

McGladrey & Pullen

Certified Public Accountants

Glades County, Florida

Annual Financial Report
September 30, 2007

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 discretely presented component unit and the aggregate remaining fund information of Glades County, Florida (the "County"), as of and for the year ended September 30, 2007, 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 discretely presented component unit and aggregate remaining fund information of Glades County, Florida, as of September 30, 2007, 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 August 21, 2008 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, on pages 3 through 12, and the budgetary comparison information for the General Fund, Transportation Trust Fund, State Housing Initiatives Program Fund, and Sheriff on pages 45 through 48 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
August 21, 2008

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, 2007. Please read it in conjunction with the County's financial statements, which follow this section.

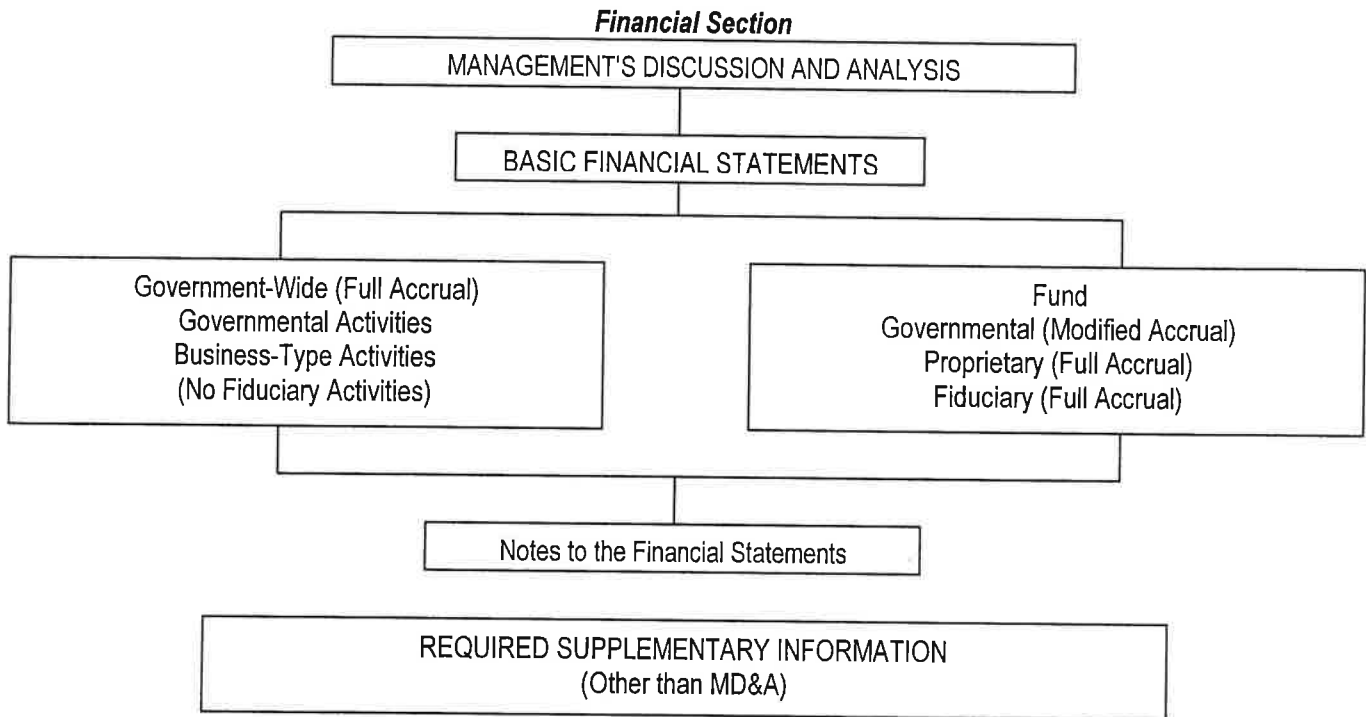
Financial Highlights

The County's total net assets increased by approximately \$4.5 million over the course of this year's operations. The net deficit of our business-type activities decreased by approximately \$1.9 million, and net assets of our governmental activities increased by approximately \$2.6 million.

At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$4.4 million, or 57.9% 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.



Glades County, Florida

Management's Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-Wide	Fund Financial Statements		
	Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary activities)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private business	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	* 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, 2007 and 2006, 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	Total	Total
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 15,399	\$ 12,813	\$ 1,907	\$ 1,973	\$ 17,306	\$ 14,786
Capital assets	22,420	21,797	697	713	23,117	22,510
Total assets	37,819	34,610	2,604	2,686	40,423	37,296
Long-term liabilities	3,930	1,529	3,717	5,607	7,647	7,136
Other liabilities	1,519	3,319	21	117	1,540	3,436
Total liabilities	5,449	4,848	3,738	5,724	9,187	10,572
Net assets:						
Invested in capital assets, net of related debt	21,384	20,836	697	713	22,081	21,549
Restricted	2,939	2,651	-	-	2,939	2,651
Unrestricted	8,047	6,275	(1,831)	(3,751)	6,216	2,524
Total net assets (deficit)	\$ 32,370	\$ 29,762	\$ (1,134)	\$ (3,038)	\$ 31,236	\$ 26,724

Current assets for the governmental activities increased \$2.6 million due to grant funding received in advance and higher cash balances. Overall, total liabilities increased \$601,000 due to construction, larger deferred balances and timing of 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 \$31.2 million. The largest portion of the County's net assets is invested in capital assets and is 71% 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 9.4% 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 19.6% of the total net assets. Unrestricted net assets represent resources that are available for spending.

The net assets increased by \$4.5 million during the fiscal year. This increase is attributed to increases in ongoing revenues such as charges for services, operating grants, property taxes outstripping similar increases in ongoing expenses and a decrease in the estimated cost of closing the landfill and related post-closure activities.

The table below presents a summary of changes in net assets for the years ended September 30, 2007 and 2006, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 5,158	\$ 2,761	\$ 625	\$ 641	\$ 5,783	\$ 3,402
Operating grants and contributions	6,759	1,862	191	189	6,950	2,051
Capital grants and contributions	153	114	-	-	153	114
General Revenues:						
Property taxes	7,509	6,321	-	-	7,509	6,321
Other taxes	3,602	3,344	-	-	3,602	3,344
Other revenues	805	1,656	94	74	899	1,730
Total revenues	23,986	16,058	910	904	24,896	16,962
Expenses:						
General government	4,907	3,267	-	-	4,907	3,267
Public safety	8,938	7,201	-	-	8,938	7,201
Physical environment	2,968	424	-	-	2,968	424
Transportation	2,845	2,079	-	-	2,845	2,079
Culture and recreation	184	314	-	-	184	314
Human services	300	339	-	-	300	339
Economic development	1,157	223	-	-	1,157	223
Court-related costs	37	14	-	-	37	14
Interest on long-term debt	42	49	-	-	42	49
Solid waste	-	-	(994)	1,243	(994)	1,243
Total expenses	21,378	13,910	(994)	1,243	20,384	15,153
(Decrease) Increase in net assets	2,608	2,148	1,904	(339)	4,512	1,809
Net assets (deficit), beginning	29,762	27,614	(3,038)	(2,699)	26,724	24,915
Net assets (deficit), ending	\$ 32,370	\$ 29,762	\$ (1,134)	\$ (3,038)	\$ 31,236	\$ 26,724

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 \$2.6 million or 8.8%, and the net deficit of the business-type activities decreased by approximately \$1.9 million or 62.7%.

Governmental activities. Governmental activities increased the County's net assets by approximately \$2.6 million, accounting for 57.8% of the total change in net assets. Overall revenues increased \$7.9 million and expenses increased \$7.5 million. Key elements of these changes are as follows:

- Charges for services increased by approximately \$2.4 million during the year. Most of the increase is related to the Sheriff's contract with the Glades Correctional Development Corporation.
- Operating grants increased approximately \$4.9 million due to the South Florida Water Management District muck removal at Harney Pond project, a Hurricane Housing Recovery grant and increased activity in the wastewater expansion project.
- Capital grants decreased approximately \$39,000 primarily due to the completion of the American Legion Retrofit project.
- Property taxes increased approximately \$1.2 million due to increase in property values.
- Public Safety increased approximately \$1.7 million due to an increase in law enforcement and corrections activities.
- Physical Environment increased approximately \$2.5 million due to the wastewater expansion project and the Harney Pond muck cleanup project.
- Economic Development increased approximately \$934,000 due to the construction of new homes and replacement of hurricane-damaged homes.

Business-type activities. Business-type activities increased the County's net assets by approximately \$1.9 million. Overall revenues increased \$1.9 million and expenses decreased \$345,000. Revenues increased due to increase in use of the landfill by County residents. Expenses decreased due to a reduction in the estimated liability for closure and post-closure care costs provided by the independent engineering firm used to estimate the liability annually for the county.

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 \$4.4 million while the total fund balance reached \$4.6 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 57.9% of total general fund expenditures and 60.5% 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 to Buckhead Ridge Utilities of \$153,615 and various other restricted purposes such as cemetery perpetual care.

The fund balance of the County's General Fund increased by approximately \$740,000 during the current fiscal year. The key factor of this increase is ad-valorem taxes.

Other major funds included a decrease in fund balance of the Transportation Trust Fund of approximately \$77,000 due to an increase in resurfacing expenditures; a decrease in fund balance of the SHIP Fund of approximately \$143,000 due to an increase in the number of eligible recipients actively participating in the program; an increase in the Sheriff Fund of approximately \$717,000 due to the management contract with Glades Correctional Development Corporation; and an increase in fund balance of the Capital Outlay Fund of approximately \$441,000 due to an increase in grant funding for water and wastewater expansion for the City-County Public Works Authority.

Proprietary Funds

The Solid Waste Fund showed an approximate \$1.9 million increase in net assets from the prior year. Net assets increased due to a change in estimate related to the landfill closure/post-closure liability. Expenses decreased \$345,000 primarily due to a decrease in repairs and maintenance.

General Fund Budgetary Highlights

During the year there was a \$4,763,000 increase in revenue appropriations and a \$6,161,000 increase in expenditure appropriations from original to final amended budget. Some of significant changes were as follows:

- Increase of \$4,515,000 in grant revenue, including \$2,421,000 for the South Florida Water Management District Grant and \$2,065,000 for the Community Development Block Grant.
- Increase of \$214,000 in interest earned.
- Increase of \$2,421,000 in Physical Environment expenditures for contracted services related to the South Florida Water Management District Grant.
- Increase of \$2,065,000 in Economic Development expenditures for rehab, demolition and replacement housing related to the Community Development Block Grant.
- Increase of \$1,137,000 in General Government expenditures for budgeted cash to be carried forward for the following year.

The comparison between final amended budget and actual was a positive net change of approximately \$740,000. The significant items include the following:

- \$1.0 million budget as General Government expenditures to repair county buildings, etc. for damage caused by Hurricane Wilma, which has not yet occurred.

Glades County, Florida

Management's Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2007 and 2006, the County had \$22.4 million and \$697,000, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and construction in progress	\$ 2,261	\$ 2,317	25	\$ 25	\$ 2,286	\$ 2,342
Land improvements	-	-	574	574	574	574
Buildings	11,083	9,438	45	43	11,128	9,481
Equipment, furniture and vehicles	7,551	6,584	602	588	8,153	7,172
K-9 Unit	10	10	-	-	10	10
Infrastructure	30,932	30,932	-	-	30,932	30,932
Less: Accumulated depreciation	(29,417)	(27,484)	(549)	(517)	(29,966)	(28,001)
Total	\$ 22,420	\$ 21,797	\$ 697	\$ 713	\$ 23,117	\$ 22,510

Major capital asset events during the year included:

- Expansion for the wastewater project of \$1.2 million provided for the City-County Public Works Authority.
- Transfer of construction in progress of \$1.5 million to buildings.
- Purchase of public safety vehicles for \$334,000.

Additional information can be found in the note 3 to the financial statements.

Debt Administration

As of year-end, the County had \$1.5 million in long-term liabilities outstanding in governmental activities which was similar to the balance in the prior year. As of year-end, the County had \$3.7 million in long-term liabilities outstanding in business-type activities compared to \$5.6 million last year, a 33.7% decrease.

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	
	2007	2006	2007	2006	2007	2006
Leases payable	\$ 236	\$ 194	\$ -	\$ -	\$ 236	\$ 194
Note payable	800	800	-	-	800	800
Landfill closure obligation	-	-	3,708	5,600	3,708	5,600
Claims and judgments	2	203	-	-	2	203
Estimated liability for compensated absences	481	332	9	7	490	339
Total	\$ 1,519	\$ 1,529	\$ 3,717	\$ 5,607	\$ 5,236	\$ 7,136

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

- The County currently has a lease agreement 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 higher claim payouts related to prior years.
- A decrease in the estimated liability for landfill closure and post-closure care costs for the landfill.

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 that capital improvement and infrastructure improvements have increased as well as 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 the current year. 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, 2007

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 13,518,674	\$ 857,267	\$ 14,375,941	\$ 35,380
Restricted cash and cash equivalents	155,998	1,014,295	1,170,293	-
Accounts receivable	731,519	39,097	770,616	-
Internal balances	3,180	(3,180)	-	-
Due from other governmental agencies	893,139	-	893,139	-
Inventories	91,479	-	91,479	-
Prepaid expenses	5,163	-	5,163	-
Capital assets:				
Nondepreciable	2,260,779	25,000	2,285,779	-
Depreciable, net	20,159,233	672,220	20,831,453	-
Total assets	37,819,164	2,604,699	40,423,863	35,380
Liabilities				
Accounts payable	1,508,947	20,889	1,529,836	-
Accrued Expenses	506,454	-	506,454	-
Due to other governmental agencies	322,056	-	322,056	-
Unearned revenues	1,592,428	-	1,592,428	-
Long-term liabilities				
Due within one year	390,996	1,423	392,419	-
Due in more than one year	1,128,735	3,715,795	4,844,530	-
Total liabilities	5,449,616	3,738,107	9,187,723	-
Net assets (deficit):				
Invested in capital assets, net of related debt	21,383,695	697,220	22,080,915	-
Restricted for:				
Capital projects	2,259,317	-	2,259,317	-
Grants and other	679,544	-	679,544	-
Unrestricted	8,046,992	(1,830,628)	6,216,364	35,380
Total net assets (deficit)	\$ 32,369,548	\$ (1,133,408)	\$ 31,236,140	\$ 35,380

See Notes to Financial Statements.

Glades County, Florida

Statement of Activities
Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,907,351	\$ 1,249,661	\$ 4,683,668	\$ 91,328
Public safety	8,938,006	3,655,171	1,595,514	61,526
Physical environment	2,968,246	248,445	-	-
Transportation	2,844,620	4,700	-	-
Culture and recreation	183,577	-	-	-
Human services	299,870	-	231	-
Economic development	1,157,115	-	479,149	-
Court-related costs	37,359	-	-	-
Interest on long-term debt	41,514	-	-	-
Total governmental activities	21,377,658	5,157,977	6,758,562	152,854
Business-type activities:				
Solid waste	(993,911)	625,411	191,176	-
Total business-type activities	(993,911)	625,411	191,176	-
Total primary government	\$ 20,383,747	\$ 5,783,388	\$ 6,949,738	\$ 152,854
Component Unit				
Glades Soil and Water Conservation District	\$ 104,223	\$ -	\$ 114,222	\$ -
Total component unit	\$ 104,223	\$ -	\$ 114,222	\$ -

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, as restated

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
\$ 1,117,306	\$ -	\$ 1,117,306	
(3,625,795)	-	(3,625,795)	
(2,719,801)	-	(2,719,801)	
(2,839,920)	-	(2,839,920)	
(183,577)	-	(183,577)	
(299,639)	-	(299,639)	
(677,966)	-	(677,966)	
(37,359)	-	(37,359)	
(41,514)	-	(41,514)	
<u>(9,308,265)</u>	<u>-</u>	<u>(9,308,265)</u>	
-	1,810,498	1,810,498	
-	1,810,498	1,810,498	
<u>(9,308,265)</u>	<u>1,810,498</u>	<u>(7,497,767)</u>	
			\$ 9,999
			<u>9,999</u>
6,220,031	-	6,220,031	-
1,289,414	-	1,289,414	-
3,601,531	-	3,601,531	-
609,573	92,335	701,908	1,853
195,469	1,937	197,406	-
<u>11,916,018</u>	<u>94,272</u>	<u>12,010,290</u>	<u>1,853</u>
2,607,753	1,904,770	4,512,523	11,852
29,761,795	(3,038,178)	26,723,617	23,528
<u>\$ 32,369,548</u>	<u>\$ (1,133,408)</u>	<u>\$ 31,236,140</u>	<u>\$ 35,380</u>

Glades County, Florida

Balance Sheet
Governmental Funds
September 30, 2007

Assets	General Fund	Transportation Trust	SHIP
Cash and cash equivalents	\$ 4,666,554	\$ 1,437,539	\$ 825,349
Restricted cash and cash equivalents	139,152	-	-
Accounts receivable	199,118	201,712	87
Due from other funds	157,527	8,589	1,390
Receivable from other governments	86,479	222,355	-
Inventories	1,725	89,754	-
Prepaid expenditures	4,063	-	-
Total assets	\$ 5,254,618	\$ 1,959,949	\$ 826,826
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 409,558	\$ 156,606	\$ 496
Due to other funds	16,669	10,929	172
Payable to other governments	-	-	-
Deferred or unearned revenue	-	-	395,083
Other accrued expenditures	191,180	-	-
Total liabilities	617,407	167,535	395,751
Fund balances:			
Reserved	248,469	89,754	431,075
Unreserved	4,388,742	1,702,660	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Total fund balances	4,637,211	1,792,414	431,075
Total liabilities and fund balances	\$ 5,254,618	\$ 1,959,949	\$ 826,826

See Notes to Financial Statements.

Sheriff	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,544,557	\$ 3,362,621	\$ 1,682,054	\$ 13,518,674
-	-	16,846	155,998
289,059	18,324	23,219	731,519
219,707	34,593	2,028	423,834
10,164	574,141	-	893,139
-	-	-	91,479
1,100	-	-	5,163
\$ 2,064,587	\$ 3,989,679	\$ 1,724,147	\$ 15,819,806

\$ 312,992	\$ 582,809	\$ 46,486	\$ 1,508,947
323,769	-	69,115	420,654
-	-	322,056	322,056
72,249	1,147,553	327,239	1,942,124
305,781	-	9,493	506,454
1,014,791	1,730,362	774,389	4,700,235
6,982	1,818,180	-	2,594,460
1,042,814	441,137	-	7,575,353
-	-	949,758	949,758
1,049,796	2,259,317	949,758	11,119,571
\$ 2,064,587	\$ 3,989,679	\$ 1,724,147	\$ 15,819,806

Glades County, Florida

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets
September 30, 2007

Total fund balance – governmental funds	\$ 11,119,571
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.	22,420,012
Deferred revenue in the fund level statements is susceptible to full accrual in the government-wide statements	349,696
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.	(1,519,731)
Net assets of governmental activities in the statement of net assets	<u><u>\$ 32,369,548</u></u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended September 30, 2007

	General Fund	Transportation Trust	SHIP
Revenues:			
Ad valorem taxes	\$ 6,220,031	\$ 63,056	\$ -
Sales and miscellaneous taxes	1,443,241	1,796,025	-
Fees and fines	805	-	-
Licenses and permits	35,621	4,700	-
Intergovernmental	3,063,235	605,835	479,149
Charges for services	657,886	-	-
Investment earnings	304,638	70,022	49,328
Miscellaneous	224,612	44,871	56
Franchise fees	70,126	-	-
Total revenues	12,020,195	2,584,509	528,533
Expenditures:			
Current:			
General government	2,492,937	-	-
Public safety	1,367,858	-	-
Physical environment	2,415,798	-	-
Transportation	-	1,928,354	-
Human services	280,980	-	-
Culture and recreation	163,613	-	-
Economic development	412,265	-	671,959
Court-related costs	20,549	-	-
Debt service:			
Principal	33,441	-	-
Interest	93,548	-	-
Capital outlay	294,065	737,072	-
Total expenditures	7,575,054	2,665,426	671,959
Excess (deficiency) of revenues over expenditures	4,445,141	(80,917)	(143,426)
Other financing sources (uses):			
Proceeds from disposal of capital assets	3,470	3,683	-
Proceeds from long-term debt	-	-	-
Transfers in	101,814	-	-
Transfers out	(3,810,667)	-	-
Total other financing sources (uses)	(3,705,383)	3,683	-
Net change in fund balances	739,758	(77,234)	(143,426)
Fund balances, beginning	3,897,453	1,869,648	574,501
Fund balances, ending	\$ 4,637,211	\$ 1,792,414	\$ 431,075

See Notes to Financial Statements.

Sheriff	Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,226,358	\$ 7,509,445
-	360,039	2,226	3,601,531
1,866,434	-	-	1,867,239
-	-	248,445	288,766
177,163	1,947,842	474,099	6,747,323
1,379,364	-	956,459	2,993,709
24,072	94,510	71,864	614,434
29,960	-	323	299,822
-	-	-	70,126
<u>3,476,993</u>	<u>2,402,391</u>	<u>2,979,774</u>	<u>23,992,395</u>
-	274,886	1,907,148	4,674,971
5,741,678	-	545,460	7,654,996
-	-	357,750	2,773,548
-	-	-	1,928,354
-	-	-	280,980
-	-	-	163,613
-	-	-	1,084,224
-	-	-	20,549
81,006	-	-	114,447
10,249	-	-	103,797
683,629	1,686,368	109,616	3,510,750
<u>6,516,562</u>	<u>1,961,254</u>	<u>2,919,974</u>	<u>22,310,229</u>
(3,039,569)	441,137	59,800	1,682,166
-	-	3,600	10,753
160,865	-	-	160,865
4,059,732	-	1,458,314	5,619,860
(464,162)	-	(1,345,031)	(5,619,860)
<u>3,756,435</u>	<u>-</u>	<u>116,883</u>	<u>171,618</u>
716,866	441,137	176,683	1,853,784
332,930	1,818,180	773,075	9,265,787
<u>\$ 1,049,796</u>	<u>\$ 2,259,317</u>	<u>\$ 949,758</u>	<u>\$ 11,119,571</u>

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, 2007

Net change in fund balances– total governmental funds	\$ 1,853,784
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.	627,253
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability.	(160,865)
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.	114,447
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	(148,890)
Current change in claims and judgments	200,915
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	121,109
Change in net assets of governmental activities	<u><u>\$ 2,607,753</u></u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Net Assets
 Proprietary Fund
 September 30, 2007

Assets	<u>Enterprise Fund</u> <u>Solid Waste</u>
Current Assets:	
Cash and cash equivalents	\$ 857,267
Accounts receivable, net	39,097
Total current assets	<u>896,364</u>
Noncurrent Assets:	
Restricted assets:	
Cash	1,014,295
Total restricted assets	<u>1,014,295</u>
Capital Assets:	
Land and land improvements	599,421
Buildings	45,433
Equipment and furniture	601,780
Less accumulated depreciation	(549,414)
Total capital assets	<u>697,220</u>
Total noncurrent assets	<u>1,711,515</u>
Total assets	<u>2,607,879</u>
Liabilities	
Current Liabilities:	
Accounts payable	20,889
Due to other funds	3,180
Compensated absences	1,423
Total current liabilities	<u>25,492</u>
Noncurrent liabilities:	
Compensated absences	7,613
Liability for landfill closure	3,708,182
Total noncurrent liabilities	<u>3,715,795</u>
Total liabilities	<u>3,741,287</u>
Net Assets (Deficit)	
Invested in capital assets, net of related debt	697,220
Unrestricted	(1,830,628)
Total net assets (deficit)	<u>\$ (1,133,408)</u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Fund
 Year Ended September 30, 2007

	<u>Enterprise Fund</u> <u>Solid Waste</u>
Revenues	
Charges for services	\$ 625,411
Operating grants	191,176
Total operating revenues	<u>816,587</u>
Operating Expenses	
Personal services	214,134
Contractual services	272,593
Utilities	10,215
Repairs and maintenance	101,753
Materials and supplies	185,003
Insurance claims and expenses	49,430
Depreciation	54,530
Miscellaneous expenses	10,394
Landfill closure/post-closure	(1,891,963)
Total operating expenses	<u>(993,911)</u>
Operating income	<u>1,810,498</u>
Nonoperating Revenues (Expenses)	
Interest and investment revenues	92,335
Gain on disposal of capital assets	1,937
Total nonoperating revenues (expenses)	<u>94,272</u>
Change in net assets	1,904,770
Total net deficit, beginning	(3,038,178)
Total net deficit, ending	<u>\$ (1,133,408)</u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Cash Flows

Proprietary Fund

Year Ended September 30, 2007

Cash Flows From Operating Activities	
Cash received from customers, including cash deposits	\$ 802,457
Cash paid to other funds	(2,775)
Cash paid to suppliers	(725,678)
Cash paid to employees	(212,137)
Net cash used in operating activities	<u>(138,133)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from disposal of capital assets	1,937
Acquisition and construction of capital assets	(38,191)
Net cash used in capital and related financing activities	<u>(36,254)</u>
Cash Flows From Investing Activities	
Interest received	92,335
Net cash provided by investment activities	<u>92,335</u>
Net decrease in cash	(82,052)
Cash and cash equivalents, beginning	1,953,614
Cash and cash equivalents, ending	<u>\$ 1,871,562</u>
Reconciliation of operating income to net cash used operating activities:	
Operating Income	<u>\$ 1,810,498</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	54,530
Changes in assets and liabilities:	
Increase in accounts receivable	(34,242)
Decrease in receivables from other governments	20,112
Decrease in accounts payable	(96,290)
Decrease in due to other funds	(2,775)
Decrease in liability for landfill closure	(1,891,963)
Increase in compensated absences	1,997
Total adjustments	<u>(1,948,631)</u>
Net cash used in operating activities	<u>\$ (138,133)</u>
Reconciliation of cash and cash equivalents – end of year to statement of net assets	
Unrestricted cash and cash equivalents	\$ 857,267
Restricted cash and cash equivalents	1,014,295
Cash and cash equivalents – end of year	<u>\$ 1,871,562</u>

See Notes to Financial Statements.

Glades County, Florida

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2007

	Agency Funds
Assets	
Cash and cash equivalents	\$ 542,341
Accounts receivable	14,124
Total assets	<u>\$ 556,465</u>
Liabilities	
Due to other governments	\$ 477,685
Due to individuals	78,780
Total liabilities	<u>\$ 556,465</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 – During the fiscal year ended September 30, 2007, 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.

Glades County, Florida

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 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.

Glades County, Florida

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.

Glades County, Florida

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:

	<u>Years</u>
Roads and bridges	20
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.

Glades County, Florida

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, 2007.

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 government services (other than the payment of principal and interest on general obligation long-term debt) for the year ended September 30, 2007 was \$10 per \$1,000.

Note 2. Cash and Investments

As of September 30, 2007, the County's cash and investments were as follows:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$ 11,658,782
State of Florida Board of Administration Surplus Funds Trust Fund	4,402,145
Cash on hand	27,648
Total cash and cash equivalents	<u>\$ 16,088,575</u>

The Breakdown for Financial Statement purposes are as follows:

Cash and Cash Equivalents	\$ 14,375,941
Restricted Cash and Cash Equivalents	1,170,293
Fiduciary Funds Cash and Cash Equivalents	542,341
Total cash and cash equivalents	<u>\$ 16,088,575</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 depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Glades County, Florida

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	\$4,402,145	\$4,402,145

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, 2007:

	Balance October 1, 2006	Increases/ Transfers	Decreases/ Transfers	Balance September 30, 2007
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 862,422	\$ -	\$ -	\$ 862,422
Construction in progress	1,454,764	1,489,459	1,545,866	1,398,357
	<u>2,317,186</u>	<u>1,489,459</u>	<u>1,545,866</u>	<u>2,260,779</u>
Assets being depreciated:				
Infrastructure	30,931,722	-	-	30,931,722
Buildings	9,438,268	1,644,837	-	11,083,105
Equipment, furniture and vehicles	6,584,170	1,222,518	255,186	7,551,502
K-9 Unit	9,500	-	-	9,500
	<u>46,963,660</u>	<u>2,867,355</u>	<u>255,186</u>	<u>49,575,829</u>
	<u>49,280,846</u>	<u>4,356,814</u>	<u>1,801,052</u>	<u>51,836,608</u>
Less accumulated depreciation for:				
Infrastructure	21,163,340	1,051,411	-	22,214,751
Buildings	2,205,719	251,540	-	2,457,259
Equipment, furniture and vehicles	4,113,932	744,143	116,339	4,741,736
K-9 Unit	950	1,900	-	2,850
	<u>27,483,941</u>	<u>2,048,994</u>	<u>116,339</u>	<u>29,416,596</u>
Net capital assets, governmental activities	\$ 21,796,905	\$ 2,307,820	\$ 1,684,713	\$ 22,420,012
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	43,475	1,958	-	45,433
Equipment, furniture and vehicles	588,187	36,233	22,640	601,780
	<u>1,206,083</u>	<u>38,191</u>	<u>22,640</u>	<u>1,221,634</u>
	<u>1,231,083</u>	<u>38,191</u>	<u>22,640</u>	<u>1,246,634</u>
Less accumulated depreciation for:				
Improvements	120,491	5,820	-	126,311
Buildings	35,140	556	-	35,696
Equipment, furniture and vehicles	361,893	48,154	22,640	387,407
	<u>517,524</u>	<u>54,530</u>	<u>22,640</u>	<u>549,414</u>
Net capital assets, business-type activities	713,559	(16,339)	-	697,220
Net capital assets primary government	\$ 22,510,464	\$ 2,291,481	\$ 1,684,713	\$ 23,117,232

Glades County, Florida

Notes to Financial Statements

Note 3. Capital Assets (Continued)

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

General government	\$	639,380
Public Safety		940,093
Transportation		179,194
Physical environment		186,982
Economic development		72,891
Culture and recreation		11,564
Human services		18,890
Total	\$	2,048,994

Depreciation expense for the proprietary fund was \$54,530 and is charged to operating expenses.

Note 4. Interfund Balances and Interfund Transfers

At September 30, 2007, interfund receivables and payables were as follows:

	Due From	Due To
Major governmental funds:		
General Fund	\$ 157,527	\$ 16,669
Transportation Trust	8,589	10,929
SHIP	1,390	172
Sheriff	219,707	323,769
Capital Outlay	34,593	-
Total major governmental funds	421,806	351,539
Nonmajor governmental funds:		
Clerk of the Circuit Court	-	27,110
EMSBU	1,334	-
EMSTU	-	-
Enhanced 911	-	1,233
Building Department	-	2,543
Hurricane Housing Recovery	-	1,562
Impact Fees	694	-
Property Appraiser	-	22,379
Tax Collector	-	14,288
Total nonmajor governmental funds	2,028	69,115
Total governmental funds	423,834	420,654
Proprietary Fund:		
Solid Waste	-	3,180
Total	\$ 423,834	\$ 423,834

Glades County, Florida

Notes to Financial Statements

Note 4. Interfund Balances and Interfund Transfers (Continued)

For the year ended September 30, 2007, interfund transfers were as follows:

	Transfers Out	Transfers In
Major governmental funds:		
General Fund	\$ 3,810,667	\$ 101,814
Sheriff	464,162	4,059,732
Total major governmental funds	4,274,829	4,161,546
Nonmajor governmental funds:		
EMSTU	1,283,217	-
Clerk of the Circuit Court	61,814	349,483
Enhanced 911	-	594
Property Appraiser	-	514,810
Supervisor of Elections	-	144,567
Tax Collector	-	448,860
Total nonmajor governmental funds	1,345,031	1,458,314
Total	\$ 5,619,860	\$ 5,619,860

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.