at year end.

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 96.4% 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 20.4% of total net position. Restricted net position represents resources that are subject to external restrictions on how they can be used. Unrestricted net position represents -16.8% of the total net position. Unrestricted net position represents resources that are available for spending.

The net position decreased by approximately \$24,000 during the fiscal year compared to the decrease of \$1.1 million in the prior fiscal year.

The table below presents a summary of changes in net position for the years ended September 30, 2020 and 2019, as derived from the government-wide statement of activities:

| | Changes in Net Position (in thousands) | | | | | |
|----------------------------|--|------------------|--------------------------|-----------------|------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 8,881 | \$ 9,646 | \$ 652 | \$ 589 | \$ 9,533 | \$ 10,235 |
| Operating Grants | 3,610 | 2,636 | 85 | 53 | 3,695 | 2,689 |
| Capital Grants | 1,818 | 971 | - | - | 1,818 | 971 |
| General Revenues: | | | | | | |
| Property Taxes | 8,468 | 7,883 | - | - | 8,468 | 7,883 |
| Other Taxes | 5,062 | 5,153 | - | - | 5,062 | 5,153 |
| Other Revenues | 318 | 285 | 11 | 24 | 329 | 309 |
| Total Revenues | <u>28,157</u> | <u>26,574</u> | <u>748</u> | <u>666</u> | <u>28,905</u> | <u>27,240</u> |
| Expenses: | | | | | | |
| General Government | 5,858 | 5,914 | - | - | 5,858 | 5,914 |
| Public Safety | 18,248 | 17,769 | - | - | 18,248 | 17,769 |
| Physical Environment | 428 | 421 | - | - | 428 | 421 |
| Transportation | 2,106 | 2,073 | - | - | 2,106 | 2,073 |
| Culture and Recreation | 394 | 433 | - | - | 394 | 433 |
| Human Services | 351 | 394 | - | - | 351 | 394 |
| Economic Environment | 796 | 653 | - | - | 796 | 653 |
| Court-Related Costs | 147 | 129 | - | - | 147 | 129 |
| Interest on Long-Term Debt | 4 | 5 | - | - | 4 | 5 |
| Solid Waste | - | - | 597 | 550 | 597 | 550 |
| Total Expenses | <u>28,332</u> | <u>27,791</u> | <u>597</u> | <u>550</u> | <u>28,929</u> | <u>28,341</u> |
| Change in Net Position | (175) | (1,217) | 151 | 116 | (24) | (1,101) |
| Net Position - Beginning | 51,623 | 52,840 | 1,235 | 1,119 | 52,858 | 53,959 |
| Net Position - Ending | <u>\$ 51,448</u> | <u>\$ 51,623</u> | <u>\$ 1,386</u> | <u>\$ 1,235</u> | <u>\$ 52,834</u> | <u>\$ 52,858</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 \$175,000 or 0.3% due to current year activities, and the net position of the business-type activities increased by approximately \$151,000 or 12.2%.

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

Governmental Activities – Governmental activities decreased the County's net position by approximately \$175,000, accounting for 729.2% of the total current year decrease in net position. Overall revenues increased \$1.6 million and expenses increased \$541,000. Key elements of these changes are as follows:

- Charges for services decreased approximately \$765,000 due to a \$494,000 decrease in public safety, a \$277,000 decrease in general government, offset by a \$65,000 increase in jail operations.
- Operating grants increased \$1.0 million due primarily to federal funds received by the County to assist the County, businesses and residents during the pandemic.
- Capital Grants increased \$847,000 due to a decrease in the number of active capital grants compared to the previous year.
- Property tax revenues increased approximately \$585,000 due to increases in assessed value.
- Other tax revenue decreased approximately \$91,000 due to increases in Amendment One Offset.
- General government expenses decreased approximately \$56,000 as the pandemic interrupted normal operations.
- Public Safety expenses increased approximately \$479,000 due to an increase in operating expenses as the County combatted the pandemic and in jail operations.

Business-Type Activities – Business-type activities increased the County's net position by approximately \$151,000. Overall revenues increased \$82,000 and expenses increased by \$47,000.

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 \$8.8 million while the total fund balance reached \$10.7 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 42.5% of total general fund expenditures and 81.6% of the general fund balance.

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

The fund balance of the County's general fund increased by approximately \$2.0 million during the current fiscal year, reflecting operations during a pandemic subsidized with federal and state funding.

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 \$317,000 due to a decrease in capital related expenditures.
- SHIP Fund had an increase of approximately \$46,000 resulting primarily from grant funding not expended during the fiscal year.
- Capital Outlay Fund had an increase of approximately \$407,000 resulting primarily from an increase in sales tax revenues and grant reimbursements.
- Sheriff Asset Forfeiture had a decrease of approximately \$1.6 million resulting primarily from the timing of monies received compared to the amount spent on qualified law enforcement activities as well as transferring all funds on hand to the board for administration of the program going forward as required by the Department of Justice and the Department of the Treasury.
- MSTU Law Enforcement Fund had a decrease of approximately \$96,000 due to an increase in transfer out to other funds.

Proprietary Funds

The Solid Waste Fund showed an approximate \$151,000 increase in net position from the prior year. The increase is due primarily to an increase in revenues from services and grant funding.

General Fund Budgetary Highlights

Actual revenues were under budget by \$393,000. Expenditures were under budget by \$5.4 million. Some significant changes were as follows:

- Intergovernmental revenues were under budget by \$472,000 due to timing of grant related revenues.
- Sales and Miscellaneous Taxes were under budget by \$172,000 due to decline in revenues in the current economic environment.
- General Government expenditures were under budget by \$4 million due to how the County budgets reserves, contingencies and special projects.
- Economic Development expenditures were under budget by \$642,000 due to how the County budgets reserves and contingencies.
- Public Safety expenditures were under budget by \$462,000 primarily due to staff vacancies.
- Court-Related expenditures were under budget by \$177,000 due to the shutdown of the Court system during the COVID pandemic.

The comparison between final amended budget and actual was a positive change of approximately \$5.0 million.

GLADES COUNTY, FLORIDA

Management’s Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2020 and 2019, the County had \$51.5 million and \$51.0 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 | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land and Construction in Progress | \$ 4,352 | \$ 3,970 | \$ 25 | \$ 25 | \$ 4,377 | \$ 3,995 |
| Land Improvements | - | - | 574 | 574 | 574 | 574 |
| Infrastructure | 59,552 | 57,695 | - | - | 59,552 | 57,695 |
| Building | 33,979 | 33,925 | 45 | 45 | 34,024 | 33,970 |
| Equipment, Furniture, and Vehicles | 12,944 | 12,572 | 330 | 326 | 13,274 | 12,898 |
| K-9 Unit | 11 | 11 | - | - | 11 | 11 |
| Less: Accumulated Depreciation | (59,698) | (57,519) | (618) | (595) | (60,316) | (58,114) |
| Total | <u>\$ 51,140</u> | <u>\$ 50,654</u> | <u>\$ 356</u> | <u>\$ 375</u> | <u>\$ 51,496</u> | <u>\$ 51,029</u> |

Major capital asset events during the year included:

- Infrastructure additions to the sewer system through a partnership with the City-County Public Water Authority, cost approximately \$1 million and funded through grant funds.
- Construction in Progress of various projects including Road Resurfacing projects, Firetower Road and Bullhead road projects (grant funded), and restrooms at the Lakeport and Ortona Community Center.

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 \$28.0 million in governmental activities, which is an increase in the prior year balance and \$480,000 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 | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Note Payable | \$ 96 | \$ 143 | \$ - | \$ - | \$ 96 | \$ 143 |
| Leases Payable | 267 | 127 | - | - | 267 | 127 |
| Net Pension Liability | 24,651 | 20,837 | 35 | 29 | 24,686 | 20,866 |
| Total OPEB Liability | 2,026 | 1,723 | - | - | 2,026 | 1,723 |
| Landfill Closure Obligation | - | - | 445 | 459 | 445 | 459 |
| Estimated Liability for Compensated Absences | 928 | 972 | - | 1 | 928 | 973 |
| Total | <u>\$ 27,968</u> | <u>\$ 23,802</u> | <u>\$ 480</u> | <u>\$ 489</u> | <u>\$ 28,448</u> | <u>\$ 24,291</u> |

GLADES COUNTY, FLORIDA

Management's Discussion and Analysis (Unaudited)

- Notes Payable continues to decrease as the County satisfies its debt obligations related to the purchase of a fire truck.
- Leases Payable increased as a result of a contractual obligation the County entered into for Elections related equipment.
- Net Pension Liability and OPEB liabilities increased based on actuary valuations as of fiscal year end.
- Landfill Closure Obligation decreased based on the estimated closure and post-closure care costs of the County landfill.
- Compensated Absences decreased due to the utilization of leave time by employees during the year, partially due to the pandemic.

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, 2020**

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|----------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 15,062,606 | \$ 1,264,355 | \$ 16,326,961 | \$ 48,806 |
| Investments | 2,927,519 | - | 2,927,519 | - |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 1,770,138 | - | 1,770,138 | - |
| Investments | 283,737 | - | 283,737 | - |
| Accounts Receivable, Net | 590,682 | 66,848 | 657,530 | - |
| Internal Balances | 7,991 | (7,991) | - | - |
| Due from Other Governments | 2,828,244 | 14,383 | 2,842,627 | - |
| Inventories | 80,566 | - | 80,566 | - |
| Prepaid Items | 50,102 | 300 | 50,402 | - |
| Noncurrent Restricted Assets: | | | | |
| Investments | - | 199,347 | 199,347 | - |
| Capital Assets: | | | | |
| Nondepreciable Capital Assets | 4,352,102 | 25,000 | 4,377,102 | - |
| Depreciable Capital Assets, Net | 46,788,093 | 331,003 | 47,119,096 | - |
| Total Assets | <u>74,741,780</u> | <u>1,893,245</u> | <u>76,635,025</u> | <u>48,806</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Amounts Related to Pensions | 8,139,927 | 11,075 | 8,151,002 | - |
| Deferred Amounts Related to OPEB | 384,292 | - | 384,292 | - |
| Total Deferred Outflows of Resources | <u>8,524,219</u> | <u>11,075</u> | <u>8,535,294</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts Payable and Accrued Liabilities | 1,127,958 | 36,296 | 1,164,254 | - |
| Accrued Interest | 526 | - | 526 | - |
| Due to Individuals | 1,490 | - | 1,490 | - |
| Due to Other Governmental Units | 162,465 | - | 162,465 | - |
| Unearned Revenue | 1,034,732 | - | 1,034,732 | - |
| Noncurrent Liabilities: | | | | |
| Long-Term Liabilities Due Within One Year | 775,422 | 25 | 775,447 | - |
| Long-Term Liabilities Due in More Than One Year | 515,532 | 445,506 | 961,038 | - |
| Net Pension Liability | 24,650,626 | 34,809 | 24,685,435 | - |
| Total OPEB Liability | 2,026,133 | - | 2,026,133 | - |
| Total Liabilities | <u>30,294,884</u> | <u>516,636</u> | <u>30,811,520</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Amounts Related to Pensions | 1,155,571 | 1,960 | 1,157,531 | - |
| Deferred Amounts Related to OPEB | 367,384 | - | 367,384 | - |
| Total Deferred Inflows of Resources | <u>1,522,955</u> | <u>1,960</u> | <u>1,524,915</u> | <u>-</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 50,561,632 | 356,003 | 50,917,635 | - |
| Restricted for: | | | | |
| Capital Projects | 8,939,402 | - | 8,939,402 | - |
| Other Uses | 1,833,036 | - | 1,833,036 | - |
| Unrestricted | (9,885,910) | 1,029,721 | (8,856,189) | 48,806 |
| Total Net Position | <u>\$ 51,448,160</u> | <u>\$ 1,385,724</u> | <u>\$ 52,833,884</u> | <u>\$ 48,806</u> |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

| 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 | \$ 5,857,920 | \$ 926,107 | \$ 610,379 | \$ 7,418 | \$ (4,314,016) | \$ - | \$ (4,314,016) | |
| Public Safety | 8,978,099 | 361,548 | 2,502,865 | 14,130 | (6,099,556) | - | (6,099,556) | |
| Physical Environment | 428,240 | 328,590 | 75,687 | 1,264,386 | 1,240,423 | - | 1,240,423 | |
| Transportation | 2,105,518 | 2,900 | - | 490,525 | (1,612,093) | - | (1,612,093) | |
| Culture/Recreation | 393,598 | 16,816 | 382,628 | 41,277 | 47,123 | - | 47,123 | |
| Human Services | 351,102 | 816 | 25,435 | - | (324,851) | - | (324,851) | |
| Economic Environment | 796,048 | - | 12,966 | - | (783,082) | - | (783,082) | |
| Court-Related Costs | 146,769 | 169,061 | - | - | 22,292 | - | 22,292 | |
| Jail Operations | 9,270,252 | 7,075,199 | - | - | (2,195,053) | - | (2,195,053) | |
| Interest on Long-Term Debt | 3,934 | - | - | - | (3,934) | - | (3,934) | |
| Total Governmental Activities | 28,331,480 | 8,881,037 | 3,609,960 | 1,817,736 | (14,022,747) | - | (14,022,747) | |
| Business-Type Activities: | | | | | | | | |
| Solid Waste | 597,330 | 652,399 | 84,793 | - | - | 139,862 | 139,862 | |
| Total Business-Type Activities | 597,330 | 652,399 | 84,793 | - | - | 139,862 | 139,862 | |
| Total Primary Government | \$ 28,928,810 | \$ 9,533,436 | \$ 3,694,753 | \$ 1,817,736 | (14,022,747) | 139,862 | (13,882,885) | |
| Component Unit | | | | | | | | |
| Glades Soil and Water Conservation District | \$ 4,705 | \$ - | \$ 4,000 | \$ - | | | | \$ (705) |
| Total Component Unit | \$ 4,705 | \$ - | \$ 4,000 | \$ - | | | | (705) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 6,517,302 | - | 6,517,302 | - |
| Property Taxes, Levied for Other Purposes | | | | | 1,950,948 | - | 1,950,948 | - |
| Public Service, Sales, and Miscellaneous Taxes | | | | | 5,062,414 | - | 5,062,414 | - |
| Investment Earnings | | | | | 121,905 | 10,669 | 132,574 | 149 |
| Miscellaneous | | | | | 168,076 | - | 168,076 | - |
| Gain on Disposal of Capital Assets | | | | | 26,816 | - | 26,816 | - |
| Total General Revenues | | | | | 13,847,461 | 10,669 | 13,858,130 | 149 |
| Change in Net Position | | | | | (175,286) | 150,531 | (24,755) | (556) |
| Net Position - Beginning | | | | | 51,623,446 | 1,235,193 | 52,858,639 | 49,362 |
| Net Position - Ending | | | | | \$ 51,448,160 | \$ 1,385,724 | \$ 52,833,884 | \$ 48,806 |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| ASSETS | General Fund | Transportation Trust | SHIP | Capital Outlay |
|--|----------------------|-------------------------|-------------------|---------------------|
| Cash and Cash Equivalents | \$ 7,222,517 | \$ 2,410,947 | \$ 956,730 | \$ 2,883,501 |
| Restricted Cash and Cash Equivalents | 1,766,413 | - | - | 3,725 |
| Investments | 1,160,576 | 1,639,396 | - | 127,547 |
| Restricted Investments | 283,737 | - | - | - |
| Accounts Receivable, Net | 586,702 | 779 | - | - |
| Due from Other Funds | 1,473,282 | 54,419 | - | 513,691 |
| Due from Other Governments | 1,899,217 | 232,880 | - | 665,337 |
| Inventories | - | 80,566 | - | - |
| Prepaid Items | 30,976 | 3,847 | - | - |
| Total Assets | <u>\$ 14,423,420</u> | <u>\$ 4,422,834</u> | <u>\$ 956,730</u> | <u>\$ 4,193,801</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 359,880 | \$ 17,987 | \$ 42,552 | \$ 198,128 |
| Due to Individual | 1,490 | - | - | - |
| Due to Other Funds | 510,221 | 321,466 | 12,972 | 52,470 |
| Due to Other Governments | 162,465 | - | - | - |
| Unearned Revenue | 972,682 | 1,848 | - | 3,619 |
| Other Accrued Expenditures | 494,747 | - | - | - |
| Total Liabilities | <u>2,501,485</u> | <u>341,301</u> | <u>55,524</u> | <u>254,217</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue | <u>1,173,046</u> | <u>10,213</u> | <u>-</u> | <u>554,767</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 30,976 | 3,847 | - | - |
| Inventories | - | 80,566 | - | - |
| Restricted: | | | | |
| Capital Projects | 646,141 | 3,986,907 | - | 3,384,817 |
| Cemetery Care | 143,360 | - | - | - |
| Law Enforcement | 356,557 | - | - | - |
| Public Safety | 815 | - | - | - |
| Economic Development | - | - | 901,206 | - |
| Intergovernmental Radio | 190,116 | - | - | - |
| Driver's Education | 2,973 | - | - | - |
| Tourism Development | 111,154 | - | - | - |
| Court Related Functions | - | - | - | - |
| Enhanced 911 | - | - | - | - |
| Assigned: | | | | |
| Law Enforcement | 496,209 | - | - | - |
| Unassigned | 8,770,588 | - | - | - |
| Total Fund Balances | <u>10,748,889</u> | <u>4,071,320</u> | <u>901,206</u> | <u>3,384,817</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 14,423,420</u> | <u>\$ 4,422,834</u> | <u>\$ 956,730</u> | <u>\$ 4,193,801</u> |

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2020

| | Sheriff Asset Forfeiture | MSTU Law Enforcement | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------------------|----------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 78 | \$ 1,118,657 | \$ 470,176 | \$ 15,062,606 |
| Restricted Cash and Cash Equivalents | - | - | - | 1,770,138 |
| Investments | - | - | - | 2,927,519 |
| Restricted Investments | - | - | - | 283,737 |
| Accounts Receivable, Net | 3,200 | - | 1 | 590,682 |
| Due from Other Funds | 57,023 | - | 10,599 | 2,109,014 |
| Due from Other Governments | - | 800 | 30,010 | 2,828,244 |
| Inventories | - | - | - | 80,566 |
| Prepaid Items | 1,690 | - | 13,589 | 50,102 |
| Total Assets | <u>\$ 61,991</u> | <u>\$ 1,119,457</u> | <u>\$ 524,375</u> | <u>\$ 25,702,608</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 6,188 | \$ - | \$ 8,476 | \$ 633,211 |
| Due to Individual | - | - | - | 1,490 |
| Due to Other Funds | 54,113 | 1,133,883 | 15,898 | 2,101,023 |
| Due to Other Governments | - | - | - | 162,465 |
| Unearned Revenue | - | 53,583 | 3,000 | 1,034,732 |
| Other Accrued Expenditures | - | - | - | 494,747 |
| Total Liabilities | <u>60,301</u> | <u>1,187,466</u> | <u>27,374</u> | <u>4,427,668</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue | - | - | 10,131 | 1,748,157 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 1,690 | - | 13,589 | 50,102 |
| Inventories | - | - | - | 80,566 |
| Restricted: | | | | |
| Capital Projects | - | - | - | 8,017,865 |
| Cemetery Care | - | - | - | 143,360 |
| Law Enforcement | - | - | - | 356,557 |
| Public Safety | - | - | 166,180 | 166,995 |
| Economic Development | - | - | - | 901,206 |
| Intergovernmental Radio | - | - | - | 190,116 |
| Driver's Education | - | - | - | 2,973 |
| Tourism Development | - | - | - | 111,154 |
| Court Related Functions | - | - | 181,368 | 181,368 |
| Enhanced 911 | - | - | 125,733 | 125,733 |
| Assigned: | | | | |
| Law Enforcement | - | - | - | 496,209 |
| Unassigned | - | (68,009) | - | 8,702,579 |
| Total Fund Balances | <u>1,690</u> | <u>(68,009)</u> | <u>486,870</u> | <u>19,526,783</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 61,991</u> | <u>\$ 1,119,457</u> | <u>\$ 524,375</u> | <u>\$ 25,702,608</u> |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total Fund Balance - Governmental Funds \$ 19,526,783

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 | \$ 4,352,102 | |
| Depreciable, Net | <u>46,788,093</u> | 51,140,195 |

| | | |
|--|--|-----------|
| Deferred outflows of resources are reported as a result of changes in deferred amounts related to pensions in the statement of net position. | | 8,139,927 |
|--|--|-----------|

| | | |
|--|--|---------|
| Deferred outflows of resources are reported as a result of changes in deferred amounts related to OPEB in the statement of net position. | | 384,292 |
|--|--|---------|

| | | |
|---|--|-----------|
| Certain revenues will be collected after year-end but are not available to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds. | | 1,748,157 |
|---|--|-----------|

| | | |
|---|--|-------|
| Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds. | | (526) |
|---|--|-------|

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

| | | |
|---------------------------------|--------------------|--------------|
| Leases Payable | (267,482) | |
| Note Payable - Direct Borrowing | (95,560) | |
| Compensated Absences | (927,912) | |
| Net Pension Liability | (24,650,626) | |
| Total OPEB Liability | <u>(2,026,133)</u> | (27,967,713) |

| | | |
|---|--|-------------|
| Deferred inflows of resources are reported as a result of changes in deferred amounts related to pensions in the statement of net position. | | (1,155,571) |
|---|--|-------------|

| | | |
|---|--|------------------|
| Deferred inflows of resources are reported as a result of changes in deferred amounts related to OPEB in the statement of net position. | | <u>(367,384)</u> |
|---|--|------------------|

| | | |
|---|--|-----------------------------|
| Net Position of Governmental Activities | | <u><u>\$ 51,448,160</u></u> |
|---|--|-----------------------------|

See accompanying Notes to Financial Statements.

GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

| | General Fund | Transportation Trust | SHIP | Capital Outlay |
|--|----------------------|-------------------------|-------------------|---------------------|
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 6,517,302 | \$ 65,072 | \$ - | \$ - |
| Sales and Miscellaneous Taxes | 1,980,608 | 2,217,120 | - | 796,534 |
| Fees and Fines | 125,182 | - | - | - |
| Licenses and Permits | 725 | 2,900 | - | - |
| Intergovernmental | 1,717,367 | - | 350,000 | 793,576 |
| Charges for Services | 8,457,870 | - | - | 15,000 |
| Investment Earnings | 73,095 | 18,639 | 6,225 | 18,212 |
| Miscellaneous | 76,944 | 46,697 | - | - |
| Contributions | 130,406 | - | - | 7,418 |
| Total Revenues | <u>19,079,499</u> | <u>2,350,428</u> | <u>356,225</u> | <u>1,630,740</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 4,412,252 | - | - | - |
| Public Safety | 6,429,604 | - | - | - |
| Jail Operations | 7,927,307 | - | - | - |
| Physical Environment | 161,391 | - | - | - |
| Transportation | - | 1,519,732 | - | - |
| Human Services | 257,425 | - | - | - |
| Culture/Recreation | 142,103 | 134,290 | - | - |
| Economic Development | 334,261 | - | 310,177 | - |
| Court-Related Costs | 44,074 | - | - | - |
| Capital Outlay | 787,922 | 379,393 | - | 1,224,125 |
| Debt Service: | | | | |
| Principal | 140,440 | - | - | - |
| Interest | 13,624 | - | - | - |
| Asset Forfeiture Refund | - | - | - | - |
| Total Expenditures | <u>20,650,403</u> | <u>2,033,415</u> | <u>310,177</u> | <u>1,224,125</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,570,904) | 317,013 | 46,048 | 406,615 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the Disposal of Capital Assets | 18,059 | - | - | - |
| Capital Lease Transaction | 233,360 | - | - | - |
| Transfers In | 3,451,901 | - | - | - |
| Transfers Out | - | - | - | - |
| Distribution of Excess Fees - Other Governments | (87,214) | - | - | - |
| Total Other Financing Sources (Uses) | <u>3,616,106</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN FUND BALANCES | 2,045,202 | 317,013 | 46,048 | 406,615 |
| Fund Balance - Beginning | <u>8,703,687</u> | <u>3,754,307</u> | <u>855,158</u> | <u>2,978,202</u> |
| FUND BALANCES - ENDING | <u>\$ 10,748,889</u> | <u>\$ 4,071,320</u> | <u>\$ 901,206</u> | <u>\$ 3,384,817</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, 2020

| | Sheriff Asset Forfeiture | MSTU Law Enforcement | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------------------|----------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Ad Valorem Taxes | \$ - | \$ 1,885,876 | \$ - | \$ 8,468,250 |
| Sales and Miscellaneous Taxes | - | 68,152 | - | 5,062,414 |
| Fees and Fines | 45,607 | - | - | 170,789 |
| Licenses and Permits | - | - | 214,424 | 218,049 |
| Intergovernmental | 22,728 | - | 238,971 | 3,122,642 |
| Charges for Services | - | - | 19,325 | 8,492,195 |
| Investment Earnings | 1,158 | 3,219 | 1,359 | 121,907 |
| Miscellaneous | 90,910 | - | - | 214,551 |
| Contributions | - | - | - | 137,824 |
| Total Revenues | <u>160,403</u> | <u>1,957,247</u> | <u>474,079</u> | <u>26,008,621</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | - | 28,805 | 4,441,057 |
| Public Safety | 234,417 | - | 122,706 | 6,786,727 |
| Jail Operations | - | - | - | 7,927,307 |
| Physical Environment | - | - | 163,979 | 325,370 |
| Transportation | - | - | - | 1,519,732 |
| Human Services | - | - | - | 257,425 |
| Culture/Recreation | - | - | - | 276,393 |
| Economic Development | - | - | - | 644,438 |
| Court-Related Costs | - | - | - | 44,074 |
| Capital Outlay | 178,853 | - | - | 2,570,293 |
| Debt Service: | | | | |
| Principal | - | - | - | 140,440 |
| Interest | - | - | - | 13,624 |
| Asset Forfeiture Refund | 1,619 | - | - | 1,619 |
| Total Expenditures | <u>414,889</u> | <u>-</u> | <u>315,490</u> | <u>24,948,499</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(254,486)</u> | <u>1,957,247</u> | <u>158,589</u> | <u>1,060,122</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the Disposal of Capital Assets | 23,633 | - | - | 41,692 |
| Proceeds from Capital Lease | - | - | - | 233,360 |
| Transfers In | - | - | - | 3,451,901 |
| Transfers Out | (1,398,579) | (2,053,322) | - | (3,451,901) |
| Distribution of Excess Fees - Other Governments | - | - | - | (87,214) |
| Total Other Financing Sources (Uses) | <u>(1,374,946)</u> | <u>(2,053,322)</u> | <u>-</u> | <u>187,838</u> |
| CHANGE IN FUND BALANCES | (1,629,432) | (96,075) | 158,589 | 1,247,960 |
| Fund Balance - Beginning | <u>1,631,122</u> | <u>28,066</u> | <u>328,281</u> | <u>18,278,823</u> |
| FUND BALANCES - ENDING | <u>\$ 1,690</u> | <u>\$ (68,009)</u> | <u>\$ 486,870</u> | <u>\$ 19,526,783</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, 2020**

| | | |
|--|--------------------|----------------------------|
| Net Change in Fund Balance - Governmental Funds | | \$ 1,247,960 |
| <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 | \$ 2,570,293 | |
| Depreciation | <u>(2,991,558)</u> | (421,265) |
| <p>Net effect of various miscellaneous transaction involving capital assets (i.e., disposals, transfers, donations).</p> | | |
| | | 907,534 |
| <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 | 140,440 | |
| Capital Lease Proceeds | <u>(233,360)</u> | (92,920) |
| <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> | | |
| | | 1,182,536 |
| <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>43,978</u> | 44,241 |
| <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> | | |
| | | (173,131) |
| <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>(2,870,241)</u> |
| Change in Net Position of Governmental Activities | | <u><u>\$ (175,286)</u></u> |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

| | <u>Enterprise Fund</u> |
|---|------------------------|
| | <u>Solid Waste</u> |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| CURRENT ASSETS | |
| Cash and Cash Equivalents | \$ 1,264,355 |
| Accounts Receivable, Net | 66,848 |
| Due from Other Funds | 3,563 |
| Due from Other Governments | 14,383 |
| Prepaid Expenses | 300 |
| Total Current Assets | 1,349,449 |
| NONCURRENT ASSETS | |
| Restricted Assets: | |
| Investments | 199,347 |
| Capital Assets (Net of Accumulated Depreciation): | |
| Land | 25,000 |
| Land Improvements | 574,421 |
| Buildings | 45,433 |
| Equipment and Furniture | 329,037 |
| Total Capital Assets | 973,891 |
| Less: Accumulated Depreciation | (617,888) |
| Net Capital Assets | 356,003 |
| Total Noncurrent Assets | 555,350 |
| Total Assets | 1,904,799 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Amounts Related to Pensions | 11,075 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | |
| CURRENT LIABILITIES | |
| Accounts Payable and Accrued Liabilities | 36,296 |
| Due to Other Funds | 11,554 |
| Compensated Absences | 25 |
| Total Current Liabilities | 47,875 |
| NONCURRENT LIABILITIES | |
| Net Pension Liability | 34,809 |
| Liability for Landfill Closure | 445,506 |
| Total Noncurrent Liabilities | 480,315 |
| Total Liabilities | 528,190 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Amounts Related to Pensions | 1,960 |
| NET POSITION | |
| Investment in Capital Assets | 356,003 |
| Unrestricted | 1,029,721 |
| Total Net Position | \$ 1,385,724 |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| | <u>Solid Waste</u> |
| OPERATING REVENUES | |
| Charges for Services | \$ 652,399 |
| Operating Grants and Contributions | 84,793 |
| Total Operating Revenues | <u>737,192</u> |
| OPERATING EXPENSES | |
| Personal Services | 46,394 |
| Contractual Services | 499,219 |
| Utilities | 7,920 |
| Materials and Supplies | 5,602 |
| Repairs and Maintenance | 9,098 |
| Miscellaneous | 6,701 |
| Depreciation | 22,396 |
| Total Operating Expenses | <u>597,330</u> |
| OPERATING INCOME | 139,862 |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Income | 10,669 |
| Total Nonoperating Revenues (Expenses) | <u>10,669</u> |
| CHANGE IN NET POSITION | 150,531 |
| Total Net Position - Beginning | <u>1,235,193</u> |
| TOTAL NET POSITION - ENDING | <u><u>\$ 1,385,724</u></u> |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Enterprise Fund</u> |
|---|------------------------|
| | <u>Solid Waste</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Customers and Users | \$ 656,840 |
| Cash Received from Grants | 90,184 |
| Cash Paid to Other Funds | 5,918 |
| Cash Paid to Suppliers | (539,362) |
| Cash Paid to Employees | (43,179) |
| Deposit Refunds | |
| Net Cash Provided by Operating Activities | 170,401 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of Capital Assets | (3,100) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and Other Income Received | 10,669 |
| Purchase of Investments | (2,337) |
| Net Cash Provided by Investing Activities | 8,332 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 175,633 |
| Cash and Cash Equivalents - Beginning of Year | 1,088,722 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,264,355 |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Enterprise Fund</u> |
|--|------------------------|
| | <u>Solid Waste</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating Income | \$ 139,862 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 22,396 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in: | |
| Accounts Receivable | 24,215 |
| Due to/from Other Funds | 5,918 |
| Due to/from Other Governments | 5,391 |
| Prepaid Expenses | (300) |
| Deferred Outflows - Pension | (510) |
| Increase (Decrease) in: | |
| Accounts Payable and Accrued Expenses | 3,399 |
| Unearned Revenue | (19,774) |
| Liability for Landfill Closure | (13,921) |
| Compensated Absences | (598) |
| Net Pension Liability | 5,394 |
| Deferred Inflows - Pension | (1,071) |
| Net Cash Provided by Operating Activities | \$ 170,401 |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020**

| | Agency Funds |
|---------------------------------|-----------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 560,696 |
| Other Receivables | 15,807 |
| Total Assets | \$ 576,503 |
| LIABILITIES | |
| Due to Other Governmental Units | \$ 548,953 |
| Due to Individuals | 27,550 |
| Total Liabilities | \$ 576,503 |

See accompanying Notes to Financial Statements.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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.

The Glades Soil and Water Conservation District does not issue separate financial statements.

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, 2020**

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.

MSTU Law Enforcement Fund: This is used to account for funds received from assessed taxes for Glades County Sheriff's office operations.

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, 2020**

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, 2020

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, 2020.

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, 2020**

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:

| | Years |
|------------------------------------|---------|
| 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, 2020

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 the 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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, 2020**

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, 2020.

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, 2020 was \$10 per \$1,000.

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2020, the County's cash and investments were as follows:

| | |
|---|---------------|
| Deposits with Financial Institutions | \$ 18,656,839 |
| Certificates of Deposit | 3,198,272 |
| State of Florida Board of Administration Surplus Funds Trust Fund | 212,331 |
| Cash on Hand | 956 |
| Total | \$ 22,068,398 |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The breakdown for financial statement purposes are as follows:

| | |
|---|----------------------|
| Cash and Cash Equivalents | \$ 16,326,961 |
| Restricted Cash and Cash Equivalents | 1,770,138 |
| Investments | 2,927,519 |
| Restricted Investments | 483,084 |
| Fiduciary Funds Cash and Cash Equivalents | 560,696 |
| Total | <u>\$ 22,068,398</u> |

Deposits

The County's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. Nonnegotiable certificates of deposits totaling \$3,198,272, 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.

The County had deposit accounts with a bank balance of \$873,713 which were not covered by Chapter 280 and exceeded FDIC insurance coverage.

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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The County's investments include certificates of deposit that mature in less than one year which are recorded at amortized cost.

Interest Rate Risk

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

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations of its 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 | \$ 3,198,272 | \$ 3,198,272 |
| Florida Prime | 212,331 | 212,331 |
| Total | <u>\$ 3,410,603</u> | <u>\$ 3,410,603</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, 2020.

Concentration of Credit Risk

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

Custodial Credit Risk

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

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*.

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, 2020, 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, 2020**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2020:

| | Beginning Balance | Increases/ Transfers | Decreases/ Transfers | Ending Balance |
|--|----------------------|-------------------------|-------------------------|----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 2,528,758 | \$ 100 | \$ 30,799 | \$ 2,498,059 |
| Construction in Progress | 1,441,497 | 1,467,337 | 1,054,791 | 1,854,043 |
| Total Capital Assets Not Being Depreciated | <u>3,970,255</u> | <u>1,467,437</u> | <u>1,085,590</u> | <u>4,352,102</u> |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 57,695,213 | 1,857,357 | - | 59,552,570 |
| Buildings | 33,924,812 | 54,235 | - | 33,979,047 |
| Equipment, Furniture, and Vehicles | 12,572,142 | 1,240,956 | 869,484 | 12,943,614 |
| Livestock | 10,500 | - | - | 10,500 |
| Total Capital Assets Being Depreciated | <u>104,202,667</u> | <u>3,152,548</u> | <u>869,484</u> | <u>106,485,731</u> |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure | 38,351,291 | 1,445,671 | - | 39,796,962 |
| Buildings | 9,160,389 | 835,688 | - | 9,996,077 |
| Equipment, Furniture, and Vehicles | 9,996,816 | 710,199 | 812,916 | 9,894,099 |
| Livestock | 10,500 | - | - | 10,500 |
| Total Accumulated Depreciation | <u>57,518,996</u> | <u>2,991,558</u> | <u>812,916</u> | <u>59,697,638</u> |
| Capital Assets Being Depreciated, Net | <u>46,683,671</u> | <u>160,990</u> | <u>56,568</u> | <u>46,788,093</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 50,653,926</u> | <u>\$ 1,628,427</u> | <u>\$ 1,142,158</u> | <u>\$ 51,140,195</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 | 325,937 | 3,100 | - | 329,037 |
| Total Capital Assets Being Depreciated | <u>945,791</u> | <u>3,100</u> | <u>-</u> | <u>948,891</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 254,342 | 11,640 | - | 265,982 |
| Buildings | 42,366 | 556 | - | 42,922 |
| Equipment, Furniture, and Vehicles | 298,784 | 10,200 | - | 308,984 |
| Total Accumulated Depreciation | <u>595,492</u> | <u>22,396</u> | <u>-</u> | <u>617,888</u> |
| Capital Assets Being Depreciated, Net | <u>350,299</u> | <u>(19,296)</u> | <u>-</u> | <u>331,003</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 375,299</u> | <u>\$ (19,296)</u> | <u>\$ -</u> | <u>\$ 356,003</u> |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

| | |
|---|--------------|
| General Government | \$ 845,192 |
| Public Safety | 1,214,660 |
| Transportation | 470,723 |
| Physical Environment | 95,631 |
| Economic Development | 148,269 |
| Culture and Recreation | 98,347 |
| Human Services | 89,529 |
| Court Related Costs | 29,207 |
| Total Depreciation Expense, Governmental Activities | \$ 2,991,558 |

Business-Type Activities:

| | |
|--|-----------|
| Solid Waste | \$ 22,396 |
| Total Depreciation Expense, Business-Type Activities | \$ 22,396 |

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS

At September 30, 2020, interfund receivables and payables were as follows:

| | Interfund Receivable | Interfund Payable |
|-----------------------------|-------------------------|----------------------|
| <u>Governmental Funds:</u> | | |
| General | \$ 1,473,282 | \$ 510,221 |
| Transportation Trust | 54,419 | 321,466 |
| SHIP | - | 12,972 |
| Capital Outlay | 513,691 | 52,470 |
| Sheriff Asset Forfeiture | 57,023 | 54,113 |
| MSTU Law Enforcement | - | 1,133,883 |
| Building Department | - | 13,881 |
| Enhanced 911 | 7,810 | 497 |
| Clerk Special Revenue Funds | 2,789 | 1,520 |
| Total Governmental Funds: | 2,109,014 | 2,101,023 |
| <u>Enterprise Fund:</u> | | |
| Solid Waste | 3,563 | 11,554 |
| Total Enterprise Fund: | \$ 2,112,577 | \$ 2,112,577 |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

For the year ended September 30, 2020, interfund transfers were as follows:

| | Transfers In | Transfers Out |
|---------------------------------|--------------|---------------|
| <u>Governmental Activities:</u> | | |
| General | \$ 3,451,901 | \$ - |
| Sheriff Asset Forfeiture | - | 1,398,579 |
| MSTU Law Enforcement | - | 2,053,322 |
| Total Governmental Activities | \$ 3,451,901 | \$ 3,451,901 |

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, 2020, 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 | \$ 971,890 | \$ 1,080,470 | \$ 1,124,448 | \$ 927,912 | \$ 669,668 |
| Capital Leases | 126,782 | 233,360 | 92,660 | 267,482 | 57,974 |
| Note Payable - Direct Borrowing | 143,340 | - | 47,780 | 95,560 | 47,780 |
| Total | \$ 1,242,012 | \$ 1,313,830 | \$ 1,264,888 | \$ 1,290,954 | \$ 775,422 |
| <u>Business-Type Activities:</u> | | | | | |
| Compensated Absences | \$ 623 | \$ 5,366 | \$ 5,964 | \$ 25 | \$ 25 |
| Landfill | 459,427 | - | 13,921 | 445,506 | - |
| Total | \$ 460,050 | \$ 5,366 | \$ 19,885 | \$ 445,531 | \$ 25 |

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, 2020 is \$95,560.

Under the terms of the note agreement, if an event of default occurs the purchaser may declare the outstanding amount of principal and interest on the bonds to be immediately due and payable and the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for long-term debt are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------|------------------|
| 2021 | \$ 47,780 | \$ 2,784 | \$ 50,564 |
| 2022 | 47,780 | 1,392 | 49,172 |
| Total | <u>\$ 95,560</u> | <u>\$ 4,176</u> | <u>\$ 99,736</u> |

The Sheriff entered into a lease agreement for financing the purchase of radio equipment and the Supervisor entered into a lease agreement for voting machines. The lease agreements qualify as capital leases and have 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, 2020 are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|-----------------------------------|-------------------|
| 2021 | \$ 102,086 |
| 2022 | 94,209 |
| 2023 | 44,823 |
| 2024 | 54,823 |
| 2025 | 54,823 |
| 2026-2027 | <u>109,646</u> |
| Total Minimum Lease Payments | 460,410 |
| Less Amount Representing Interest | <u>(192,928)</u> |
| Total Minimum Lease Payments | <u>\$ 267,482</u> |

The cost and accumulated depreciation of capital assets acquired under the leases are \$401,225 and \$60,278, respectively, as of September 30, 2020.

The principal balance outstanding under these capital leases 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, 2019 | \$ 126,782 |
| Proceeds | 233,360 |
| Principal Retirements | <u>(92,660)</u> |
| Balance, September 30, 2020 | <u>\$ 267,482</u> |
| Amounts Due Within One Year | <u>\$ 57,974</u> |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted cash and investments at September 30, 2020 consisted of the following:

| <u>Purpose</u> | General Fund | Capital Outlay | Nonmajor Governmental Funds | Total Governmental Funds | Total Proprietary Funds |
|-------------------------|---------------------|-------------------|-----------------------------------|--------------------------------|-------------------------------|
| Cemetery Perpetual Care | \$ 143,360 | \$ - | \$ - | \$ 143,360 | \$ - |
| Buckhead Ridge Utility | 288,204 | - | - | 288,204 | - |
| Law Enforcement Trust | 308,241 | - | - | 308,241 | - |
| Law Enforcement Other | 48,318 | - | - | 48,318 | - |
| Intergovernmental Radio | 190,116 | - | - | 190,116 | - |
| Driver's Education | 2,973 | - | - | 2,973 | - |
| Tourism Development | 111,154 | - | - | 111,154 | - |
| Cares Act | 577,682 | - | - | 577,682 | - |
| Capital Outlay | 21,350 | 3,725 | - | 25,075 | - |
| Courtroom Facilities | 357,937 | - | - | 357,937 | - |
| EMS Grant Funds | 815 | - | - | 815 | - |
| Landfill Closure | - | - | - | - | 199,347 |
| Total | <u>\$ 2,050,150</u> | <u>\$ 3,725</u> | <u>\$ -</u> | <u>\$ 2,053,875</u> | <u>\$ 199,347</u> |

Restricted net position at September 30, 2020 consisted of the following:

| <u>Governmental Activities:</u> | <u>Balance</u> |
|---------------------------------|----------------------|
| Transportation Fund | \$ 3,997,121 |
| Capital Projects Fund | 3,939,583 |
| Buckhead Ridge Utility | 288,204 |
| Law Enforcement Activities | 356,557 |
| Courtroom Facilities | 357,937 |
| Total Capital Projects | <u>8,939,402</u> |
| <u>Other:</u> | |
| Building Department | 166,995 |
| Intergovernmental Radio | 190,116 |
| Cemetery Perpetual Care | 143,360 |
| Driver's Education | 2,973 |
| Tourism Development | 111,154 |
| SHIP | 901,206 |
| Enhanced 911 | 135,864 |
| Public Record Modernization | 104,906 |
| Child Support Services | 76,462 |
| Total Other | <u>1,833,036</u> |
| Total Restricted Net Position | <u>\$ 10,772,438</u> |

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 \$4,356,361 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2020.

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, 2020**

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, 2020**

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> | Percent Value |
|---|----------------------|
| 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, 2019, were applied to employee salaries as follows: regular employees 6.75%, County elected officials 47.10%, senior management 23.69%, DROP participants 12.94% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 3.56%. The County's contributions to the FRS Plan were \$1,314,903 for the year ended September 30, 2020.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2020, the County reported a liability of \$21,096,305 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2020, the County's proportion was 0.04867%, which was a decrease of 0.00210% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$4,098,446 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 | \$ 807,399 | \$ - |
| Changes in Actuarial Assumptions | 3,819,102 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,256,094 | - |
| Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions | 993,163 | 759,411 |
| County Contributions Subsequent to the Measurement Date | 383,508 | - |
| Total | <u>\$ 7,259,266</u> | <u>\$ 759,411</u> |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$383,508 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, 2021. 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> |
|---------------------------------|---------------|
| 2021 | \$ 1,325,866 |
| 2022 | 2,023,187 |
| 2023 | 1,694,740 |
| 2024 | 933,281 |
| 2025 | 139,273 |

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------------------------------------|
| Inflation | 2.40% Per Year |
| Salary Increases | 3.25%, Average, Including Inflation |
| Investment Rate of Return | 6.80% |

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, 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, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

| Asset Class | Target | Annual | Compound | Standard |
|--------------------------|----------------|--------|----------|----------|
| Cash | 1.0 % | 2.2 % | 2.2 % | 1.2 % |
| Fixed Income | 19.0 | 3.0 | 2.9 | 3.5 |
| Global Equity | 54.2 | 8.0 | 6.7 | 17.1 |
| Real Estate (Property) | 10.3 | 6.4 | 5.8 | 11.7 |
| Private Equity | 11.1 | 10.8 | 8.1 | 25.7 |
| Strategic Investments | 4.4 | 5.5 | 5.3 | 6.9 |
| Totals | <u>100.0 %</u> | | | |
| Assumed Inflation - Mean | | | 2.4 % | 1.7 % |

Discount Rate

The discount rate used to measure the total pension liability changed from 6.90% to 6.80% 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 | 5.80% | 6.80% | 7.80% |
| Authority's Proportionate Share of the FRS Plan Net Pension Liability | \$ 33,687,253 | \$ 21,096,305 | \$ 10,580,290 |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, 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, 2020, 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 \$167,403 for the year ended September 30, 2020.

Pension Costs

At September 30, 2020, the County reported a liability of \$3,589,130 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2019, through June 30, 2020, relative to the total employer contributions received from all participating employers. At June 30, 2020, the County's proportion was 0.02940%, which was a decrease of 0.00082% from its proportion measured as of June 30, 2019.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2020, the County recognized pension expense of \$257,915 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 | \$ 146,817 | \$ 2,769 |
| Changes in Actuarial Assumptions | 385,934 | 208,694 |
| Net Difference Between Projected and Actual Earnings on HIS Program Investments | 2,866 | - |
| Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions | 315,909 | 186,657 |
| County Contributions Subsequent to the Measurement Date | 40,210 | - |
| Total | <u>\$ 891,736</u> | <u>\$ 398,120</u> |

\$40,210 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 September 30, 2021. 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> |
|---------------------------------|---------------|
| 2021 | \$ 99,877 |
| 2022 | 105,248 |
| 2023 | 74,818 |
| 2024 | 80,392 |
| 2025 | 56,999 |
| Thereafter | 36,072 |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.40% Per Year |
| Salary Increases | 3.25%, Average, Including Inflation |
| Municipal Bond Rate | 2.21% |

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability changed from 3.50% to 2.21% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

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

| Description | 1% Decrease | Current Discount Rate | 1% Increase in Discount Rate |
|--|--------------|--------------------------|------------------------------------|
| HIS Plan Discount Rate | 1.21% | 2.21% | 3.21% |
| Authority's Proportionate Share of the HIS Plan Net Pension Liability | \$ 4,148,875 | \$ 3,589,130 | \$ 3,130,981 |

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, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

| | <u>FRS Plan</u> | <u>HIS Plan</u> | <u>Total</u> |
|--|-----------------|-----------------|---------------|
| Net Pension Liability | \$ 21,096,305 | \$ 3,589,130 | \$ 24,685,435 |
| Deferred Outflows of Resources Related to Pensions | 7,259,266 | 891,736 | 8,151,002 |
| Deferred Inflows of Resources Related to Pensions | 759,411 | 398,120 | 1,157,531 |
| Pension Expense | 4,098,446 | 257,915 | 4,356,361 |

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, 2020, 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, 2020**

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 \$523,620 for the year ended September 30, 2020.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description Funding Policy

The County provides postretirement health care benefits in accordance with Section 112.0801, Florida Statutes, to all eligible employees who retire from the County. The employee's contribution is the full amount of the annual premium. Expenditures for postemployment health care benefits are recognized as premiums are paid.

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

The plans do not issue stand-alone financial statements.

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 Sheriff's Employee Benefits Trust (FSMBT). 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.

Dental and Life Insurance Plan

The Sheriff purchases commercial insurance for 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.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

Participant Data

As of September 30, 2020, the following employees were covered by the benefit terms:

| | Valuation Date 09/30/2019 |
|--|------------------------------|
| Inactive Plan Members, or Beneficiaries Currently Receiving Benefits | 3 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | - |
| Active Plan Members | 224 |
| Total Employees | 227 |

Total OPEB Liability

The County's total OPEB liability of \$2,026,133 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2019. The following table shows the changes in the County's total OPEB liability for the year ended September 30, 2020.

| | Total OPEB Liability |
|--|----------------------|
| Balance, as of October 1, 2019 | \$ 1,723,182 |
| Changes: | |
| Service cost | 174,065 |
| Interest | 78,012 |
| Differences between expected and actual experience | (246,862) |
| Changes of assumptions | 360,249 |
| Benefit payments | (62,513) |
| Net Change | 302,951 |
| Balance, as of September 30, 2020 | \$ 2,026,133 |

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 | 2.58% | 3.58% | 4.58% |
| Total OPEB Liability | \$ 2,292,989 | \$ 2,026,133 | \$ 1,797,315 |

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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% - 6.50% | 4.00% - 7.50% | 5.00% - 8.50% |
| Total OPEB Liability | \$ 1,745,189 | \$ 2,026,133 | \$ 2,369,409 |

Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the County's OPEB expense was \$242,205. 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> |
|--|---|--|
| Net Difference Between Projected and Actual Experience | \$ - | \$ 216,004 |
| Change in Assumptions | 315,218 | 151,380 |
| Benefit Payments Subsequent to the Measurement Date | 69,074 | - |
| Total | <u>\$ 384,292</u> | <u>\$ 367,384</u> |

\$69,074 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

| <u>Year Ended September 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2021 | \$ (13,372) |
| 2022 | (13,372) |
| 2023 | (13,372) |
| 2024 | (13,372) |
| 2025 | (13,371) |
| Thereafter | 14,693 |

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, 2020**

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

Methods and Assumptions (Continued)

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

The actuarial method is:

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

The actuarial assumptions are:

| | |
|---------------|---|
| Discount rate | 3.58%, based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. |
|---------------|---|

| | |
|----------------------------|---|
| Healthcare cost trend rate | Initial rate of 7.50% in fiscal 2020, then 7.00% in fiscal 2021, grading down to the ultimate trend rate of 4.00% in fiscal 2075. |
|----------------------------|---|

| | |
|-------------------------------|--|
| Healthcare participation rate | 20% participation assumed pre-65, with 50% electing spouse coverage. 0% participation assumed post-65. |
|-------------------------------|--|

| | |
|--------------------------------|-----|
| Expected return on plan assets | N/A |
|--------------------------------|-----|

| | |
|----------------|-------|
| Inflation rate | 2.50% |
|----------------|-------|

| | |
|-----------------------|-------|
| Salary rate increases | 3.00% |
|-----------------------|-------|

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

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 White Collar, Scale BB

Male: RP2000 Generational, 50% Combined
Healthy White Collar / 50% Combined Healthy
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 White Collar, Scale BB

Male: RP2000 Generational, 10% Combined
Healthy White Collar / 90% Combined Healthy
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, 2020**

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, 2018 Florida Retirement System (FRS) valuation report.

The following change was recognized during the fiscal year:

The discount rate was changed from 4.18% to 3.58% based on updated September 30, 2019 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, 2020, the County estimates that the post-closure care cost of maintaining Fill Area 1 of the landfill in accordance with existing regulations will be \$445,506. 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, 2020, investments of \$199,347 are held for these purposes.

GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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. 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, 2020**

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.

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, 2020, the Sheriff received \$6,575,199 from GCDC, which was used to fund payroll expenditures related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,000. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and was paid in 12 equal payments during the fiscal year.

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

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 11 RISK MANAGEMENT (CONTINUED)

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, 2020, amounts included in construction in progress for work completed totaled \$147,316 and amounts remaining total \$47,316.

NOTE 12 DEFICIT FUND BALANCE

The following had a net fund balance deficit as of September 30, 2020:

| | |
|----------------------|------------|
| MSTU Law Enforcement | \$(68,009) |
|----------------------|------------|

The County intends to resolve the deficit balance through collection of ad valorem taxes in the subsequent year.

NOTE 13 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 14 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Board, Clerk, and Sheriff leases office equipment under operating leases. These leases expire on various dates through 2024.

Total rental expenditures for all operating leases for the year ended September 30, 2020 were \$36,362.

In August 2018 the Clerk entered into a contract for a local disk based appliance for the purposes of backup at the Clerk's location. The agreement is for 60 months with 6 months renewals until either a renewal contract is agreed upon or notification of termination of service is received. The contract calls for monthly payments of \$0.30 per gigabyte calculated by the maximum amount of usable capacity consumed. The minimum monthly billable capacity is 1,000 gigabytes. Total costs recorded to contractual services was \$3,317 for the fiscal year ended September 30, 2020.

**GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The future minimum lease obligations as of September 30, 2020 are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Amount</u> |
|---|-------------------|
| 2021 | \$ 39,962 |
| 2022 | 31,634 |
| 2023 | 17,451 |
| 2024 | 14,100 |
| Total Minimum Lease Payments | <u>\$ 103,147</u> |

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, 2020</u> | <u>Balance to Complete</u> |
|---|--|---|--------------------------------|
| Washington Park - Grant Administration | \$ 52,500 | \$ 19,500 | \$ 33,000 |
| Washington Park - Engineering Services | 112,145 | 86,413 | 25,732 |
| Phase 5A Sanitary Sewer (LPQ0014) - Engineering Services | 150,488 | 39,578 | 110,910 |
| Total | <u>\$ 315,133</u> | <u>\$ 145,491</u> | <u>\$ 169,642</u> |

COVID-19 Pandemic

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

NOTE 15 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, 2020, 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 \$17,346 under this agreement.

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, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|-------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 6,257,319 | \$ 6,392,218 | \$ 6,517,302 | \$ 125,084 |
| Sales and Miscellaneous Taxes | 2,008,020 | 2,152,111 | 1,980,608 | (171,503) |
| Fees and Fines | 47,564 | 82,609 | 125,182 | 42,573 |
| Licenses and Permits | - | - | 725 | 725 |
| Intergovernmental | 708,690 | 2,189,030 | 1,717,367 | (471,663) |
| Charges for Services | 1,416,579 | 8,380,473 | 8,457,870 | 77,397 |
| Investment Earnings | 99,964 | 83,757 | 73,095 | (10,662) |
| Miscellaneous | 6,534 | 55,772 | 76,944 | 21,172 |
| Franchise Fees | 105,340 | 136,064 | 130,406 | (5,658) |
| Total Operating Revenues | <u>10,650,010</u> | <u>19,472,034</u> | <u>19,079,499</u> | <u>(392,535)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 8,179,878 | 8,451,864 | 4,412,252 | 4,039,612 |
| Public Safety | 6,175,474 | 6,891,295 | 6,429,604 | 461,691 |
| Jail Operations | 1,696,491 | 7,927,308 | 7,927,307 | 1 |
| Physical Environment | 166,687 | 184,988 | 161,391 | 23,597 |
| Human Services | 321,604 | 321,604 | 257,425 | 64,179 |
| Culture/Recreation | 175,751 | 188,608 | 142,103 | 46,505 |
| Economic Development | 256,309 | 976,071 | 334,261 | 641,810 |
| Court-Related Costs | 38,031 | 60,911 | 44,074 | 16,837 |
| Capital Outlay | 517,114 | 964,504 | 787,922 | 176,582 |
| Debt Service: | | | | |
| Principal | 47,780 | 90,983 | 140,440 | (49,457) |
| Interest | 4,176 | 8,278 | 13,624 | (5,346) |
| Total Expenditures | <u>17,579,295</u> | <u>26,066,414</u> | <u>20,650,403</u> | <u>5,416,011</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (6,929,285) | (6,594,380) | (1,570,904) | 5,023,476 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the Disposal of Capital Assets | - | 18,199 | 18,059 | (140) |
| Capital Lease Transaction | - | - | 233,360 | 233,360 |
| Transfer In | 2,055,117 | 3,059,908 | 3,451,901 | 391,993 |
| Transfers Out | (183,122) | (1,816,245) | - | 1,816,245 |
| Distribution of Excess Fees - Other Governments | - | - | (87,214) | (87,214) |
| Total Other Financing Sources (Uses) | <u>1,871,995</u> | <u>1,261,862</u> | <u>3,616,106</u> | <u>2,354,244</u> |
| Appropriated Fund Balance | <u>5,057,290</u> | <u>5,332,518</u> | <u>-</u> | <u>(5,332,518)</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 2,045,202 | <u>\$ 2,045,202</u> |
| Fund Balance - Beginning | | | <u>8,703,687</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 10,748,889</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, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 66,672 | \$ 66,672 | \$ 65,072 | \$ (1,600) |
| Sales and Miscellaneous Taxes | 2,235,562 | 2,216,840 | 2,217,120 | 280 |
| Licenses and Permits | 1,600 | 2,900 | 2,900 | - |
| Charges for Services | - | 1,951 | - | (1,951) |
| Investment Earnings | 19,023 | 18,785 | 18,639 | (146) |
| Miscellaneous | 12,137 | 46,695 | 46,697 | 2 |
| Total Operating Revenues | <u>2,334,994</u> | <u>2,353,843</u> | <u>2,350,428</u> | <u>(3,415)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 2,206,439 | 2,206,439 | 1,519,732 | 686,707 |
| Culture/Recreation | 1,419,647 | 1,452,876 | 134,290 | 1,318,586 |
| Capital Outlay | 834,000 | 834,000 | 379,393 | 454,607 |
| Total Expenditures | <u>4,460,086</u> | <u>4,493,315</u> | <u>2,033,415</u> | <u>2,459,900</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (2,125,092) | (2,139,472) | 317,013 | 2,456,485 |
| Appropriated Fund Balance | <u>2,125,092</u> | <u>2,139,472</u> | <u>-</u> | <u>(2,139,472)</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 317,013 | <u>\$ 317,013</u> |
| Fund Balance - Beginning | | | <u>3,754,307</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 4,071,320</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, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ - |
| Investment Earnings | 5,903 | 6,225 | 6,225 | - |
| Total Operating Revenues | <u>355,903</u> | <u>356,225</u> | <u>356,225</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic Development | 355,903 | 356,225 | 310,177 | 46,048 |
| Total Expenditures | <u>355,903</u> | <u>356,225</u> | <u>310,177</u> | <u>46,048</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 46,048 | 46,048 |
| Appropriated Fund Balance | - | - | - | - |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 46,048 | <u>\$ 46,048</u> |
| Fund Balance - Beginning | | | <u>855,158</u> | |
| FUND BALANCE - ENDING | | | <u>\$ 901,206</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, 2020

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 2020, one supplemental appropriation totaling \$8,487,119 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, 2020**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|----------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 174,065 | \$ 187,999 | \$ 204,812 |
| Interest | 78,012 | 65,378 | 52,687 |
| Differences Between Expected and Actual Experience | (246,862) | - | - |
| Changes of Assumptions | 360,249 | (109,227) | (111,135) |
| Benefit Payments | <u>(62,513)</u> | <u>(57,616)</u> | <u>(52,980)</u> |
| Net Change in Total OPEB Liability | 302,951 | 86,534 | 93,384 |
| Total OPEB Liability - Beginning of Year | <u>1,723,182</u> | <u>1,636,648</u> | <u>1,543,264</u> |
| Total OPEB Liability - End of Year | <u><u>\$ 2,026,133</u></u> | <u><u>\$ 1,723,182</u></u> | <u><u>\$ 1,636,648</u></u> |
| | | | |
| Covered Employee Payroll | \$ 9,911,855 | \$ 9,615,903 | \$ 9,335,828 |
| | | | |
| OPEB Liability as a Percentage of Covered Employee Payroll | 20.44% | 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 2020 | 3.58% |
| 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, 2020 *

| | <u>2020</u> | <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 | 0.048674637% | 0.050771759% | 0.050562264% | 0.045368910% | 0.042354714% | 0.042190745% | 0.045384068% |
| Glades County, Florida's Proportionate Share of the Net Pension Liability | \$ 21,096,305 | \$ 17,485,087 | \$ 15,229,616 | \$ 13,419,819 | \$ 10,694,597 | \$ 5,449,500 | \$ 2,769,096 |
| Glades County, Florida's Covered Payroll | \$ 10,202,982 | \$ 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 | 206.77% | 172.93% | 155.45% | 155.59% | 138.43% | 68.18% | 35.54% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.85% | 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, 2020 ***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contribution | \$ 1,314,903 | \$ 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>(1,314,903)</u> | <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> | <u>\$ -</u> |
| Covered Payroll | \$ 10,084,534 | \$ 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 | 13.04% | 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, 2020 *

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Glades County, Florida's Proportion of the Net Pension Liability | 0.029395400% | 0.030215336% | 0.029981688% | 0.027033322% | 0.025030618% | 0.026350850% | 0.028011104% |
| Glades County, Florida's Proportionate Share of the Net Pension Liability | \$ 3,589,130 | \$ 3,380,793 | \$ 3,173,296 | \$ 2,890,528 | \$ 2,917,215 | \$ 2,687,372 | \$ 2,619,107 |
| Glades County, Florida's Covered Payroll | \$ 10,202,982 | \$ 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 | 35.18% | 33.44% | 32.39% | 33.51% | 37.76% | 33.62% | 31.46% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 3.00% | 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, 2020 ***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| Contractually Required Contribution | \$ 167,403 | \$ 170,024 | \$ 163,341 | \$ 147,743 | \$ 130,515 | \$ 106,866 | \$ 99,148 |
| Contributions in Relation to the Contractually Required Contribution | <u>(167,403)</u> | <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> | <u>\$ -</u> |
| Covered Payroll | \$ 10,084,534 | \$ 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% | 1.66% | 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, 2020

| 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 | \$ 385,598 | \$ - |
| Passed Through Florida Department of Law Enforcement | | | | |
| COVID-19 - Coronavirus Emergency Supplemental Funding (CESF) Program | 16.034 | 2021-CESF-GLAD-1-CS-043 | 14,144 | - |
| Special Data Collections and Statistical Studies | 16.734 | 2020-NCSX-GLAD-1-D6-011 | 38,000 | - |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2020-JAGC-GLAD-2-5R-118 | 15,342 | - |
| Total Department of Justice | | | 453,084 | - |
| <u>Department of the Treasury</u> | | | | |
| Passed through the Executive Office of the Governor | | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | Y2311 | 1,670,647 | - |
| COVID-19 - Coronavirus Relief Fund | 21.019 | N/A | 11,657 | - |
| | | | 1,682,304 | - |
| Passed through State of Florida Department of Housing | | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | 055-2020 | 11,783 | - |
| Total Department of the Treasury | | | 1,694,087 | - |
| <u>Department of Homeland Security</u> | | | | |
| Passed Through Florida Division of Emergency Management | | | | |
| Emergency Management Performance Grants | 97.042 | G0020 | 32,683 | - |
| Total Department of Homeland Security | | | 32,683 | - |
| <u>Department of Housing and Urban Development</u> | | | | |
| Passed Through Florida Department of Economic Opportunity | | | | |
| Community Development Block Grants/State's Program and Nonentitlement Grants | 14.228 | 18DB-OM-09-32-01-N19 | 22,964 | - |
| Total Department of Housing and Urban Development | | | 22,964 | - |
| <u>Elections Assistance Commission</u> | | | | |
| Pass through program from Florida Department of State Division of Elections | | | | |
| Help America Vote Act Requirements Payments | 90.401 | 20.e.ec.000.021 | 12,736 | - |
| Help America Vote Act Requirements Payments | 90.404 | 20.e.cs.000.021 | 31,663 | - |
| Total Elections Assistance Commission | | | 44,399 | - |
| <u>Department of Health and Human Services</u> | | | | |
| Direct Programs: | | | | |
| Child Support Enforcement | 93.563 | COC22 | 77,535 | - |
| Total Department of Health and Human Services | | | 77,535 | - |
| Total Expenditures of Federal Awards | | | \$ 2,324,752 | \$ - |

See accompanying Note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

GLADES COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2020

| 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>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 | 76,829 | - |
| Emergency Management Projects | 31.067 | 19-CP-11-09-32-01-218 | 644 | - |
| Emergency Management Projects | 31.067 | T0015 | 969 | - |
| | | | <u>1,613</u> | <u>-</u> |
| Total Executive Office of the Governor | | | <u>78,442</u> | <u>-</u> |
| <u>Department of Environmental Protection</u> | | | | |
| Direct Projects: | | | | |
| Small County Consolidated Grants | 37.012 | SC011 | 65,019 | - |
| Statewide Surface Water Restoration and Wastewater Projects | 37.039 | LP22023 | 384,520 | - |
| Statewide Surface Water Restoration and Wastewater Projects | 37.039 | LPQ0014 | 41,278 | - |
| | | | <u>425,798</u> | <u>-</u> |
| Total Department of Environmental Protection | | | <u>490,817</u> | <u>-</u> |
| <u>Department of State, Division of Library and Information Services</u> | | | | |
| Direct Projects: | | | | |
| State Aid to Libraries | 45.030 | 20-ST-14 | 32,278 | - |
| Total Department of State, Division of Library and Information Services | | | <u>32,278</u> | <u>-</u> |
| <u>Department of Health</u> | | | | |
| Direct Projects: | | | | |
| Emergency Medical Services (EMS) Matching Grant | 64.003 | R8001 | 111,993 | - |
| County Grant Awards-EMS | 64.005 | C8022 | 7,892 | - |
| Total Department of Health-Bureau of Emergency Medical Services (EMS) | | | <u>119,885</u> | <u>-</u> |
| <u>Department of Management Services</u> | | | | |
| Passed Through Florida E911 Board | | | | |
| Wireless 911 Emergency Telephone System | 72.001 | 19-04-09 | 16,195 | - |
| Total Department of Management Services | | | <u>16,195</u> | <u>-</u> |
| <u>Florida Housing Finance Corporation</u> | | | | |
| Direct Projects: | | | | |
| State Housing Initiatives Partnership Program | 40.901 | N/A | 310,178 | - |
| Total Florida Housing Finance Corporation | | | <u>310,178</u> | <u>-</u> |
| <u>Department of Transportation</u> | | | | |
| Direct Projects: | | | | |
| Small County Outreach Program | 55.009 | 438573-1-54-01 | 179,425 | - |
| Small County Outreach Program | 55.009 | 436657-1-54-01 | 311,100 | - |
| Total Department of Transportation | | | <u>490,525</u> | <u>-</u> |
| <u>Fish and Wildlife Conservation Commission</u> | | | | |
| Direct Projects: | | | | |
| Derelict Vessel Removal Program | 77.005 | 20056 | 12,966 | - |
| Total Fish and Wildlife Conservation Commission | | | <u>12,966</u> | <u>-</u> |
| Total Expenditures of State Financial Assistance | | | <u>\$ 1,551,286</u> | <u>\$ -</u> |

See accompanying Note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

GLADES COUNTY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
SEPTEMBER 30, 2020

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 reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, Section 215.97, Florida Statutes, and Rules of the Auditor General, Chapter 10.550 for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 3, 2021.

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) as a basis for designing 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 2020-001 and 2020-002 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-003.

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
September 3, 2021



**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, 2020. 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 federal and 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 opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as item 2020-004. Our opinion on each major federal program and state project is not modified with respect to these 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 of compliance, 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.

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 federal program and state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-004, that we consider to be a significant deficiency.

Honorable Board of County Commissioners
Glades County, Florida

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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
September 3, 2021

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2020**

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 |
|-------------|------------------------------------|
| 21.019 | COVID-19 Coronavirus Relief Fund |

| | |
|---|-----------|
| 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 (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2020**

Part I – Summary of Auditors’ Results (Continued)

State Financial Assistance Section

Internal Control Over Compliance:

Material Weakness(es) Identified? No

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

Type of Auditors’ Report Issued on Compliance for Major Projects: Unmodified

Identification of Major State Projects:

| CSFA Number | Name of State Project |
|-------------|---|
| 37.039 | Statewide Surface Water Restoration and Wastewater Projects |
| 40.901 | State Housing Initiatives Partnership Program |
| 55.009 | Small County Outreach Program |

Dollar Threshold Used to Determine Type A State Projects \$465,386

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Part II – Financial Statement Findings

2020-001 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 2019-001.

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, 2020**

Part II – Financial Statement Findings (Continued)

2020-001 Audit Adjustments (Continued)

View of Responsible Officials and Planned Corrective Actions

No disagreement with audit finding. See Corrective Action Plan.

2020-002 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.

Repeat Finding

Yes. Internal Control Over Financial Reporting Finding 2019-002.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Part II – Financial Statement Findings (Continued)

2020-002 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.

2020-003 Florida Statute 280

Type of Finding:

- Compliance

Criteria or Specific Requirement

Florida Statute 280.17(2)(b) Execute a form prescribed by the Chief Financial Officer for identification of each public deposit account and obtain acknowledgment of receipt on the form from the qualified public depository at the time of opening the account. Such public deposit identification and acknowledgment form shall be replaced with a current form as required in subsection (3). A public deposit account existing before July 1, 1998, must have a form completed before September 30, 1998.

(c) Maintain the current public deposit identification and acknowledgment form as a valuable record. Such form is mandatory for filing a claim with the Chief Financial Officer upon default or insolvency of a qualified public depository.

Condition

There were four new bank accounts opened during fiscal year 2020. while there were DFS-J1-1295 public deposit identification and acknowledgment forms set up and signed by the former Clerk of the Circuit Court & Comptroller, the form was not signed by the bank and was therefore not complete and executed.

Context

While performing audit procedures it was noted that management does not have procedures in place to annually review bank accounts and verify they are all in compliance with Florida Statute 280.

Cause

Management did not follow through on completion of forms.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Part II – Financial Statement Findings (Continued)

2020-003 Florida Statue 280 (Continued)

Effect

The accounts without an executed DFS-J1-1295 public deposit identification and acknowledgment form were not covered by Florida Statue 280 in the event the banks failed.

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

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Part IV – Findings and Questioned Costs – Major State Projects

2020-004 SHIP Reporting

State Agency: Florida Housing Finance Corporation

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

CSFA Number: 40.901

Award Period: 2016/2017

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance
- Other Matter

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 2016/2017 annual report was not filed until March 2021, past the due date of September 15, 2020.

**GLADES COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

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

2020-004 SHIP Reporting (Continued)

Questioned costs

None

Context

The annual report was filed past the due date.

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.

Repeat Finding

Yes. 2019-003

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.



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, 2020, and have issued our report thereon dated September 3, 2021.

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 Major Federal Program and 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 September 3, 2021, 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
September 3, 2021

**GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2020**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

| Prior Year Findings | | Current Year Status | | | Current Year Finding # | 2018-2019 Year Finding # | 2017-2018 Year Finding # |
|--|-----------------------------------|---------------------|-------------------|-------------|------------------------|--------------------------|--------------------------|
| | | Cleared | Partially Cleared | Not Cleared | | | |
| 2019-001 Audit Adjustments | Material Weakness | | | X | 2020-001 | 2019-001 | 2010-01 |
| 2019-002 Inaccurate Schedules | Material Weakness | | | X | 2020-002 | 2019-002 | N/A |
| 2019-003 SHIP Reporting | Material Weakness / Noncompliance | | | X | 2020-004 | 2019-003 | 2016-003 |
| 2019-04 SHIP Application & Third-Party Verification | Material Weakness / Noncompliance | X | | | | 2019-004 | N/A |
| 2019-005 SHIP Annual Anticipated Household Income Calculation | Significant Deficiency | X | | | | 2019-005 | N/A |
| 2019-006 SHIP Eligibility of Benefits | Material Weakness / Noncompliance | X | | | | 2019-006 | N/A |
| 2019-007 SHIP Award Rehabilitation Plan | Material Weakness / Noncompliance | X | | | | 2019-007 | N/A |



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Board of County Commissioners
Glades County, Florida

We have examined Glades County, Florida's (the County) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.172(2)(d), Florida Statutes, regarding emergency communications number E911 system fund, during the year ended September 30, 2020. 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, 2020.

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
September 3, 2021



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, 2020

Glades County, Florida respectfully submits the following Corrective Action Plan for the year ending September 30, 2020.

Audit period: October 1, 2019 to September 30, 2020

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

2020 – 001 Audit Adjustments

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.

Management Concur with the Finding and Recommendation

Action Plan Taken in Response to Finding: The Clerk's Office has undertaken significant staffing changes and anticipates much improvement in the proper accounting for financial transactions, reconciliation of account balances, and year-end closing processes. Under new leadership within the Clerk's Office and the Finance Department, staff are in the process of reviewing all internal processes, account transactions, and account balances. Internal processes will be implemented to ensure, at a minimum, that all transactions are reviewed for accuracy, that account balances are reviewed and reconciled on a quarterly basis, and that the year-end closing process is effective. Ongoing efforts will be taken to ensure that staff are trained and cross trained on all functions within the office. Management is also looking to move very manual, labor intensive processes which are prone to human error to become more automated, where feasible.

Name(s) of contract person(s) responsible for corrective action:

Tasha Morgan, Finance Director

Planned completion date for corrective action plan: We anticipate significant improvements by September 30, 2021 with ongoing efforts continuing into 2022.

Tony Whidden
District 1

Donna Storer-Long
District 2

Jerry Sapp
District 3

John Ahern
District 4

Tim Stanley
District 5

Bob Jones
County Manager

Richard W. Pringle
County Attorney

2020 – 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 schedule 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 in liability accounts and credits to asset account that are not offsetting.

Management Concur with the Finding and Recommendation

Action Plan Taken in Response to Finding: The Clerk's Office has undertaken significant staffing changes and anticipates much improvement in the proper accounting for financial transactions, reconciliation of account balances, and year-end closing processes. Under new leadership within the Clerk's Office and the Finance Department, staff are in the process of reviewing all internal processes, account transactions, and account balances. Internal processes will be implemented to ensure, at a minimum, that all transactions are reviewed for accuracy, that account balances are reviewed and reconciled on a quarterly basis, and that the year-end closing process is effective. Ongoing efforts will be taken to ensure that staff are trained and cross trained on all functions within the office. Management is also looking to move very manual, labor intensive processes which are prone to human error to become more automated, where feasible.

Name(s) of contract person(s) responsible for corrective action:
Tasha Morgan, Finance Director

Planned completion date for corrective action plan:
We anticipate significant improvements by September 30, 2021 with ongoing efforts continuing into 2022.

2020 – 003 Florida Statute 280

Management Concur with the Finding

Action Plan Taken in Response to Finding: Following identification of issue, staff immediately worked with the financial institution to obtain the completed form. The files have been organized and reviewed to ensure that all information is accurate and current and will be periodically reviewed to ensure that all accounts are in compliance and covered under Florida Statute 280.

Name(s) of contract person(s) responsible for corrective action:
Tasha Morgan, Finance Director

Planned completion date for corrective action plan:
Completed

2020 – 004 SHIP Reporting

Recommendation: We recommend the County develop a checklist that includes required reports that must be filled, 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.

Management Concur with the Finding and Recommendation

Tony Whidden District 1 Donna Storter-Long District 2 Jerry Sapp District 3 John Ahern District 4 Tim Stanley District 5 Bob Jones County Manager Richard W. Pringle County Attorney

Action Plan Taken in Response to Finding:

Policies and procedures, with checklists, were implemented in late September 2020. We anticipate that the implementation of which will resolve this finding in future audit periods.

Name(s) of contract person(s) responsible for corrective action:

Christine Bearden, HR Manager/SHIP

Planned completion date for corrective action plan:

September 30, 2021

Thank you for the opportunity to respond to the findings noted during the audit. If you have any questions please don't hesitate to reach out to me directly, Tasha Morgan, Finance Director at 863-946-6013.

Tony Whidden
District 1

Donna Storter-Long
District 2

Jerry Sapp
District 3

John Ahem
District 4

Tim Stanley
District 5

Bob Jones
County Manager

Richard W. Pringle
County Attorney



Glades County Board of County Commissioners

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GLADES COUNTY BOARD OF COUNTY COMMISSIONERS SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2020

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 to 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

2019 – 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 2020-001.

Reason for finding's recurrence: The Clerk's Finance Office is a small office with limited staffing resources and highly manual processes. Staff strived to achieve cross training and gain a better understanding of the financial transactions; however, progress was much slower than anticipated. This was further hindered by significant staffing changes that occurred following the end of the fiscal year which strained the fiscal year closing processes.

Corrective Action: The Clerk's Office has undertaken significant staffing changes and anticipates much improvement in the proper accounting for financial transactions, reconciliation of account balances, and year-end closing processes. Under new leadership within the Clerk's Office and the Finance Department, staff are in the process of reviewing all internal processes, account transactions, and account balances. Internal processes will be implemented to ensure, at a minimum, that all transactions are reviewed for accuracy, that account balances are reviewed and reconciled on a quarterly basis, and that the year-end closing process is effective. Ongoing efforts will also be taken to ensure that staff are trained and cross trained on all functions with in the office. Additionally, management is committed to implementing technology where feasible to make very manual labor intensive processes, which are prone to human error, more automated.

2019 – 002 Inaccurate Schedules

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.

Tony Whidden
District 1

Donna Starter-Long
District 2

Jerry Sapp
District 3

John Ahern
District 4

Tim Stanley
District 5

Bob Jones
County Manager

Richard W. Pringle
County Attorney

Status: See current year finding 2020-002.

Reason for finding's recurrence: The Clerk's Finance Office is a small office with limited staffing resources and highly manual processes. Staff strived to achieve cross training and gain a better understanding of the financial transactions; however, progress was much slower than anticipated. This was further hindered by significant staffing changes that occurred following the end of the fiscal year which strained the fiscal year closing processes.

Corrective Action: The Clerk's Office has undertaken significant staffing changes and anticipates much improvement in the proper accounting for financial transactions, reconciliation of account balances, and year-end closing processes. Under new leadership within the Clerk's Office and the Finance Department, staff are in the process of reviewing all internal processes, account transactions, and account balances. Internal processes will be implemented to ensure, at a minimum, that all transactions are reviewed for accuracy, that account balances are reviewed and reconciled on a quarterly basis, and that the year-end closing process is effective. Ongoing efforts will also be taken to ensure that staff are trained and cross trained on all functions with in the office.

2016 – 003 SHIP Reporting

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.

Status: See current year finding 2020-003.

Reason for finding's recurrence: The 2016/2017 report was not filed on time because all projects were held up until policies and procedures were implemented, which occurred in late September 2020. COVID further delayed the completion of projects and expenditure of funds due to contractor and material shortages. Unfortunately, those delays impacted the reporting on the 2017/2018 and 2018/2019 years.

Corrective Action: In late September 2020 the County implemented policies, procedures and checklists. Those have now been implemented and should assist with the ongoing issues that we have experienced. Although we do not anticipate that this finding will be fully resolved in fiscal year 2021 we do anticipate seeing a significant improvement.

2019 – 004 SHIP Application & Third-Party Verification

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.

Status: Completed

2019 – 005 SHIP Annual Anticipated Household Income Calculation

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.

Status: Completed

2019 – 006 SHIP Eligibility of Benefits

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).

Status: Completed

Tony Whidden District 1 Donna Storter-Long District 2 Jerry Sapp District 3 John Ahem District 4 Tim Stanley District 5 Bob Jones County Manager Richard W. Pringle County Attorney

2019 – 007 SHIP Award Rehabilitation Plan

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

Status: Completed

Thank you for the opportunity to respond to the findings noted during the audit. If you have any questions please don't hesitate to reach out to me directly, Tasha Morgan, Finance Director at 863-946-6013.

Tony Whidden
District 1

Donna Starter-Long
District 2

Jerry Sapp
District 3

John Ahern
District 4

Tim Stanley
District 5

Bob Jones
County Manager

Richard W. Pringle
County Attorney

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2020



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**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Honorable Tami Pearce Simmons
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, 2020, 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, 2020, 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, 2020, and the changes in its financial position for the fiscal year then ended in accordance 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 Tami Pearce Simmons
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 August 16, 2021, 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
August 16, 2021

FINANCIAL STATEMENTS

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| | General Fund | Public Records Modernization Fund | Child Support Fund | Total Governmental Funds |
|--|-----------------|---|-----------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$ 191,373 | \$ 106,426 | \$ 74,996 | \$ 372,795 |
| Due from Other Funds | 1,520 | - | 2,789 | 4,309 |
| Other Receivables | 7,407 | - | - | 7,407 |
| Prepaid Items | 6,095 | 1,704 | 5,771 | 13,570 |
| Total Assets | \$ 206,395 | \$ 108,130 | \$ 83,556 | \$ 398,081 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 4,456 | \$ - | \$ 1,323 | \$ 5,779 |
| Other Accrued Liabilities | 26,148 | - | - | 26,148 |
| Due to Other Funds | 2,789 | 1,520 | - | 4,309 |
| Due to Board of County Commissioners | 22,610 | - | - | 22,610 |
| Due to Other Governments | 150,392 | - | - | 150,392 |
| Total Liabilities | 206,395 | 1,520 | 1,323 | 209,238 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 6,095 | 1,704 | 5,771 | 13,570 |
| Restricted | - | 104,906 | 76,462 | 181,368 |
| Unassigned | (6,095) | - | - | (6,095) |
| Total Fund Balances | - | 106,610 | 82,233 | 188,843 |
| Total Liabilities and Fund Balances | \$ 206,395 | \$ 108,130 | \$ 83,556 | \$ 398,081 |

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, 2020**

| | General Fund | Public Records Modernization Fund | Child Support Fund | Total Governmental Funds |
|--|-----------------|---|-----------------------|--------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 64,716 | \$ - | \$ 30,281 | \$ 94,997 |
| Charges for Services | 445,286 | 19,325 | - | 464,611 |
| Fines and Forfeitures | 42,573 | - | - | 42,573 |
| Investment Earnings | 2,209 | 99 | - | 2,308 |
| Total Revenues | <u>554,784</u> | <u>19,424</u> | <u>30,281</u> | <u>604,489</u> |
| EXPENDITURES | | | | |
| Current - General Government: | | | | |
| Personal Services | 863,193 | - | - | 863,193 |
| Operating Expenditures | 77,654 | 16,214 | 12,590 | 106,458 |
| Total Expenditures | <u>940,847</u> | <u>16,214</u> | <u>12,590</u> | <u>969,651</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (386,063) | 3,210 | 17,691 | (365,162) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In from the Board of County Commissioners | 500,727 | - | - | 500,727 |
| Transfers Out to the Board of County Commissioners | (27,815) | - | - | (27,815) |
| Unexpended Appropriation: State of Florida | (86,849) | - | - | (86,849) |
| Total Other Financing Sources | <u>386,063</u> | <u>-</u> | <u>-</u> | <u>386,063</u> |
| NET CHANGE IN FUND BALANCES | - | 3,210 | 17,691 | 20,901 |
| Fund Balances - Beginning of Year | <u>-</u> | <u>103,400</u> | <u>64,542</u> | <u>167,942</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ 106,610</u> | <u>\$ 82,233</u> | <u>\$ 188,843</u> |

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020**

ASSETS

| | |
|-----------------|--------------------------|
| Cash | \$ 436,039 |
| Due from Others | <u>15,791</u> |
| Total Assets | <u><u>\$ 451,830</u></u> |

LIABILITIES

| | |
|--------------------------------------|--------------------------|
| Due to Board of County Commissioners | \$ 20,263 |
| Due to Other Governments | 404,017 |
| Due to Others | <u>27,550</u> |
| Total Liabilities | <u><u>\$ 451,830</u></u> |

See accompanying Notes to Financial Statements.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

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 until paid, 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, 2020**

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, 2020, the Public Records Modernization fund owed the General fund \$1,520 and the General fund owed the Child Support fund \$2,789 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, 2020.

The amount transferred by the Board to fund the 2020 budget of the Clerk was \$500,727.

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, 2020, the excess fees were \$27,815, of this, \$22,455 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 \$155 for investment income.

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, was as follows:

| | Balance October 1, 2019 | Increases | Decreases | Balance September 30, 2020 |
|------------------------------------|-------------------------------|-------------------|-------------|----------------------------------|
| Capital Assets, Being Depreciated: | | | | |
| Equipment | \$ 200,044 | \$ - | \$ (2,885) | \$ 197,159 |
| Less Accumulated Depreciation: | | | | |
| Equipment | 184,296 | 6,883 | (2,885) | 188,294 |
| Total Capital Assets, Net | <u>\$ 15,748</u> | <u>\$ (6,883)</u> | <u>\$ -</u> | <u>\$ 8,865</u> |

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 2020:

| | |
|-----------------------------|-----------|
| Balance, October 1, 2019 | \$ 20,454 |
| Increases | 50,576 |
| Decreases | (50,061) |
| Balance, September 30, 2020 | \$ 20,969 |
| Amounts Due Within One Year | \$ 20,969 |

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, 2020**

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, 2020**

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, 2020, 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, 2020**

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, 2020, 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, 2020**

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, 2020, 2019, and 2018 were \$98,310, \$86,809, and \$81,412, 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 \$4,500 for the fiscal year ended September 30, 2020.

In August 2018 the Clerk entered into a contract for a local disk based appliance for the purposes of backup at the Clerk's location. The agreement is for 60 months with 6 months renewals until either a renewal contract is agreed upon or notification of termination of service is received. The contract calls for monthly payments of \$0.30 per gigabyte calculated by the maximum amount of usable capacity consumed. The minimum monthly billable capacity is 1,000 gigabytes. Total costs recorded to contractual services was \$3,317 for the fiscal year ended September 30, 2020.

The future minimum lease payments under these leases and contracts are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|----------------------------------|------------------|
| 2021 | \$ 8,100 |
| 2022 | 8,100 |
| 2023 | 6,225 |
| 2024 | 3,300 |
| Total | <u>\$ 25,725</u> |

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

NOTE 8 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 20,024 | \$ 20,024 | \$ 64,716 | \$ 44,692 |
| Charges for Services | 504,497 | 441,947 | 445,286 | 3,339 |
| Fines and Forfeitures | - | - | 42,573 | 42,573 |
| Investment Earnings | - | - | 2,209 | 2,209 |
| Total Revenues | <u>524,521</u> | <u>461,971</u> | <u>554,784</u> | <u>92,813</u> |
| EXPENDITURES | | | | |
| Current - General Government: | | | | |
| Personal Services | 935,732 | 882,328 | 863,193 | 19,135 |
| Operating Expenditures | 74,581 | 78,044 | 77,654 | 390 |
| Capital Outlay | 2,824 | 2,326 | - | 2,326 |
| Total Expenditures | <u>1,013,137</u> | <u>962,698</u> | <u>940,847</u> | <u>21,851</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (488,616) | (500,727) | (386,063) | 114,664 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In From the Board of County Commissioners | 488,616 | 500,727 | 500,727 | - |
| Transfers Out to the Board of County Commissioners | - | - | (27,815) | (27,815) |
| Unexpended Appropriation: State of Florida | - | - | (86,849) | (86,849) |
| Total Other Financing Sources | <u>488,616</u> | <u>500,727</u> | <u>386,063</u> | <u>(114,664)</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, 2020**

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 Tami Pearce Simmons
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, 2020, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated August 16, 2021.

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) as a basis for designing 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 2020-001 that we consider to be a material weakness.

2020-001 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 and Board in the amount of \$11,501, a correction to properly classify indirect child support funds in the amount of \$2,789 and adjustment to correct the accrued liability balances in the amount of \$11,711.

Cause

Internal controls failed to detect or prevent the errors.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

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 financial statements. 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 Tami Pearce Simmons
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.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
August 16, 2021



MANAGEMENT LETTER

Honorable Tami Pearce Simmons
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, 2020, and have issued our report thereon dated August 16, 2021.

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 August 16, 2021, 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. The Clerk discloses this information in the notes to the financial statements.

Honorable Tami Pearce Simmons
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:

2020-002 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.

2020-003 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, 2020, one quarterly report relating to collections and one quarterly report related to timeliness of filing and docketing cases that were filed past the due date.

Cause

Internal controls failed to ensure the timely submission of required performance report to the 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.

2020-004 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, 2020, 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 July.

Honorable Tami Pearce Simmons
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
August 16, 2021

**CLERK OF THE CIRCUIT COURT,
GLADES COUNTY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2020**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

| Prior Year Findings | | Finding Number | | | Current Year Status | | |
|---|-------------------|----------------|-------------|-------------|---------------------|-------------------|-------------|
| | | Current Year | FY 2019 | FY 2018 | Cleared | Partially Cleared | Not Cleared |
| 2019-001 Material Audit Adjustments | Material Weakness | 2020-001 | 2019-001 | N/A | | | X |
| ML 2019-002 Timely Remittance of Agency Transactions | Management Letter | 2020-002 | ML 2019-002 | ML 2010-001 | | | X |
| ML 2019-003 Performance Reports | Management Letter | 2020-003 | ML 2019-003 | ML 2018-002 | | | X |
| ML 2019-004 Clerk of Court Expenditures and Collections Report | Management Letter | 2020-004 | ML 2019-004 | ML 2018-003 | | | X |



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Tami Pearce Simmons
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, 2020. 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, 2020.

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
August 16, 2021





Tami P. Simmons

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

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

August 18, 2021

Christopher Kessler, CPA, Principal
CliftonLarsonAllen, LLP
1280 University Drive, Suite 210
Fort Myers, Florida 33907

Thank you for the opportunity to provide Management Responses to the findings noted in the Financial Statements and Supplemental Reports for the Year End September 30, 2020.

2020-001 Material Audit Adjustments

Management concurs with the Finding and Recommendation. The Finance Department is in the process of reviewing all internal processes and account balances. Internal processes will be implemented to ensure, at a minimum, that all account balances are reviewed and reconciled on a quarterly basis.

2020-002 – Timely Remittance of Agency Transactions

Management concurs with the Finding and Recommendation. The Finance Department is in the process of reviewing all Agency Fund account balances. Accounts are being investigated to determine proper disposition of old balances. Processes are being implemented to ensure that, at a minimum, accounts are reviewed and reconciled quarterly and that subsidiary ledgers are maintained, where appropriate.

2020-003 – Performance Reports

Management concurs with the Finding and Recommendation. The Clerk's Office and the Finance Department is in the process of interfacing our Case Management system with the financial system to help with the efficacy and timeliness of the reports.

2020-004 – Clerk of Courts Expenditures and Collections Report

Management concurs with the Finding and Recommendation. The Finance Department is in the process of reviewing all internal processes, to include completion of the Expenditures and Collections Report. We understand the importance of ensuring that the report is remitted within the established deadlines and will be improving our processes to ensure timely remit.

Thank you,

Tami P. Simmons
Clerk of Courts

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2020



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**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, 2020, 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, 2020, 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, 2020, and the changes in its financial position for the fiscal year then ended in accordance 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 15-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 4, 2021 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
August 4, 2021

FINANCIAL STATEMENTS

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

| | |
|--------------|----------------------|
| Cash | \$ 40,563 |
| | <u>40,563</u> |
| Total Assets | <u><u>40,563</u></u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|--------------------------------------|------------|
| Accounts Payable | \$ 9,652 |
| Accrued Expenses | 169 |
| Due to Board of County Commissioners | 30,377 |
| Due to Other Governments | <u>365</u> |
| Total Liabilities | 40,563 |

FUND BALANCE

| | |
|------------------------------------|-------------------------|
| | <u>-</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 40,563</u></u> |

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

REVENUES

| | | |
|----------------------|----|--------|
| Charges for Services | \$ | 44,574 |
| Miscellaneous | | 113 |
| Total Revenues | | 44,687 |

EXPENDITURES

| | | |
|------------------------|--|---------|
| Current: | | |
| Personal Services | | 486,894 |
| Operating Expenditures | | 136,499 |
| Capital Outlay | | 99,616 |
| Total Expenditures | | 723,009 |

DEFICIENCY OF REVENUES OVER EXPENDITURES (678,322)

OTHER FINANCING SOURCES (USES)

| | | |
|--|--|----------|
| Transfers From the Board of County Commissioners | | 709,064 |
| Distribution of Excess Fees: | | |
| Board of County Commissioners | | (30,377) |
| Other Governments | | (365) |
| Total Other Financing Sources | | 678,322 |

NET CHANGE IN FUND BALANCE -

Fund Balance - Beginning of Year -

FUND BALANCE - END OF YEAR \$ -

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2020, 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 2020 budget of the Property Appraiser was \$709,064.

In accordance with Florida Statutes, all Board funding in excess of expenditures as of year-end are owed to the Board. Excess fees of \$30,377 were due to the Board General Fund at September 30, 2020.

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, 2020**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Property Appraiser's operations is recorded as an 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, 2020 was as follows:

| | Balance October 1, 2019 | Increases | Decreases | Balance September 30, 2020 |
|---------------------------------------|-------------------------------|------------------|-------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Construction in Process | \$ 50,000 | \$ 97,316 | \$ - | \$ 147,316 |
| Capital Assets Being Depreciated: | | | | |
| Equipment | 157,878 | 2,300 | (2,194) | 157,984 |
| Less Accumulated Depreciation: | | | | |
| Equipment | 154,799 | 1,024 | (2,194) | 153,629 |
| Total Capital Assets | | | | |
| Being Depreciated, Net | 3,079 | 1,276 | - | 4,355 |
| Total Capital Assets, Net | <u>\$ 53,079</u> | <u>\$ 98,592</u> | <u>\$ -</u> | <u>\$ 151,671</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, 2020**

NOTE 4 COMPENSATED ABSENCES (CONTINUED)

Changes in compensated absences for the year ended September 30, 2020 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

| | | |
|---------------------------------|---------------|-------------------|
| Balance - October 1, 2019 | \$ | 10,104 |
| Increases | | 29,787 |
| Decreases | | (25,042) |
| Balance - September 30, 2020 | <u>\$</u> | <u>14,849</u> |
| Amounts Due Within One Year | <u>\$</u> | <u>14,849</u> |

NOTE 5 PENSION PLAN

Background

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

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

**PROPERTY APPRAISER
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020, 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, 2020**

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, 2020, 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, 2020**

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, 2020, 2019, and 2018 were \$46,944, \$55,899, and 76,816, 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, 2020**

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, 2020, amounts included in capital outlay for work completed totaled \$147,316 and amounts remaining total \$47,316.

COVID 19 Health Pandemic

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|----------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ - | \$ - | \$ 25,387 | \$ 25,387 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal Services | 496,763 | 501,960 | 486,894 | 15,066 |
| Operating Expenditures | 130,316 | 130,316 | 132,599 | (2,283) |
| Capital Outlay | 97,331 | 97,331 | 99,616 | (2,285) |
| Total Expenditures | <u>724,410</u> | <u>729,607</u> | <u>719,109</u> | <u>10,498</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (724,410) | (729,607) | (693,722) | (35,885) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 724,410 | 729,607 | 709,064 | (20,543) |
| Distribution of Excess Fees: | | | | |
| Board of County Commissioners | - | - | (14,977) | 14,977 |
| Other Governments | - | - | (365) | 365 |
| Total Other Financing Sources | <u>724,410</u> | <u>729,607</u> | <u>693,722</u> | <u>35,885</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, 2020**

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) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

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 | \$ 25,387 |
| Differences—Budget to GAAP: Certain nonadvalorem related Revenues are not a Component of the Property Appraiser's Budget | 19,300 |
| Total Revenues as Reported on the Statement of Revenues and Expenditures | \$ 44,687 |
| Actual Amounts (Budgetary Basis) "Expenditures" from the Budgetary Comparison Schedule | \$ 719,109 |
| Differences—Budget to GAAP: Certain nonadvalorem-related Expenditures are not a Component of the Property Appraiser's Budget | 3,900 |
| Total Expenditures as Reported on the Statement of Revenues and Expenditures | \$ 723,009 |
| Actual Amounts (Budgetary Basis) "Other Financing Sources (Uses)" from the Budgetary Comparison Schedule | \$ 693,722 |
| 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 | (15,400) |
| Total Other Financing Sources (Uses) as Reported on the Statement of Revenues and Expenditures | \$ 678,322 |

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, 2020, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated August 4, 2021.

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) as a basis for designing 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 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 item 2020-001 that we consider to be a material weakness.

2020-001 Payroll Deductions

Criteria

IRC section 79 provides an exclusion for the first \$50,000 of group-term life insurance coverage provided under a policy carried directly or indirectly by an employer. There are no tax consequences if the total amount of such policies does not exceed \$50,000. The imputed cost of coverage in excess of \$50,000 must be included in income, using the IRS Premium Table, and are subject to social security and Medicare taxes.

Condition

During review of payroll, it was noted one of eight employees had group-term life insurance in excess of \$50,000 that was not taxed properly.

Cause

Management did not know the proper treatment for life insurance deductions and therefore incorrectly added to the payroll items list in QuickBooks as pre-tax payroll items rather than post-tax.

Effect

While the actual errors were not significant, the potential exists that a material misstatement of payroll tax deductions and reporting of payroll taxes could occur and not be prevented or detected by the entity's internal controls.

Recommendation

We recommend management research new deductions, verify proper tax treatment, and assign someone, other than the person inputting the deduction, to review and approve items added to the payroll items list in QuickBooks.

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 financial statements. 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*.


Property Appraiser's Response to Findings

Property Appraiser's response to the findings identified in our audit is described in the accompanying letter of management response. Property Appraiser, Glades County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The Honorable Lorie Ward
Property Appraiser
Glades County, Florida

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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
August 4, 2021



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, 2020, and have issued our report thereon dated August 4, 2021.

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 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 August 4, 2021, 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, the Property Appraiser, 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
August 4, 2021



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, 2020. 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, 2020.

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
August 4, 2021





LORIE WARD
PROPERTY APPRAISER
GLADES COUNTY



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04/26/2021

Management Response
Lorie Ward, Glades County Property Appraiser.
2020-001 Payroll Deductions

In order to ensure that all future payroll deductions are taxed properly I have implemented the following procedures.

1. Payroll Clerk is to research IRS payroll publications, tables and schedules to determine whether the deduction is subject to Federal Withholding tax (pre-tax or post-tax), and whether it is subject to Social Security and Medicare Tax.
2. Payroll Clerk is to thoroughly read employee's deduction paperwork to be sure that it coincides with the most recent up to date tax year IRS Publication.
3. Payroll Clerk is to present to the Property Appraiser all documentation.
4. Property Appraiser is to review documents and **further research** to ensure the deduction is being taxed properly.
5. Property Appraiser is to give signed authorization of approval to Payroll Clerk.
6. Payroll Clerk is to enter the deduction into the payroll item list of QuickBooks, select the proper taxation and print for Property Appraiser's approval signature.
7. Property Appraiser is to review for accuracy and sign.
8. Payroll Clerk is to scan all documentation into QuickBooks for the fiscal year audit.


Lorie Ward, C.F.A.
Glades County Property Appraiser

**SHERIFF
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2020



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**SHERIFF
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2020**

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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, 2020, 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.

The Honorable David Hardin
Sheriff
Glades County, Florida

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 of the Sheriff as of September 30, 2020, 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, 2020, and the changes in its financial position for the fiscal year then ended in accordance 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 August 23, 2021 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
August 23, 2021

FINANCIAL STATEMENTS

**SHERIFF
GLADES COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| | General Fund | Asset Forfeiture Fund | Total Governmental Funds |
|--|---------------------|-----------------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 830,017 | \$ 78 | \$ 830,095 |
| Accounts Receivable | 432,190 | 3,200 | 435,390 |
| Prepaid Items | 4,799 | 1,690 | 6,489 |
| Due from Other Funds | 7,865 | 42,970 | 50,835 |
| Due from Other Governments | 38,000 | - | 38,000 |
| Due from Board of County Commissioners | 39,703 | 14,053 | 53,756 |
| | <u>\$ 1,352,574</u> | <u>\$ 61,991</u> | <u>\$ 1,414,565</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 145,194 | \$ 6,188 | \$ 151,382 |
| Other Accrued Liabilities | 244,469 | - | 244,469 |
| Due to Individuals | 1,490 | - | 1,490 |
| Due to Other Funds | 42,970 | 7,865 | 50,835 |
| Due to Board of County Commissioners | 331,125 | 46,248 | 377,373 |
| Total Liabilities | <u>765,248</u> | <u>60,301</u> | <u>825,549</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenues | <u>38,000</u> | <u>-</u> | <u>38,000</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid Items | 4,799 | 1,690 | 6,489 |
| Restricted: | | | |
| Training | 26,595 | - | 26,595 |
| Donations - Public Safety | 21,723 | - | 21,723 |
| Assigned: | | | |
| Personnel Expenditures | 496,209 | - | 496,209 |
| Total Fund Balances | <u>549,326</u> | <u>1,690</u> | <u>551,016</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,352,574</u> | <u>\$ 61,991</u> | <u>\$ 1,414,565</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, 2020**

| | General Fund | Asset Forfeiture Fund | Total Governmental Funds |
|---|-------------------|-----------------------------|--------------------------------|
| REVENUES | | | |
| Fines and Forfeitures | \$ 35,717 | \$ 45,607 | \$ 81,324 |
| Intergovernmental | 192,372 | 22,728 | 215,100 |
| Charges for Services | 7,075,603 | - | 7,075,603 |
| Investment Earnings | 142 | 1,158 | 1,300 |
| Miscellaneous Income | 39,228 | 90,910 | 130,138 |
| Total Revenues | <u>7,343,062</u> | <u>160,403</u> | <u>7,503,465</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety: | | | |
| Personal Services | 3,152,439 | - | 3,152,439 |
| Operating Expenditures | 1,035,806 | 234,417 | 1,270,223 |
| Jail Operations: | | | |
| Personal Services | 6,459,346 | - | 6,459,346 |
| Operating Expenditures | 1,467,961 | - | 1,467,961 |
| Debt Service: | | | |
| Principal | 43,203 | - | 43,203 |
| Interest and Other Charges | 4,060 | - | 4,060 |
| Capital Outlay | 21,657 | 178,853 | 200,510 |
| Asset Forfeiture Refund | - | 1,619 | 1,619 |
| Total Expenditures | <u>12,184,472</u> | <u>414,889</u> | <u>12,599,361</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (4,841,410) | (254,486) | (5,095,896) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Board of County Commissioners | 5,332,600 | - | 5,332,600 |
| Transfers to Board of County Commissioners | (329,843) | (1,398,579) | (1,728,422) |
| Proceeds from the Disposal of Capital Assets | 18,059 | 23,633 | 41,692 |
| Total Other Financing Sources (Uses) | <u>5,020,816</u> | <u>(1,374,946)</u> | <u>3,645,870</u> |
| NET CHANGE IN FUND BALANCES | 179,406 | (1,629,432) | (1,450,026) |
| Fund Balances - Beginning of Year | <u>369,920</u> | <u>1,631,122</u> | <u>2,001,042</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 549,326</u> | <u>\$ 1,690</u> | <u>\$ 551,016</u> |

See accompanying Notes to Financial Statements.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

Interfund Transactions

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

- Reimbursements to a fund, for expenditures initially made from it that are properly applicable to another fund. The following is a summary of interfund receivables or payables as of September 30, 2020.

| | Due from Other Funds | Due to Other Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund | \$ 7,865 | \$ 42,970 |
| Asset Forfeiture Fund | 42,970 | 7,865 |
| Total | \$ 50,835 | \$ 50,835 |

- 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, 2020.

The amount transferred by the Board to fund the 2020 budget of the Sheriff was \$5,332,600.

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

The amount of undistributed excess fees of \$329,843 was due to the Board's General Fund at September 30, 2020.

In addition to the undistributed excess fees, the Sheriff reported amounts due to the Board's General Fund of \$630 for interest and \$652 for fee income.

The Asset Forfeiture Fund reported transfers to the Board of County Commissioners in the amount of \$1,398,579 to transfer equitable sharing accounts to the County finance offices as required. The amount of \$46,248 was due and payable to the Board as of September 30, 2020.

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 recordkeeping and custodial responsibility for certain tangible capital assets used by his office.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2020 was as follows:

| | Balance October 1, 2019 | Increases | Decreases | Balance September 30, 2020 |
|---|-------------------------------|--------------------|------------------|----------------------------------|
| Capital Assets, Being Depreciated: | | | | |
| Motor Vehicles | \$ 2,570,707 | \$ 238,252 | \$ 752,020 | \$ 2,056,939 |
| Equipment and Furniture | 2,359,115 | 100,257 | 61,693 | 2,397,679 |
| Livestock | 10,500 | - | - | 10,500 |
| Total Capital Assets, Being Depreciated | <u>4,940,322</u> | <u>338,509</u> | <u>813,713</u> | <u>4,465,118</u> |
| Less Accumulated Depreciation for: | | | | |
| Motor Vehicles | 1,702,349 | 261,378 | 715,032 | 1,248,695 |
| Equipment and Furniture | 1,904,381 | 93,102 | 51,628 | 1,945,855 |
| Livestock | 10,500 | - | - | 10,500 |
| Total Accumulated Depreciation | <u>3,617,230</u> | <u>354,480</u> | <u>766,660</u> | <u>3,205,050</u> |
| Total Capital Assets, Net | <u>\$ 1,323,092</u> | <u>\$ (15,971)</u> | <u>\$ 47,053</u> | <u>\$ 1,260,068</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, 2020 are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Amount</u> |
|---|------------------|
| 2021 | \$ 47,263 |
| 2022 | 39,386 |
| Total Minimum Lease Payments | 86,649 |
| Less: Amount Representing Interest | (3,069) |
| Total | <u>\$ 83,580</u> |

The cost and accumulated depreciation of capital assets acquired under the leases are \$167,865 and \$23,980, respectively, as of September 30, 2020.

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2019 | \$ 126,782 |
| Proceeds | - |
| Principal Retirements | <u>(43,203)</u> |
| Balance, September 30, 2020 | <u>\$ 83,579</u> |
| | |
| Amounts Due Within One Year | <u>\$ 44,869</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, 2020 were \$12,510.

The future minimum lease obligations as of September 30, 2020 are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Amount</u> |
|---|------------------|
| 2021 | \$ 12,510 |
| 2022 | <u>11,029</u> |
| Total Minimum Lease Payments | <u>\$ 23,539</u> |

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 COMPENSATED ABSENCES

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

- 100% of earned, but unused vacation and holiday leave
- 25% of earned, but unused sick leave, for employees with greater than five years of service (125 hours maximum for employees with 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 2020.

| | | |
|---------------------------------|--------|---------------------------|
| Balance, October 1, 2019 | \$ | 780,764 |
| Increases | | 721,087 |
| Decreases | | <u>(783,310)</u> |
| Balance, September 30, 2020 | \$ | <u><u>718,541</u></u> |
| Amounts Due Within One Year | \$ | <u><u>502,979</u></u> |

**SHERIFF
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

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, 2020, 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, 2020**

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, 2020, 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, 2020**

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, 2020, 2019, and 2018 were \$1,334,688, \$1,374,321, and \$1,254,249, 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, 2020**

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, 2020, the Sheriff recognized revenue in the amount of \$6,575,199 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.

COVID-19 Pandemic

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

REQUIRED SUPPLEMENTARY INFORMATION

**SHERIFF
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and Forfeitures | \$ - | \$ 35,717 | \$ 35,717 | \$ - |
| Intergovernmental | - | 235,500 | 192,372 | (43,128) |
| Charges for Services | - | 7,075,603 | 7,075,603 | - |
| Investment Earnings | - | 142 | 142 | - |
| Miscellaneous Income | - | 20,648 | 39,228 | 18,580 |
| Carryover | - | 555,754 | - | (555,754) |
| Total Revenues | - | 7,923,364 | 7,343,062 | (580,302) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Personal Services | 2,736,638 | 3,152,438 | 3,152,439 | (1) |
| Operating Expenditures | 695,203 | 1,027,668 | 1,035,806 | (8,138) |
| Jail Operations: | | | | |
| Personal Services | - | 6,459,348 | 6,459,346 | 2 |
| Operating Expenditures | 1,696,491 | 1,467,960 | 1,467,961 | (1) |
| Debt Service: | | | | |
| Principal | - | 43,203 | 43,203 | - |
| Interest and Other Charges | - | 4,060 | 4,060 | - |
| Capital Outlay | 68,098 | 21,657 | 21,657 | - |
| Reserves - General Operating | - | 768,143 | - | 768,143 |
| Total Expenditures | 5,196,430 | 12,944,477 | 12,184,472 | 760,005 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (5,196,430) | (5,021,113) | (4,841,410) | 179,703 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Board of County Commissioners | 5,196,430 | 5,332,757 | 5,332,600 | (157) |
| Transfers to Board of County Commissioners | - | (329,843) | (329,843) | - |
| Proceeds from the Disposal of Capital Assets | - | 18,199 | 18,059 | (140) |
| Total Other Financing Sources (Uses) | 5,196,430 | 5,021,113 | 5,020,816 | (297) |
| NET CHANGE IN FUND BALANCES | - | - | 179,406 | 179,406 |
| Fund Balances - Beginning of Year | - | - | 369,920 | 369,920 |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 549,326</u> | <u>\$ 549,326</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, 2020**

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, 2020, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated August 23, 2021.

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) as a basis for designing 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 certain deficiencies in internal control, described below as item 2020-001 that we consider to be a material weakness.

The Honorable David Hardin
Sheriff
Glades County, Florida

2020-001 – Bank Reconciliations

Criteria

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements

Condition

Eight out of twelve monthly bank reconciliations we selected were not reconciled timely (within a month).

Cause

The finance director was out on medical leave and the Sheriff did not have personnel cross-trained to perform the work.

Effect

Not reconciling the bank accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind.

Recommendation

We recommend more than one individual be trained to complete bank reconciliations so when the primary preparer is out, the secondary can prepare them. If that is not possible, we recommend a member of management, other than the bank reconciliation preparer, review bank accounts online for unusual or unexpected activity on a regular basis. We recommend documenting the review by printing the activity and initialing and dating it.

Views of Responsible Officials and Planned Corrective Actions

The Glades County Sheriff's Office will train a secondary individual to complete bank reconciliations when the primary preparer is unavailable to do so.

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 financial statements. 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 didn't disclose an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Fort Myers, Florida
August 23, 2021



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, 2020, and have issued our report thereon dated August 23, 2021.

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 August 23, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The Honorable David Hardin
Sheriff
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 had the following recommendations.

ML 2020-002 Evidence of review for payroll reports

Criteria

The payroll register and Florida Retirement System contribution summary report are reviewed by the finance director.

Condition

During our walkthrough of controls, we noted there was no documentation supporting that this internal control was performed.

Cause

After review of the reports the finance director did not physically document the review.

Effect

Without documentation there is no evidence control was performed.

Recommendation

We recommend management formally initial and date reviewed reports.

Views of Responsible Officials and Planned Corrective Actions

The Glades County Sheriff's Office will have the Finance Director physically initial and date all payroll registers and Florida Retirement System Contribution Summary Reports.

ML 2020-003 Errors in time card entering

Criteria

Timecards are reviewed by each employee's direct supervisor for completeness and accuracy.

Condition

During our testing we noted four approved timecards which included errors. Three of the four errors related to overtime being recorded as regular hours.

Cause

Reviewers missed errors.

Effect

Employee payroll is not accurate.

The Honorable David Hardin
Sheriff
Glades County, Florida

Recommendation

We recommend providing training for timecard reviewers, so they know their responsibilities as well as the policies, rules, and regulations.

Views of Responsible Officials and Planned Corrective Actions

The Glades County Sheriff's Office will provide training for timecard reviewers, so that they understand their responsibilities as well as the policies, rules and regulations. In addition, we have implemented timecard rules within our payroll software to help eliminate these type of errors in the future.

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
August 23, 2021



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, 2020. 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 September 30, 2020.

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
August 23, 2021

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2020



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**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2020**

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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, 2020, 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, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund only for that portion of the general fund of Glades County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Glades County, Florida as of September 30, 2020, 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 16 to 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 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 September 1, 2021, 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
September 1, 2021

FINANCIAL STATEMENTS

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

| | |
|----------------------------|-------------------------|
| Restricted Assets: | |
| Due from Other Governments | <u>\$ 31,663</u> |
| Total Assets | <u><u>\$ 31,663</u></u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES

| | |
|-------------------|------|
| Total Liabilities | \$ - |
|-------------------|------|

DEFERRED INFLOWS OF RESOURCES

| | |
|----------------------|---------------|
| Unavailable Revenues | <u>31,663</u> |
|----------------------|---------------|

FUND BALANCE

| | |
|--------------------|----------|
| Total Fund Balance | <u>-</u> |
|--------------------|----------|

| | |
|---|-------------------------|
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u><u>\$ 31,663</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, 2020**

REVENUES

| | |
|-------------------|---------------|
| Intergovernmental | \$ 12,738 |
| Total Revenues | <u>12,738</u> |

EXPENDITURES

| | |
|-------------------------------|----------------|
| Current - General Government: | |
| Personal Services | 250,588 |
| Operating Expenditures | 89,352 |
| Debt Service: | |
| Principal | 49,457 |
| Interest and other Charges | 5,366 |
| Capital Outlay | <u>237,024</u> |
| Total Expenditures | <u>631,787</u> |

OTHER FINANCING SOURCES

| | |
|---|----------------|
| Transfer From the Board of County Commissioners | 385,689 |
| Proceeds from Capital Lease | <u>233,360</u> |
| Total Other Financing Sources | <u>619,049</u> |

NET CHANGE IN FUND BALANCE

| | |
|-----------------------------------|--------------------|
| Fund Balance - Beginning of Year | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ -</u></u> |

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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 capital leases, accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

Restricted Assets

Due from other governments balance is classified as restricted assets because its use is completely restricted by grants or other agreements.

Deferred Inflows of Resources

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

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 2020 budget of the Supervisor of Elections was \$385,689.

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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

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 with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County. The Supervisor of Elections maintains custodial responsibility for these capital assets.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2020 was as follows:

| | Balance October 1, 2019 | Increases | Decreases | Balance September 30, 2020 |
|------------------------------------|-------------------------------|-------------------|-------------|----------------------------------|
| Assets Being Depreciated: | | | | |
| Equipment, Furniture, and Vehicles | \$ 157,515 | \$ 237,025 | \$ - | \$ 394,540 |
| Less Accumulated Depreciation for: | | | | |
| Equipment, Furniture, and Vehicles | 113,289 | 34,884 | - | 148,173 |
| Total Capital Assets, Net | <u>\$ 44,226</u> | <u>\$ 202,141</u> | <u>\$ -</u> | <u>\$ 246,367</u> |

NOTE 3 CAPITAL LEASE OBLIGATIONS

The Supervisor of Elections' entered into a lease agreement to financing the purchase of a voting machine. 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, 2020 are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Amount</u> |
|---|-------------------|
| 2021 | \$ 54,823 |
| 2022 | 54,823 |
| 2023 | 54,823 |
| 2024 | 54,823 |
| 2025 | 54,823 |
| Thereafter | <u>109,646</u> |
| Total Minimum Lease Payments | 383,761 |
| Less Amount Representing Interest | <u>(199,858)</u> |
| Total | <u>\$ 183,903</u> |

The cost and accumulated depreciation of capital assets acquired under the lease are \$233,360 and \$24,308, respectively, as of September 30, 2020.

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, 2019 | \$ - |
| Proceeds | 233,360 |
| Principal Retirements | <u>(49,457)</u> |
| Balance, September 30, 2020 | <u>\$ 183,903</u> |
| Amounts Due Within One Year | <u>\$ 13,105</u> |

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 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, 2020 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

| | |
|------------------------------|-----------------|
| Balance - October 1, 2019 | \$ 2,999 |
| Increases | 3,566 |
| Decreases | <u>(2,730)</u> |
| Balance - September 30, 2020 | <u>\$ 3,835</u> |
| Amounts Due Within One Year | <u>\$ 3,068</u> |

NOTE 5 PENSION PLAN

Background

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 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 FR 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.

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

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

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2020, 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, 2020**

NOTE 5 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, 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, 2020, 2019, and 2018 were \$52,708, \$51,185, and \$47,892, 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 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, 2020**

NOTE 7 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 8 COMMITMENTS AND CONTINGENCIES

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

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, 2020**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 12,738 | \$ 12,738 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>12,738</u> | <u>12,738</u> |
| EXPENDITURES | | | | |
| Current - General Government: | | | | |
| Personal Services | 235,207 | 250,591 | 250,588 | 3 |
| Operating Expenditures | 70,500 | 102,068 | 89,352 | 12,716 |
| Debt Service: | | | | |
| Principal | - | - | 49,457 | (49,457) |
| Interest and other Charges | - | - | 5,366 | (5,366) |
| Capital Outlay | 55,000 | 58,055 | 3,664 | 54,391 |
| Total Expenditures | <u>360,707</u> | <u>410,714</u> | <u>398,427</u> | <u>12,287</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer In: | | | | |
| Glades County, Florida Board of County Commissioners Appropriations | <u>360,707</u> | <u>410,714</u> | <u>385,689</u> | <u>(25,025)</u> |
| Total Other Financing Sources (Uses) | <u>360,707</u> | <u>410,714</u> | <u>385,689</u> | <u>(25,025)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**SUPERVISOR OF ELECTIONS
GLADES COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL – GENERAL FUND (NON-GAAP BUDGETARY BASIS)
SEPTEMBER 30, 2020**

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, 2020**

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 | \$ 398,427 |
| Differences—Budget to GAAP: | |
| Capital Outlay from Capital Lease not Budgeted | 233,360 |
| Total Expenditures as Reported on the Statement of Revenues and Expenditures - General Fund | \$ 631,787 |
| Actual Amounts (Budgetary Basis) "Other Sources (Uses)" from the Budgetary Comparison Schedule | \$ 385,689 |
| Differences—Budget to GAAP: | |
| Proceeds from Capital Lease not Budgeted | 233,360 |
| Total Sources (Uses) as Reported on the Statement of Revenues and Expenditures - General Fund | \$ 619,049 |

SUPPLEMENTAL REPORTS



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

The Honorable Aletris Farnam
Supervisor of Elections
Glades County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of the Supervisor of Elections, Glades County, Florida (the Supervisor of Elections), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, and have issued our report thereon dated September 1, 2021.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Supervisor of Elections' Response to Findings

The Supervisor of Elections' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Supervisor of Elections' 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 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
September 1, 2021

SCHEDULE OF FINDINGS AND RESPONSES

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*.

2020-001 Audit Adjustments

Type of Finding: Material weakness in internal control over financial reporting.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the Supervisor of Elections ability to ensure financial transactions are authorized and accurate. The Supervisor of Election's management is responsible for establishing and maintaining internal controls for the proper recording of all transactions.

Condition: As part of the audit, we proposed audit adjustments to correct the Supervisor of Elections' financial statements at year-end. These entries included adjustments to record a capital lease, and adjustments to grant revenues and receivables.

Context: The adjustments were material in aggregate.

Cause: The Supervisor of Elections' internal controls over financial reporting did not detect or prevent the errors.

Effect: The Supervisor of Elections' financial records were materially misstated and we proposed adjusting entries to management to correct the financial statements. The proposed audit adjustments were recorded by management to correct the financial statements.

Recommendation: We recommend that management evaluate internal control processes and procedures to ensure the recording transactions in the proper period and that review of financial information is effective in detecting transactions recorded improperly. We further recommend additional reviews of all accounts that would have a material impact on the financial statements throughout the year.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the Finding and Recommendation. The Clerk's Finance Department will continue to work in coordination with the Supervisor of Elections office to ensure that we are fully aware of all financial transactions entered into by and on behalf of the Supervisor of the Elections. Additionally, the Clerk's Finance Department is in the process of reviewing all internal processes to ensure that financial transactions are properly recorded.



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, 2020, and have issued our report thereon dated September 1, 2021.

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 September 1, 2021, 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
September 1, 2021



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, 2020. 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, 2020.

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
September 1, 2021

**TAX COLLECTOR
GLADES COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2020



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**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, 2020, 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, 2020, 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, 2020, 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 August 25, 2021 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
August 25, 2021

FINANCIAL STATEMENTS

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

| | |
|--------------|------------------------|
| Cash | <u>\$ 6,683</u> |
| Total Assets | <u><u>\$ 6,683</u></u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|--------------------------------------|--------------|
| Accounts Payable | \$ 1,914 |
| Due to Board of County Commissioners | <u>4,769</u> |
| Total Liabilities | <u>6,683</u> |

FUND BALANCE

| | |
|------------------------------------|------------------------|
| | <u>-</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 6,683</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, 2020**

| | | |
|--|--|--------------------|
| REVENUES | | \$ - |
| EXPENDITURES | | |
| Current: | | |
| Personal Services | | 377,976 |
| Operating Expenditures | | 78,264 |
| Capital Outlay | | 45,785 |
| Total Expenditures | | <u>502,025</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | | (502,025) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers from the Board of County Commissioners | | 502,675 |
| Transfers to the Board of County Commissioners | | <u>(650)</u> |
| Total Other Financing Sources | | <u>502,025</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, 2020**

ASSETS

| | |
|-------------------|--------------------------|
| Cash | \$ 299,332 |
| Other Receivables | <u>15</u> |
| Total Assets | <u><u>\$ 299,347</u></u> |

LIABILITIES

| | |
|--------------------------------------|--------------------------|
| Due to Board of County Commissioners | \$ 154,411 |
| Due to Other Governments | <u>144,936</u> |
| Total Liabilities | <u><u>\$ 299,347</u></u> |

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*, which allows the Tax Collector to only present fund financial statements. These financial statements present only the portion of the funds of Glades County, Florida that are attributable to the Tax Collector. They are not intended to present fairly the financial position and results of operations of Glades County, Florida in conformity with accounting principles generally accepted in the United States of America. The financial activities of the Tax Collector, as a constitutional officer, are included in the Glades County, Florida Annual Financial Report.

Basis of Accounting and Measurement Focus

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

The modified accrual basis of accounting is followed by the General Fund. Under the modified accrual basis of accounting, intergovernmental transfers are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated sick and vacation pay and other postemployment benefits, which are not recorded until paid.

The agency fund is accounted for using the accrual basis of accounting.

Property Tax Collection

Chapter 197, Florida Statutes, governs property tax collection.

Current Taxes – All property taxes become due and payable on November 1 and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates – The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collection (Continued)

Tax Deeds – The owner of a tax certificate may file an application for tax deed sale two years after the taxes have been delinquent (after April 1). The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Interfund Transactions

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

Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources (uses). The amount transferred by the Board to fund the 2020 budget of the Tax Collector was \$502,675.

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board. Excess appropriations of \$650 were due to the Board of County Commissioners General Fund at September 30, 2020.

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, 2020**

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, 2020 was as follows:

| | Balance October 1, 2019 | Increases | Decreases | Balance September 30, 2020 |
|-----------------------------------|-------------------------------|------------------|-------------------|----------------------------------|
| Capital Assets Being Depreciated: | | | | |
| Equipment | \$ 71,305 | \$ 45,785 | \$ (40,948) | \$ 76,142 |
| Less Accumulated Depreciation: | | | | |
| Equipment | 52,767 | 6,560 | (31,432) | 27,895 |
| Total Capital Assets, Net | <u>\$ 18,538</u> | <u>\$ 39,225</u> | <u>\$ (9,516)</u> | <u>\$ 48,247</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, 2020 are reported in the governmental activities in the government-wide financial statements of the County and are as follows:

| | |
|------------------------------|------------------|
| Balance - October 1, 2019 | \$ 15,315 |
| Increases | 21,887 |
| Decreases | (21,351) |
| Balance - September 30, 2020 | <u>\$ 15,851</u> |
| Amounts Due Within One Year | <u>\$ 12,584</u> |

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

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, 2020, 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, 2020**

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, 2020, 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, 2020, 2019, and 2018 were \$33,608, \$33,424, and \$31,219, respectively, equal to the actuarially determined contribution requirements for each year.

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, there is no pending or, to the knowledge of the County, any threatened litigation against the Tax Collector.

NOTE 9 CONTINGENCIES

During the fiscal year, 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 2021 operations and financial results. 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 events associated with the pandemic continue to develop.

REQUIRED SUPPLEMENTARY INFORMATION

**TAX COLLECTOR
GLADES COUNTY, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal Services | 407,101 | 377,976 | 377,976 | - |
| Operating Expenditures | 81,574 | 78,914 | 78,264 | 650 |
| Capital Outlay | 14,000 | 45,785 | 45,785 | - |
| Total Expenditures | <u>502,675</u> | <u>502,675</u> | <u>502,025</u> | <u>650</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (502,675) | (502,675) | (502,025) | 650 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 502,675 | 502,675 | 502,675 | - |
| Transfers Out | - | - | (650) | (650) |
| Total Other Financing Sources (Uses) | <u>502,675</u> | <u>502,675</u> | <u>502,025</u> | <u>(650)</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, 2020**

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, 2020, 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 August 25, 2021.

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) as a basis for designing 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 financial statements. 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
August 25, 2021



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, 2020, and have issued our report thereon dated August 25, 2021.

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 August 25, 2021, 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
August 25, 2021



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, 2020. 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, 2020.

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
August 25, 2021