

McGladrey & Pullen

Certified Public Accountants

Glades County, Florida

Annual Financial Report
September 30, 2008

PREPARED BY

THE FINANCE DEPARTMENT

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Board of County Commissioners Glades County, Florida
Moore Haven, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Glades County, Florida (the "County"), as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Glades County, Florida, as of September 30, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 2009 on our consideration of Glades County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis ("MD&A") and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and the Florida Single Audit Act, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

West Palm Beach, Florida
September 4, 2009

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, 2008. Please read it in conjunction with the County's financial statements, which follow this section.

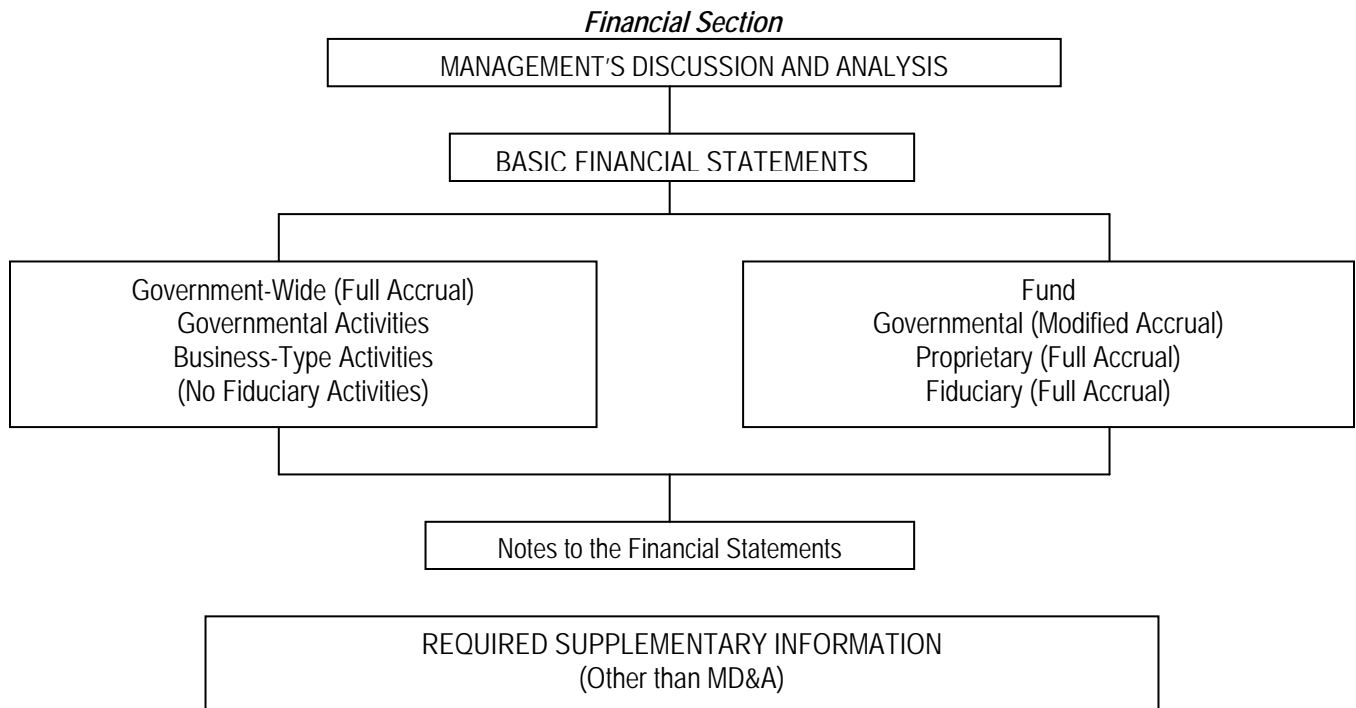
Financial Highlights

The County's total net assets increased by approximately \$3.2 million over the course of this year's operations. The net deficit of our business-type activities increased by approximately \$202,000 and net assets of our governmental activities increased by approximately \$3.5 million.

At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$4.8 million, or 74% 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 and required supplementary information.



Management’s Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-Wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary activities)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private business	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenue, expenditures and changes in fund balances	* Statement of net assets * Statement of revenue expenses and changes in net assets *Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets and long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Basic Financial Statements

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

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

Management's Discussion and Analysis (Unaudited)

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

The difference between the County's total assets and total liabilities is *net assets*. Over time, increases or decreases in net assets 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 assets in general, as this amount increases it indicates that the financial position of the County is improving over time.

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

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

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

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

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

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 assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis after the statement of revenue, expenditures and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the statement of activities.

Proprietary fund. Financial statements consist of a statement of net assets, statement of revenue, expenses, and changes in fund net assets 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 assets and a statement of changes in fiduciary net assets.

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 assets as of September 30, 2008 and 2007, derived from the government-wide Statement of Net Assets:

	Net Assets (in thousands)					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	2008	2007
	2008	2007	2008	2007		
Current and other assets	\$ 14,866	\$ 15,399	\$ 1,723	\$ 1,907	\$ 16,589	\$ 17,306
Capital assets	26,487	22,420	726	697	27,213	23,117
Total assets	41,353	37,819	2,449	2,604	43,802	40,423
Other liabilities	3,886	3,930	19	3,717	3,905	7,647
Long-term liabilities	1,630	1,519	3,765	21	5,395	1,540
Total liabilities	5,516	5,449	3,784	3,738	9,300	9,187
Net assets:						
Invested in capital assets, net of related debt	25,514	21,384	726	697	26,240	22,081
Restricted	2,068	2,939	-	-	2,068	2,939
Unrestricted	8,255	8,047	(2,061)	(1,831)	6,194	6,216
Total net assets (deficit)	\$ 35,837	\$ 32,370	\$ (1,335)	\$ (1,134)	\$ 34,502	\$ 31,236

Current assets for the governmental activities increased \$3.5 million due to grant funding received in advance which resulted in higher cash balances. Overall, total liabilities increased \$100,000 due to construction retainage, larger unearned revenue balances, and timing of payment of accrued expenses.

As noted earlier, net assets 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 exceeded liabilities by \$34.5 million. The largest portion of the County's net assets is invested in capital assets and is 76% of total net assets. This category reflects its 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 these net assets are 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 assets represent 6% of total net assets. Restricted net assets represent resources that are subject to external restrictions on how they can be used. Unrestricted net assets represent 18 % of the total net assets. Unrestricted net assets represent resources that are available for spending.

The net assets increased by \$3.2 million during the fiscal year. This increase is attributed to increases in ongoing revenues such as charges for services, capital grants, and property taxes outstripping similar increases in ongoing expenses.

The table below presents a summary of changes in net assets for the years ended September 30, 2008 and 2007, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 8,334	\$ 5,158	\$ 473	\$ 625	\$ 8,807	\$ 5,783
Operating grants and contributions	5,253	6,759	457	191	5,710	6,950
Capital grants and contributions	602	153	-	-	602	153
General Revenues:						
Property taxes	7,802	7,509	-	-	7,802	7,509
Other taxes	3,743	3,602	-	-	3,743	3,602
Other revenues	817	805	51	94	868	899
Total revenues	26,551	23,986	981	910	27,532	24,896
Expenses:						
General government	3,181	4,907	-	-	3,181	4,907
Public safety	13,968	8,938	-	-	13,968	8,938
Physical environment	875	2,968	-	-	875	2,968
Transportation	2,160	2,845	-	-	2,160	2,845
Culture and recreation	233	184	-	-	233	184
Human services	340	300	-	-	340	300
Economic development	2,231	1,157	-	-	2,231	1,157
Court-related costs	73	37	-	-	73	37
Interest on long-term debt	23	42	-	-	23	42
Solid waste	-	-	1,182	(994)	1,182	(994)
Total expenses	23,084	21,378	1,182	(994)	24,266	20,384
(Decrease) increase in net assets	3,467	2,608	(201)	1,904	3,266	4,512
Net assets (deficit), beginning	32,370	29,762	(1,134)	(3,038)	31,236	26,724
Net assets (deficit), ending	\$ 35,837	\$ 32,370	\$ (1,335)	\$ (1,134)	\$ 34,502	\$ 31,236

Glades County, Florida

Management's Discussion and Analysis (Unaudited)

Over time, increases and decreases in net assets measure whether the County's financial position is improving or deteriorating. During this fiscal year, the net assets of the governmental activities increased by approximately \$3.5 million or 11%, and the net deficit of the business-type activities decreased by approximately \$201,000 or 18%.

Governmental activities. Governmental activities increased the County's net assets by approximately \$3.5 million, accounting for 100% of the total increase in net assets. Overall revenues increased \$2.5 million and expenses increased \$1.7 million. Key elements of these changes are as follows:

- Charges for services increased by approximately \$3.2 million during the year. Most of the increase is attributed to the management fees received by the Sheriff's Office under the management contract with the Glades Correctional Development Corporation (GCDC).
- Operating grants decreased approximately \$1.5 million due to the completion major grant funded projects such as Harney Pond dredging project and and hurricane housing recovery projects throughout the County.
- Capital grants increased approximately \$449,000 primarily due to the renovation of the courthouse and county jail facilities which was grant funded.
- Property tax revenues increased approximately \$293,000 due to increase in property values.
- Public Safety expenses increased approximately \$5 million due to an increase in law enforcement activities and correctional activities related to the operation of the GCDC prison facility.
- Physical Environment expenses decreased approximately \$2 million due to the completion of the Harney Pond dredging/muck cleanup project.
- Economic Development expenses increased approximately \$1.1 million due to the construction of new homes and replacement of hurricane-damaged homes for low income families.

Business-type activities. Business-type activities decreased the County's net assets by approximately \$201,000. Overall revenues increased \$71,000 and expenses increased by \$2.2 million. Revenues increased due to increase in use of the landfill by County residents. Expenses increased due to the preparation for closure of cell one of the landfill and there were no significant adjustments/changes in estimate made to the landfill closure and post-closure care liability as was noted in the prior fiscal year.

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, *unreserved 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, unreserved fund balance of the General Fund was \$4.8 million while the total fund balance reached \$5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures. Unreserved fund balance represents 74% of total general fund expenditures and 95% of the general fund balance.

Glades County, Florida

Management's Discussion and Analysis (Unaudited)

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

The fund balance of the County's General Fund increased by approximately \$358,000 during the current fiscal year. The change is attributed to an increase in ad-valorem taxes and sales and miscellaneous taxes collected.

Other major funds showed changes in fund balance as follows:

- Transportation Trust Fund had an increase of approximately \$174,000 due to an increase in intergovernmental revenues.
- SHIP Fund had a decrease of approximately \$431,000 due to an increase in the number of eligible recipients actively participating in the program.
- Sheriff Fund had an increase of approximately \$5,500 due to an increase in revenues earned from charges for services for management of the GCDC prison facility.
- Capital Outlay Fund had a decrease of approximately \$463,000 resulting from expenditures for the courthouse renovation project.

Proprietary Funds

The Solid Waste Fund showed an approximate \$201,000 decrease in net assets from the prior year. The decrease is due primarily to an increase in costs associated with preparation for closure of cell one of the landfill.

General Fund Budgetary Highlights

During the year there was a \$2,818,000 increase in revenue appropriations and a \$4,068,000 increase in expenditure appropriations from original to final amended budget. Some of significant changes were as follows:

- Increase of \$2,554,000 in grant revenues. The increase included \$2,324,000 for the Community Development Block Grant, \$100,000 South Florida Water Management Master Plan Grant, and \$100,000 Small County Technical Assistance Grant.
- Increase of \$1,066,000 in General Government expenditures for professional services, repair & maintenance of buildings, and 744,000 of budgeted cash to be carried forward from the prior year.
- Increase of \$2,330,000 in Economic Development expenditures for rehabilitation, demolition, and replacement housing related to the Community Development Block Grant.
- Increase of \$530,000 in Capital Outlay expenditures for renovation of the County Courthouse and Jail facilities.

The comparison between final amended budget and actual was a positive net change of approximately \$360,000.

Glades County, Florida

Management's Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2008 and 2007, the County had \$27.2 million and \$23.1 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	
	2008	2007	2008	2007	2008	2007
Land and construction in progress	\$ 4,161	\$ 2,261	\$ 25	\$ 25	\$ 4,186	\$ 2,286
Land improvements	-	-	574	574	574	574
Infrastructure	33,270	30,932	-	-	33,270	30,932
Buildings	11,534	11,083	46	46	11,580	11,129
Equipment, furniture and vehicles	8,693	7,551	667	601	9,360	8,152
K-9 Unit	-	10	-	-	-	10
Less: Accumulated depreciation	(31,171)	(29,417)	(586)	(549)	(31,757)	(29,966)
Total	\$ 26,487	\$ 22,420	\$ 726	\$ 697	\$ 27,213	\$ 23,117

Major capital asset events during the year included:

- Widening road shoulders and resurfacing CR 721/731 for approximately \$2 million.
- Transfer of construction in progress assets of approximately \$2 million to buildings.
- Purchase of Public Safety 911 communication system for \$206,000.

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

Debt Administration

As of year-end, the County had outstanding long-term liabilities of \$1.6 million in governmental activities and \$3.8 million in business-type activities which was similar to the balances in the prior year.

Glades County, Florida

Management's Discussion and Analysis (Unaudited)

The debt position of the County is summarized below and is more fully explained in the notes to the financial statements:

	Bonded Debt and Notes Payable (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Leases payable	\$ 173	\$ 236	\$ -	\$ -	\$ 173	\$ 236
Note payable	800	800	-	-	800	800
Claims and judgments	-	2	-	-	-	2
Landfill closure obligation	-	-	3,755	3,708	3,755	3,708
Estimated liability for compensated absences	657	481	10	9	667	490
Total	\$ 1,630	\$ 1,519	\$ 3,765	\$ 3,717	\$ 5,395	\$ 5,236

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

- The County currently has capital lease agreements for three fire trucks and fourteen police cars.
- An increase in compensated absences indicates employees are using less time than earned.
- A decrease in claims and judgments indicates less claim payouts than prior years.
- There was an increase in the estimated liability for landfill closure and post-closure care costs.

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 2007-08 budget. The County expenditures have been strategically linked to the goals, objectives, core businesses, and existing obligations of the County. The impact on the budgetary process has been an increase in capital improvements, infrastructure improvements, and development service related costs.

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

Contacting the County's Financial Management

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

Glades County, Florida

Statement of Net Assets (Deficit)
September 30, 2008

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 10,874,762	\$ 522,737	\$ 11,397,499	\$ 35,071
Restricted cash and cash equivalents	2,233,271	-	2,233,271	
Accounts receivable	676,262	13,959	690,221	-
Internal balances	15,252	(15,252)	-	-
Due from other governmental agencies	974,581	-	974,581	-
Inventories	90,804	-	90,804	-
Prepaid expenses	1,255	-	1,255	-
Noncurrent – restricted cash and cash equivalents	-	1,201,597	1,201,597	-
Capital assets:				
Nondepreciable	4,161,116	25,000	4,186,116	-
Depreciable, net	22,325,778	700,849	23,026,627	-
Total assets	41,353,081	2,448,890	43,801,971	35,071
Liabilities				
Accounts payable	1,545,776	19,391	1,565,167	-
Accrued expenses	507,227	-	507,227	-
Due to other governmental agencies	99,812	-	99,812	-
Unearned revenues	1,733,154	-	1,733,154	-
Long-term liabilities				
Due within one year	637,481	7,123	644,604	-
Due in more than one year	992,468	3,757,435	4,749,903	-
Total liabilities	5,515,918	3,783,949	9,299,867	-
Net assets (deficit):				
Invested in capital assets, net of related debt	25,513,695	725,849	26,239,544	-
Restricted for:				
Capital projects	1,796,450	-	1,796,450	-
Grants and other	272,204	-	272,204	-
Unrestricted	8,254,814	(2,060,908)	6,193,906	35,071
Total net assets (deficit)	\$ 35,837,163	\$ (1,335,059)	\$ 34,502,104	\$ 35,071

See Notes to Financial Statements.

Glades County, Florida

Statement of Activities
Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,180,890	\$ 1,278,783	\$ 602,867	\$ 602,241
Public safety	13,967,806	6,804,373	531,808	-
Physical environment	875,104	247,142	-	-
Transportation	2,160,338	3,600	2,116,015	-
Culture and recreation	232,636	-	75,000	-
Human services	340,460	-	147	-
Economic development	2,230,530	-	1,927,151	-
Court-related costs	73,077	-	-	-
Interest on long-term debt	23,323	-	-	-
Total governmental activities	23,084,164	8,333,898	5,252,988	602,241
Business-type activities:				
Solid waste	1,181,602	473,241	456,727	-
Total business-type activities	1,181,602	473,241	456,727	-
Total primary government	\$ 24,265,766	\$ 8,807,139	\$ 5,709,715	\$ 602,241
Component Unit				
Glades Soil and Water Conservation District	\$ 2,850	\$ -	\$ 2,175	\$ -
Total component unit	\$ 2,850	\$ -	\$ 2,175	\$ -

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for other purposes
- Public service, sales and miscellaneous taxes

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets (deficit), beginning

Net assets (deficit), ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (696,999)	\$ -	\$ (696,999)	
(6,631,625)	-	(6,631,625)	
(627,962)	-	(627,962)	
(40,723)	-	(40,723)	
(157,636)	-	(157,636)	
(340,313)	-	(340,313)	
(303,379)	-	(303,379)	
(73,077)	-	(73,077)	
(23,323)	-	(23,323)	
(8,895,037)	-	(8,895,037)	
-	(251,634)	(251,634)	
-	(251,634)	(251,634)	
(8,895,037)	(251,634)	(9,146,671)	
			\$ (675)
			\$ (675)
6,355,250	-	6,355,250	-
1,446,309	-	1,446,309	-
3,743,263	-	3,743,263	-
374,485	49,398	423,883	366
443,345	585	443,930	-
12,362,652	49,983	12,412,635	366
3,467,615	(201,651)	3,265,964	(309)
32,369,548	(1,133,408)	31,236,140	35,380
\$ 35,837,163	\$ (1,335,059)	\$ 34,502,104	\$ 35,071

Glades County, Florida

Balance Sheet
 Governmental Funds
 September 30, 2008

Assets	General Fund	Transportation Trust	SHIP
Cash and cash equivalents	\$ 4,504,981	\$ 1,788,078	\$ 77,838
Restricted cash and cash equivalents	439,342	-	328,458
Accounts receivable	160,091	164,596	-
Due from other funds	189,641	-	-
Due from other governments	311,070	42,760	-
Inventories	-	90,804	-
Prepaid expenditures	1,255	-	-
Total assets	\$ 5,606,380	\$ 2,086,238	\$ 406,296
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	124,187	37,384	27,578
Due to other funds	-	42,318	961
Due to other governments	4,045	-	-
Deferred or unearned revenue	343,432	40,431	377,757
Other accrued expenditures	139,176	-	-
Total liabilities	610,840	120,133	406,296
Fund balances:			
Reserved for:			
Prepaid items and inventory	1,255	90,804	-
Capital projects	173,921	-	-
Cemetery care	49,481	-	-
Unreserved	4,770,883	1,875,301	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Total fund balances (deficit)	4,995,540	1,966,105	-
Total liabilities and fund balances (deficit)	\$ 5,606,380	\$ 2,086,238	\$ 406,296

See Notes to Financial Statements.

Sheriff Operating Fund	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ 609,651	\$ 2,243,384	\$ 1,650,830	\$ 10,874,762
-	1,252,201	213,270	2,233,271
278,641	40,443	32,491	676,262
13,885	-	54,069	257,595
28,909	586,842	5,000	974,581
-	-	-	90,804
-	-	-	1,255
<u>\$ 931,086</u>	<u>\$ 4,122,870</u>	<u>\$ 1,955,660</u>	<u>\$ 15,108,530</u>

204,824	1,061,189	90,614	\$ 1,545,776
34,213	38,768	126,083	242,343
-	-	95,767	99,812
53,245	1,226,463	254,967	2,296,295
357,640	-	10,411	507,227
<u>649,922</u>	<u>2,326,420</u>	<u>577,842</u>	<u>4,691,453</u>

-	-	-	92,059
-	1,252,201	-	1,426,122
-	-	-	49,481
281,164	544,249	-	7,471,597
-	-	1,377,818	1,377,818
<u>281,164</u>	<u>1,796,450</u>	<u>1,377,818</u>	<u>10,417,077</u>
<u>\$ 931,086</u>	<u>\$ 4,122,870</u>	<u>\$ 1,955,660</u>	<u>\$ 15,108,530</u>

Glades County, Florida

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets
September 30, 2008

Total fund balance – governmental funds	\$ 10,417,077
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities statement of net assets.	26,486,894
Deferred revenue in the fund level statements is susceptible to full accrual in the government-wide statements	563,141
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities statement of net assets.	(1,629,949)
Net assets of governmental activities in the statement of net assets	<u><u>\$ 35,837,163</u></u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 Governmental Funds
 Year Ended September 30, 2008

	General Fund	Transportation Trust	SHIP
Revenues:			
Ad valorem taxes	\$ 6,355,250	\$ 70,628	\$ -
Sales and miscellaneous taxes	1,656,077	1,671,161	-
Fees and fines	1,833	-	-
Licenses and permits	39,672	3,600	-
Intergovernmental	1,924,853	2,116,015	367,326
Charges for services	717,724	-	-
Investment earnings	197,061	44,054	19,218
Miscellaneous	221,702	6,401	-
Franchise fees	38,822	-	-
Total revenues	11,152,994	3,911,859	386,544
Expenditures:			
Current:			
General government	2,149,104	-	-
Public safety	1,477,654	-	-
Physical environment	53,313	-	-
Transportation	-	1,442,900	-
Human services	300,043	-	-
Culture and recreation	135,290	-	-
Economic development	1,294,111	-	817,619
Court-related costs	21,543	-	-
Debt service:			
Principal	34,930	-	-
Interest	15,407	-	-
Capital outlay	948,919	2,296,248	-
Total expenditures	6,430,314	3,739,148	817,619
Excess (deficiency) of revenues over expenditures	4,722,680	172,711	(431,075)
Other financing sources (uses):			
Proceeds from disposal of capital assets	2,561	980	-
Proceeds from long-term debt	-	-	-
Transfers in	12,000	-	-
Transfers out	(4,378,912)	-	-
Total other financing sources (uses)	(4,364,351)	980	-
Net change in fund balances	358,329	173,691	(431,075)
Fund balances, beginning	4,637,211	1,792,414	431,075
Fund balances (deficit), ending	\$ 4,995,540	\$ 1,966,105	\$ -

See Notes to Financial Statements.

Sheriff Operating Fund	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,410,973	\$ 7,836,851
-	380,733	-	3,707,971
117,316	-	1,113,381	1,232,530
-	-	194,730	238,002
120,877	805,353	296,283	5,630,707
5,208,709	-	914,555	6,840,988
1,886	75,246	44,061	381,526
36,207	140,000	-	404,310
-	250	-	39,072
5,484,995	1,401,582	3,973,983	26,311,957
-	19,496	1,882,658	4,051,258
9,781,015	-	739,907	11,998,576
-	294	413,408	467,015
-	-	-	1,442,900
-	-	-	300,043
-	20,003	-	155,293
-	-	18,345	2,130,075
-	-	-	21,543
305,773	-	-	340,703
7,916	-	-	23,323
410,367	1,824,656	884,658	6,364,848
10,505,071	1,864,449	3,938,976	27,295,577
(5,020,076)	(462,867)	35,007	(983,620)
-	-	-	3,541
277,585	-	-	277,585
4,823,447	-	1,583,921	6,419,368
(75,460)	-	(1,964,996)	(6,419,368)
5,025,572	-	(381,075)	281,126
5,496	(462,867)	(346,068)	(702,494)
275,668	2,259,317	1,723,886	11,119,571
\$ 281,164	\$ 1,796,450	\$ 1,377,818	\$ 10,417,077

Glades County, Florida

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended September 30, 2008

Net change in fund balances– total governmental funds	\$ (702,494)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlay exceeds depreciation expense and losses on disposal.	4,066,882
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability.	(277,585)
Governmental funds report repayment of debt principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities.	340,703
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Current change in compensated absences	(175,836)
Current change in claims and judgments	2,500
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	213,445
Change in net assets of governmental activities	<u><u>\$ 3,467,615</u></u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Net Assets
 Proprietary Fund
 September 30, 2008

	Enterprise Fund Solid Waste
Assets	
Current Assets:	
Cash and cash equivalents	\$ 522,737
Accounts receivable, net	13,959
Total current assets	536,696
Noncurrent Assets:	
Restricted assets:	
Cash	1,201,597
Total restricted assets	1,201,597
Capital Assets:	
Land and land improvements	599,421
Buildings	45,433
Equipment and furniture	667,105
Less accumulated depreciation	(586,110)
Total capital assets	725,849
Total noncurrent assets	1,927,446
Total assets	2,464,142
Liabilities	
Current Liabilities:	
Accounts payable	19,391
Due to other funds	15,252
Compensated absences	7,123
Total current liabilities	41,766
Noncurrent liabilities:	
Compensated absences	3,053
Liability for landfill closure	3,754,382
Total noncurrent liabilities	3,757,435
Total liabilities	3,799,201
Net Assets (Deficit)	
Invested in capital assets, net of related debt	725,849
Unrestricted	(2,060,908)
Total net assets (deficit)	\$ (1,335,059)

See Notes to Financial Statements.

Glades County, Florida

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Fund
 Year Ended September 30, 2008

	<u>Enterprise Fund</u> <u>Solid Waste</u>
Revenues	
Charges for services	\$ 473,241
Operating grants and contributions	456,727
Total operating revenues	<u>929,968</u>
Operating Expenses	
Personal services	268,367
Contractual services	574,618
Utilities	8,856
Repairs and maintenance	54,553
Materials and supplies	80,770
Insurance claims and expenses	60,258
Depreciation	53,013
Miscellaneous expenses	34,967
Landfill closure/post-closure	46,200
Total operating expenses	<u>1,181,602</u>
Operating income (loss)	<u>(251,634)</u>
Nonoperating Revenues (Expenses)	
Interest and investment revenues	49,398
Gain on disposal of capital assets	585
Total nonoperating revenues (expenses)	<u>49,983</u>
Change in net assets	<u>(201,651)</u>
Total net deficit, beginning	<u>(1,133,408)</u>
Total net deficit, ending	<u>\$ (1,335,059)</u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Cash Flows
 Proprietary Fund
 Year Ended September 30, 2008

	Enterprise Fund Solid Waste
Cash Flows From Operating Activities	
Cash received from customers, including cash deposits	\$ 955,105
Cash received from other funds	12,072
Cash paid to suppliers	(815,520)
Cash paid to employees	(267,227)
Current year refunds	-
Net cash used in operating activities	(115,570)
Cash Flows From Capital and Related Financing Activities	
Proceeds from disposal of capital assets	585
Acquisition and construction of capital assets	(81,641)
Net cash used in capital and related financing activities	(81,056)
Cash Flows From Investing Activities	
Interest received	49,398
Net cash provided by investment activities	49,398
Net decrease in cash	(147,228)
Cash and cash equivalents, beginning	1,871,562
Cash and cash equivalents, ending	\$ 1,724,334
Reconciliation of operating loss to net cash used operating activities:	
Operating loss	\$ (251,634)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	53,013
Changes in assets and liabilities:	
Decrease in accounts receivable	25,137
Decrease in accounts payable	(1,498)
Increase in due to other funds	12,072
Increase in liability for landfill closure	46,200
Increase in compensated absences	1,140
Total adjustments	136,064
Net cash used in operating activities	\$ (115,570)
Reconciliation of cash and cash equivalents – end of year to statement of net assets	
Unrestricted cash and cash equivalents	\$ 522,737
Restricted cash and cash equivalents	1,201,597
Cash and cash equivalents – end of year	\$ 1,724,334

See Notes to Financial Statements.

Glades County, Florida

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2008

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 816,342
Accounts receivable	10,620
Total assets	<u>\$ 826,962</u>
Liabilities	
Due to other governments	\$ 560,033
Due to individuals	266,929
Total liabilities	<u>\$ 826,962</u>

See Notes to Financial Statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Glades County, Florida (the "County"), is a political subdivision of the State of Florida. The County operates as a noncharter government pursuant to Article VIII, Section (1)(f), of the Constitution of the State of Florida and is governed by an elected Board of County Commissioners (the "Board"), a five-member board elected by the County citizenry at large. The County operates under a Commission-Manager form of government with separation of legislative and executive functions. In addition to the members of the Board, there are five elected Constitutional Officers: The Sheriff, Clerk of the Circuit Court, Tax Collector, Property Appraiser, and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. The Board fully funds the operating budget of all the Constitutional Officers with the exception of the Property Appraiser, whose budget is funded on a pro rata basis by all of the governments levying Ad Valorem Taxes in the County.

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board Codification, Section 2100, has been considered and there are no agencies or entities other than disclosed in the following paragraph which are required to be included in the County's financial statements.

Discretely Presented Component Unit – The Glades Soil and Water Conservation District (the "District") requested and received permission from the State of Florida to be considered a dependent district of Glades County. The District's governing board is elected by the voters of Glades County, Florida. However, the County is financially accountable for the District because the Board of County Commissioners approves the District's budget and funds its operations.

Complete financial statements of the Glades Soil and Water Conservation District may be may be obtained from the Clerk of the Circuit Court., P.O. Box 1018, Moore Haven, FL 33471.

B. Basis of Presentation

The financial statements for the County have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

Government-Wide Statements

The government-wide financial statements (i.e. statement of net assets and changes in net assets) 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. 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.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Sheriff's Operating Fund: This fund is used to account for the expenditures necessary to carry out the powers, duties, and obligations of the Elected Office of the Sheriff as detailed in Chapter 30.15, Florida Statutes.

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.

The County also reports the following fund types:

Agency Funds: These funds account for taxes and licenses collected on behalf of the County and other tax entities; funds received and disbursed by the Clerk's Office in a fiduciary capacity; funds received and disbursed by the Sheriff's Office in a fiduciary capacity; and various other funds and fees received and disbursed in a fiduciary capacity.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. 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 for, 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 and claims and judgments, are recorded only when payment is due.

Proprietary Fund Financial Statements – Proprietary funds distinguish operating revenues and expenses from non-operating 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. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and propriety fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. While governments have the option of following subsequent private sector guidance for their business-type activities, the County has elected not to follow subsequent private-sector guidance.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

The County considers all cash on hand, money market, and all other short-term investments including restricted cash, that are highly liquid as cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, and, at the day of purchase have a maturity date no longer than three months. All investments are carried at fair value as determined from quoted market prices.

E. 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.

F. Inventories

Cemetery inventory consists of burial plots available for sale at the Ortona Cemetery which are recorded at cost. Per Ordinance, permanent residents or owners of real property may purchase up to eight burial plots from the County. Cemetery inventory is expensed when a deed is filed with the Clerk's office upon purchase, subsequent sale or subsequent transfer.

Other 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.

G. Restricted Assets

Certain cash balances are classified as restricted assets because their use is completely restricted by grants or other agreements.

H. Capital Assets

Capital assets, which include land, infrastructure, vehicles, equipment and buildings acquired or constructed for general governmental purposes are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are reported at cost or estimated historical cost. Donated assets are capitalized at their fair value at the time received. Capital assets are defined by the County as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$1,000.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (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.

I. 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.

J. Unearned/Deferred Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and proprietary fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available, are recorded as deferred revenue in the governmental fund financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

K. Fund Equity / Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as investments in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) 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 assets are assets which have third-party limitations on their 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.

L. Accounting Estimates

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

M. 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 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).

N. 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, 2008.

Glades County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Board is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, amounts may be levied for the payment of principal and interest on general obligation long-term debt subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services (other than the payment of principal and interest on general obligation long-term debt) for the year ended September 30, 2008 was \$10 per \$1,000.

Note 2. Cash and Investments

As of September 30, 2008, the County's cash and investments were as follows:

	Balance
Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$ 15,636,799
State of Florida Board of Administration Surplus Funds Trust Fund	11,251
Cash on hand	659
Total cash and cash equivalents	<u>\$ 15,648,709</u>

The Breakdown for Financial Statement purposes are as follows:

Cash and Cash Equivalents	\$ 11,397,499
Restricted Cash and Cash Equivalents	1,201,597
Fiduciary Funds Cash and Cash Equivalents	816,342
Total cash and cash equivalents	<u>\$ 13,415,438</u>

The County's cash and investments are classified as cash and cash equivalents in the accompanying financial statements.

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. 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 depositories 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.

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Authorized investments: The County's policy for investments is to follow Florida Statutes. The Florida State Board of Administration Local Government Surplus Funds Trust Fund ("SBA") is not a registrant with the Securities and Exchange Commission (SEC); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. The Local Government Surplus Funds Trust Fund 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 the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA.

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. There is no formal policy, but it is the County's practice to minimize interest rate risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

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

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)
		Less Than 1 Year
SBA	\$11,251	\$11,251

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 has certain investments in an unrated investment pool administered by the State of Florida.

Concentration of credit risk: There is no formal policy, but it is the County's practice to limit investments in equities and fixed income securities to no more than 5% in any one issue with the exception of SBA funds and U.S. Government and Agency obligations, which have no limit.

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 policy, but its practice is to ensure that all investments are held by the County or its counterparty in the County's name.

Glades County, Florida

Notes to Financial Statements

Note 3. Capital Assets

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2008:

	Balance September 30, 2007	Increases/ Transfers	Decreases/ Transfers	Balance September 30, 2008
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	1,398,357	2,080,337	180,000	3,298,694
	<u>2,260,779</u>	<u>2,080,337</u>	<u>180,000</u>	<u>4,161,116</u>
Assets being depreciated:				
Infrastructure	30,931,722	2,338,497	-	33,270,219
Buildings	11,083,105	450,867	-	11,533,972
Equipment, furniture and vehicles	7,551,502	1,675,238	533,439	8,693,301
K-9 Unit	9,500	-	9,500	-
	<u>49,575,829</u>	<u>4,464,602</u>	<u>542,939</u>	<u>53,497,492</u>
	<u>51,836,608</u>	<u>6,544,939</u>	<u>722,939</u>	<u>57,658,608</u>
Less accumulated depreciation for:				
Infrastructure	22,214,751	1,109,874	-	23,324,625
Buildings	2,457,259	277,736	-	2,734,995
Equipment, furniture and vehicles	4,741,736	895,403	525,045	5,112,094
K-9 Unit	2,850	950	3,800	-
	<u>29,416,596</u>	<u>2,283,963</u>	<u>528,845</u>	<u>31,171,714</u>
Net capital assets, governmental activities	\$ 22,420,012	\$ 4,260,976	\$ 194,094	\$ 26,486,894
Business-Type Activities:				
Assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Assets being depreciated:				
Land improvements	574,421	-	-	574,421
Buildings	45,433	-	-	45,433
Equipment, furniture and vehicles	601,780	81,642	16,317	667,105
	<u>1,221,634</u>	<u>81,642</u>	<u>16,317</u>	<u>1,286,959</u>
	<u>1,246,634</u>	<u>81,642</u>	<u>16,317</u>	<u>1,311,959</u>
Less accumulated depreciation for:				
Improvements	126,311	11,639	-	137,950
Buildings	35,696	556	-	36,252
Equipment, furniture and vehicles	387,407	40,818	16,317	411,908
	<u>549,414</u>	<u>53,013</u>	<u>16,317</u>	<u>586,110</u>
Net capital assets, business-type activities	697,220	28,629	-	725,849
Net capital assets primary government	\$ 23,117,232	\$ 4,289,605	\$ 194,094	\$ 27,212,743

Glades County, Florida

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to the various governmental activity functions as follows:

Function	Expense
General government	\$ 426,031
Public Safety	1,210,864
Transportation	246,955
Physical environment	257,688
Economic development	100,455
Culture and recreation	15,937
Human services	26,033
Total	\$ 2,283,963

Depreciation expense for the proprietary fund was \$53,013 and is charged to operating expenses.

Note 4. Interfund Balances and Interfund Transfers

At September 30, 2008, interfund receivables and payables were as follows:

	Due From	Due To
Major governmental funds:		
General Fund	\$ 189,641	\$ -
Transportation Trust	-	42,318
SHIP	-	961
Sheriff Operating Fund	13,885	34,213
Capital Outlay	-	38,768
Total major governmental funds	203,526	116,260
Nonmajor governmental funds:		
Clerk of the Circuit Court	-	6,432
EMSBU	1,524	-
Enhanced 911	-	6,279
Building Department	-	5,950
Property Appraiser	-	35,760
Tax Collector	-	5,232
Sheriff Special Revenue Funds	52,545	66,430
Total nonmajor governmental funds	54,069	126,083
Total governmental funds	257,595	242,343
Proprietary Fund:		
Solid Waste	-	15,252
Total	\$ 257,595	\$ 257,595

Glades County, Florida

Notes to Financial Statements

Note 4. Interfund Balances and Interfund Transfers (Continued)

For the year ended September 30, 2008, interfund transfers were as follows:

	Transfers Out	Transfers In
	<hr/>	<hr/>
Major governmental funds:		
General Fund	\$ 4,378,912	\$ 12,000
Sheriff Operating Fund	75,460	4,823,447
Total major governmental funds	<hr/> 4,454,372	<hr/> 4,835,447
Nonmajor governmental funds:		
EMSTU	1,404,437	-
Clerk of the Circuit Court	-	401,320
Property Appraiser	-	488,787
Supervisor of Elections	-	167,005
Tax Collector	-	456,809
Sheriff Special Revenue Funds	560,559	70,000
Total nonmajor governmental funds	<hr/> 1,964,996	<hr/> 1,583,921
Total	<hr/> \$ 6,419,368	<hr/> \$ 6,419,368

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.

Glades County, Florida

Notes to Financial Statements

Note 5. Long-Term Liabilities

During the year ended September 30, 2008, the following changes occurred in long-term liabilities:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 480,914	\$ 610,163	\$ 434,327	\$ 656,750	\$ 459,725
Leases payable	236,317	277,585	340,703	173,199	82,895
Note payable	800,000	-	-	800,000	94,861
Claims and judgments	2,500	-	2,500	-	-
	<u>\$ 1,519,731</u>	<u>\$ 887,748</u>	<u>\$ 777,530</u>	<u>\$ 1,629,949</u>	<u>\$ 637,481</u>
Business-Type Activities:					
Compensated absences	\$ 9,036	\$ 12,510	\$ 11,370	\$ 10,176	\$ 7,123
Landfill	3,708,182	46,200	-	3,754,382	-
	<u>\$ 3,717,218</u>	<u>\$ 58,710</u>	<u>\$ 11,370</u>	<u>\$ 3,764,558</u>	<u>\$ 7,123</u>

Leases payable: The County currently has two rescue trucks, two fire trucks, and twenty-six police vehicles under capitalized leases. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 82,895	\$ 9,134	\$ 92,029
2010	50,635	3,365	54,000
2011	39,669	831	40,500
Total	<u>\$ 173,199</u>	<u>\$ 13,330</u>	<u>\$ 186,529</u>

The cost and accumulated depreciation of capital assets acquired under the capital leases is approximately \$850,051 and \$299,432, respectively.

Glades County, Florida

Notes to Financial Statements

Note 5. Long-Term Liabilities (Continued)

Note payable: On December 28, 2005, the County executed a promissory note for \$800,000 to purchase approximately 26 acres of land along SR-78 in Glades County, Florida. The cost of the land was \$761,300. The note will bear an adjustable interest rate equal to the U.S Treasury Note rate plus 168 basis points (currently 6.07%). The note matures in December 2015. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 94,861	\$ 49,234	\$ 144,095
2010	95,535	48,560	144,095
2011	101,293	42,802	144,095
2012	107,092	37,003	144,095
2013	113,241	30,855	144,096
2014-2015	287,978	199,157	487,135
Total	\$ 800,000	\$ 407,611	\$ 1,207,611

Note 6. Restricted Assets and Restricted Net Assets

Restricted cash of the County at September 30, 2008 consisted of the following:

Purpose	General		Capital Outlay	Nonmajor Governmental	Total	Total
	Fund	SHIP			Governmental Funds	Proprietary Funds
Cemetery Perpetual Care	\$ 126,976	\$ -	\$ -	\$ -	\$ 126,976	\$ -
Buckhead Ridge Utility	189,161	-	-	-	189,161	-
Law Enforcement Trust	3,239	-	-	-	3,239	-
Intergovernmental Radio	90,304	-	-	-	90,304	-
Driver's Education	3,663	-	-	-	3,663	-
Grants	3,479	328,458	-	213,270	545,207	-
Capital Outlay	-	-	1,252,201	-	1,252,201	-
Landfill Closure Escrow	-	-	-	-	-	1,201,597
Other Escrow Balances	22,520	-	-	-	22,520	-
Total	\$ 439,342	\$328,458	\$ 1,252,201	\$ 213,270	\$ 2,233,271	\$ 1,201,597

Notes to Financial Statements

Note 6. Restricted Assets and Restricted Net Assets (Continued)

Restricted net assets at September 30, 2008 consisted of the following:

Governmental Activities:	Balance
Capital projects	\$ 1,796,450
Grants and other:	
Cemetery Perpetual Care	49,481
Buckhead Ridge Utility	173,921
Law enforcement activities	48,802
Total grants and other	<u>272,204</u>
Total restricted net assets	<u><u>\$ 2,068,654</u></u>

Note 7. Pension Plan

Plan description: The Board contributes to the Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature, and is administered by the State of Florida, Department of Administration, Division of Retirement Services. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

Funding policy: Plan members are not required to contribute to the plan. For the years ended September 30, 2008, 2007 and 2006, the County was required to contribute 16.53%, each year, respectively, for elected county officers and 9.85%, each year, respectively, of the annual covered salaries for regular members and were \$1,262,598, \$898,110 and \$629,777, respectively, equal to the required contributions for each year. FRS issues a publicly available financial report that includes statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants and benefit payments as well as a description of the retirement plans. That report may be obtained by writing to the Division of Retirement Services, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Note 8. 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.

Notes to Financial Statements

Note 8. Landfill Closure and Post-closure Care Costs (Continued)

At September 30, 2008, the County estimates that the cost of permanently capping and maintaining its Fill Area 1 of the landfill in accordance with existing regulations will be \$3,754,000. 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, which was closed during the year ended September 30, 2007. In 2007, 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, 2008, investments of \$1,201,597 are held for these purposes. The County has been funding this escrow account in the amount of \$114,225 per year in accordance with an agreement with the Florida Department of Environmental Protection.

Note 9. 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 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.

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. These losses include an estimate of claims that have been incurred but not reported. The amount of settlements has not exceeded insurance coverage in the past three years.

Glades County, Florida

Notes to Financial Statements

Note 10. 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 City nor the County 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 11. Commitments and Contingencies

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

Project	Total Project Authorization	Expended at September 30, 2008	Balance to Complete
Courthouse Renovations	\$ 1,787,168	\$ 1,632,999	\$ 154,169
Wastewater and Sewer Expansion	2,328,000	599,120	1,728,880
Jail Annex Renovation	1,447,481	652,775	794,706
Community Development Building	149,750	140,031	9,719
Total	<u>\$ 5,712,399</u>	<u>\$ 3,024,924</u>	<u>\$ 2,687,475</u>

Litigation: The County is currently the defendant in a number of litigation issues and claims that arise in the normal course of operations. County management has indicated that they intend to vigorously defend such matters, the ultimate outcome of which, in the opinion of management and legal counsel, will not have a material adverse effect on the financial condition of the County.

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, might constitute a liability of the applicable funds. It is management's opinion that there are not any significant contingent liabilities relating to these grants.

Notes to Financial Statements

Note 11. Commitments and Contingencies (Continued)

Glades Correctional Development Corporation: The Sheriff entered into an agreement with Glades Correctional Development Corporation ("GCDC"), to manage, operate, and maintain the GCDC prison facility. The facility is a 440 bed prison located in Moore Haven, Florida. The agreement is effective through September 30, 2030. For the year ended September 30, 2008, the Sheriff received \$4,707,797 from GCDC, which was used to fund payroll expenses related to the operation of the GCDC facility and a negotiated management fee in the amount of \$500,004. The management fee is based on an annual budget submitted and mutually agreed upon by GCDC and the Sheriff and will be 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 Glades County. GCDC has executed a deed of the facility and land to the County which is being held by a Trustee in escrow and will be delivered to the County after all the Bonds are paid. The County has the right and option to defease or redeem the bonds prior to their maturity date and take title to the project at such time. The bonds are payable solely from rents and other revenues generated from the operations of the prison facility, and neither Glades County nor the Sheriff is liable for this debt.

Note 12. Subsequent Events

Operating lease, County as Lessor: On January 1, 2009, the County entered into an operating lease with Glades Correctional Development Corporation ("GCDC"). The County leased its jail / correctional facility to GCDC for a term of three years. The lease will commence on January 1, 2009 and terminate on December 31, 2011. Future lease payments to be received by the County as of September 30, 2008 for fiscal years 2009 – 2012 are as follows:

Year Ending September 30,	Amount
2009	\$ 375,000
2010	500,000
2011	500,000
2012	125,000
Total	\$ 1,500,000

Debt: On January 9, 2009 the County paid off the outstanding balance of \$800,000 on its promissory note which was scheduled to mature in December 2015. The County made the repayment to avoid interest expense on the note by using available unrestricted cash reserves. The proceeds of the promissory note were initially used to purchase approximately 26 acres of land along SR-87 in Glades County, Florida. The cost of the land was \$761,300.

Notes to Financial Statements

Note 13. Pronouncements Issued, Not Yet Adopted

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* will be effective for the County beginning with its year ending September 30, 2009. This Statement improves the relevance and usefulness of financial reporting by: (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, is effective for the County beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, is effective for the County beginning with its fiscal year ending September 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

GASB Statement No. 52, *Land and other Real Estate held as Investments by Endowments*, was issued November 2007. The requirements of this Statement are effective for the County with its fiscal year ending September 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The provisions of this Statement will be effective for the County beginning with its year ending September 30, 2010.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in March 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this Statement will be effective for the County beginning with its year ending September 30, 2011.

Notes to Financial Statements

Note 13. Pronouncements Issued, Not Yet Adopted (Continued)

GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued April 2009. The Statement incorporates the hierarchy of generally accepted accounting principles ("GAAP") for state and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles. The provisions of this Statement were effective upon issuance which occurred during the County's fiscal year ending September 30, 2009.

GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, was issued April 2009. This Statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants ("AICPA") auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The Statement addresses three issues from the AICPA's literature—related party transactions, going concern considerations, and subsequent events. The provisions of this Statement were effective upon issuance which occurred during the County's fiscal year ending September 30, 2009.

The County's Management has not yet determined the effect these statements will have on the financial statements.

Note 14. Budgetary Appropriations in Excess of Actual

The Sheriff's operating expenditures exceeded budget by \$503,853. Operating expenditures exceeded budget as a result of paying off principal balances on old capital leases and recording capital outlay expenditures for new capital leases entered into in fiscal year 2008. The capital lease transactions were not anticipated or budgeted for in the fiscal year.

Glades County, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
 General Fund
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenues:				
Property, sales and miscellaneous taxes	\$ 7,918,868	\$ 8,056,843	\$ 8,011,327	\$ (45,516)
Fees and fines	1,159	1,833	1,833	-
Licenses and permits	35,467	33,904	39,672	5,768
Intergovernmental	385,152	2,939,950	1,924,853	(1,015,097)
Charges for services	654,977	696,874	717,724	20,850
Investment earnings	169,451	190,551	197,061	6,510
Miscellaneous	109,183	172,652	260,524	87,872
Total revenues	9,274,257	12,092,607	11,152,994	(939,613)
Expenditures:				
Current:				
General government	5,515,877	6,581,980	2,149,104	4,432,876
Public safety	1,450,449	1,556,883	1,477,654	79,229
Physical environment	195,077	193,877	53,313	140,564
Human services	339,719	349,719	300,043	49,676
Culture and recreation	155,831	182,471	135,290	47,181
Economic development	33,480	2,363,302	1,294,111	1,069,191
Court-related costs	61,609	62,643	21,543	41,100
Debt service:				
Principal	-	-	34,930	(34,930)
Interest	49,234	49,235	15,407	33,828
Capital outlay	386,139	915,744	948,919	(33,175)
Total expenditures	8,187,415	12,255,854	6,430,314	5,825,540
Excess (deficiency) of revenues over expenditures	1,086,842	(163,247)	4,722,680	4,885,927
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	2,561	2,561
Transfers in	-	12,013	12,000	(13)
Transfers out	(4,118,699)	(4,485,977)	(4,378,912)	107,065
Total other financing sources (uses)	(4,118,699)	(4,473,964)	(4,364,351)	109,613
Appropriated fund balance	3,031,857	4,637,211	-	(4,637,211)
Net change in fund balances	\$ -	\$ -	358,329	\$ 358,329
Fund balances, beginning			4,637,211	
Fund balances, ending			<u>\$ 4,995,540</u>	

See Notes to Required Supplementary Information.

Glades County, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
 Transportation Trust Fund
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 64,437	\$ 68,956	\$ 70,628	\$ 1,672
Sales and miscellaneous taxes	1,829,428	1,595,638	1,671,161	75,523
Licenses and permits	3,928	3,600	3,600	-
Intergovernmental revenues	-	2,116,015	2,116,015	-
Investment earnings	59,133	44,049	44,054	5
Miscellaneous	4,262	2,652	6,401	3,749
Total revenues	1,961,188	3,830,910	3,911,859	80,949
Expenditures:				
Current:				
Transportation	2,571,151	3,037,326	1,442,900	1,594,426
Capital outlay	495,190	2,585,998	2,296,248	289,750
Total expenditures	3,066,341	5,623,324	3,739,148	1,884,176
Excess (deficiency) of revenues over expenditures	(1,105,153)	(1,792,414)	172,711	1,965,125
Other financing sources:				
Proceeds from disposal of capital assets	-	-	980	980
Total other financing sources	-	-	980	980
Appropriated fund balance	1,105,153	1,792,414	-	(1,792,414)
Net change in fund balances	\$ -	\$ -	173,691	\$ 173,691
Fund balances, beginning			1,792,414	
Fund balances, ending			\$ 1,966,105	

See Notes to Required Supplementary Information.

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 367,326	\$ 17,326
Investment earnings	29,032	29,032	19,218	(9,814)
Total revenue	379,032	379,032	386,544	7,512
Expenditures:				
Current:				
Economic development	1,120,234	1,120,234	817,619	302,615
Total expenditures	1,120,234	1,120,234	817,619	302,615
Excess (deficiency) of revenues over expenditures	(741,202)	(741,202)	(431,075)	310,127
Appropriated fund balance	741,202	741,202	-	(741,202)
Net change in fund balances	\$ -	\$ -	(431,075)	\$ (431,075)
Fund balances – beginning			431,075	
Fund balances – ending			<u>\$ -</u>	

See Notes to Required Supplementary Information.

Glades County, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
 Sheriff Operating Fund
 Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
Revenues:				
Fees and fines	\$ -	\$ 117,316	\$ 117,316	\$ -
Intergovernmental	-	120,877	120,877	-
Charges for services	-	5,208,709	5,208,709	-
Investment earnings	-	1,886	1,886	-
Miscellaneous	-	31,207	36,207	5,000
Total revenues	-	5,479,995	5,484,995	5,000
Expenditures:				
Current:				
Public safety	4,130,980	9,781,512	9,781,015	497
Debt Service:				
Principal	-	79,771	305,773	(226,002)
Interest and other charges	-	7,648	7,916	(268)
Capital outlay	68,098	69,381	410,367	(340,986)
Total expenditures	4,199,078	9,938,312	10,505,071	(566,759)
Excess (deficiency) of revenues over expenditures	(4,199,078)	(4,458,317)	(5,020,076)	(561,759)
Other financing sources (uses):				
Proceeds from capital lease	-	-	277,585	277,585
Transfers in	4,199,078	4,533,777	4,823,447	289,670
Transfers out	-	(75,460)	(75,460)	-
Total other financing sources and uses	4,199,078	4,458,317	5,025,572	567,255
Net change in fund balances	\$ -	\$ -	5,496	\$ 5,496
Fund balances, beginning			275,668	
Fund balances, ending			<u>\$ 281,164</u>	

See Notes to Required Supplementary Information.

Notes to Required Supplementary Information

Note 1. Budgetary Accounting

State Statutes require that all County governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and accounting principles generally accepted in the United States. The Board has established the following procedures in establishing, adopting and maintaining the operating budget.

On or before July 15 of each year, each constitutionally elected officer and the Executive Director of Social Services submits to the Board a tentative budget for the fiscal year commencing the following October 1. Taxpayers are informed of the proposed budget and tentative millage rates through advertising. Public hearings are held to elicit taxpayer comments. The budget is legally adopted through Board Resolution.

The Board, at any time within a fiscal year, may amend a budget for that year as follows:

- 1) Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by actions recorded in the minutes, provided that the total of the appropriations of the fund are not changed.
 - 2) Appropriations from reserves may be made to increase appropriations by resolution of the Board, but no expenditures shall be directly charged to any reserve.
 - 3) A receipt from a source not anticipated in the budget and received for a particular purpose including, but not limited to, grants, donations, gifts or reimbursements for damages may, by resolution of the Board recorded in its minutes, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget in the proper fund.
- It is unlawful for the Board to expend or contract for expenditures in any fiscal year more than the amount budgeted in each individual fund's budget, and in no case shall the total appropriations of any budget be exceeded. Budgetary comparisons presented herein are on a basis consistent with accounting principles generally accepted in the United States and are only prepared for the general fund and major special revenue funds, where applicable.
 - The original budget is the first complete appropriated budget. The final budget is the original budget adjusted for all reserves, transfers, allocations, supplemental appropriations and other legally authorized changes available to the fiscal year, whenever signed into law or otherwise legally authorized.
 - During fiscal year 2008, supplemental appropriations totaling \$4,435,717 in the General Fund, \$2,556,983 in the Transportation Trust Fund, and \$5,814,694 in the Sheriff Operating Fund was required to fund: (1) unanticipated operating, grant program, and capital outlay expenditures, (2) paying off principal balances on old capital leases and recording capital outlay expenditures for new capital leases, and (3) funding payroll expenditures related to the operations of GCDC prison facility.

Glades County, Florida

Schedule of Expenditures of Federal Awards
September 30, 2008

Federal Agency/Program Title	CFDA No.	Federal Agency No.	Expenditures
Federal Financial Assistance			
<i>U.S. Department of Justice:</i>			
Direct Programs:			
Equitable Sharing of Federally Forfeited Property	16.unknown	N/A	\$ 1,015,395
Pass-Through Program From:			
Office of the Attorney General:			
Victims of Crime Act – Glades County Victim Advocate	16.575	V7027	29,373
Pass-Through Program From:			
Florida Department of Law Enforcement:			
Multi-Jurisdictional Task Force-Byrne State and Local	16.738	2008-JAGC-GLAD-1-Q9-211	56,901
Local Law Enforcement Block Grant	16.592	2008-JAGD-GLAD-1-Q0-147	4,045
State Criminal Alien Assistance Program	16.606	2006APBX-0186	2,821
Total U.S. Department of Justice			1,108,535
<i>U.S. Department of Homeland Security:</i>			
Direct Programs:			
Emergency Management-Annex/Coop Agreement	97.067	07-DS-5N-09-32-01-256	1,071
Emergency Management-Annex/Coop Agreement	97.067	08DS-60-09-32-01-131	25,599
Pass-Through Program From:			
State of Florida, Department of Community Affairs:			
Emergency Management Preparedness & Disaster Relief	97.042	08BG-24-09-32-01-317	11,181
Fire Management Assistance-Okeechobee Fires	97.Unknown	FEMA-2696-FM-FL	15,772
Tropical Storm Faye	97.Unknown	FEMA-3288-EM	25,016
TOTAL U.S. Department of Homeland Security			78,639
<i>U.S. Department of Housing & Urban Development:</i>			
Pass-Through Program From:			
State of Florida, Department of Community Affairs:			
CDBG – Small Cities Community Development	14.228	06DB-3K-09-32-01-H01	340,478
CDBG – Supplemental Disaster Recovery	14.228	07-DB-3V-09-32-01-Z09	923,891
TOTAL U.S. Department of Housing & Urban Development			1,264,369

(Continued)

Glades County, Florida

Schedule of Expenditures of Federal Awards (Continued)
September 30, 2008

Federal Agency/Program Title	CFDA No.	Federal Agency No.	Expenditures
<i>U.S. Corporation for National and Community Service:</i>			
Pass-Through Program From:			
State of Florida, Division of Elections:			
Voter Education Funds-HAVA	94.401	N/A	\$ 737
Total U.S. Corporation for National and Community Service			737
 <i>U.S. Department of Health and Human Services:</i>			
Pass-Through Program From:			
State of Florida, Department of Revenue:			
Child Support Enforcement Program	93.563	CC322	37,781
Total U.S. Department of Health and Human Services			37,781
 Total Federal Awards			 \$ 2,490,061

See Notes to Schedule of Federal Awards.

Glades County, Florida

Schedule of State Financial Assistance
September 30, 2008

State Agency/Program Title	CSFA No.	State Agency No.	Expenditures
State Financial Assistance			
State Courts System, Office of the State Courts Administration:			
Small County Courthouse/Grant in Aid	22.004	N/A	\$ 129,648
Courthouse Facilities Grant in Aid	22.004	N/A	373,581
Total State Courts System, Office of the State Courts Administration			503,229
Florida Department of Environmental Protection:			
Small County Solid Waste Agreement	37.012	SC811	277,316
Wastewater Legislative Appropriation	37.039	LP6028	344,511
Total State of Florida, Department of Environmental Protection			621,827
State of Florida Division of Library and Information Services:			
State Aid to Libraries	45.030	07-ST-09	32,192
Total State of Florida Division of Library and Information Services			32,192
State of Florida, Department of Health-Bureau of Emergency Medical Services:			
Emergency Medical Services County Award	64.005	C5022	4,675
Emergency Medical Services County Award	64.005	C6022	9,612
Total State of Florida, Dept. of Health-Bureau of EMS			14,287
Public Safety Foundation of America:			
State of Florida Wireless 911 Board – Rural County Wireless	73.unknown	0512 GCFL	18,196
State of Florida Wireless 911 Board - Rural County Maintenance	73.unknown	N/A	3,377
State of Florida Wireless 911 Board – E911 Primary System	73.unknown	N/A	206,550
Total Public Safety Foundation of America			228,123

(Continued)

Glades County, Florida

Schedule of State Financial Assistance (Continued)
September 30, 2008

State Agency/Program Title	CSFA No.	State Agency No.	Expenditures
Florida Department of Community Affairs:			
Emergency Management Hazardous Analysis	52.023	07-CP-11-09-32-01-019	\$ 1,198
Small County Technical Assistance	52.033	08-DR-90-09-32-01-016	33,813
Florida Local Update of Census Addresses	52.038	08-DD-J3-09-32-01-009	5,661
Emergency Management Preparedness & Disaster Relief	52.008	08-BG-24-09-32-01-317	102,959
Total Florida Department of Community Affairs			143,631
State of Florida, Housing:			
Ship Local Housing Assistance Plan	52.901	N/A	817,621
Hurricane Housing Recovery Assistance Plan	52.902	N/A	91,195
Total State of Florida, Housing			908,816
State of Florida, Department of Transportation:			
Small County Outreach Program	55.009	414517- 1- 58- 01	2,156,446
Total State of Florida, Department of Transportation			2,156,446
State of Florida, South Florida Water Management:			
Glades County Master Plans	N/A	4600000762	126,016
Total South Florida Water Management			126,016
Total State Financial Assistance			\$ 4,734,567

See Notes to Schedule of State Financial Assistance

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2008

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of 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 for grants reported in the proprietary fund. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and Chapter 10.550, Rules of the Auditor General.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's 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*

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

We have audited the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Glades County, Florida (the "County"), as of and for the year ended September 30, 2008, and have issued our report thereon dated September 4, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the members of the Board of County Commissioners, management of Glades County, Florida, the Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
September 4, 2009

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable to
Each Major Federal Program and State Project
and Internal Control Over Compliance in Accordance
With OMB Circular A-133 and Chapter 10.550**

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

Compliance

We have audited the compliance of Glades County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133, Compliance Supplement and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to its major federal programs and state projects for the year ended September 30, 2008. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and state projects for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the County's internal control over compliance.

A *control deficiency* of an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Board of County Commissioners and management of the County, the Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
September 4, 2009

Glades County, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2008

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None Reported

Type of auditor's report issued on compliance for major programs and projects:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ X _____	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG-Small Cities Community Development
14.228	CDBG-Supplemental Disaster Recovery

Dollar threshold used to distinguish between type A and type B federal programs:	\$	300,000
Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2008

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None reported

III. Findings and Questioned Costs for Federal Awards and State Financial Assistance

None reported

Glades County, Florida

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2008

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None reported

II. Findings and Questioned Costs for Federal Awards and State Financial Assistance

None reported

McGladrey & Pullen

Certified Public Accountants

Management Letter Required By Chapter 10.550 of the Rules of the Auditor General of the State of Florida

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Glades County, Florida (the "County"), as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 4, 2009.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 4, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

The Rules of the Auditor General Section 10.554(1)(i)1., requires that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. We noted no such matters in the preceding annual financial audit report.

The Rules of the Auditor General Section 10.554(1)(i)2., requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the County complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General Section 10.554(1)(i)3., requires that we address in the management letter any findings and recommendations to improve the County's financial management, accounting procedures, and internal controls. Current Year's Recommendation to Improve Financial Management, Accounting Procedures, and Internal Controls has been addressed in Appendix A to this report.

The Rules of the Auditor General Section 10.554(1)(i)4., requires disclosure in the management letter of the following matters, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs whether there were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There were no such matters noted during our audit.

The Rules of the Auditor General Section 10.554(1)(i)5., requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal control or schedule of findings and questioned costs and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred or are likely to have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

The Rules of the Auditor General Section 10.554(1)(i)6., also requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Glades County, Florida, Board of County Commissioners was established by the Constitution of the State of Florida, Article VIII, Section 1(e). Glades Soil and Water Conservation District was established by resolution of the State of Florida according to Chapter 582, Florida Statutes of 1941.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in the Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the County met the condition for a state of financial emergency as described in Section 218.503 (1) (e), Florida Statutes. The County reported a deficit net asset balance in the Proprietary Fund (Solid Waste Fund) of \$1,335,059. The deficit was caused by the accrual of landfill closure and post closure costs, which represent a noncash item that will cover closure costs and approximately 30 years of post-closure costs. It is our understanding that the County is required to make annual contributions to a landfill escrow account to finance closure and post closure costs. The County has been funding this escrow account in the amount of \$114,225 per year in accordance with an agreement with the Florida Department of Environmental Protection.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b), we determined that the annual financial report for the County for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c) and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity'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 the same.

This management letter is intended solely for the information of the County Commission, and management of the County, federal and state awarding agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

West Palm Beach, Florida
September 4, 2009

**Appendix A –Current Year Recommendations to Improve
Financial Management, Accounting Procedures, and Internal Controls**

ML 08-01 – Proprietary Fund Deficit

Criteria: The County should generate revenues within its Proprietary Fund (Solid Waste Fund) and/or provide funding necessary to cover current and future costs of its Solid Waste facility.

Condition: We noted that the County reported a deficit net asset balance in the Solid Waste Fund of \$1,335,059. The fund has been operating at a deficit over the past 3 years.

Effect: The County's Management has the responsibility to ensure that the Solid Waste facility generates revenues and/or receives funding necessary to cover current and future costs.

Cause: The deficit was caused by the accrual of landfill closure and post closure costs. Additionally, the County has not generated adequate revenues within the Solid Waste Fund to cover normal operating costs.

Recommendation: The County should consider developing a rate adjustment formula that includes the long-term goal of funding current and future operating costs and landfill closure and post closure costs.

Views of Responsible Officials and Planned Corrective Actions: The County will consider hiring an outside consultant to perform a fee/cost analysis of the Proprietary Fund (Solid Waste Fund) to ensure the ability of the fund to provide for ongoing operational, maintenance and capital requirements of the County's Solid Waste facility.