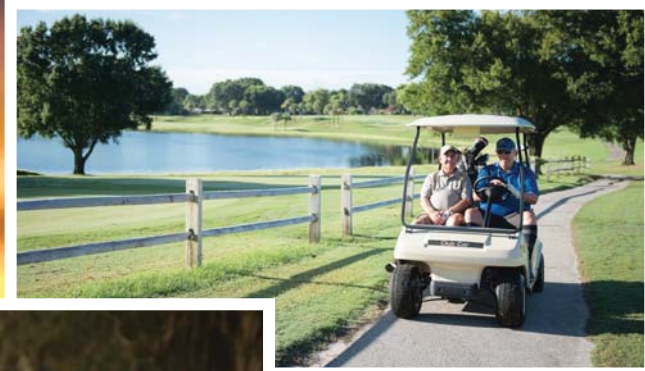


Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018



HIGHLANDS COUNTY, FL

Sebring • Lake Placid • Avon Park



Highlands County is located in the heart of Florida. With Tampa to the west, Orlando to the north, Miami to the south and the Treasure Coast to the east, Highlands County is right in the middle of it all. Whether revving your engines at Sebring International Raceway or enjoying a morning off at Highlands Hammock State Park, there is something for everyone. Various attractions including art museums, theaters, lakes, golf courses, and parks make Highlands County the perfect destination for any visitor. Its inland location in the beautiful Sunshine State is paired with excellent connectivity to Florida's metro markets and a robust regional workforce. When considering these many benefits, along with the picturesque hometowns of Sebring, Avon Park, and Lake Placid, it is evident that Highlands County is a great place to call home!



HIGHLANDS COUNTY, FL

Sebring • Lake Placid • Avon Park

Thank you to the Highlands County Tourist Development Council, the Highlands County Office of Economic Development, and the Sebring International Raceway for providing the photos in this year's report.

HIGHLANDS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2018

PREPARED BY THE OFFICE OF ROBERT W. GERMAINE
CLERK OF COURTS

SALLY B. HOOD
DIRECTOR OF ACCOUNTING

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INTRODUCTORY SECTION



**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2018**

BOARD OF COUNTY COMMISSIONERS

R. Greg Harris
Chairperson
(District 5)

James L. (Jim) Brooks
(District 1)

Don Elwell
(District 2)

William Ron Handley
(District 3)

Jack L. Richie
(District 4)

COUNTY ADMINISTRATOR

Randy Vosburg

**CLERK OF COURTS
and
CHIEF FINANCIAL OFFICER**

Robert W. Germaine

TAX COLLECTOR

Eric T. Zwayer

PROPERTY APPRAISER

C. Raymond McIntyre

SHERIFF

Paul Blackman

SUPERVISOR OF ELECTIONS

Penny Ogg

COUNTY ATTORNEY

Joy Cook Carmichael

**SENIOR DIRECTOR
BUSINESS SERVICES**

Jerome Kaszubowski

DIRECTOR OF ACCOUNTING

Sally B. Hood

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP



ROBERT W. GERMAINE
CLERK OF COURTS – HIGHLANDS COUNTY, FLORIDA
OFFICE LOCATION: 430 SOUTH COMMERCE AVENUE
THE COURTHOUSE

PLEASE REPLY TO:

CLERK OF CIRCUIT COURT
CLERK OF COUNTY COURT
COUNTY AUDITOR
COUNTY RECORDER
CLERK TO THE BOARD OF COUNTY COMMISSIONERS

590 SOUTH COMMERCE AVENUE
SEBRING, FLORIDA 33870-3867
PHONE (863) 402-6564
SUNCOM 742-6564
FAX (863) 402-6768

March 13, 2019

Honorable Members of the Board of County Commissioners,
Constitutional Officers and Citizens of Highlands County, Florida:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Highlands County, Florida (County), for the fiscal year ended September 30, 2018.

This report was prepared in accordance with generally accepted accounting principles (GAAP) by the Clerk of Courts' Accounting Division. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Clerk of Courts as Chief Financial Officer of Highlands County.

We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain a thorough understanding of the County's financial affairs have been included.

REPORT FORMAT

This report is intended to provide informative and relevant financial information for the citizens of the County, Board Members, investors, creditors and other concerned readers. This CAFR is a countywide report, which discloses the combined results of operations for the Board of County Commissioners, Clerk of Courts, Property Appraiser, Tax Collector, Sheriff, and Supervisor of Elections. This report includes all funds and activities of governmental operations where the Board of County Commissioners is financially accountable, the exclusion of which would render the financial statements misleading or incomplete. The County provides a full range of services and this report includes all activities of the County.

The Highlands County District School Board, the Highlands County Hospital District, the South Florida Water Management District, and the Southwest Florida Water Management District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

In accordance with GAAP, this CAFR includes a narrative introduction from management, in the form of Management's Discussion and Analysis (MD&A), which provides an overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent

auditors. The remainder of this letter provides an overview of the local economy and a report on some of the County's current and future initiatives.

County Profile

Highlands County is a non-charter county established under the Constitution and laws of the State of Florida. Established on April 23, 1921 from a segment of DeSoto County, Highlands County is Florida's 56th county. The County is located in the south-central part of Florida and is within close proximity to all major attractions and ports. Over 86% of the state's population is within a two-hour radius of the County. The County encompasses 1,029 square miles of the state's heartland that includes 78 square miles of water. The resident population served is estimated to be approximately 102,525, which includes the unincorporated County and three municipalities - the City of Avon Park, the City of Sebring and the Town of Lake Placid. According to the Florida Legislature's Office of Economic and Demographic Research, Highlands County is Florida's 36th most populous county.

The County operates under a commission form of government. The citizens of the County elect a five-member Board of County Commission to serve as the legislative body for the County. The County Commissioners appoint a County Administrator who is responsible for the operation of all County departments. The citizens of the County also elect a Clerk of Courts, Property Appraiser, Tax Collector, Sheriff, and Supervisor of Elections.

The Board of County Commissioners, as the legislative body, budgets and provides the funding used by the County departments and the separate Constitutional Officers, with the exception of fees collected by the Clerk of Courts, Property Appraiser and Tax Collector. Under the direction of the Clerk of Courts, the Clerk's Business Services Department maintains the accounting system for the Board of County Commissioners' operations. The Clerk of Courts, Property Appraiser, Tax Collector, Sheriff, and Supervisor of Elections each maintain a separate accounting system; however, the operations of each agency have been combined for presentation in this report.

Economic Condition

Citrus, cattle and dairy operations provide the primary source of economic activity within the County. Highlands County is Florida's 4th largest total citrus producer, producing nearly 40 million gallons of juice in the most recent growing season. The County is ranked 10th in the State in the production of beef cattle, which accounts for the greatest land use. According to the Florida Department of Agriculture, there are over 121,000 total cattle grazing annually on over 425,000 acres.

Tourism also plays a vital role in the local economy. With over 100 lakes, Highlands County is home to both recreational and tournament fishing, as well as recreational boating and skiing. The 12 Hours of Sebring endurance race, North America's longest running and most prestigious road race, provides a great opportunity for racing enthusiasts. The race, which is held annually in March at the Sebring International Raceway, celebrated 66 years of racing in 2018.

The local economy has been steadily improving over the past several years, but at an accelerated pace in 2018. For the fourth consecutive year overall property values improved, up 2.8% for the year. Building permits issued were up to 11,339, a 102.5% increase for the fiscal year, the highest permit volume since 2007. The excessive permit volume was primarily a result of Hurricane Irma related repairs. Foreclosure cases were down to 220, a decrease of 16.9% from last fiscal year, and a marked improvement from a high of 758 for the fiscal year ending in 2012. The unemployment rate in Highlands County was 4.2% at fiscal-year end, an improvement of 0.08% from the prior year and down from a high of 12.5% in 2010. However, it continues to

lag the state average by 0.7%, and the national average by 0.5%. Continued improvement in the local economy is expected throughout 2019.

Major Initiatives

During the 2017-2018 fiscal year, asset and infrastructure project expenditures were as follows:

<u>Description</u>	<u>Amount</u>
ADA Improvements to County Facilities	\$ 15,886
Animal Control Building	132
Cartograph, County Sign Inventory	17,800
City of Avon Park, Durrah-Martin Sports Complex Remodel	161,119
City of Avon Park, MLK Complex Improvements	58,790
Clerk of Courts, Government Center Office Remodel	3,689
Clerk of Courts Technology Infrastructure	1,223
County Camera System	97,904
Development Services Office, Remodel	21,563
EMS Equipment	420,179
EMS/Fire Station in Sun-N-Lakes	100,000
Engineering Services Office, Remodel	66,706
H L Bishop Park, Parking Lot	34,760
HVAC Improvements, County Facilities	211,455
Improvements to Roads and Streets	3,726,361
Information Technology Equipment	707,235
Lake Grassy Mitigation Land	40,500
Parks and Recreation Equipment	80,794
Road and Bridge Equipment	1,170,746
Sheriff's Office, Animal Services Unit, Equipment	82,590
Sheriff's Office, Detention Reconfiguration	5,945
Spring Lake Improvement District, Eco Park	75,950
Town of Lake Placid, Basketball Courts Refurbishment	12,262
Traffic Operations Equipment	102,296
Vehicles	518,407
Venus Community Building Improvements	<u>29,880</u>
 Total	 \$ <u><u>7,764,172</u></u>

The major initiatives have been funded through a one-cent local option sales surtax for the purpose of financing, planning, and constructing infrastructure. The surtax was originally approved on August 22, 1989 for fifteen years (November 1, 1989 – October 31, 2004) and extended by the electorate of Highlands County on July 20, 1999 for an additional fifteen years (November 1, 2004 – October 31, 2019). On August 26, 2014 the voters of Highlands County approved the continuation of the surtax for an additional 15 years (January 1, 2019 – December 31, 2033).

Major Accomplishments for 2017-2018

- **North Tangerine Avenue Improvements** - Highlands County was awarded a FDOT Small County Outreach Program (SCOP) grant to construct improvements to North Tangerine Avenue from West Interlake Boulevard to Heartland Boulevard in Lake Placid. The construction consisted of the reconstruction and realignment of North Tangerine Avenue, including the roundabout at Heartland Boulevard, and making drainage improvements over the 0.573 mile length of the project. The project was designed and constructed by County forces.
- **Lake Josephine Drive Resurfacing Project** – Highlands County was awarded a FDOT Small County Outreach Program (SCOP) grant in the amount of \$841,251 for this project. The project consisted of resurfacing, or overlaying, and the associated safety and drainage improvements for Lake Josephine Drive from US Highway 27 to the west for a distance of 1.8 miles. This project has been completed.

Major Projects Scheduled for the Future

- **Sebring Parkway Phase IIA** – This project begins at Youth Care Lane and ends at Desoto Road encompassing the existing 2-lane roadway, currently known as S. Highlands Avenue. The project length is approximately 0.70 miles in length and involves the construction to replace the existing 2-lane roadway with a 4-lane divided roadway. The new roadway system will consist of four – 12’ wide travel lanes, curb and gutter drainage, and an 8’ concrete multi-use path. Other improvements such as traffic signal upgrades, access management, and pedestrian crosswalks are also included as part of the project. The current budget for Phase IIA is \$5,500,000, with FDOT’s participation being \$3,811,072. Construction is scheduled to begin by May 2019 and be completed within two years.
- **Sebring Parkway Phase IIB** – This project begins at the Desoto Road intersection and extends to US 27, and is approximately 0.474 miles in length. The existing 2-lane roadway is proposed to be replaced with a 4-lane divided roadway. North of Highlands Regional Medical Center, there is a proposed design of a roundabout to reduce traffic conflicts in the area. As part of the project, a stormwater pond is a necessity to reduce runoff from the additional impervious area. The current budget for Phase IIB is \$4,861,969, with FDOT’s participation being \$3,714,624. The project will be bid with Phase IIA, so the timelines are similar in nature.
- **Old State Road 8 / Toni Drive Reconstruction Project** – In May 2012, the Board approved an agreement for the restoration of wetlands on County-owned properties located in Venus. The Board also approved a long-term lease agreement with Archbold for the ongoing maintenance of the properties. Staff continues to work with Archbold in performing mitigation work for the project. Continued wet conditions have prohibited additional plantings. The project will resume wetland mitigation work when weather conditions are favorable and water table elevations allow.
- **Sebring Parkway Phase III** – This project is under construction using County personnel and equipment. The construction started February 2018 and is scheduled for completion by December 31, 2019. The project has been modified to include all 4 travel lanes and 2 roundabouts. It is being partially funded by the State of Florida Department of Transportation.
- **Highlands Park Estates Clubhouse Expansion Project** – This project was set up and funded in 2013 at the request of the residents of Highlands Park Estates. The Board of County Commissioners approved the Agreement Documents between Highlands County and Brian Sullivan Contractor, Inc. for the demolition of the existing building and construction of a new building in its place on May 15, 2018. A Notice to Proceed was issued on July 27, 2018. Construction is expected to be complete by February 2019.

- **Thunderbird Road East/West Sidewalk Extension** - The projects consist of the construction of 4,700 lineal feet of a five (5) foot wide concrete sidewalk along the right-of-way of Thunderbird Road in Sebring including associated safety and drainage improvements. Highlands County was awarded a FDOT Local Agency Program (LAP) grant for construction costs in the amount of \$382,213 for the East Sidewalk Extension and \$118,104 for the West Sidewalk Extension. The projects have undergone extensive environmental delays due to the presence of sand skinks and gopher tortoises within the project limits. The County has addressed and mitigated for said impacts. Currently, the project's bid documents and complete plan sets have been submitted to FDOT for their review and approval. Completion of both projects is anticipated to be in August 2020.
- **Arbuckle Creek Road Turn Lane** – In February 2017, Highlands County was awarded an FDOT Small County Outreach Program (SCOP) grant in the amount of \$936,152 for intersection improvements at Arbuckle Creek Road and Landfill Access Road. The construction consists of the addition of an eastbound left turn lane and a westbound right turn lane from Arbuckle Creek Road to the northbound Landfill Access Road. Design, inspection and construction of pavement widening and transition segments from the turn lanes back to the existing two-lane roadway, drainage improvements, and lighting are also included. Construction must be completed by July 2021.
- **Lake Blue Water Line** – In December 2015, a Subgrant Agreement between the Department of Economic Opportunity and Highlands County was approved for \$750,000 from the Small Cities Community Development Block Grant (CDBG) Program. The award is to fund replacement, upgrades, and repairs of water mains in the Lake Blue area. The project consists of approximately 15,000 feet of water lines and is expected to be completed by May 2019.
- **Interlake Boulevard Resurfacing** – Highlands County was awarded a FDOT Small County Outreach Program (SCOP) grant in the amount of \$655,000 for resurfacing of East Interlake Boulevard. The construction consists of milling and resurfacing or overlaying existing lanes from Devaney Circle to US Highway 27, approximately 0.637 miles. The project is expected to be complete by September 2019.

Financial Information

The County operates on a fiscal year of October 1st to September 30th. The fiscal year 2017-2018 budget was adopted with a millage rate of 8.55, a continued rate from the millage rate for fiscal year 2016-2017.

Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are legally adopted on an annual basis consistent with GAAP. The level of budgetary control exists with the Board of County Commissioners, and the Board follows the laws of Florida regarding the control, adoption, and amendment of the budget during each fiscal year. Open encumbrances in the General Fund are reported as assigned fund balance at year-end and reappropriated the following year. Unencumbered appropriations lapse at fiscal year-end.

The Clerk of Courts, through the Clerk's Business Services Division, and County Management are responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit. Section 218.39, Florida Statutes, requires that an annual financial audit of the accounts and records of the County be performed by an independent certified public accounting firm. This requirement has been accomplished for the fiscal year ended September 30, 2018 and the opinions of the independent auditors are included in the Financial Section of this report.

In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and *Rules of the Auditor General*, Chapter 10.550. The auditor's reports pertaining to the single audit are included in the Single Audit Section of this report.

Single Audit. The County is a recipient of federal and state financial assistance, making it mandatory that proper internal controls are in place to ensure that compliance with applicable laws and regulations related to those programs are achieved. This internal control structure is audited each year by our independent auditors.

Awards. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Highlands County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This was the 33rd year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one (1) year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and will submit it to the GFOA to determine eligibility for another certificate for the fiscal year ending September 30, 2018.

Acknowledgments. The preparation of the CAFR could not have been accomplished without the efforts and dedication of the entire staff of the Highlands County Clerk of Courts Business Services Division.

I, and my staff, would like to thank CliftonLarsonAllen LLP, the County Administrator and his staff, and the Board of County Commissioners for their help and support in the preparation of this report for the citizens of Highlands County.

Respectfully submitted,



Robert W. Germaine
Clerk of Courts

Jerome Kaszubowski, CGCIO
Sr. Director of Business Services



Sally B. Hood, CPA, CGFM
Director of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Highlands County
Florida**

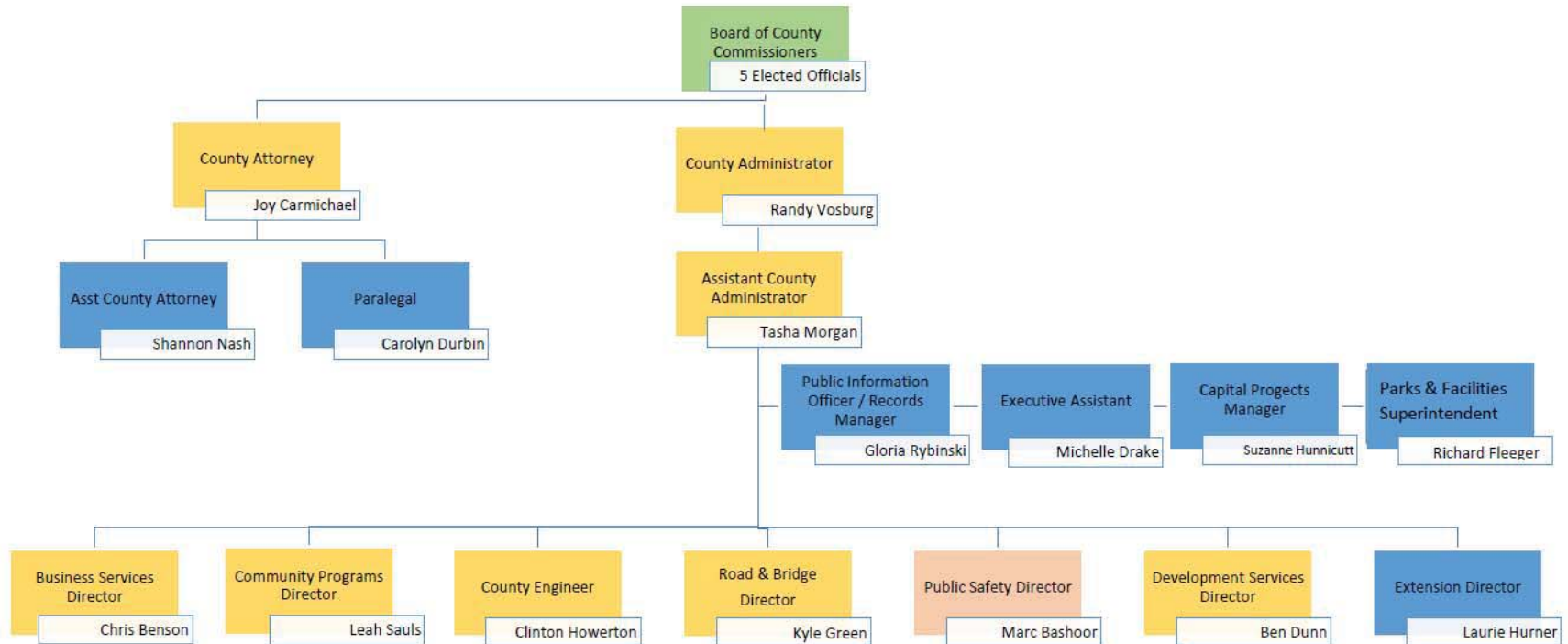
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

**HIGHLANDS COUNTY, FLORIDA
ORGANIZATIONAL CHART
YEAR ENDED SEPTEMBER 30, 2018**



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Highlands County, Florida (County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, County Transportation Trust Fund, Istokpoga Marsh Watershed Improvement District Fund, and Local Government Infrastructure Surtax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended September 30, 2018, the County adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle (see Note 22.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 24, information on infrastructure using the modified approach on page 99, information on other postemployment benefits on page 100, and information on pension benefits on pages 101 through 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual financial statements and schedules and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
March 13, 2019

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

The management of Highlands County (County) offers this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$230.2 million (net position). Of this amount, \$223.2 million was invested in capital assets and \$42.7 million was restricted by laws, grant agreements, debt covenants or for capital projects. The County had an unrestricted net position of (\$35.7) million.
- Total net position decreased by \$6.5 million or 2.7%. The net position of governmental activities decreased \$8 million and business-type activities increased \$1.5 million.
- The fund balance in the General Fund was \$6.6 million, a decrease of \$11.3 million from the previous year. The unassigned fund balance for the General Fund, which is available for use at the County's discretion, was \$4.9 million or 8.8% of total general fund expenditures.
- The governmental funds, in total, reported combined fund balances of \$44 million, a decrease of \$12.3 million from the previous year. Of this amount, (\$339) thousand was unassigned fund balance. The decrease in fund balance was due in part from Hurricane Irma costs and still awaiting reimbursement from FEMA and the State of Florida.
- Total assets decreased by \$6.3 million or 2% and total liabilities decreased by \$7.3 million or 6%. The decrease in total assets was due to the reduction in cash and cash equivalents as well as investments. The decrease in liabilities was due to the reduction in vouchers payable, long term obligations and OPEB but with a slight increase in net pension liability. The County is required to report, as a liability, the County's proportionate share of the Florida Retirement System (FRS) Plan Net Pension Liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances using the accrual basis of accounting in a manner similar to a private-sector business. The County's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the County's fiduciary funds because resources in these funds cannot be used to finance the County's activities. However, the financial statements of fiduciary funds 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.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Government-Wide Financial Statements (Continued)

The statement of net position presents information on the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the County (known as the primary government) that are principally supported by taxes and intergovernmental revenues (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, economic environment, human services, culture and recreation and court related. The business-type activities of the County include solid waste and energy recovery.

The government-wide financial statements include not only the County itself, but also legally separate entities for which the County is financially accountable (known as component units). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25-26 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used 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 the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Fund Financial Statements (Continued)

Highlands County maintains 73 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the County Transportation Trust Fund, the Istokpoga Marsh Watershed Improvement District Fund, the Local Government Infrastructure Surtax Fund, and the HCISSR Construction Fund which are considered to be major funds. Data from the other 68 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the General Fund and other major special revenue funds to demonstrate compliance with these budgets.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste and energy recovery operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefit, insurance and compensated absences. Because these services benefit governmental and business-type functions, they have been allocated to the governmental activities and 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 proprietary fund financial statements provide separate information for the proprietary operations, both of which are considered to be major funds of the County.

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 statements because resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information (RSI).

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$230.2 million (total net position) as of September 30, 2018. The County recognized a decrease in its total net position of \$6.5 million, or 2.7%, from \$233.7 million in 2017 to \$230.2 million in 2018.

Highlands County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets	\$ 73,580,503	\$ 59,429,746	\$ 15,759,211	\$ 16,927,364	\$ 89,339,714	\$ 76,357,110
Capital Assets	230,196,874	236,693,156	9,213,705	9,368,924	239,410,579	246,062,080
Total Assets	<u>303,777,377</u>	<u>296,122,902</u>	<u>24,972,916</u>	<u>26,296,288</u>	<u>328,750,293</u>	<u>322,419,190</u>
Deferred Outflows of Resources	30,412,063	28,801,199	333,229	314,606	30,745,292	29,115,805
Long-Term Debt Outstanding	102,761,626	97,717,813	7,312,447	7,498,118	110,074,073	105,215,931
Other Liabilities	9,372,388	7,456,734	1,123,306	643,641	10,495,694	8,100,375
Total Liabilities	<u>112,134,014</u>	<u>105,174,547</u>	<u>8,435,753</u>	<u>8,141,759</u>	<u>120,569,767</u>	<u>113,316,306</u>
Deferred Inflows of Resources	5,190,960	7,901,680	67,593	97,912	5,258,553	7,999,592
Net Position:						
Net Investment in Capital Assets	206,255,330	213,827,131	9,153,109	9,368,924	215,408,439	223,196,055
Restricted	40,820,561	42,707,255	-	-	40,820,561	42,707,255
Unrestricted	(30,211,425)	(44,686,512)	7,649,690	9,002,299	(22,561,735)	(35,684,213)
Total Net Position	<u>\$ 216,864,466</u>	<u>\$ 211,847,874</u>	<u>\$ 16,802,799</u>	<u>\$ 18,371,223</u>	<u>\$ 233,667,265</u>	<u>\$ 230,219,097</u>

The largest portion of the County's net position (\$223.2 million, or 97%) reflects its net investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery, and equipment), net of accumulated depreciation, reduced by outstanding related debt used to acquire those assets, plus capital-related deferred outflows of resources. These capital assets are used to provide services to citizens and therefore, are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, the resources required to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (\$42.7 million, or 18.6%) represents resources that are subject to external restrictions such as debt covenants, grantors, laws or regulations, or restrictions through enabling legislation on how they may be used.

The remaining balance is the unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of September 30, 2018, the County's unrestricted net position was (\$35.7) million. The change in the total unrestricted net position from (\$22.6) million at September 30, 2017 to (\$35.7) million at September 30, 2018 was due to increases in net pension liability. The County is required to report, as a liability, the County's proportionate share of the Florida Retirement System (FRS) Plan Net Pension Liability.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Highlands County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,245,831	\$ 20,106,195	\$ 11,660,172	\$ 10,940,672	\$ 29,906,003	\$ 31,046,867
Operating Grants and Contributions	2,069,892	3,096,143	90,909	90,909	2,160,801	3,187,052
Capital Grants and Contributions	3,757,932	3,767,400	-	-	3,757,932	3,767,400
General Revenues:						
Property Taxes	38,462,928	39,565,159	-	-	38,462,928	39,565,159
Other Taxes	14,824,255	15,657,634	-	-	14,824,255	15,657,634
Other	15,731,284	18,463,557	143,822	17,006	15,875,106	18,480,563
Total Revenues	<u>93,092,122</u>	<u>100,656,088</u>	<u>11,894,903</u>	<u>11,048,587</u>	<u>104,987,025</u>	<u>111,704,675</u>
Expenses:						
General Government	17,632,374	18,519,219	-	-	17,632,374	18,519,219
Public Safety	48,236,789	59,326,852	-	-	48,236,789	59,326,852
Physical Environment	1,276,317	1,864,091	-	-	1,276,317	1,864,091
Transportation	13,339,901	13,459,205	-	-	13,339,901	13,459,205
Economic Environment	2,716,539	3,508,116	-	-	2,716,539	3,508,116
Human Services	3,844,649	3,682,396	-	-	3,844,649	3,682,396
Culture and Recreation	3,241,983	2,988,164	-	-	3,241,983	2,988,164
Court Related	4,508,844	4,782,597	-	-	4,508,844	4,782,597
Interest on Long-Term Debt	526,214	479,532	-	-	526,214	479,532
Solid Waste	-	-	7,911,813	8,258,598	7,911,813	8,258,598
Energy Recovery	-	-	2,182,353	1,286,705	2,182,353	1,286,705
Total Expenses	<u>95,323,610</u>	<u>108,610,172</u>	<u>10,094,166</u>	<u>9,545,303</u>	<u>105,417,776</u>	<u>118,155,475</u>
Change in Net Position	(2,231,488)	(7,954,084)	1,800,737	1,503,284	(430,751)	(6,450,800)
Net Position - Beginning	219,095,954	216,864,466	15,002,062	16,802,799	234,098,016	233,667,265
Prior Period Adjustment	-	2,937,492	-	65,140	-	3,002,632
Net Position - Beginning, as Restated	<u>219,095,954</u>	<u>219,801,958</u>	<u>15,002,062</u>	<u>16,867,939</u>	<u>234,098,016</u>	<u>236,669,897</u>
Net Position - Ending	<u>\$ 216,864,466</u>	<u>\$ 211,847,874</u>	<u>\$ 16,802,799</u>	<u>\$ 18,371,223</u>	<u>\$ 233,667,265</u>	<u>\$ 230,219,097</u>

Governmental Activities

The net position of governmental activities decreased \$8 million.

- Overall, revenues related to governmental activities increased \$7.6 million, or 8.1%.
- Charges for Services increased \$1.9 million, or 10.2%. Public Safety charges increased a net \$1.2 million. Transportation increased a net \$419,146. Court Related increased a net \$197,715.
- Property Taxes increased \$1.1 million or 2.9% due to a 1.5% increase in property tax values.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Governmental Activities (Continued)

- Operating Grants and Contributions increased by \$1 million or 49.6%. Public Safety funding increased \$433,012, Economic Environment funding increased \$330,445. Human Services increased \$205,883 and Culture & Recreation increased \$48,308.
- Other Taxes increased \$833 thousand, or 5.6%. The County recognized a \$117,662 increase in fuel tax, a \$739,823 increase in sales tax and a \$101,357 decrease in services tax.
- Other general revenues increased \$2.7 million, or 17.4%. State shared revenues increased \$699,265, higher interest rates generated additional interest earnings of \$229,252, and misc. revenues increased \$1.5 million.
- Overall, expenses related to governmental activities increased \$13.3 million, or 13.9%. Emergency and disaster relief expenses increased approximately \$10 million related to debris hauling and monitoring, and overtime related to Hurricane Irma.
- General Government expenses increased \$887 thousand, or 5.0%. The increase is due to General Government increases of \$915,448, Capital Related changes of \$133,228 and internal service funds increases of \$76,815.
- Public Safety expenses increased \$11.1 million, or 23%. The Governmental activities increased \$8.9 million, Capital Related transactions increased by \$2.7 million, FRS decreased \$348,288 and long-term debt transactions increased by \$182,566.
- Physical Environment expenses increased by \$588 thousand, or 46.1%. Capital Related Items increased by \$2.8 million whereas Governmental activities decreased \$2.1 million.
- Economic Environment expenses increased by \$792 thousand, or 29.1%. Governmental activities increased \$749,624 and FRS related expenditures increased \$41,066.

Business-Type Activities

The net position of business-type activities increased \$1.8 million.

- Overall, revenues related to business-type activities decreased \$846 thousand, or 7.1%, and expenses decreased \$549 thousand, or 5.4%.
- Charges for Services decreased \$720 thousand, or 6.2%. The sale of asphalt decreased total operating revenues by \$884,335 as well as a \$255,603 reduction of charges for services for the Energy Recovery facility. There was a \$354,041 increase in revenues from the non-ad valorem assessment for solid waste collection, disposal and recycling as well as a \$170,753 increase for landfill tipping fees from the hauler based on the new Solid Waste and Recycling Contract.
- Solid Waste expenses increased \$347 thousand, or 4.4%. Waste Franchise Fees increased \$219,948, Contractual Services increased \$387,390, the Environmental Law Enforcement Program increased \$226,063, but a reduction in recycling costs of \$531,873.
- Energy Recovery expenses decreased \$886 thousand, or 41%. The decrease in expense was a direct result of the decrease in asphalt production.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The County's governmental funds reported combined ending fund balances of \$44 million. Approximately (\$414) thousand of the combined fund balances constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the balance is not available for new spending because it is nonspendable (\$1.3 million), restricted (\$41.6 million) or assigned (\$1.5 million). Significant restrictions include: restrictions for infrastructure and land acquisitions (\$24.5 million), restrictions for transportation related (\$7.1 million), and restrictions for fire districts (\$3 million).

The General Fund is the chief operating fund of the County. In 2018 the County maintained its millage rate of 8.55 mills in order to continue to provide quality services to its citizens and minimize the need to dip into its fund balance for operational needs. At September 30, 2018, the General Fund's total fund balance was \$6.6 million of which \$4.9 million (74.7%) was unassigned fund balance. The unassigned fund balance decreased by \$6.3 million. As a measure of the General Fund's liquidity, the total fund balance represents 8.7% of total General Fund expenditures.

The County Transportation Trust Fund accounts for the operation of the road and bridge department, which is funded by the County's share of state gasoline taxes and the sixth-cent local option gas tax. As of September 30, 2018, the total fund balance was \$4.9 million, compared to \$5.2 million in 2017. The decrease in fund balance was due to normal operations.

The Istokpoga Marsh Watershed Improvement District Fund accounts for assessments and grant funds related to water control and improvements for the restoration of the watershed of Lake Okeechobee and the Florida Everglades. As of September 30, 2018, total fund balance was (\$4.5) million compared to (\$3.4) million in 2017. The decrease in fund balance was due to a major grant funded project that was not complete as of September 30, 2018 and therefore did not meet the eligibility requirements to request reimbursement from the grantor agencies.

The Local Government Infrastructure Surtax Fund accounts for the one-cent local discretionary sales surtax that was approved by voters. As of September 30, 2018, the total fund balance was \$23.5 million, compared to \$21.7 million in 2017. The increase in fund balance was due to a decrease in expenditures for transportation related projects.

The HCISSR Construction Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure. As of September 30, 2018, the total fund balance was \$1 million, compared to \$2.6 million in 2017. The decrease in fund balance is due to construction of EMS facilities as well as Sebring Parkway Phase III costs.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Proprietary Funds

The Solid Waste Fund reported a net position of \$15.3 million, which is an increase of \$1.6 million over prior year. Unrestricted net position totaled \$8.2 million, a \$1.4 million increase over prior year, and net investments in capital assets totaled \$7.1 million, a \$277 thousand increase over prior year. Operating revenues increased \$422,373, or 4.55% and Operating Expenses increased \$353,085. The changes were primarily due to additional landfill fees and special assessment collections. Special Assessments increased \$354,041 and Landfill fees increased \$170,753. Waste Franchise Fees increased \$219,948, Contractual Services increased \$387,390, the Environmental Law Enforcement Program increased \$226,063, but there was a reduction in recycling costs of \$531,873.

The Energy Recovery Fund reported a net position of \$3.0 million, which is a decrease of \$50 thousand over prior year. Unrestricted net position totaled \$735 thousand. This fund accounts for the operation of the County's Asphalt Plant which was constructed at the landfill site in order to use materials disposed at the landfill as production material for asphalt. The change in total net position and unrestricted net position is due to drop in asphalt sales exceeded by the reduction in production cost due to inherent fixed costs.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget to actual schedule is presented in the basic financial statements. The schedule shows the original adopted budget, the final budget, actual results, and the positive or negative variance between the final budget and actual results. After the original budget is approved, it may be amended for various reasons such as unanticipated revenues, unforeseen expenditures or new grant awards.

- The actual net change in the fund balance of the General Fund compared to the final budget was a negative variance of \$2 million.
- General Fund revenues were \$6.8 million less than the final budget amounts. Intergovernmental revenues were under budget by \$7.6 million. State Revenue Sharing exceeded budget by a net \$85,887 and Half Cent Sales tax exceeded budget by \$393,885.
- Actual expenditures in the General Fund were \$4.7 million less than the final budget. Significant variations are summarized below:

<u>General Fund Department</u>	<u>Positive Variance</u>	<u>Reason for Variance</u>
Sheriff	629,054	Unexpended Appropriations.
County Planning and Development	601,791	Grant funds not expended.
Detention and Correction	534,741	Unexpended Appropriations.
Natural Resources	309,317	Appropriations for lake watershed investigation project not expended.
Health Care Responsibility Act	294,735	HCRA Appropriations not expended.
Central Services	219,858	Insurance and other charges and obligations not expended.
Facilities Management	187,633	Appropriations for contractual services, repair and maintenance and utilities not spent.
Supervisor of Elections	170,590	Unexpended Appropriations
Office of Economic Development	127,991	State contract funds for chemicals not expended.
Local Emergency Management Agency	115,045	Appropriations for personnel and contractual services not expended.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounted to \$246.1 million (net of accumulated depreciation) compared to \$239.4 million for the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, bridges, software, and land use rights. Major capital asset events during the fiscal year included the following:

- Parkway Phase III
- Istokpoga Marsh Impoundment
- EMS Buildings / Ambulance / Equipment
- IT Infrastructure Upgrades
- Road & Bridge Equipment / Vehicles
- Road Construction / Improvements
- Sheriff Office Vehicles

**Highlands County's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Entity Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 44,476,664	\$ 46,062,673	\$ 1,833,866	\$ 1,833,866	\$ 46,310,530	\$ 47,896,539
Infrastructure	103,547,459	107,895,752	-	-	103,547,459	107,895,752
Land Use Rights	2,255,569	2,255,569	-	-	2,255,569	2,255,569
Buildings	41,115,074	40,885,771	175,030	152,208	41,290,104	41,037,979
Improvements	7,604,149	7,355,401	4,092,554	3,777,672	11,696,703	11,133,073
Equipment	18,247,437	17,311,011	3,112,016	3,599,712	21,359,453	20,910,723
Computer Software	614,495	686,285	-	-	614,495	686,285
Construction in Progress	12,336,027	14,240,694	239	5,466	12,336,266	14,246,160
Total	<u>\$ 230,196,874</u>	<u>\$ 236,693,156</u>	<u>\$ 9,213,705</u>	<u>\$ 9,368,924</u>	<u>\$ 239,410,579</u>	<u>\$ 246,062,080</u>

Additional information on the County's capital assets can be found in Note 4 to the financial statements.

Infrastructure

The County has elected to use the modified approach to account for its bridges and roadways included on the County highway system. Under this approach, the County has made the commitment to preserve and maintain these assets at levels established by the County and approved by the Board of County Commissioners. No depreciation expense is reported for such assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. The County maintains an inventory of these assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained.

- Road System - The County has established an overall minimum average condition level of "fair" which carries a rating between 51 and 75. The overall average condition of the County road system for fiscal year 2018 was 61.17, compared to 61.32 in 2017.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Infrastructure (Continued)

- Bridge System - It is the County's policy to maintain an overall minimum average sufficiency rating of not less than 60%. The overall average sufficiency rating of the County bridge system for fiscal year 2018 was 75.20, compared to 75.91 in 2017.

Additionally, the County makes annual estimates of the amounts that must be expended to preserve and maintain these assets at the predetermined condition levels. There were no significant differences from the estimated annual amount to preserve and maintain these assets compared with the actual amounts spent during the current period.

- Road System – The County budgeted \$3.5 million for maintenance/preservation of its road system and expended \$977 thousand.
- Bridge System – The County budgeted \$150,000 for maintenance/preservation of its bridge system and expended \$40,275.

For further information on the County's established condition standards, recent condition assessments or other information on infrastructure reported on the modified approach, refer to the RSI section of this report.

Long-Term Debt

At September 30, 2018, the County had total debt outstanding of \$22.7 million compared, to \$25.4 million in the prior year. Of this amount, all \$22.7 million represents loans payable and other obligations. The decrease in total outstanding debt is due to the County continuing to pay off the existing loans while not taking on additional debt.

Highlands County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Entity Total	
	2017	2018	2017	2018	2017	2018
Notes Payable, Revenue						
Certificates and Capital Leases	<u>\$ 25,296,680</u>	<u>\$ 22,687,328</u>	<u>\$ 60,596</u>	<u>\$ -</u>	<u>\$ 25,357,276</u>	<u>\$ 22,687,328</u>

Please refer to Note 7 of the Notes to Financial Statements for a complete presentation of all long-term liabilities. The above table does not present information for compensated absences, net pension liability, other post-employment benefits or landfill closure liability.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the County's budget for the 2019 fiscal year. More information on economic factors is provided in the Statistical Section and the Transmittal Letter.

- Highlands County's population increased in 2018 by 0.30%, from 102,138 in 2017 to an estimated 102,441 in 2018, and is projected to see an increase in 2019. Additionally, all three cities showed population increases over the prior year according to the Office of Economic & Demographic Research.
- Highlands County's unemployment rate (Oct-Sep) averaged 5.1%, which was slightly higher than the average for the State of Florida (3.7%) and the nation (4.0%).
- Highlands County has a diverse property tax base. The ten largest taxpayers in the County represent 7.00% of the assessed property values of all taxpayers.
- In 2018, the total taxable value of property increased 1.50% over prior year. This was the fourth increase in total taxable value that has been recognized since 2008.

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the County's finances. Questions concerning budgets, long-term financial planning, future debt issuances, or questions related to the management of County operations should be addressed to the County Administrator at:

Office of the County Administrator
Highlands County Board of County Commissioners
600 South Commerce Avenue
Sebring, FL 33870

Questions concerning the Basic Financial Statements or other financial information contained within this report should be addressed to the Clerk of Courts at:

Highlands County Clerk of Courts
590 South Commerce Avenue
Sebring, FL 33870

BASIC FINANCIAL STATEMENTS

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 24,939,127	\$ 439,570	\$ 25,378,697
Investments	28,035,510	7,146,015	35,181,525
Accounts Receivable - Net	1,504,626	150,567	1,655,193
Internal Balances	(3,892,588)	3,892,588	-
Due from Other Governmental Units	7,645,218	164,642	7,809,860
Inventory	362,996	523,605	886,601
Prepaid Items	834,857	109,125	943,982
Restricted Assets:			
Cash and Cash Equivalents	-	4,501,252	4,501,252
Capital Assets not Being Depreciated/Amortized	170,454,688	1,839,332	172,294,020
Capital Assets - Net of Accumulated Depreciation/Amortization	66,238,468	7,529,592	73,768,060
Total Assets	<u>296,122,902</u>	<u>26,296,288</u>	<u>322,419,190</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	21,675	-	21,675
Pension Related Items	28,779,524	314,606	29,094,130
Total Deferred Outflows of Resources	<u>28,801,199</u>	<u>314,606</u>	<u>29,115,805</u>
LIABILITIES			
Vouchers Payable	3,952,403	523,939	4,476,342
Claims Payable	434,128	-	434,128
Contracts Payable - Retained Percentage	620,699	-	620,699
Due to Other Governmental Units	340,976	538	341,514
Due to Others	81,961	-	81,961
Accrued Interest Payable	195,391	-	195,391
Accrued Wages Payable	1,033,132	28,981	1,062,113
Deposits	52,275	90,183	142,458
Unearned Revenue	745,769	-	745,769
Noncurrent Liabilities:			
Net Pension Liability	68,073,486	817,920	68,891,406
Total OPEB Liability	2,394,684	47,593	2,442,277
Due Within One Year	3,026,838	83,822	3,110,660
Due in More than One Year	24,222,805	6,548,783	30,771,588
Total Liabilities	<u>105,174,547</u>	<u>8,141,759</u>	<u>113,316,306</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	7,853,743	96,959	7,950,702
OPEB Related Items	47,937	953	48,890
Total Deferred Inflows of Resources	<u>7,901,680</u>	<u>97,912</u>	<u>7,999,592</u>
NET POSITION			
Net Investment in Capital Assets	213,827,131	9,368,924	223,196,055
Restricted for:			
General Government	890,013	-	890,013
Public Safety	7,625,320	-	7,625,320
Infrastructure and Land Acquisition	23,704,970	-	23,704,970
Transportation	7,982,641	-	7,982,641
Economic Environment	135,736	-	135,736
Community Programs	1,214,017	-	1,214,017
Conservation	189,024	-	189,024
Tourist Development	708,342	-	708,342
Culture and Recreation	257,192	-	257,192
Unrestricted	(44,686,512)	9,002,299	(35,684,213)
Total Net Position	<u>\$ 211,847,874</u>	<u>\$ 18,371,223</u>	<u>\$ 230,219,097</u>

See accompanying Notes to Financial Statements.

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

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 18,519,219	\$ 3,491,884	\$ 97,665	\$ 98,063	\$ (14,831,607)	\$ -	\$ (14,831,607)
Public Safety	59,326,852	10,201,333	918,640	38,756	(48,168,123)	-	(48,168,123)
Physical Environment	1,864,091	209,208	320,313	872,809	(461,761)	-	(461,761)
Transportation	13,459,205	2,960,748	23,995	2,151,471	(8,322,991)	-	(8,322,991)
Economic Environment	3,508,116	234,972	738,802	-	(2,534,342)	-	(2,534,342)
Human Services	3,682,396	32,040	739,927	606,301	(2,304,128)	-	(2,304,128)
Culture and Recreation	2,988,164	205,665	241,801	-	(2,540,698)	-	(2,540,698)
Court Related	4,782,597	2,770,345	15,000	-	(1,997,252)	-	(1,997,252)
Debt Service:							
Interest on Long-Term Debt	479,532	-	-	-	(479,532)	-	(479,532)
Total Governmental Activities	108,610,172	20,106,195	3,096,143	3,767,400	(81,640,434)	-	(81,640,434)
Business-Type Activities:							
Solid Waste	8,258,598	9,704,626	90,909	-	-	1,536,937	1,536,937
Energy Recovery	1,286,705	1,236,046	-	-	-	(50,659)	(50,659)
Total Business-Type Activities	9,545,303	10,940,672	90,909	-	-	1,486,278	1,486,278
Total Primary Government	\$ 118,155,475	\$ 31,046,867	\$ 3,187,052	\$ 3,767,400	(81,640,434)	1,486,278	(80,154,156)
General Revenues:							
Taxes:							
Property Taxes					39,565,159	-	39,565,159
Fuel Taxes					4,662,245	-	4,662,245
Sales Tax					9,811,985	-	9,811,985
Services Taxes					623,216	-	623,216
Other Taxes					560,188	-	560,188
Unrestricted State Shared Revenues					15,205,276	-	15,205,276
Net Change in Fair Value of Investments					892,708	243,064	1,135,772
Gain on Sale of Capital Assets					145,545	5	145,550
Miscellaneous					1,993,965	-	1,993,965
Transfers					226,063	(226,063)	-
Total General Revenues					73,686,350	17,006	73,703,356
Change in Net Position					(7,954,084)	1,503,284	(6,450,800)
Net Position - Beginning, as							
Previously Reported					216,864,466	16,802,799	233,667,265
Restatement (See Note 22)					2,937,492	65,140	3,002,632
Net Position, Beginning, as Restated					219,801,958	16,867,939	236,669,897
Net Position - Ending					\$ 211,847,874	\$ 18,371,223	\$ 230,219,097

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General	County Transportation Trust	Istokpoga Marsh Watershed Improvement District	Local Government Infrastructure Surtax	HCISSR Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 3,094,358	\$ 457,723	\$ -	\$ 5,011,839	\$ 653,363	\$ 8,757,900	\$ 17,975,183
Investments	1,813,629	3,716,579	-	16,817,656	373,346	4,677,487	27,398,697
Accounts Receivable - Net	1,275,683	43,497	-	97,570	-	82,320	1,499,070
Due from Other Funds	591,633	-	291	-	-	110,692	702,616
Due from Other Governmental Units	2,105,308	1,101,237	42,335	3,106,186	-	1,289,667	7,644,733
Advances to Other Funds	100,000	-	-	-	-	-	100,000
Prepaid Items	791,686	26,932	-	-	-	16,239	834,857
Inventory	362,996	-	-	-	-	-	362,996
Total Assets	<u>\$ 10,135,293</u>	<u>\$ 5,345,968</u>	<u>\$ 42,626</u>	<u>\$ 25,033,251</u>	<u>\$ 1,026,709</u>	<u>\$ 14,934,305</u>	<u>\$ 56,518,152</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Vouchers Payable	\$ 1,174,710	\$ 188,918	\$ 322,406	\$ 531,488	\$ 13,675	\$ 430,740	\$ 2,661,937
Accrued Wages Payable	729,657	231,668	-	-	-	71,807	1,033,132
Contracts Payable-Retained Percentage	-	-	480,567	61,852	-	78,280	620,699
Customer Deposits	40,942	10,783	-	-	-	550	52,275
Due to Other Governmental Units	33,799	405	-	154,604	-	152,168	340,976
Due to Other Funds	352,523	-	3,734,516	-	-	591,633	4,678,672
Due to Others	461	-	-	-	-	81,500	81,961
Advances from Other Funds	-	-	-	-	-	150,000	150,000
Unearned Revenue	173,712	-	-	-	-	190,486	364,198
Total Liabilities	<u>2,505,804</u>	<u>431,774</u>	<u>4,537,489</u>	<u>747,944</u>	<u>13,675</u>	<u>1,747,164</u>	<u>9,983,850</u>
Deferred Inflows of Resources:							
Unavailable Revenue:							
Intergovernmental	253,380	-	41,532	808,837	-	589,901	1,693,650
Emergency Medical Services	782,039	-	-	-	-	-	782,039
Total Deferred Inflows of Resources	<u>1,035,419</u>	<u>-</u>	<u>41,532</u>	<u>808,837</u>	<u>-</u>	<u>589,901</u>	<u>2,475,689</u>
Fund Balances:							
Nonspendable	1,254,682	26,932	-	-	-	16,239	1,297,853
Restricted	-	3,755,666	-	23,476,470	1,013,034	13,330,050	41,575,220
Assigned	392,559	1,131,596	-	-	-	-	1,524,155
Unassigned	4,946,829	-	(4,536,395)	-	-	(749,049)	(338,615)
Total Fund Balances	<u>6,594,070</u>	<u>4,914,194</u>	<u>(4,536,395)</u>	<u>23,476,470</u>	<u>1,013,034</u>	<u>12,597,240</u>	<u>44,058,613</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,135,293</u>	<u>\$ 5,345,968</u>	<u>\$ 42,626</u>	<u>\$ 25,033,251</u>	<u>\$ 1,026,709</u>	<u>\$ 14,934,305</u>	<u>\$ 56,518,152</u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
RECONCILIATION OF FUND BALANCES FOR GOVERNMENTAL FUNDS TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

Fund Balances - Total Governmental Funds	\$ 44,058,613
 Amounts reported for governmental activities in the statement of net position are different because:	
Deferred charges on refunding of bonds are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	21,675
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	236,693,156
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	2,475,689
Long-term liabilities, including bonds payable, notes payable, and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(22,687,328)
Accrued general long-term debt interest expense is not a financial use and, therefore, is not reported in the funds.	(195,391)
Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(46,753,088)
Total other postemployment benefits liability and related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(2,442,621)
The assets and liabilities of the internal service funds, used by management to charge the costs of certain activities to individual funds, are included in governmental activities in the statement of net position.	<u>677,169</u>
Net Position of Governmental Activities	<u><u>\$ 211,847,874</u></u>

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	General	County Transportation Trust	Istokpoga Marsh Watershed Improvement District	Local Government Infrastructure Surtax	HCISRR Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 40,107,041	\$ 4,743,579	\$ -	\$ 9,811,985	\$ -	\$ 510,114	\$ 55,172,719
Licenses and Permits	2,140	46,840	-	-	-	1,416,741	1,465,721
Intergovernmental	14,346,772	3,246,160	881,743	2,366,711	-	1,709,507	22,550,893
Charges for Services	8,199,676	72,649	-	-	-	2,621,066	10,893,391
Fines and Forfeitures	75,284	-	-	-	-	538,189	613,473
Assessments	-	-	72,671	-	-	2,150,169	2,222,840
Net Change in Fair Value of Investments	257,633	50,479	-	309,469	33,678	131,400	782,659
Miscellaneous	1,605,808	2,175,490	-	95,909	-	628,338	4,505,545
Total Revenues	64,594,354	10,335,197	954,414	12,584,074	33,678	9,705,524	98,207,241
EXPENDITURES							
Current:							
General Government	15,848,631	-	-	1,333,408	-	116,346	17,298,385
Public Safety	49,823,620	-	-	1,175,874	697,112	3,727,742	55,424,348
Physical Environment	1,014,925	-	2,078,891	105,909	-	607,815	3,807,540
Transportation	45,657	10,568,891	-	4,845,469	962,576	592,918	17,015,511
Economic Environment	1,442,214	-	-	-	-	1,971,391	3,413,605
Human Services	3,117,129	-	-	136,162	-	318,617	3,571,908
Culture and Recreation	2,400,731	-	-	161,032	-	99,435	2,661,198
Court Related	1,576,280	-	-	-	-	2,884,136	4,460,416
Debt Service:							
Principal Retirement	-	-	-	2,499,346	-	110,006	2,609,352
Interest and Fiscal Charges	-	-	-	474,155	-	12,064	486,219
Total Expenditures	75,269,187	10,568,891	2,078,891	10,731,355	1,659,688	10,440,470	110,748,482
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,674,833)	(233,694)	(1,124,477)	1,852,719	(1,626,010)	(734,946)	(12,541,241)
OTHER FINANCING SOURCES (USES)							
Transfers In	407,491	-	-	-	-	1,162,443	1,569,934
Transfers Out	(1,013,285)	(67,684)	-	(81,474)	-	(181,428)	(1,343,871)
Total Other Financing Sources (Uses)	(605,794)	(67,684)	-	(81,474)	-	981,015	226,063
NET CHANGE IN FUND BALANCES	(11,280,627)	(301,378)	(1,124,477)	1,771,245	(1,626,010)	246,069	(12,315,178)
Fund Balances - October 1, 2017	17,874,697	5,215,572	(3,411,918)	21,705,225	2,639,044	12,351,171	56,373,791
FUND BALANCES - SEPTEMBER 30, 2018	\$ 6,594,070	\$ 4,914,194	\$ (4,536,395)	\$ 23,476,470	\$ 1,013,034	\$ 12,597,240	\$ 44,058,613

See accompanying Notes to Financial Statements.

**HIGHLANDS 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, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (12,315,178)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense. This is the amount by which net capital outlay exceeded depreciation and amortization in the current period. 6,780,933

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of capital assets sold. (284,651)

Long-term liabilities are reported in the statement of net position but not in the governmental funds because they are not due and payable in the current period. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,609,352

Some revenues reported in the statement of activities will not be collected for several months after the fiscal year end, therefore, are not reported as revenue in the governmental funds. 446,619

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 6,688

Changes in net pension liability reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (4,401,677)

Changes in total other postemployment benefits liability reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (70,238)

Internal service funds are used by management to charge the costs of insurance to individual funds. The net cost of certain activities of internal service funds is reported with governmental activities. (725,932)

Change in Net Position of Governmental Activities \$ (7,954,084)

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 39,792,923	\$ 39,792,923	\$ 40,107,041	\$ 314,118
Licenses and Permits	6,000	6,000	2,140	(3,860)
Intergovernmental	13,981,381	21,977,199	14,346,772	(7,630,427)
Charges for Services	7,860,891	7,884,216	8,199,676	315,460
Fines and Forfeitures	77,500	77,500	75,284	(2,216)
Net Change in Fair Value of Investments	45,000	45,000	257,633	212,633
Miscellaneous	1,625,178	1,574,905	1,605,808	30,903
Total Revenues	<u>63,388,873</u>	<u>71,357,743</u>	<u>64,594,354</u>	<u>(6,763,389)</u>
EXPENDITURES				
Current:				
General Government	17,122,150	17,671,627	15,848,631	1,822,996
Public Safety	38,917,351	51,575,572	49,823,620	1,751,952
Physical Environment	1,287,005	1,439,947	1,014,925	425,022
Transportation	44,954	45,657	45,657	-
Economic Environment	1,558,807	1,589,868	1,442,214	147,654
Human Services	3,490,288	3,480,941	3,117,129	363,812
Culture and Recreation	2,503,090	2,587,590	2,400,731	186,859
Court Related	1,573,252	1,608,738	1,576,280	32,458
Total Expenditures	<u>66,512,064</u>	<u>79,999,940</u>	<u>75,269,187</u>	<u>4,730,753</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,123,191)	(8,642,197)	(10,674,833)	(2,032,636)
OTHER FINANCING SOURCES (USES)				
Transfers In	35,174	125,706	407,491	281,785
Transfers Out	(1,196,056)	(1,196,206)	(1,013,285)	182,921
Total Other Financing Sources (Uses)	<u>(1,160,882)</u>	<u>(1,070,500)</u>	<u>(605,794)</u>	<u>464,706</u>
NET CHANGE IN FUND BALANCE	(4,284,073)	(9,712,697)	(11,280,627)	(1,567,930)
Fund Balances - October 1, 2017	<u>4,284,073</u>	<u>9,712,697</u>	<u>17,874,697</u>	<u>8,162,000</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,594,070</u>	<u>\$ 6,594,070</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 4,616,349	\$ 4,616,349	\$ 4,743,579	\$ 127,230
Licenses and Permits	31,000	31,000	46,840	15,840
Intergovernmental	3,134,442	3,144,442	3,246,160	101,718
Charges for Services	61,000	61,000	72,649	11,649
Net Change in Fair Value of Investments	20,000	20,000	50,479	30,479
Miscellaneous	1,399,311	1,413,128	2,175,490	762,362
Total Revenues	<u>9,262,102</u>	<u>9,285,919</u>	<u>10,335,197</u>	<u>1,049,278</u>
EXPENDITURES				
Current:				
Transportation:				
County Engineer	153,840	153,840	151,474	2,366
Engineering Services	1,388,654	1,496,364	1,330,363	166,001
Roads and Bridges	5,497,591	5,939,005	5,688,202	250,803
Bridge and Concrete	349,991	364,513	356,395	8,118
Maintenance Shop	776,702	835,662	825,150	10,512
Traffic Operations	1,038,245	1,204,851	1,139,018	65,833
Mowing - Right of Ways	586,746	533,388	530,702	2,686
County Shell Pit	251,704	251,685	240,191	11,494
Multi-Use Paths	47,040	91,700	44,660	47,040
Road and Bridge Superintendent	141,881	141,881	135,483	6,398
GIS	183,464	188,464	127,253	61,211
Total Expenditures	<u>10,415,858</u>	<u>11,201,353</u>	<u>10,568,891</u>	<u>632,462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,153,756)	(1,915,434)	(233,694)	1,681,740
OTHER FINANCING (USES)				
Transfers Out	(67,684)	(67,684)	(67,684)	-
NET CHANGE IN FUND BALANCE	(1,221,440)	(1,983,118)	(301,378)	1,681,740
Fund Balances - October 1, 2017	<u>1,221,440</u>	<u>1,983,118</u>	<u>5,215,572</u>	<u>3,232,454</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,914,194</u></u>	<u><u>\$ 4,914,194</u></u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ISTOKPOGA MARSH WATERSHED IMPROVEMENT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,044,008	\$ 5,044,172	\$ 881,743	\$ (4,162,429)
Assessments	71,000	71,000	72,671	1,671
Net Change in Fair Value of Investments	400	400	-	(400)
Total Revenues	<u>1,115,408</u>	<u>5,115,572</u>	<u>954,414</u>	<u>(4,161,158)</u>
EXPENDITURES				
Current:				
Physical Environment:				
Istokpoga Marsh Improvements	<u>1,161,108</u>	<u>7,375,544</u>	<u>2,078,891</u>	<u>5,296,653</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(45,700)	(2,259,972)	(1,124,477)	1,135,495
Fund Balances - October 1, 2017	<u>45,700</u>	<u>2,259,972</u>	<u>(3,411,918)</u>	<u>(5,671,890)</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,536,395)</u></u>	<u><u>\$ (4,536,395)</u></u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL GOVERNMENT INFRASTRUCTURE SURTAX FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 9,216,838	\$ 9,216,838	\$ 9,811,985	\$ 595,147
Intergovernmental	10,679,630	14,042,205	2,366,711	(11,675,494)
Net Change in Fair Value of Investments	170,000	170,000	309,469	139,469
Miscellaneous	173,399	253,731	95,909	(157,822)
Total Revenues	<u>20,239,867</u>	<u>23,682,774</u>	<u>12,584,074</u>	<u>(11,098,700)</u>
EXPENDITURES				
Current:				
General Government:				
Central Services	2,046,788	1,453,502	537,443	916,059
Facilities Management	2,449,028	2,214,803	795,965	1,418,838
Supervisor of Elections	-	8,391	-	8,391
Total General Government	<u>4,495,816</u>	<u>3,676,696</u>	<u>1,333,408</u>	<u>2,343,288</u>
Public Safety:				
Sheriff	375,000	688,437	620,143	68,294
County Jail	2,214,935	2,149,832	203,194	1,946,638
Local Emergency Management Agency	65,000	92,000	86,950	5,050
Ambulance Service	447,800	443,497	265,587	177,910
Total Public Safety	<u>3,102,735</u>	<u>3,373,766</u>	<u>1,175,874</u>	<u>2,197,892</u>
Physical Environment:				
Natural Resources	6,122	118,622	105,909	12,713
Transportation:				
Road and Bridges	20,811,605	31,331,543	4,845,469	26,486,074
County Shell Pit	15,904	15,904	-	15,904
Total Transportation	<u>20,827,509</u>	<u>31,347,447</u>	<u>4,845,469</u>	<u>26,501,978</u>
Human Services:				
Animal Control	539,120	586,307	136,162	450,145
Culture and Recreation:				
Recreation Department	741,646	601,398	39,475	561,923
Parks Department	140,364	140,364	121,557	18,807
Total Culture and Recreation	<u>882,010</u>	<u>741,762</u>	<u>161,032</u>	<u>580,730</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL GOVERNMENT INFRASTRUCTURE SURTAX FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Debt Service:				
Principal Retirement	\$ 2,499,346	\$ 2,499,346	\$ 2,499,346	\$ -
Interest and Fiscal Charges	473,636	474,155	474,155	-
Total Debt Service	<u>2,972,982</u>	<u>2,973,501</u>	<u>2,973,501</u>	<u>-</u>
Total Expenditures	<u>32,826,294</u>	<u>42,818,101</u>	<u>10,731,355</u>	<u>32,086,746</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(12,586,427)	(19,135,327)	1,852,719	20,988,046
OTHER FINANCING (USES)				
Transfers Out	<u>(81,474)</u>	<u>(81,474)</u>	<u>(81,474)</u>	<u>-</u>
Total Other Financing (Uses)	<u>(81,474)</u>	<u>(81,474)</u>	<u>(81,474)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(12,667,901)	(19,216,801)	1,771,245	20,988,046
Fund Balances - October 1, 2017	<u>12,667,901</u>	<u>19,216,801</u>	<u>21,705,225</u>	<u>2,488,424</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,476,470</u>	<u>\$ 23,476,470</u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 157,622	\$ 281,948	\$ 439,570	\$ 6,963,944
Investments	7,146,015	-	7,146,015	636,813
Accounts Receivable - Net	150,567	-	150,567	5,556
Due from Other Funds	3,759,961	-	3,759,961	216,095
Due from Other Governmental Units	164,642	-	164,642	485
Advances to Other Funds	50,000	-	50,000	-
Prepaid Items	109,125	-	109,125	-
Inventory	-	523,605	523,605	-
Total Current Assets	11,537,932	805,553	12,343,485	7,822,893
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	4,501,252	-	4,501,252	-
Capital Assets:				
(Net of \$12,022,793 Accumulated Depreciation)	7,143,396	2,225,528	9,368,924	-
Total Noncurrent Assets	11,644,648	2,225,528	13,870,176	-
Total Assets	23,182,580	3,031,081	26,213,661	7,822,893
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	314,606	-	314,606	-
LIABILITIES				
Current Liabilities:				
Vouchers Payable	453,751	70,188	523,939	1,290,466
Accrued Wages Payable	28,981	-	28,981	-
Due to Other Governmental Units	516	22	538	-
Unearned Revenue	-	-	-	381,571
Compensated Absences - Current Portion	7,873	-	7,873	-
Landfill Closure Liability - Current Portion	75,949	-	75,949	-
Claims Payable	-	-	-	434,128
Total Current Liabilities	567,070	70,210	637,280	2,106,165

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Total	
LIABILITIES (CONTINUED)				
Long-Term Liabilities:				
Payable from Restricted Assets -				
Customer Deposits	\$ 90,183	\$ -	\$ 90,183	\$ -
Landfill Closure Liability	4,411,069	-	4,411,069	-
Compensated Absences Payable	70,854	-	70,854	4,956,932
Total OPEB Liability	47,593	-	47,593	-
Landfill Closure Liability	2,066,860	-	2,066,860	-
Net Pension Liability	817,920	-	817,920	-
Total Long-Term Liabilities	7,504,479	-	7,504,479	4,956,932
 Total Liabilities	8,071,549	70,210	8,141,759	7,063,097
 DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	96,959	-	96,959	-
OPEB Related Items	953	-	953	-
Total Deferred Inflows of Resources	97,912	-	97,912	-
 NET POSITION				
Net Investment in Capital Assets	7,143,396	2,225,528	9,368,924	-
Unrestricted	8,184,329	735,343	8,919,672	759,796
 Total Net Position	\$ 15,327,725	\$ 2,960,871	18,288,596	\$ 759,796
 Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			82,627	
 Net Position of Business-Type Activities			\$ 18,371,223	

See accompanying Notes to Financial Statements.

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

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Total	
OPERATING REVENUES				
Charges for Services	\$ 3,218,824	\$ 1,225,786	\$ 4,444,610	\$ -
Special Assessments	6,359,809	-	6,359,809	-
Sale of Recyclable Materials	31,110	-	31,110	-
Miscellaneous	94,883	10,260	105,143	14,774,355
Total Operating Revenues	<u>9,704,626</u>	<u>1,236,046</u>	<u>10,940,672</u>	<u>14,774,355</u>
OPERATING EXPENSES				
Personal Services	1,076,423	-	1,076,423	-
General and Administrative	6,622,939	1,165,561	7,788,500	6,099,823
Insurance and Claims	-	-	-	9,519,726
Depreciation	541,512	121,930	663,442	-
Total Operating Expenses	<u>8,240,874</u>	<u>1,287,491</u>	<u>9,528,365</u>	<u>15,619,549</u>
Operating Income (Loss)	1,463,752	(51,445)	1,412,307	(845,194)
NONOPERATING REVENUES (EXPENSES)				
Operating Grants	90,909	-	90,909	-
Net Change in Fair Value of Investments	242,749	315	243,064	108,959
Interest Expense	-	(279)	(279)	-
Gain/(Loss) on Disposal of Capital Assets	(6,356)	5	(6,351)	-
Total Nonoperating Revenues (Expenses)	<u>327,302</u>	<u>41</u>	<u>327,343</u>	<u>108,959</u>
INCOME BEFORE TRANSFERS	1,791,054	(51,404)	1,739,650	(736,235)
Transfer Out	<u>(226,063)</u>	<u>-</u>	<u>(226,063)</u>	<u>-</u>
CHANGE IN NET POSITION	1,564,991	(51,404)	1,513,587	(736,235)
Net Position - October 1, 2017, as Previously Reported	13,697,594	3,012,275		1,496,031
Restatement (See Note 22)	65,140	-		-
Net Position - October 1, 2017, as Restated	<u>13,762,734</u>	<u>3,012,275</u>		<u>1,496,031</u>
NET POSITION - SEPTEMBER 30, 2018	<u>\$ 15,327,725</u>	<u>\$ 2,960,871</u>		<u>\$ 759,796</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>(10,303)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 1,503,284</u>	

See accompanying Notes to Financial Statements.

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 9,650,551	\$ 1,225,786	\$ 10,876,337	\$ -
Cash Received from Internal Customers	-	-	-	14,708,844
Cash Payments for Personal Services	(1,072,352)	-	(1,072,352)	-
Cash Payments to Vendors	(6,852,896)	(1,160,005)	(8,012,901)	-
Cash Payments for Insurance Premiums and Claims	-	-	-	(10,415,093)
Cash Payments to Employees for Services	-	-	-	(4,427,674)
Customer Deposits	17,430	-	17,430	-
Other Miscellaneous Cash Received	31,110	10,260	41,370	-
Net Cash Provided (Used) by Operating Activities	1,773,843	76,041	1,849,884	(133,923)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant Funds Received	90,909	-	90,909	-
Advance to Other Funds	(3,784,517)	-	(3,784,517)	(216,095)
Repayment on Advance to Other Funds	-	-	-	344,223
Transfers to Other Funds	(226,063)	-	(226,063)	(319)
Net Cash Provided (Used) by Noncapital Financing Activities	(3,919,671)	-	(3,919,671)	127,809
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	18,702	5	18,707	-
Acquisition of Capital Assets	(843,721)	-	(843,721)	-
Advance to other Funds	-	-	-	-
Principal Payments on Borrowings	-	(60,596)	(60,596)	-
Interest Payments on Borrowings	-	(667)	(667)	-
Net Cash Used by Capital and Related Financing Activities	(825,019)	(61,258)	(886,277)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	(5,512,525)	-	(5,512,525)	(630,762)
Sale of Investments	5,066,971	-	5,066,971	-
Investment Income	146,906	316	147,222	103,265
Net Cash Provided (Used) by Investing Activities	(298,648)	316	(298,332)	(527,497)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,269,495)	15,099	(3,254,396)	(533,611)
Cash and Cash Equivalents - October 1, 2017	7,928,369	266,849	8,195,218	7,497,555
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	\$ 4,658,874	\$ 281,948	\$ 4,940,822	\$ 6,963,944

See accompanying Notes to Financial Statements.

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Total	
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,463,752	\$ (51,445)	\$ 1,412,307	\$ (845,194)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	541,512	121,930	663,442	-
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in:				
Accounts Receivable	49,313	-	49,313	(5,400)
Inventory	-	(1,016)	(1,016)	-
Due from Other Funds	(832)	-	(832)	-
Due from Other Governmental Units	(72,278)	-	(72,278)	(484)
Prepaid Items	(82,125)	-	(82,125)	4,897
Deferred Outflows Related to Pensions	18,623	-	18,623	-
Increase (Decrease) in:				
Vouchers Payable	(490,371)	6,548	(483,823)	423,763
Accrued Wages Payable	(13,423)	-	(13,423)	-
Due to Other Governmental Units	516	24	540	-
Claims Payable	-	-	-	15,429
Compensated Absences	(26,552)	-	(26,552)	332,693
Landfill Closure Liability	342,855	-	342,855	-
Unearned Revenues	-	-	-	(59,627)
Customer Deposits	17,430	-	17,430	-
Total OPEB Liability	(5,015)	-	(5,015)	-
Net Pension Liability	119	-	119	-
Deferred Inflows Related to Pensions	29,366	-	29,366	-
Deferred Inflows Related to OPEB	953	-	953	-
Total Adjustments	310,091	127,486	437,577	711,271
Net Cash Provided (Used) by Operating Activities	\$ 1,773,843	\$ 76,041	\$ 1,849,884	\$ (133,923)
NONCASH INVESTING ACTIVITIES				
Change in Fair Value of Investments	\$ 92,713	\$ -	\$ -	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION CASH AND CASH EQUIVALENTS				
Total Cash and Cash Equivalents	\$ 4,658,874	\$ 281,948	\$ 4,940,822	\$ 6,963,944
Less: Restricted Cash and Investments	4,501,252	-	4,501,252	-
Total Unrestricted Cash and Cash Equivalents	\$ 157,622	\$ 281,948	\$ 439,570	\$ 6,963,944

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2018**

ASSETS

Cash and Cash Equivalents	\$ 4,870,188
Due from Others	14,029
Due from Other Governmental Units	<u>27,948</u>
 Total Assets	 <u><u>\$ 4,912,165</u></u>

LIABILITIES

Due to Others	\$ 631,313
Due to Other Governmental Units	3,465,674
Deposits	<u>815,178</u>
 Total Liabilities	 <u><u>\$ 4,912,165</u></u>

See accompanying Notes to Financial Statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Highlands County (County) is a non-charter County established under the Constitution and the laws of the State of Florida. The six offices elected county-wide are as follows: Board of County Commissioners (Board) composed of five members, Clerk of the Courts (Clerk), Property Appraiser, Tax Collector, Sheriff, and Supervisor of Elections.

The Board, as the legislative body for the County, budgets and provides the funding used by the separate constitutional offices with the exception of fees collected by the Tax Collector, Property Appraiser, and the Clerk's court operations. Under the direction of the Clerk, the Division of Business Services maintains the accounting system for the Board's operations. The Clerk, Property Appraiser, Tax Collector, Sheriff, and Supervisor of Elections each maintain their own accounting system. The operations of the Board and each constitutional office have been combined in these financial statements.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations, so data from these units are combined with data of the primary government.

Blended Component Units

The following component units are included in the accompanying financial statements as part of the primary government because they satisfy the criteria in Governmental Accounting Standards Board (GASB) pronouncements:

Istokpoga Marsh Watershed Improvement District was established by Ordinance 80-2 to provide flood and erosion control and improvements to waterways within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Improvement District is operated as a special revenue fund of the Board.

Lake Placid Sun-N-Lake Estates Fire District was established by Ordinance 81-2 to provide fire protection services to the residents of the District. The Board is the ex-officio board of supervisors, the governing board of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Fire District is operated as a special revenue fund of the Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

DeSoto City Special Benefit Fire District was established by Ordinance 03-04-5 (82-6 was amended in its entirety) to provide fire protection services to the residents within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Orange Villa Special Benefit District was established by Ordinance 79-1 to provide street and recreational lights within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Hickory Hills Special Benefit District was established by Ordinance 87-3 to provide street and recreational facilities within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Placid Lakes Special Benefit District was established by Ordinance 92-10 to provide maintenance of recreational areas, streets, fire protection, and canals. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Sebring Country Estates Special Benefit District was established by Ordinance 78-4 to provide installation and maintenance of street lighting within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Avon Park Estates Special Benefit District was established by Ordinance 80-5 to provide road maintenance, improvements, reconstruction and paving, drainage maintenance, maintenance of streetlights, and other purposes within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Highlands Lakes Special Tax District was established by Ordinance 84-1 to provide fire protection services within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Tax District is operated as a special revenue fund of the Board.

Highlands Park Special Benefit Fire District was established by Ordinance 88-4 to provide fire protection services directly, or by assistance, to local volunteer fire departments on property located within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Highlands Park Estates Improvement Trust was established by resolution in 1981 (Resolution Book 6, Page 20) to assure maintenance, construction and repairs on public thoroughfares in Highlands Park Estates Subdivision. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Improvement Trust is operated as a special revenue fund of the Board.

Leisure Lakes Special Benefit Fire District was established by Ordinance 85-4 to provide fire protection services within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Sebring Hills Special Benefit District was established by Ordinance 89-5 to provide street lights within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Red Hill Farms Improvement District was established by Ordinance 89-16 to provide construction and maintenance of roads and drainage facilities within the District. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Improvement District is operated as a special revenue fund of the Board.

Orange Blossom Estates Special Benefit District was established by Ordinance 90-16 to provide road maintenance, construction of roads, and drainage facilities. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Sun-N-Lakes of Lake Placid Recreation District was established by Ordinance 92-35 to provide recreational facilities, maintenance of parks and installation and maintenance of streetlights within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Recreation District is operated as a special revenue fund of the Board.

Sebring Acres Special Benefit District was established by Ordinance 94-14 and Section 125.01(1)(q), Florida Statutes, to provide flood and erosion control, water and sewer systems, road maintenance, fire protection, recreational facilities, and street lighting within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Orange Blossom (Unit 12) Special Benefit District was established by Ordinance 95-39 and Section 125.01(1)(q), Florida Statutes, to provide flood and erosion control, water and sewer systems, fire protection services, recreational facilities, road maintenance, and street lighting within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Lake Haven Estates Special Benefit District was established by Ordinance 95-34 and Section 125.01(1)(q), Florida Statutes, to provide street lighting within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Lorida Special Benefit Fire District was established by Ordinance 96-20 to provide fire protection services within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Lake Placid Special Benefit Fire District was established by Ordinance 98-03 to provide fire protection services within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Highway Park Special Benefit District was established by Ordinance 98-36 to provide and maintain street lighting within the District and pay the electrical bills incurred. The Board is the ex-officio board of supervisors, is the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

Sun-N-Lakes 1-20 Improvement Trust was established by Resolution 2001-96 to assure construction of drainage and paved streets in Units 1 through 20 of Sun-n-Lakes Estates of Lake Placid Subdivision. The Board serves as the governing body of the District and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Improvement Trust is operated as a special revenue fund of the Board.

Highlands Park Estates Special Benefit District was established by Ordinance 00-25 to provide facilities and improvements within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

West Sebring Special Benefit Fire District was established by Ordinance 01-02-6 to provide fire protection services within the District. The Board is the ex-officio board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Venus Special Benefit Fire District was established by Ordinance 96-19 to provide fire protection services within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

Placid Lakes Special Benefit Fire District was established by Ordinance 03-04-6 to provide fire protection services within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the district. Management of the County has operational responsibility for the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Thunderbird Hill Wastewater Special Benefit District was established by Ordinance 07-08-13 to track the special assessment financing of the upgrade, construction and operations of the wastewater infrastructure for the Thunderbird Hills area. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. Management of the County has operational responsibility for the District. The Special Benefit District is operated as a special revenue fund of the Board.

B. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the cost of the function to be financed from the government's general revenues. Program revenues include charges for services, program specific operating grants and contributions and program specific capital grants and contributions. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

In the State of Florida, certain state shared revenues are considered to be unrestricted general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule, the effect of interfund activity, except for interfund services provided and used, has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid a "doubling up" effect.

The County's fiduciary funds are presented in the fund financial statements by type (agency). Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from unrestricted resources.

Governmental Funds

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are certain tax revenues, intergovernmental revenues, emergency medical services (EMS), and investment earnings. Major revenue sources not susceptible to accrual include charges for services (other than EMS), fines and forfeitures, and miscellaneous revenues. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds (Continued)

Because of their spending measurement focus, expenditure recognition for governmental funds excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental funds expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Proprietary funds operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the County's enterprise funds, the Solid Waste Disposal System and Energy Recovery System are charges for services to customers. Operating expenses of these operations include salaries, contractual services, materials and supplies, utilities, equipment rental and maintenance, administrative charges, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The County considers the Istokpoga Marsh Watershed Improvement District Fund, the HCISSR Fund, and the Energy Recovery Fund important to financial statement users because of public interest and is, therefore, reporting those funds as major funds even though the quantitative criteria have not been met.

Governmental Major Funds

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

County Transportation Trust – The County Transportation Trust Fund is a special revenue fund used to account for the operations of the road and bridge department. Financing is provided principally by the County's share of state gasoline taxes and the sixth-cent local option gas tax which are restricted.

Istokpoga Marsh Watershed Improvement District – The Istokpoga Marsh Watershed Improvement District Fund is a special revenue fund used to account for assessments and Federal and State grants relating to water control and improvements for the restoration of the watershed of Lake Okeechobee and the Florida Everglades. The Istokpoga Marsh Watershed Improvement District accounts for the purchase of land and the building of infrastructure through Federal and State grants as well as property assessments to create retention areas for excess water for the use of agriculture and to improve water quality of Lake Okeechobee and the Florida Everglades.

Local Government Infrastructure Surtax – The Local Government Infrastructure Surtax Fund is a special revenue fund used to account for the one-cent local discretionary sales surtax that was approved by voters. This revenue collected is restricted per Section 212.055(2), Florida Statutes.

HCISSR Construction – The HCISSR Construction Fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds).

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Proprietary Major Funds

Solid Waste – The Solid Waste Fund accounts for all facilities and administration relating to the sanitary disposal of solid waste (refuse) including debt service payments on all outstanding Solid Waste Facility long-term debt.

Energy Recovery – The Energy Recovery Fund accounts for the operation of a County owned and operated asphalt plant.

Other Fund Types

Internal Service Funds – The Internal Service Funds account for employee benefits, insurance, and compensated absences provided to other departments of the County on a cost reimbursement basis.

Agency Funds – The Agency Funds account for all assets held by the County in its capacity as custodian or agent for individuals, other governmental units and non-public organizations. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. A description of each agency fund can be found on page 190.

C. Budgets and Budgetary Accounting

The following are the procedures followed by the Board in establishing the budget for Highlands County:

1. On or before June 1 of each year, the Sheriff, the Clerk, the Tax Collector and the Supervisor of Elections submit to the Board a tentative budget for their respective offices for the ensuing fiscal year.
2. Within 15 days after certification of the ad valorem tax roll by the Property Appraiser, the Office of Management and Budget submits to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
3. By Board resolution, a tentative budget is submitted to the public and public hearings are held to obtain taxpayers' comments.
4. Within 20 days after adoption of the tentative budget, a final budget is submitted for review and adoption at a final public hearing.
5. The County's operating budget is legally enacted through passage of a resolution at the final public hearing. Accordingly, the funds have an adopted budget as required by Section 129.03, Florida Statutes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting (Continued)

6. Section 129.07, Florida Statutes, as amended in 1978, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Board acts on all budget changes between departments, this becomes the level of control. The budgetary data presented herein was amended by the Board during the year in a legally permissible manner.
7. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds and Proprietary Funds except for the Court Fund, Public Records Modernization Trust Fund, Teen Court Operations Fund, Court Related Technology Modernization Trust Fund, Community Donations Fund, and the Inmate Welfare Fund, which do not have legally adopted budgets.
8. Annual appropriated budgets for the General, Special Revenue, Capital Projects, and Proprietary Funds are legally adopted on a basis consistent with GAAP. However, the only funds required to report budgets are the General and Special Revenue Funds.
9. It is the Board's policy to amend the budget when unanticipated revenues and expenditures occur.
10. All appropriations lapse at the close of the fiscal year.

D. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

"Total fund balances" of the County's governmental funds, \$44,058,613, differs from "net position" of governmental activities, \$211,847,874, reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Deferred Outflows of Resources

Certain resources are not available to pay current period expenditures, and therefore are not reported in the fund statements. Balances as of September 30, 2018 were:

Deferred Charges on Refunding of Bonds	<u>\$ 21,675</u>
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**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.

Cost of Capital Assets	\$ 317,633,085
Accumulated Depreciation/Amortization	<u>(80,939,929)</u>
Total Capital Assets	<u><u>\$ 236,693,156</u></u>

Receivable Transactions

Certain receivables are not available to pay current period expenditures, and therefore are reported as deferred inflows of resources in the funds. Balances as of September 30, 2018 were:

Deferred Inflows of Resources	<u><u>\$ 2,475,689</u></u>
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Long-Term Debt Transactions

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long term) are reported in the statement of net position. Balances as of September 30, 2018 were:

Notes Payable	\$ (21,008,750)
Capital Leases	<u>(1,678,578)</u>
Total Long-Term Liabilities	<u><u>\$ (22,687,328)</u></u>

Accrued Interest

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on notes payable and capital leases.

Accrued Interest on Notes Payable and Capital Leases	<u><u>\$ (195,391)</u></u>
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**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

Pension Related Items

Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Accrued pension contributions included in the Compensated Absences Fund were adjusted to avoid duplication of the pension liability. Balances as of September 30, 2018 were:

Net Pension Liability	\$ (68,073,486)
Deferred Outflows of Resources - Pension Related	28,779,524
Deferred Inflows of Resources - Pension Related	(7,853,743)
Compensated Absences Adjustment	394,617
Total	<u><u>\$ (46,753,088)</u></u>

Other Postemployment Benefits Related Items

Total other postemployment benefits (OPEB) liability and related deferred inflows of resources are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Balances as of September 30, 2018 were:

Total OPEB Liability	\$ (2,394,684)
Deferred Inflows of Resources - OPEB Related	(47,937)
Total	<u><u>\$ (2,442,621)</u></u>

Internal Service Funds

Internal service funds are used by management to charge the costs of risk retention, employee benefits and compensated absences to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities of the County.

Internal Service Funds	<u><u>\$ 677,169</u></u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$578,258 between governmental funds must be eliminated from the statement of net position.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities (Continued)

The “net change in fund balances” for governmental funds, (\$12,315,178), differs from the “change in net position” for governmental activities, (\$7,954,084) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation/amortization expense charged for the year.

Capital Outlay	\$ 13,618,471
Depreciation/Amortization Expense	<u>(6,837,538)</u>
Difference	<u>\$ 6,780,933</u>

In the statement of activities, the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Sale of Capital Assets	<u>\$ (284,651)</u>
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Long-Term Debt Transactions

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Principal Repayments:	
Notes Payable	\$ 1,395,565
Capital Leases	<u>1,213,787</u>
Net Adjustment	<u>\$ 2,609,352</u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities (Continued)

Revenue Transactions

Some revenue reported in the statement of activities will not be collected for several months after the fiscal year-end and, therefore, are not reported as revenue in the governmental funds.

Intergovernmental Revenue	\$ 527,277
Emergency Medical Services Charges for Services	(80,658)
Total Adjustment	\$ 446,619

Expense Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net Change in Interest Payable	\$ 26,697
Amortization of Bond Refunding Costs	(20,009)
Total Adjustment	\$ 6,688

Pension Related Items

Changes in net pension obligations reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension Expense	\$ (4,401,677)
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Other Postemployment Benefits Related Items

Changes in total OPEB obligations reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

OPEB Expense	\$ (70,238)
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**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities (Continued)

Internal Service Funds Net Cost

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities of the County.

Internal Service Funds Change in Net Position	\$ (736,235)
Internal Service Funds Operating Loss	
Allocated to Business-Type Activities	10,303
Net Adjustment	<u><u>\$ (725,932)</u></u>

Transfers in and transfers out in the amount of \$1,343,871 between governmental funds must be eliminated from the statement of activities.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand as well as demand deposits and investments with original maturities of three months or less from the date of acquisition.

Cash balances from the majority of funds are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pools are managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts and, therefore, all balances representing participants' equity in the investment pools are classified as cash equivalents for purposes of these financial statements.

For the purpose of the statement of cash flows, each fund's equity in the investment pool is considered to be a cash equivalent since deposits and withdrawals can be made at any time without prior notice or penalty.

F. Investments

The County's investment policy authorizes investment of surplus funds in local government investment pools, certificates of deposit and savings accounts, money market mutual funds, and securities issued by the United States Treasury. The policy was adopted pursuant to Section 218.415, Florida Statutes.

In accordance with the provisions of GASB Statement No. 31, the County reports investments at their fair value on the balance sheet or statement of net position, as applicable, with unrealized gains and losses charged or credited to the net change in fair value of investments. The fair value of each security is based on the quoted market value provided by the broker. Money market investments, the Local Government Surplus Funds Trust Funds PRIME Fund and the Florida Local Government Investment Trust (FLGIT) Day to Day Fund are reported as cash equivalents at amortized cost.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Receivables are shown net of allowance for doubtful accounts. Doubtful accounts are those unpaid more than 180 days for Emergency Medical Services (EMS) and 90 days for all other accounts. Receivables are set up when services are rendered for EMS, landfill, and asphalt plant. The retired employees' health insurance premiums receivables are billed on a monthly basis. Receivables related to grants are not reflected until qualifying expenditures have been incurred and all other eligibility requirements have been met for the grant. Reinsurance recovery receivable is determined by those insurance claims that exceed the County's insurance limit, but are covered by the County's excess coverage.

H. Interfund Transactions

Interfund transactions are accounted for in the following manner:

Transactions for services rendered are recorded as revenues in the receiving fund and as expenditures or expenses (as appropriate) in the disbursing fund.

Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses (as appropriate) in the disbursing fund and as a reduction of expenditures or expenses (as appropriate) in the receiving fund, and transactions to shift revenues from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out, respectively.

Transfers are reported in the "Other Financing Sources (Uses)" section in the statement of revenues, expenditures, and changes in fund balances and in the "Transfers" section in the statement of revenues, expenses, and changes in net position. As of fiscal year-end, any unpaid amounts related to these transactions are reported as due to/from other funds on the governmental funds balance sheet or proprietary funds statement of net position. Assets acquired or constructed by resources of a Governmental Fund which are subsequently transferred to a Proprietary Fund are accounted for as expenditures within the Governmental Fund and as contributed capital in the Proprietary Fund.

Long-term interfund advances are reported as "Advances to Other Funds" and as "Nonspendable Fund Balance" in the General Fund to maintain accountability and to properly disclose the amount available for appropriation. Repayments are recorded as reductions in the receivable.

I. Inventories

Inventories are stated at cost using the moving average cost basis. The consumption method is used to account for inventories. The cost is recorded as an expenditure or expense (as appropriate) at the time individual inventory items are consumed. Inventories reported in the General Fund are equally offset by nonspendable fund balance which indicates they are unavailable for appropriation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

Prepaid insurance and similar items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

K. Property Tax

The County's property tax roll is as follows:

Valuation Date	January 1, 2018
Property Appraiser prepares the assessment roll with values as of January 1, 2018, submits this preliminary roll for approval by the Department of Revenue and notifies each taxing authority of their respective valuations.	July 1, 2018
Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rates for the coming year.	September 2018
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 2018
Tax Collector mails a notice of taxes to each property owner on the assessment roll. Taxes may be paid November 2018 through March 2019 with the following applicable discounts:	
<u>Month</u>	<u>Discount Percent</u>
November	4
December	3
January	2
February	1
March	0
All unpaid taxes on real and tangible personal property become delinquent.	April 1, 2019
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May 2019
Tax certificates are sold on all real estate parcels with unpaid real property taxes (lien date).	June 1, 2019
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	June 1, 2019

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

Ad valorem taxes on any real property with more than \$100 of estimated taxes due may be prepaid in installments as follows:

<u>Payment Due</u>	<u>Amount Due</u>	<u>Discount Percent</u>	<u>Discount Due Date</u>
First	25% of estimated tax	6.00	June 30, 2018
Second	25% of estimated tax	4.50	September 30, 2018
Third	25% of estimated tax plus 50% adjustment to actual tax	3.00	December 31, 2018
Fourth	25% of estimated tax plus 50% adjustment to actual tax	0.00	March 31, 2019

No accrual for the property tax levy becoming due in November 2018 is included in the accompanying financial statements since such taxes are collected to finance expenditures of the subsequent period. Property taxes receivable and a corresponding allowance for uncollectible property taxes are not included in the financial statements.

L. Capital Assets

Capital assets, which include property, plant, equipment, intangibles (e.g., software, easements, websites, radio frequencies, land use rights, patents, trademarks and copyrights) and infrastructure assets (e.g., roads, bridges, rights-of-way, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Governmental Accounting Standards Board Statement No. 51 established accounting and financial reporting requirements for intangible assets. Highlands County has implemented this statement by incorporating software, easements, patents, copyrights, water, timber, and land use rights as intangible assets. Information regarding intangible assets is included in Note 4 in the financial statements.

The Board holds legal title for the capital assets used in the operations of the Board, the Clerk, the Property Appraiser, the Supervisor of Elections, and the Tax Collector, and is accountable for them under Florida Law. The Sheriff holds legal title for capital assets used in the Sheriff's operations.

Capital assets used by the governmental funds are reported in the government-wide financial statements of the County. Capital assets of the Board's enterprise and internal service funds are reported in the Proprietary Funds financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

Capital assets are defined by the County as having a minimum established cost (in the table listed below) and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. Donated capital assets received in a service concession arrangement are recorded at acquisition value. Property, plant, equipment and intangibles are depreciated or amortized using the straight-line method over the following generally applied estimated useful lives:

Assets	Years	Threshold
Buildings	10 – 40	\$ 5,000
Improvements Other Than Buildings	3 – 40	5,000
Operating Machinery and Equipment	4 – 20	5,000
Software – Internally Generated	3 – 10	15,000
Software – Purchased/Leased	3 – 10	25,000
Land Use Rights – Permanent	N/A	15,000
Land Use Rights – Term	Term	25,000
Other Capital Intangibles	Varies	20,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Capital assets acquired by lease/purchase agreements or multiple year installment purchase contracts are recorded in the governmental funds in the year acquired as capital outlay expenditures and as other financing sources in the amount of the discounted present value of the total stipulated payments.

The County has elected to use the modified approach for accounting for its bridges and roadways included in the County highway system. Under this approach, the County has made the commitment to preserve and maintain these assets at levels established by the County and approved by the Board. No depreciation expense is reported for such assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. The County maintains an inventory of these assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. In addition, the County makes annual estimates of the amounts that must be expended to preserve and maintain these assets at the predetermined condition levels. Refer to required supplementary information (RSI) for additional information on infrastructure using the modified approach.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Unearned Revenues

Unearned revenue at the government-wide level arises only when the County receives resources before it has a legal claim to them. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Revenues in the Proprietary Funds which have not been earned are reported in accordance with the accrual basis of accounting as unearned revenue. The unearned revenue will be recognized as revenues in the fiscal year they are earned.

N. Pensions

In the government-wide statement of net position, liabilities are recognized for the County's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Postemployment Benefits (OPEB)

In the statement of net position, liabilities are recognized for the County's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the County's health plan. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability, and changes of benefit terms or actuarial assumptions.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category including the deferred charge on refunding, differences between expected and actual experience, changes in actuarial assumptions, net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between the County's contributions and proportionate share of contributions, and the County's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other amounts will be recognized as increases in pension expense in future years.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category including differences between expected and actual experience, changes in actuarial assumptions, net difference between projected and actual earnings on pension plan investments, and changes in the proportion and differences between the County's contributions and proportionate share of contributions, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. The County also has several items, which arise only under a modified accrual basis of accounting that qualified for reporting in this category. Accordingly, the items are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues and charges for emergency medical services. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

Q. Compensated Absences

County policy permits employees to accumulate leave credits in varying amounts, which will be paid to employees upon termination of employment. Accumulated leave is recorded as an expenditure/expense in the fund in which an employee's payroll expense is normally recorded. The liability for compensated absences related to governmental activities is recorded in an internal service fund. The liability for compensated absences related to business-type activities is recorded in the proprietary funds. The liability is liquidated with funds accumulated in the internal service fund or proprietary fund as applicable.

R. Landfill Closure Costs

The County has obtained engineering estimates of future costs to close and monitor sanitary landfill sites in accordance with State and Federal guidelines. Estimated landfill closing and monitoring costs are being accrued in the Solid Waste Enterprise Fund over the operating life of the landfill representing the commitment to fund such costs for the future.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. Encumbrances are not the equivalent of expenditures; but rather represent a future commitment to purchase goods or services. Although encumbrances lapse at fiscal year-end, it is the County's intention to honor these encumbrances under authority provided in the subsequent year's budget. Encumbrances outstanding as of September 30, 2018 totaled \$3,985,005. Encumbrances of the major funds totaled \$2,964,062 and consisted of the following: General Fund, \$392,559; County Transportation Trust \$287,859; Istokpoga Marsh Watershed Improvement District \$856,527, Local Government Infrastructure Surtax, \$1,425,285, and HClSSR Construction, \$1,832. Nonmajor fund encumbrances, in the aggregate, totaled \$1,020,943.

T. Operating Subsidies and Grants

Operating subsidies and grants which finance current operations are generally recorded as nonoperating revenue in the Enterprise Funds when earned and as intergovernmental revenue in the Governmental Funds when they become measurable and available.

U. Self-Insurance

Employee health and dental insurances are provided under externally administrated self-insured plans. Contributions from the County (single rate) and the employees (family rate) pay the health and dental insurance plans. Contributions are based in part on the annual actuarial studies performed by an enrolled actuary. The self-insurance health and dental plans are accounted for in the Employee Benefit Fund.

V. Eliminations

Eliminating entries were made between departments in the General Fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories, prepaid amounts, and advances to other funds) or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action (ordinance) of the Board of County Commissioners, the County's highest level of decision-making authority. Commitments may be changed or lifted only by the Board of County Commissioners taking the same formal action that originally imposed the constraint.

Assigned Fund Balance – Amounts intended to be used by the County for specific purposes. According to the County's fund balance policy, this includes spendable fund balance amounts established by the Board of County Commissioners or the County Administrator that are neither restricted nor committed. The County's fund balance policy does not describe the specific action required to assign fund balance.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive amounts can be reported only in the Board's General Fund. Unassigned fund balance may also include negative balance for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions. The Board of County Commissioners adopted a fund balance policy for the county as a whole. It is the County's goal to maintain unassigned fund balance in the General Fund of not less than three months of the following year's General Fund budgeted expenditures, excluding certain items.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the financial statements. Actual results could differ from estimates.

Y. Reclassification

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on previously reported change in net position.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2018, the bank balances of the County's deposits consisted of the following:

Demand Deposits	\$ 10,902,739
Certificates of Deposit	14,197,164
Total	<u>\$ 25,099,903</u>

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the County's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the County has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

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

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A reconciliation of deposits and investments to amounts shown on the statement of net position and statement of fiduciary net position – agency funds is as follows:

Deposits	\$ 24,183,963
Petty Cash and Change Funds	26,891
Investments	45,720,808
Total	\$ 69,931,662
Statement of Net Position:	
Cash and Cash Equivalents	\$ 25,378,697
Investments	35,181,525
Restricted Cash and Cash Equivalents	4,501,252
Statement of Fiduciary Net Position - Agency Funds:	
Cash and Cash Equivalents	4,870,188
Total	\$ 69,931,662

Investments

The County invested funds throughout the year with local government investment pools. At September 30, 2018, the County’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Measured at Amortized Cost:	
Local Government Surplus Funds Trust Funds PRIME Fund	\$ 17,812,401
Florida Local Government Investment Trust - Day To Day Fund	584,159
Total Measured at Amortized Cost	18,396,560
Measured at NAV:	
Florida Local Government Investment Trust - Short-Term Bond Fund	583,362
Florida Surplus Asset Fund Trust - Stable NAV Fund	1,014,525
Florida Surplus Asset Fund Trust - Variable NAV Fund	3,036,000
Florida Cooperative Liquid Assets Securities System	5,322,336
Florida Education Investment Trust Fund	17,368,025
Total Measured at NAV	27,324,248
Total	\$ 45,720,808

Florida PRIME

Florida PRIME is an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments represented 33.5% of the Florida PRIME’s portfolio at September 30, 2018.

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

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

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

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Florida Local Government Investment Trust

Florida Local Government Investment Trust (FLGIT) is a public entity investment trust organized under the laws of the State of Florida. At September 30, 2018 the County was invested in the Day to Day Fund and the Short-Term Bond Fund.

FLGIT Day to Day Fund – At September 30, 2018, the average maturity in days was 34.39 days. The investments in the Day to Day Fund meet all of the necessary criteria to elect to measure all of the investments at amortized cost, as a cash equivalent.

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

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

FLGIT Short Term-Bond Fund – At September 30, 2018, the average maturity in years was 1.94 years. The FLGIT reports all share information at net asset value (NAV). The value of the County's position in the FLGIT external investment pool is the same as the value of the pool's shares.

The investment strategy of the FLGIT Short Term Bond Fund is to hold a diversified mix of credit sectors for income generation. The Fund remains active in both secondary and primary markets corporate credit markets when pricing is supportive. Short credit is viewed as attractive given the strong fundamental backdrop and yield levels that have not been seen since 2009. Allocation to high-quality asset-backed and mortgage backed securities (ABS/MBS) with short duration profiles is maintained for their yield and diversification benefits.

Florida Surplus Asset Fund Trust

Florida Surplus Asset Fund Trust (FLSAFE) is a common law trust organized in 2007 under the laws of the State of Florida. The trust is administered by Prudent Man Advisors, Inc. and an elected five member Board of Trustees. At September 30, 2018, the County was invested in the Stable NAV Fund and the Variable NAV Fund.

FLSAFE Stable NAV Fund - At September 30, 2018, the average maturity in days was 23 days. FL SAFE reports all share information at NAV. The value of the County's position in FL SAFE external investment pool is the same as the value of the pool's shares.

The investment strategy of FL SAFE Stable NAV Fund is to provide safety and preservation of principal, liquidity, transparency, and competitive yields.

FLSAFE Variable NAV Fund - At September 30, 2018, the weighted average maturity (WAM) in days was about 1 year. FL SAFE reports all share information at NAV. The value of the County's position in FL SAFE external investment pool is the same as the value of the pool's shares.

The investment strategy of FL SAFE Variable NAV Fund is to invest in a diversified portfolio of short-term, investment-grade fixed income securities that include obligations guaranteed by the full faith and credit of the U.S., U.S. government agency obligations, corporate obligations, asset-backed securities, bank obligations, and other obligations permitted by applicable Florida statutes.

Florida Cooperative Liquid Assets Securities System

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool. The trust is administered by Public Trust Advisors, LLC and an appointed Board of Trustees. FLCLASS is accounted as a stable NAV investment pool. At September 30, 2018, the WAM in days was 50 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM.

The investment strategy of FLCLASS is to offer a safe, convenient, and liquid investment option to Florida governmental entities.

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

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Florida Education Investment Trust Fund

The Florida Education Investment Trust Fund (FEITF) is a common law trust organized under the laws of the state of Florida. FEITF is directed by a Board of Trustees and an Advisory Committee. Investments in FEITF are measured at NAV. As of September 30, 2018, FEITF's WAM in days was 81 days.

The investment strategy of FEITF is to provide investors with the highest possible investment yield, while maintaining liquidity and preserving capital.

The fair value of investments' in certain pooled funds is based in the investments' fair value measurements. Such fair value measurements are as follows at September 30, 2018:

Pooled Funds:	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FLGIT Short Term Bond Fund	\$ 583,362	\$ -	Daily	1-3 Days
FLSAFE Stable NAV Fund	1,014,525	-	Daily	1 Day
FLSAFE Variable NAV Fund	3,036,000	-	Daily	1 Day
FLCLASS	5,322,336	-	Daily	1 Day
FEITF	17,368,025	-	Daily	7 Days

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has no policy on interest rate risk. Investments and related level of risk at September 30, 2018, were as follows:

<u>Investment Type</u>	<u>Investment Maturity (in Years)</u>
Florida PRIME	Less than 1
FLGIT - Day To Day Fund	Less than 1
FLGIT - Short-Term Bond Fund	1 - 5
FLSAFE Stable NAV Fund	Less than 1
FLSAFE Variable NAV Fund	1 - 5
FLCLASS	Less than 1
FEITF	Less than 1

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

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer 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. The County has no policy on credit risk. Presented below is the actual rating as of September 30, 2018 for each type of investment:

<u>Investment Type</u>	<u>Credit Rating</u>
Florida PRIME	AAAm
FLGIT - Day To Day Fund	AAAm
FLGIT - Short-Term Bond Fund	AAAf
FLSAFE Stable NAV Fund	AAAm
FLSAFE Variable NAV Fund	AAAf
FLCLASS	AAAm
FEITF	AAAm

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable for the individual major and nonmajor and internal service funds in the aggregate consisted of the following at September 30, 2018:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Solid Waste	Nonmajor and Other Funds	Total
Emergency Medical Services	\$ 4,999,250	\$ -	\$ -	\$ -	\$ -	\$ 4,999,250
Landfill Charges	-	-	-	136,017	-	136,017
Interest	10,213	42,143	97,570	4,845	37,967	192,738
Miscellaneous	68,007	1,354	-	9,705	49,909	128,975
Accounts Receivable, Gross	<u>5,077,470</u>	<u>43,497</u>	<u>97,570</u>	<u>150,567</u>	<u>87,876</u>	<u>5,456,980</u>
Allowance for Doubtful Accounts	<u>(3,801,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,801,787)</u>
Accounts Receivable, Net	<u>\$ 1,275,683</u>	<u>\$ 43,497</u>	<u>\$ 97,570</u>	<u>\$ 150,567</u>	<u>\$ 87,876</u>	<u>\$ 1,655,193</u>

Activity in Emergency Medical Services accounts receivable was as follows:

Balance - September 30, 2017	\$ 4,726,208
Billings	6,427,850
Less:	
Cash Receipts	(3,885,201)
Medical/Medicaid Adjustments	(1,438,669)
Sent to Collection	(919,883)
Other Adjustments	88,945
Balance - September 30, 2018	<u>\$ 4,999,250</u>

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

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 44,476,664	\$ 1,667,208	\$ (81,199)	\$ 46,062,673
Construction in Progress	12,336,027	6,684,654	(4,779,987)	14,240,694
Infrastructure	103,547,459	4,348,293	-	107,895,752
Land Use Rights, Permanent	2,255,569	-	-	2,255,569
Total Capital Assets, Not Being Depreciated/Amortized	162,615,719	12,700,155	(4,861,186)	170,454,688
Capital Assets, Being Depreciated/Amortized:				
Buildings	68,408,072	1,718,975	(84,501)	70,042,546
Improvements Other Than Buildings	13,010,699	228,490	(14,184)	13,225,005
Machinery and Equipment	57,010,171	3,470,281	(2,310,968)	58,169,484
Computer Software	5,460,805	280,557	-	5,741,362
Total Capital Assets Being Depreciated/Amortized	143,889,747	5,698,303	(2,409,653)	147,178,397
Less: Accumulated Depreciation/Amortization for:				
Buildings	(27,292,998)	(1,926,581)	62,804	(29,156,775)
Improvements Other Than Buildings	(5,406,550)	(477,238)	14,184	(5,869,604)
Machinery and Equipment	(38,762,734)	(4,224,952)	2,129,213	(40,858,473)
Computer Software	(4,846,310)	(208,767)	-	(5,055,077)
Total Accumulated Depreciation/Amortization	(76,308,592)	(6,837,538)	2,206,201	(80,939,929)
Total Capital Assets, Being Depreciated/ Amortized, Net	67,581,155	(1,139,235)	(203,452)	66,238,468
Governmental Activities Capital Assets, Net	<u>\$ 230,196,874</u>	<u>\$ 11,560,920</u>	<u>\$ (5,064,638)</u>	<u>\$ 236,693,156</u>

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 1,833,866	\$ -	\$ -	\$ 1,833,866
Construction in Progress	239	5,466	(239)	5,466
Total Capital Assets, Not Being Depreciated/Amortized	1,834,105	5,466	(239)	1,839,332
Capital Assets, Being Depreciated/Amortized:				
Buildings and Systems	696,881	-	-	696,881
Improvements Other Than Buildings	10,379,791	-	-	10,379,791
Machinery and Equipment	7,729,470	838,493	(92,250)	8,475,713
Total Capital Assets Being Depreciated/Amortized	18,806,142	838,493	(92,250)	19,552,385
Less: Accumulated Depreciation/Amortization for:				
Buildings and Systems	(521,851)	(22,822)	-	(544,673)
Improvements Other Than Buildings	(6,287,237)	(314,882)	-	(6,602,119)
Machinery and Equipment	(4,617,454)	(325,738)	67,191	(4,876,001)
Total Accumulated Depreciation/Amortization	(11,426,542)	(663,442)	67,191	(12,022,793)
Total Capital Assets, Being Depreciated/ Amortized, Net	7,379,600	175,051	(25,059)	7,529,592
Business-Type Activities Capital Assets, Net	<u>\$ 9,213,705</u>	<u>\$ 180,517</u>	<u>\$ (25,298)</u>	<u>\$ 9,368,924</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 1,072,033
Public Safety	3,892,572
Physical Environment	48,933
Transportation	1,162,322
Economic Environment	49,535
Human Services	109,188
Culture and Recreation	401,079
Court Related	101,876
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 6,837,538</u>

Business-Type Activities:

Solid Waste	\$ 541,512
Energy Recovery	121,930
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 663,442</u>

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

NOTE 5 INTERFUND BALANCES

Interfund balances at September 30, 2018 consisted of the following amounts:

Due To/From Other Funds

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$ 591,633	\$ 352,523
Istokpoga Marsh Watershed Improvement District	291	3,734,516
Solid Waste Fund	3,759,961	-
Nonmajor Governmental Funds	110,692	591,633
Internal Service Funds	216,095	-
Total	\$ 4,678,672	\$ 4,678,672

Amounts due to and from other funds arise from timing differences as a result of transactions and cash transfers for operating purposes.

Advances

- In 2018, the Solid Waste Fund advanced a nonmajor governmental fund money for wastewater improvements. The outstanding balance as of September 30, 2018 was \$50,000.
- In 2018, the General Fund advanced a nonmajor governmental fund money for construction of a building. As of September 30, 2018, the outstanding balance was \$100,000.

NOTE 6 RESTRICTED ASSETS

Restricted assets include those provided for by resolutions adopted by the Board. Total restricted assets as of September 30, 2018 were as follows:

	Cash and Cash Equivalents
<u>Enterprise Funds</u>	
Solid Waste:	
Customer Deposits	\$ 90,183
Landfill Closure	4,411,069
	\$ 4,501,252

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

NOTE 7 LONG-TERM LIABILITIES

The summary of changes in long-term debt for the fiscal year ended September 30, 2018 is as follows:

	Balance September 30, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 22,404,315	\$ -	\$ (1,395,565)	\$ 21,008,750	\$ 1,737,937
Capital Leases	2,892,365	-	(1,213,787)	1,678,578	832,669
Compensated Absences	4,272,768	4,717,221	(4,427,674)	4,562,315	456,232
Governmental Activity Long-Term Liabilities	<u>\$ 29,569,448</u>	<u>\$ 4,717,221</u>	<u>\$ (7,037,026)</u>	<u>\$ 27,249,643</u>	<u>\$ 3,026,838</u>
Business-Type Activities:					
Notes Payable	\$ 60,596	\$ -	\$ (60,596)	\$ -	\$ -
Landfill Closure Liability	6,211,023	405,377	(62,522)	6,553,878	75,949
Compensated Absences	105,279	58,891	(85,445)	78,725	7,873
Business-Type Activity Long-Term Liabilities	<u>\$ 6,376,898</u>	<u>\$ 464,268</u>	<u>\$ (208,563)</u>	<u>\$ 6,632,603</u>	<u>\$ 83,822</u>

Compensated Absences

Compensated absences represent the vested portion of leave credits. See Note 1 for a summary of the County's compensated absences policy. For governmental activities, the liability for compensated absences is liquidated with resources of the Compensated Absences Internal Service Fund. For business-type activities, the liability for compensated absences is liquidated with resources of the Solid Waste Fund.

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

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The following notes payable and revenue certificates were outstanding at September 30, 2018:

	Remaining Principal Amount
Governmental Activities Notes Payable:	
\$3,448,637 dated August 3, 2005 with final payment due November 1, 2019. The interest rate adjusts on November 1, 2010 and November 1, 2015 based on the lesser of LIBOR rate plus 57 basis point or 7.25%. During the year ended September 30, 2018 the rate was 0.926%. Beginning November 1, 2005, payments are due in semiannual installments of approximately \$152,784 including interest until maturity date. Serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax for the construction of the Windy Point complex.	\$ 461,110
\$210,000 dated March 29, 2012 with final payment due March 29, 2027. Beginning March 29, 2018, payments are due in equal semiannual installments of approximately \$9,913 including interest at a rate of 5.6%, until maturity date, serviced from the DeSoto City Special Benefit Fire District for the purchase of a fire truck. The note is payable solely from the revenues generated by the service assessment on the lots benefited in the DeSoto City Special Benefit Fire District. This note does not constitute an indebtedness of Highlands County.	132,640
\$23,600,000 with a fixed interest rate equal to 2.01% dated May 7, 2015 with final payment due November 1, 2025. Interest payments are due on May 1 and November 1. Beginning November 1, 2015, principal payments ranging from \$1,025,000 to \$2,970,000, are due in annual installments until maturity date. Serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax. The proceeds from the note are used for refunding the Series 2010 Infrastructure Sales Surtax Revenue Note and financing the cost of a new Sheriff's administration building, jail roofing project, and Sebring Parkway Phase III.	20,415,000
Total Governmental Activities Notes Payable	\$ 21,008,750

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

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

There are a number of limitations and restrictions contained in the various notes and certificate indentures. The County is in compliance with all significant limitations and restrictions.

The annual debt service requirements to amortize all debts outstanding as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities	
	Notes Payable	
	Principal	Interest
2019	\$ 1,737,937	\$ 406,631
2020	2,214,029	368,524
2021	2,699,040	319,497
2022	2,754,837	264,179
2023	2,810,679	207,709
2024-2028	8,792,228	272,784
Total	\$ 21,008,750	\$ 1,839,324

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

NOTE 8 LEASES

Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of communications equipment for the County. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through a capital lease are as follows:

	Governmental Activities
Assets:	
Machinery and Equipment	\$ 5,328,349
Computer Software	481,428
Less: Accumulated Depreciation/Amortization	(3,994,222)
Total	\$ 1,815,555

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	Governmental Activities
2019	\$ 859,358
2020	859,359
Total Minimum Lease Payment	1,718,717
Less: Amount Representing Interest	(40,139)
Present Value of Minimum Lease Payment	\$ 1,678,578

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

NOTE 9 GOVERNMENTAL FUND BALANCES

At September 30, 2018, the County's governmental fund balances were classified as follows:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Istokpoga Marsh Watershed Improvement District	HCISSR Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Advances to Other Funds	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Prepaid Items	791,686	26,932	-	-	-	16,239	834,857
Inventories	362,996	-	-	-	-	-	362,996
Total Nonspendable	1,254,682	26,932	-	-	-	16,239	1,297,853
Restricted:							
General Government	-	-	-	-	-	182,717	182,717
Public Safety	-	-	-	-	-	1,090,141	1,090,141
Fire Districts	-	-	-	-	-	2,961,420	2,961,420
Inmate Welfare	-	-	-	-	-	375,048	375,048
Building Department	-	-	-	-	-	2,360,611	2,360,611
Conservation	-	-	-	-	-	189,024	189,024
Tourist Development	-	-	-	-	-	708,342	708,342
Transportation	-	3,755,666	-	-	-	3,368,666	7,124,332
Housing Programs	-	-	-	-	-	1,120,323	1,120,323
Human Services	-	-	-	-	-	84,692	84,692
Culture and Recreation	-	-	-	-	-	258,724	258,724
Court Related	-	-	-	-	-	304,319	304,319
Court Facilities	-	-	-	-	-	326,023	326,023
Infrastructure and Land Acquisition	-	-	23,476,470	-	1,013,034	-	24,489,504
Total Restricted	-	3,755,666	23,476,470	-	1,013,034	13,330,050	41,575,220
Assigned:							
Subsequent Year Expenditures	392,559	-	-	-	-	-	392,559
Transportation	-	1,131,596	-	-	-	-	1,131,596
Total Assigned	392,559	1,131,596	-	-	-	-	1,524,155
Unassigned	4,946,829	-	-	(4,536,395)	-	(749,049)	(338,615)
Total Fund Balances	<u>\$ 6,594,070</u>	<u>\$ 4,914,194</u>	<u>\$ 23,476,470</u>	<u>\$ (4,536,395)</u>	<u>\$ 1,013,034</u>	<u>\$ 12,597,240</u>	<u>\$ 44,058,613</u>

NOTE 10 PERSONNEL COMMITMENTS

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Effective January 1, 1997, Federal legislation converted the Section 457 deferred compensation assets from County assets to employee assets. As a result of these changes, plan assets are no longer subject to the claims of the County's general creditors.

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

NOTE 10 PERSONNEL COMMITMENTS (CONTINUED)

Deferred Compensation Plan (Continued)

The County had previously reported the assets and associated liabilities of the deferred compensation plan in its financial statements as an agency fund. Effective with the change in legislation, these assets are no longer County assets and fiduciary responsibility has been transferred to the third party plan administrator. Consequently, these assets are no longer reported in the accompanying financial statements in compliance with Governmental Accounting Standards Board Statement No. 32.

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

The County is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life and dental insurance plans.

Plan Description – The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the County. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the County may continue to participate in the County’s self-funded health and hospitalization plan for medical, prescription drug and dental coverage. The County subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The plan does not issue a publicly available financial report.

For the Postemployment Health Care Benefits Plan, contribution requirements of the County are established and may be amended through the County. The plan is currently being funded on a pay-as-you-go basis. No trust or agency fund has been established for the plan. The plan does not issue a separate financial report.

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

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	31
Active Plan Members	<u>762</u>
Total	<u><u>793</u></u>

Total OPEB Liability

The County's Total OPEB liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of October 1, 2017. The following table shows the County's total OPEB liability for the year ended September 30, 2018.

	<u>Total OPEB Liability</u>
Balances - October 1, 2017	\$ 2,424,992
Changes for the Year:	
Service Cost	115,422
Interest	82,736
Changes in Assumptions	(58,668)
Benefit Payments	<u>(122,205)</u>
Net Changes	<u>17,285</u>
Balances - September 30, 2018	<u><u>\$ 2,442,277</u></u>

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Plan Discount Rate	2.83 %	3.83 %	4.83 %
Total OPEB Liability	\$ 2,622,579	\$ 2,442,277	\$ 2,270,341

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Description</u>	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB Plan Healthcare Cost Rate	2.90 %	3.90 %	4.90 %
Total OPEB Liability	\$ 2,170,954	\$ 2,442,277	\$ 2,761,755

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

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$188,380. In addition, the County reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Changes of assumptions	\$	-	\$ 48,890

Amounts reported as deferred inflows of resources related to OPEB will be amortized over 5 years and will be recognized as follows:

Year ended September 30:	
2019	\$ (9,778)
2020	(9,778)
2021	(9,778)
2022	(9,778)
2023	(9,778)

Actuarial Assumptions

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.8%
Healthcare Cost	3.9%
Trend Rates	

The actuarial cost method used was the Entry Age Normal method.

Mortality rates were based on the RP-2000 Total Dataset Mortality Table fully generational using Scale BB.

The discount rate used to measure the total OPEB liability was 3.83%, based on yield for 20-year general obligation bond index.

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

- The trend table was updated to the latest model released by the Society of Actuaries and has been adjusted to include the effects of the Cadillac Tax, set to take effect in 2022.
- The funding method was changed to Entry Age Normal as required by GASB 75.
- The mortality and disability decrements were updated to the latest assumptions used for the FRS valuation.

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

NOTE 12 LANDFILL CLOSURE AND POST-CLOSURE CARE COST

Highlands County has four landfill sites which are comprised of a total of ten cells, five of which are currently in operation. State and Federal laws and regulations require the County to place a final cover on the five cells currently in use when they are closed and to perform maintenance and monitoring functions for all landfill sites for thirty years after closure. Landfill operations and landfill closure and post-closure care costs are accounted for in the Solid Waste Enterprise Fund. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and post-closure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and post-closure care liability of \$6,553,878 at September 30, 2018 represents the cumulative amount reported to date based on an average use of 49% of the total estimated capacity. The portion of the liability related to 2018 usage is an increase of \$342,855. It is estimated that an additional liability totaling \$6,759,272 for Arbuckle Creek Cells 1A, 1B, 3, C&D and Agricultural Plastic will be recognized between the balance sheet date and the dates these cells will be filled to capacity in the years 2024, 2024, 2024, 2026 and 2099, respectively. Actual costs may differ due to inflation, changes in technology or changes in landfill laws and regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2018 with cash and investments of \$9,105,190 held for these purposes. The County expects that future inflation costs will be paid from future contributions and interest earnings on these contributions. In the event closure escrows and interest earnings prove inadequate due to higher than expected inflation, changes in technology or changes in laws or regulations, these costs may need to be financed by future landfill users or future tax revenue.

NOTE 13 MISCELLANEOUS REVENUE

Miscellaneous revenue included in the Governmental Funds for the fiscal year ended September 30, 2018 consists of the following:

	General	County Transportation Trust	Government Infrastructure Surtax	Other Governmental Funds
Interfund Services Rendered	\$ 1,125,678	\$ 2,017,114	\$ -	\$ 39,000
Insurance Proceeds	129,620	19,565	95,759	64,777
Commissions on Inmate Phone Calls and Commis- sary Sales Profits	-	-	-	83,620
Other	350,510	138,811	150	440,941
Total	<u>\$ 1,605,808</u>	<u>\$ 2,175,490</u>	<u>\$ 95,909</u>	<u>\$ 628,338</u>

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

NOTE 14 MAJOR CUSTOMERS

A significant amount of the Solid Waste Fund revenue for 2018 is derived from one major customer as follows:

	<u>Percentage of Total Revenue</u>
Waste Connections, Inc.	8%

The Solid Waste Fund revenue is comprised of charges for services to residential and commercial customers and a special non-ad valorem assessment of \$173 per property owner.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The County has entered into various contracts for design, construction, and other services as of September 30, 2018:

	<u>Commitment</u>
Clerk of Courts Technology, Equipment and Software	\$ 52,199
County Courthouse Roof Replacement	362,177
Economic Development Strategic Plan	95,806
Highlands Park Estates Special Benefit District, Clubhouse Expansion	292,980
HVAC Upgrade, County Government Center	255,319
HVAC Upgrade, Health Department	23,435
Istokpoga Marsh Watershed Improvement District, Phase II Above Ground Impoundment	109,254
Istokpoga Marsh Watershed Improvement District, Water Quality Improvement	1,616,922
Lake Blue Water Line	521,523
Parking Lot, Probation and Parole	2,699
Sebring Parkway Phase III	15,507
Sheriff's Office Detention Center Reconfiguration	233,262
Tourist development marketing	72,000
Total	\$ 3,653,083

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

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The County is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expenditure/expense amounts. These amounts, if any, constitute a contingent liability of the County. Accordingly, such liabilities are not reflected within the financial statements. Management does not believe the effects of contingent liabilities, if any, will be material to the financial statements.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of legal counsel for the County, the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

NOTE 16 RISK MANAGEMENT

Insurance Fund

Effective April 1, 2009, the County became a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker's compensation. The County is liable for deductible on certain coverages. PGIT meets the GASB Statement No. 10 guidelines for governmental entity pools and provides audited financial statements annually. Transactions related to PGIT activity are presented within the Insurance Internal Service Fund.

There is no significant reduction in insurance coverage from the prior year. The insurance settlements have not exceeded the County's insurance coverage in any of the three prior fiscal years.

Employee Benefit Fund

On October 1, 1977, the County established the Employee Benefit Fund which was formerly an expendable trust fund. In 1989, the County transferred its assets, liabilities and fund equity to an internal service fund. This fund was created to self-insure County employees and their dependents for group medical costs. Both the County and employees contribute to the cost of insurance premiums. Premiums and contributions, which are used to pay medical claims, are determined by projected losses based on historical claims experience.

From October 1, 2001 through September 30, 2012, the County maintained private insurance for health insurance. Effective October 1, 2012, the County discontinued private insurance and re-established its self-insurance plan for group medical costs. The County maintained its self-insurance plan for health and dental costs for the fiscal year ended September 30, 2018.

Health and dental liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, including an estimate for claims incurred but not reported. This estimate is based on historical experience and current trends and it is computed by an actuarial firm. The claims liability for estimated health and dental claims payable as of September 30, 2018 is \$432,803.

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

NOTE 16 RISK MANAGEMENT (CONTINUED)

Employee Benefit Fund (Continued)

Health and dental claims are adjudicated by a third party administrator under contract. The County limits its exposure to health claims through stop-loss coverage.

The following table shows the changes in aggregate liabilities for health and dental claims for the past two fiscal years:

Fiscal Year	Beginning Balance	Incurred Claims	Payments	Ending Balance
2017	\$ 404,936	\$ 7,075,464	\$ 7,062,222	\$ 418,178
2018	418,178	7,748,214	7,733,589	432,803

NOTE 17 DEFINED BENEFIT PENSION PLANS

Background

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

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

The County's pension expense totaled \$4,492,930 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2018.

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

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

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

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

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the County, effective July 1, 2017, were applied to employee salaries as follows: regular employees 7.92%, special risk 23.27%, county elected officials 45.50%, senior management 22.71%, and DROP participants 13.26%. The County's contributions to the FRS Plan were \$5,451,120 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the County reported a liability of \$55,990,794 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the County's proportion was 0.185889216%, which was a decrease of 0.002147657% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$4,175,057 for its proportionate share of FRS's pension expense. In addition, the County reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,743,262	\$ (172,160)
Changes of Assumptions	18,295,069	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(4,325,972)
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	2,246,924	(1,707,360)
County Contributions Subsequent to the Measurement Date	1,442,513	-
Total	<u>\$ 26,727,768</u>	<u>\$ (6,205,492)</u>

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$1,442,513 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 7,187,907
2020	5,066,962
2021	943,118
2022	3,409,887
2023	2,171,626
Thereafter	300,263

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.00%

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

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.00%	7.00%	8.00%
County's Proportionate Share of the FRS Plan Net Pension Liability	\$ 102,185,550	\$ 55,990,794	\$ 17,623,321

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$660,671 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the County reported a liability of \$12,900,612 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the County's proportion was 0.121886584%, which was a decrease of 0.000443150% from its proportion measured as of June 30, 2017.

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2018, the County recognized pension expense of \$317,873 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 197,503	\$ (21,918)
Changes in Actuarial Assumptions	1,434,708	(1,363,961)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,787	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	557,310	(359,331)
County Contributions Subsequent to the Measurement Date	169,054	-
Total	<u>\$ 2,366,362</u>	<u>\$ (1,745,210)</u>

\$169,054 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 196,127
2020	195,470
2021	155,055
2022	85,520
2023	(107,727)
Thereafter	(72,347)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.87%

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

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

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Discount Rate

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

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.87%	3.87%	4.87%
County's Proportionate Share of the HIS Plan Net Pension Liability	\$ 14,693,042	\$ 12,900,612	\$ 11,406,519

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

NOTE 18 DEFINED CONTRIBUTION PLAN

FRS Investment Plan

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

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

NOTE 18 DEFINED CONTRIBUTION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The County's Investment Plan pension expense totaled \$925,692 for the year ended September 30, 2018. Employee contributions to the Investment Plan totaled \$174,130 for the year ended September 30, 2018.

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

NOTE 19 FUND BALANCE DEFICIT

Special Revenue Funds

Istokpoga Marsh Watershed Improvement District – The fund balance deficit of \$4,536,395 is a result of a major grant funded project that was not complete as of September 30, 2018. Since the project tasks were not complete at year end, the County did not meet the eligibility requirements to request reimbursements from the grantor agencies. The project tasks are expected to be complete during fiscal year ending September 30, 2019. A significant portion of the project expenditures that contribute to the fund’s deficit should be reimbursed at that time.

Community Development Block Grant – The fund balance deficit of \$557,337 is a result of a grant funded project that was not complete as of September 30, 2018. Reimbursement from the grantor related to current year expenditures was not received within the period of availability.

Thunderbird Hill Waste Water Special Benefit District – The fund balance deficit of \$23,530 is a result of a loan that was initiated to pay the City of Sebring for improvements needed with the City taking over the Landmark Utility System. The \$50,000 advance from the Solid Waste Fund is being paid back with the assessments collected from this district.

Fire Assessment – The fund balance deficit of \$168,182 is a result of initial costs related to the County’s new fire assessment. Highlands County citizens did not receive their first fire assessment until fiscal year 2019.

NOTE 20 INTERFUND TRANSFERS

Transfers for the year ended September 30, 2018 consisted of the following:

Transfers to the General Fund from:

Nonmajor Governmental Funds	\$ 181,428
Solid Waste Fund	226,063
Total	407,491

Transfers to Nonmajor Governmental Funds from:

General Fund	1,013,285
County Transportation Trust	67,684
Local Government Infrastructure Surtax Fund	81,474
Total	1,162,443

Total Interfund Transfers	\$ 1,569,934
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Transfers are used to: 1) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them; 2) provide matching funds for grants, and 3) use unrestricted General Fund and other fund revenues to finance transportation or other activities which must be accounted for in another fund.

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

NOTE 21 TAX ABATEMENTS

The Highlands County Economic Development Ad Valorem Tax Exemption program is designed to advance economic development in the county. In accordance with Article VII, Section 3 of the Constitution of the State of Florida and Section 196.1995, Florida Statutes, Highlands County voters approved a referendum on August 24, 2014, that authorizes the Board to grant Economic Development Ad Valorem Tax Exemptions. At its discretion, the Board may grant exemptions of up to 100 percent of the assessed value of all improvements to qualifying property for up to 10 years. The exemptions do not apply to taxes levied by the school district, water management district, or taxes levied for the payment of bonds or taxes authorized by a vote of the electors pursuant to Section 9 and Section 12, Article VII of the State Constitution. To be eligible, applicants must meet the definition of a new or expanding business, as defined in Section 196.012 (14) and (15), Florida Statutes. Additionally, applicants must also meet the criteria and standards defined by the Highlands County Economic Development Ad Valorem Tax Exemption Program, as adopted by Resolution No. 10-11-11, effective May 17, 2011. A grantee must submit an annual report evidencing satisfaction of its performance conditions. Failures to meet the standards result in revocation of the exemption. If it is determined that for any year within the exemption period the owner was not entitled to receive such exemption, the owner shall be subject to the taxes exempted because of such failure plus annual interest at the maximum rate allowed by law.

To date, the Board has granted one exemption since the commencement of the program. On June 5, 2012, the Board granted Howard Fertilizer & Chemical Co., Inc., an ad valorem tax exemption of 72.64% for 10 years. No other commitments were made by government entities as part of the agreement. The gross dollar amount of tax abated during the 2017-2018 fiscal year for Howard Fertilizer & Chemical Co., equates to \$15,281.

NOTE 22 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended September 30, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This change requires the restatement of the September 30, 2017 net position as follows:

	Governmental Activities	Business- Type Activities	Solid Waste
Net Position - September 30, 2017, as Previously Reported	\$ 216,864,466	\$ 16,802,799	\$ 13,697,594
Cumulative Effect of Application of GASB 75	2,937,492	65,140	65,140
Net Position - September 30, 2017, as Restated	<u>\$ 219,801,958</u>	<u>\$ 16,867,939</u>	<u>\$ 13,762,734</u>

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS
YEAR ENDED SEPTEMBER 30, 2018**

**Condition Rating of Highlands County
Roadway System**

Overall Minimum Average Condition Level (Fair Condition 51 – 75)

	FY 2016	FY 2017	2018
Road System	60.18	61.32	61.17

Comparison of Estimated to Actual Maintenance/Preservation

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Budgeted	\$ 2,825,360	\$ 2,624,047	\$ 2,895,859	\$ 3,007,781	\$ 3,513,970
Actual	2,620,499	2,512,846	2,604,701	2,572,640	977,259

The condition of a road segment is measured using the Road Evaluation Standards Version 1 (RES) that is based on weighted averages or distress factors of the pavement surface. The RES system uses a measurement scale to evaluate the Pavement Condition Level (PCL) ranging from zero for a failed pavement to 100 for pavement in perfect condition. The PCL index is used to classify road segments in good condition (76–100), fair condition (51-75), poor condition (26-50), and needs reconstruction (25 or below). An overall minimum average condition level is then determined from the individual road segments and the total lane miles of roads. It is the County’s policy to maintain the road system at an overall minimum average condition level not less than 45. Road segment condition is determined annually for all arterial roads and all of the local roads are inspected annually.

**Condition Rating of Highlands County
Bridge System**

Overall Average Sufficiency Rating

	FY 2016	FY 2017	2018
Bridge System	76.56	75.91	75.20

Comparison of Estimated to Actual Maintenance/Preservation

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Budgeted	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Actual	10,299	33,248	24,525	23,841	40,275

The condition of the County’s bridges is determined using the inspection program that follows state mandates and regulations. The bridge sufficiency rating is a weighted average of an assessment of the ability of individual components to meet necessary performance requirements and uses a numerical condition scale ranging from 0 to 100. It is the County’s policy to maintain an overall minimum average sufficiency rating for the County maintained bridges of not less than 60%.

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 115,422
Interest	82,736
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	(58,668)
Benefit Payments	<u>(122,205)</u>
Net Change in Total OPEB Liability	17,285
Total OPEB Liability - Beginning	<u>2,424,992</u>
Total OPEB Liability - Ending	<u><u>\$ 2,442,277</u></u>

Notes to Schedule:

Covered Employee Payroll: The OPEB plan is not administered through a trust and contributions to the OPEB plan are not based on a measure of pay. Therefore, no measure of payroll is presented.

Benefit changes: There have been no substantive plan provision changes since the last full valuation.

Changes of assumptions: The following assumptions have been updated in accordance with GASB 75.

- The trend table was updated to the latest model released by the Society of Actuaries and has been adjusted to include the effects of the Cadillac Tax, set to take effect in 2022.
- The funding method was changed to Entry Age Normal as required by GASB 75.
- The mortality and disability decrements were updated to the latest assumptions used for the FRS valuation.

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.185889216%	0.188036873%	0.183000953%	0.173515439%
County's Proportionate Share of the Net Pension Liability	\$ 55,990,794	\$ 55,620,044	\$ 46,207,883	\$ 22,411,845
County's Covered Payroll	\$ 33,972,614	\$ 33,267,015	\$ 31,346,347	\$ 30,555,555
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	164.81%	167.19%	147.41%	73.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

The amounts presented for each fiscal year were determined as of June 30.

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 5,451,120	\$ 4,824,979	\$ 4,743,244	\$ 4,232,805
Contributions in Relation to the Contractually Required Contribution	(5,451,120)	(4,824,979)	(4,743,244)	(4,232,805)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 34,177,906	\$ 33,195,550	\$ 32,285,583	\$ 30,424,498
Contributions as a Percentage of Covered Payroll	15.95%	14.54%	14.69%	13.91%

The amounts presented for each fiscal year were determined as of September 30.

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.121886584%	0.122329734%	0.117095796%	0.117233715%
County's Proportionate Share of the Net Pension Liability	\$ 12,900,612	\$ 13,080,059	\$ 13,647,029	\$ 11,955,994
County's Covered Payroll	\$ 39,890,912	\$ 39,037,082	\$ 36,239,309	\$ 35,581,960
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	32.34%	33.51%	37.66%	33.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%

The amounts presented for each fiscal year were determined as of June 30.

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 660,671	\$ 646,964	\$ 622,318	\$ 481,791
Contributions in Relation to the Contractually Required Contribution	(660,671)	(646,964)	(622,318)	(481,791)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 39,987,348	\$ 39,019,305	\$ 37,331,763	\$ 35,431,913
Contributions as a Percentage of Covered Payroll	1.65%	1.66%	1.67%	1.36%

The amounts presented for each fiscal year were determined as of September 30.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 39,792,923	\$ 39,792,923	\$ 40,107,041	\$ 314,118
Licenses and Permits	6,000	6,000	2,140	(3,860)
Intergovernmental	13,981,381	21,977,199	14,346,772	(7,630,427)
Charges for Services	7,860,891	7,884,216	8,199,676	315,460
Fines and Forfeitures	77,500	77,500	75,284	(2,216)
Net Change in Fair Value of Investments	45,000	45,000	257,633	212,633
Miscellaneous	1,625,178	1,574,905	1,605,808	30,903
Total Revenues	63,388,873	71,357,743	64,594,354	(6,763,389)
EXPENDITURES				
Current:				
General Government:				
Board of County Commissioners	433,024	445,938	444,017	1,921
County Administrator	503,043	538,687	538,198	489
Business Services	132,262	170,234	169,264	970
Clerk to Board-Financial and Administration	2,931,300	3,005,824	3,005,278	546
County Audits-CPA	187,300	187,300	187,300	-
Office of Management and Budget	346,607	358,758	294,442	64,316
Human Resources	242,939	277,630	272,528	5,102
Risk Management	93,564	93,564	83,835	9,729
Non-Ad Valorem Assessments	45,423	45,423	43,865	1,558
Public Information	75,323	76,760	66,175	10,585
Central Services	1,408,044	1,445,341	1,225,483	219,858
Property Appraiser	3,007,026	3,022,174	2,979,551	42,623
Tax Collector	3,021,876	3,021,876	2,688,841	333,035
Supervisor of Elections	863,325	1,004,850	834,260	170,590
Purchasing	267,317	269,242	197,305	71,937
County Attorney	361,145	361,145	262,591	98,554
County Planning and Development	1,036,628	1,135,232	533,441	601,791
Development Services	135,548	137,832	136,073	1,759
Clerk to Board - Other General Government Services	566,699	501,716	501,716	-
Facilities Management	1,463,757	1,572,101	1,384,468	187,633
Total General Government	17,122,150	17,671,627	15,848,631	1,822,996
Public Safety:				
Sheriff	17,083,344	19,637,077	19,008,023	629,054
Fire Department	72,000	73,530	46,932	26,598
County Fire Coordinator	648,754	582,895	582,590	305
Division of Forestry	35,180	35,180	35,180	-
County Jail Maintenance	676,999	-	-	-
Detention and Correction	8,865,470	10,480,871	9,946,130	534,741
Detention Medical	960,460	-	-	-
Detention and Corrections Other	66,667	-	-	-
Law Enforcement Maintenance	290,080	-	-	-
Law Enforcement Other	2,243,058	67,349	-	67,349
Zoning Department	554,071	556,535	463,578	92,957
Local Emergency Management Agency	469,006	523,740	408,695	115,045
Communications Program	103,373	111,861	84,223	27,638
Information Technology	103,982	103,982	79,235	24,747
Community Safety	144,551	144,551	118,921	25,630
Ambulance Services	5,961,996	6,138,905	6,044,240	94,665

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURES (CONTINUED)	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current (Continued):				
Public Safety (Continued):				
Medical Examiner	\$ 370,456	\$ 370,456	\$ 367,993	\$ 2,463
Emergency/Disaster Relief	-	12,423,315	12,381,371	41,944
Children's Advocacy Center	267,904	325,325	256,509	68,816
Total Public Safety	38,917,351	51,575,572	49,823,620	1,751,952
Physical Environment:				
County Extension	255,980	257,239	245,316	11,923
Natural Resources	483,502	630,283	320,966	309,317
Aquatic Plant Program	468,923	459,675	411,751	47,924
Nuisance Abatement	78,600	92,750	36,892	55,858
Total Physical Environment	1,287,005	1,439,947	1,014,925	425,022
Transportation:				
Avon Park Airport	22,147	20,849	20,849	-
Avon Park Southside	22,807	24,808	24,808	-
Total Transportation	44,954	45,657	45,657	-
Economic Environment:				
Office of Economic Development	341,020	369,926	241,935	127,991
Community Redevelopment - Sebring	529,905	513,712	513,712	-
Community Redevelopment - Avon Park	111,559	117,899	117,899	-
Sebring Regional Airport/Industrial Park	397,520	409,355	409,355	-
Veteran Service Office	178,803	178,976	159,313	19,663
Total Economic Environment	1,558,807	1,589,868	1,442,214	147,654
Human Services:				
Health Care Responsibility Act	406,124	339,019	44,284	294,735
Health Unit	243,000	243,151	243,151	-
Animal Control	-	6,125	-	6,125
Mental Health	490,638	490,638	490,638	-
Public Assistance Programs	65,434	81,250	68,101	13,149
State County Assistance Program	1,476,792	1,531,747	1,531,747	-
Human Services - Project Hope	42,045	42,045	42,045	-
Children's Services Council	31,350	31,350	30,000	1,350
Transportation for Disadvantaged	193,614	197,690	195,681	2,009
Community Program Services	41,096	41,754	40,403	1,351
Community Programs	122,227	122,228	77,468	44,760
Healthy Families Grant	377,968	353,944	353,611	333
Total Human Services	3,490,288	3,480,941	3,117,129	363,812
Culture and Recreation:				
Library - Avon Park	191,299	191,375	177,497	13,878
Library - Sebring	387,833	394,815	377,328	17,487
Library - Lake Placid	183,757	187,181	182,034	5,147
Libraries - Countywide	136,388	196,503	121,156	75,347
Leisure Services	47,878	53,711	52,158	1,553
Recreation Department	330,000	330,000	330,000	-

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation (Continued):				
Parks Department	\$ 916,124	\$ 922,074	\$ 912,860	\$ 9,214
Sports Complex	172,799	174,919	159,408	15,511
Historic District Site Survey	1,550	1,550	400	1,150
Heartland Library Cooperative	135,462	135,462	87,890	47,572
Total Culture and Recreation	<u>2,503,090</u>	<u>2,587,590</u>	<u>2,400,731</u>	<u>186,859</u>
Court Related:				
Court General Administration:				
Circuit Court Administration	9,499	12,499	9,015	3,484
County Court Administration	3,029	3,029	221	2,808
State Attorney	17,215	35,081	26,391	8,690
Public Defender	6,042	6,121	3,021	3,100
Law Library	110,948	105,871	105,871	-
Circuit Court Criminal:				
Pre-Trial Release	115,944	111,978	111,978	-
Circuit Court Family:				
Pro Se Services	104,667	104,169	104,169	-
Circuit Court Juvenile:				
Circuit Court Juvenile Guardian Ad Litem	1,824	1,824	1,636	188
Court General Operations:				
General Operations Courthouse Security	1,025,543	1,047,173	1,034,249	12,924
General Operations Courthouse Facilities	178,541	180,993	179,729	1,264
Total Court Related	<u>1,573,252</u>	<u>1,608,738</u>	<u>1,576,280</u>	<u>32,458</u>
Debt Service:				
Principal Retirement	13,346	-	-	-
Interest and Fiscal Charges	1,821	-	-	-
Total Expenditures	<u>66,512,064</u>	<u>79,999,940</u>	<u>75,269,187</u>	<u>4,730,753</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,123,191)	(8,642,197)	(10,674,833)	(2,032,636)
OTHER FINANCING SOURCES (USES)				
Transfers In	35,174	125,706	407,491	281,785
Transfers Out	(1,196,056)	(1,196,206)	(1,013,285)	182,921
Total Other Financing Sources (Uses)	<u>(1,160,882)</u>	<u>(1,070,500)</u>	<u>(605,794)</u>	<u>464,706</u>
NET CHANGE IN FUND BALANCE	(4,284,073)	(9,712,697)	(11,280,627)	(1,567,930)
Fund Balances - October 1, 2017	<u>4,284,073</u>	<u>9,712,697</u>	<u>17,874,697</u>	<u>8,162,000</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,594,070</u>	<u>\$ 6,594,070</u>

**HIGHLANDS COUNTY, FLORIDA
OTHER MAJOR GOVERNMENTAL FUND DESCRIPTION
CAPITAL PROJECTS FUNDS**

Capital Projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital – related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

HCISSR Construction – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds).

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HCISSR CONSTRUCTION FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 33,678	\$ 33,678
EXPENDITURES				
Current:				
Public Safety:				
HCISSR LTD Capital	1,114,735	698,027	697,112	915
Transportation:				
Sebring Parkway II Series 2002	1,194,605	1,914,304	962,576	951,728
Total Expenditures	<u>2,309,340</u>	<u>2,612,331</u>	<u>1,659,688</u>	<u>952,643</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,309,340)	(2,612,331)	(1,626,010)	986,321
Fund Balances - October 1, 2017	<u>2,309,340</u>	<u>2,612,331</u>	<u>2,639,044</u>	<u>26,713</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,013,034</u></u>	<u><u>\$ 1,013,034</u></u>

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are restricted to finance particular functions or activities of government which include special benefit districts that account for the cost of street lighting, paving and maintaining streets, water control, fire protection, and recreation within certain benefit areas (districts) of the County. The purpose of the individual funds is depicted as follows:

Lake Placid Sun-N-Lake Estates Fire District - To account for assessments relating to fire protection.

DeSoto City Special Benefit Fire District - To account for assessments relating to fire protection.

Orange Villa Special Benefit District - To account for assessments relating to recreation and street lighting.

Hickory Hills Special Benefit District - To account for assessments relating to street maintenance and recreation.

Placid Lakes Special Benefit District - To account for assessments relating to maintenance of recreational areas, cleaning canals and fire protection, etc.

Sebring Country Estates Special Benefit District - To account for assessments relating to street lighting.

Avon Park Estates Special Benefit District - To account for assessments relating to street maintenance.

Highlands Lakes Special Tax District - To account for assessments relating to fire protection.

Highlands Park Special Benefit Fire District - To account for assessments relating to fire protection.

Highlands Park Estates Improvement Trust - To account for funds available for street maintenance.

Leisure Lakes Special Benefit Fire District - To account for assessments relating to fire protection.

Sebring Hills Special Benefit District - To account for assessments relating to street lighting.

Red Hill Farms Improvement District - To account for assessments relating to constructing road and drainage facilities.

E911 Emergency Operations - To account for the ongoing fiscal activity relating to the collection and use of the \$.50 user fee for the E911 emergency telephone number system.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Hospital District - To account for revenues used exclusively for health services in Highlands County.

Orange Blossom Estates Special Benefit District - To account for assessments relating to constructing roads and drainage facilities.

Sun-N-Lakes of Lake Placid Recreation District - To account for assessments relating to recreation and street lighting.

Conservation Trust - To account for operations relating to land preservation.

Intergovernmental Radio Communications - To account for the additional surcharge, up to \$12.50 for each moving traffic violation, to assist in funding the County's participation in the intergovernmental radio communication program approved by the Division of Communications of the Department of Management Services.

Sebring Acres Special Benefit District - To account for assessments relating to road construction, drainage and maintenance.

Orange Blossom (Unit 12) Special Benefit District - To account for assessments relating to roads and rights-of-way maintenance, flood and erosion control, water and sewer systems, fire protection, recreational facilities, and street lighting.

Lake Haven Estates Special Benefit District - To account for assessments relating to street lighting.

Lorida Special Benefit Fire District - To account for assessments relating to fire protection.

Lake Placid Special Benefit Fire District - To account for assessments relating to fire protection.

Law Enforcement Education - To account for a \$2 court cost added to all fines and forfeitures. These monies can only be used for approved education and training of law enforcement, correctional and administrative personnel per § 318.18(11)(d) and § 938.15 FS.

Building Code Enforcement - To account for operations of the building department. Financing is provided primarily from building department permits and fees.

Florida Boating Improvement - To account for the operation and maintenance of County boat ramps.

Special Law Enforcement Trust - To account for the sale of confiscated property. These monies are used for the purchase of equipment and materials to be used in specialized law enforcement activities as well as to defray the cost of protracted or complex investigations.

Highway Park Special Benefit District - To account for assessments relating to street lighting.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Community Development Block Grant – To account for revenues and expenditures of community development block grant projects.

Affordable Housing Assistance Trust - To account for the revenues and expenditures of the State Housing Initiatives Partnership which aids low income persons seeking housing loans.

Sun-N-Lakes 1-20 Improvement Trust - To account for funds available for the construction of drainage and paved streets.

Highlands Park Estates Special Benefit District - To account for assessments relating to facilities and improvements.

West Sebring Special Benefit Fire District - To account for assessments relating to fire protection.

Driver Education Safety Trust - To account for funds for driver education programs in schools of Highlands County per § 318.1215 FS.

Tourist Development Trust - To account for the expenditure of tax revenues collected to promote and assist tourism in Highlands County, Florida.

Industrial Development Agency – To account for the revenue and expenditures of the Industrial Development Agency. Revenue sources are primarily from bond issues.

Domestic Violence Training - To account for a domestic violence surcharge used to defray the costs of incarcerating persons sentenced under § 741.283 FS and provide additional training to law enforcement personnel in combating domestic violence.

Fire Inspection and Safety - To account for fees collected to be used for paying the cost of inspections conducted pursuant to § 633.216(1) FS and related administrative expenses. This fund also accounts for fire safety enforcement fees and fire safety program fees collected and appropriated for these purposes.

Venus Special Benefit Fire District - To account for assessments relating to fire protection.

Sebring Parkway Maintenance - To account for the costs associated with the interlocal agreement (July 1, 2003) with the City of Sebring for maintenance of the Sebring Parkway.

State Court Facilities Trust - To account for the surcharge imposed per § 318.18(13) FS that shall be used to fund state court facilities.

Innovations and Supplemental Courts Funding Trust - To account for the additional court cost imposed by § 939.185 FS used to fund innovations to supplement state funding for the elements of the state court system identified in § 29.004 FS and county funding for local requirements under § 29.008(2)(a)2 FS.

Crime Prevention - To account for the court cost imposed per § 775.083(2) FS for crime prevention programs in the county, including safe neighborhood programs.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Court Technology 28.24(12)(e)1 - To account for recording fees used to fund court related technology and court technology needs for the state trial courts, state attorney and public defender in the county.

Court - To account for the Child Support Enforcement grant activity, which is restricted by the grantor, and bond estreature activity.

Home Initiatives Partnership - To account for HUD funds to be used for housing rehabilitation, tenant based rental assistance, assistance to home buyers, acquisition of housing, and new construction of housing.

Placid Lakes Special Benefit Fire District - To account for assessments for fire protection.

Public Records Modernization Trust - To account for the additional service charges on recorded instruments used exclusively for modernizing the official record keeping systems in the Clerk's office per § 28.24(12)(d) FS.

Teen Court Operations - To account for assessment of mandatory court costs for the operation and administration of the Highlands County Teen Court Program per § 938.19 FS.

Court Related Technology Modernization Trust - To account for the recording fees used exclusively to fund court related technology information needs for the Clerk of Courts per § 28.24(12)(e) FS.

Court Services - To account for court-related filing fees, service charges, fines, court costs, appropriations, and expenses of the Clerk as mandated by § 28.35 FS.

Community Donations - To account for public donations received by the Sheriff's Office.

Inmate Welfare - To account for the profits earned from telephone services and commissary services operated within the County jail. Profits are earned from the sales of products such as candy and toothpaste to the inmates. Profits from these sales can only be spent for the benefit of the inmates.

Impact Fee Transportation Lake Placid - Pursuant to County Ordinance 05-06-44, transportation impact fees are collected by the County based on the transportation impact of new development.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Impact Fee Parks and Recreation Avon Park - Pursuant to County Ordinance 05-06-44, parks and recreation impact fees are collected by the County to provide growth-necessitated capital improvements in the area of parks and recreation.

Impact Fee Correctional Facilities - Pursuant to County Ordinance 05-06-44, correctional facility impact fees are collected by the County to provide growth-necessitated capital improvements in the area of correctional facilities.

Impact Fee Fire - Pursuant to County Ordinance 05-06-44, fire services impact fees are collected by the County to accommodate new development without decreasing the current level of fire services.

Impact Fee Libraries - Pursuant to County Ordinance 05-06-44, library services impact fees are collected by the County to accommodate new development without decreasing the current level of library services.

Impact Fee Law Enforcement - Pursuant to County Ordinance 05-06-44, law enforcement impact fees are collected by the County to provide growth-necessitated capital improvements in the area of law enforcement.

Impact Fee Emergency Medical Services - Pursuant to County Ordinance 05-06-44, emergency medical services impact fees are collected by the County to provide growth-necessitated capital improvements in the area of emergency medical services.

Thunderbird Hill Wastewater Special Benefit District - To account for assessments relating to financing the upgrade, construction and operations of the wastewater infrastructure for the Thunderbird Hills area.

Fire Assessment - To account for assessments relating to fire protection.

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds								
	Lake Placid Sun-N-Lake Estates Fire District	DeSoto City Special Benefit Fire District	Orange Villa Special Benefit District	Hickory Hills Special Benefit District	Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Avon Park Estates Special Benefit District	Highlands Lakes Special Tax District	Highlands Park Special Benefit Fire District
ASSETS									
Cash and Cash Equivalents	\$ 10,441	\$ 63,993	\$ 1,183	\$ 23,661	\$ 206,830	\$ 51,108	\$ 183,365	\$ 21,002	\$ 90,245
Investments	402,567	-	-	-	303,850	-	1,000,000	200,000	-
Accounts Receivable - Net	2,231	-	-	-	485	-	13,314	1,908	-
Due from Other Funds	852	721	5	10	679	80	366	839	197
Due from Other Governmental Units	24,817	4,664	11	25	6,887	396	5,400	7,234	2,064
Prepaid Items	-	-	-	-	-	-	-	-	-
Total Assets	\$ 440,908	\$ 69,378	\$ 1,199	\$ 23,696	\$ 518,731	\$ 51,584	\$ 1,202,445	\$ 230,983	\$ 92,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ 1,873	\$ 958	\$ 131	\$ 100	\$ 10,050	\$ 1,604	\$ 650	\$ 3,668	\$ 3,229
Accrued Wages Payable	-	1,937	-	-	-	-	-	3,220	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	500	-	-	-	-
Due to Other Governmental Units	91	24	-	-	-	-	-	117	22
Due to Other Funds	-	-	-	-	-	-	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	1,964	2,919	131	100	10,550	1,604	650	7,005	3,251
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	438,944	66,459	1,068	23,596	508,181	49,980	1,201,795	223,978	89,255
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	438,944	66,459	1,068	23,596	508,181	49,980	1,201,795	223,978	89,255
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 440,908	\$ 69,378	\$ 1,199	\$ 23,696	\$ 518,731	\$ 51,584	\$ 1,202,445	\$ 230,983	\$ 92,506

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

	Special Revenue Funds									
	Highlands Park Estates Improve- ment Trust	Leisure Lakes Special Benefit Fire District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District	E911 Emergency Operations	Hospital District	Orange Blossom Estates Special Benefit District	Sun-N-Lakes of Lake Placid Recreation District	Conservation Trust	Intergov- ernmental Radio Communi- cations
ASSETS										
Cash and Cash Equivalents	\$ 59,484	\$ 162,202	\$ 37,400	\$ 128,626	\$ -	\$ 127,192	\$ 23,207	\$ 59,415	\$ 189,154	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	-	-	-	-	-	-	-	-	-	2,993
Due from Other Funds	-	563	106	27	102,078	-	-	270	-	-
Due from Other Governmental Units	-	9,670	226	551	94,665	-	-	7,276	-	3,069
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 59,484</u>	<u>\$ 172,435</u>	<u>\$ 37,732</u>	<u>\$ 129,204</u>	<u>\$ 196,743</u>	<u>\$ 127,192</u>	<u>\$ 23,207</u>	<u>\$ 66,961</u>	<u>\$ 189,154</u>	<u>\$ 6,062</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ -	\$ 4,087	\$ 1,453	\$ -	\$ -	\$ 42,500	\$ 23	\$ 7,057	\$ 130	\$ -
Accrued Wages Payable	-	-	-	-	-	-	-	-	-	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	50	-	-
Due to Other Governmental Units	-	67	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	54,457	-	-	-	-	6,062
Due to Others	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,154</u>	<u>1,453</u>	<u>-</u>	<u>54,457</u>	<u>42,500</u>	<u>23</u>	<u>7,107</u>	<u>130</u>	<u>6,062</u>
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	-	-	-	-	32,504	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	59,484	168,281	36,279	129,204	109,782	84,692	23,184	59,854	189,024	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>59,484</u>	<u>168,281</u>	<u>36,279</u>	<u>129,204</u>	<u>109,782</u>	<u>84,692</u>	<u>23,184</u>	<u>59,854</u>	<u>189,024</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,484</u>	<u>\$ 172,435</u>	<u>\$ 37,732</u>	<u>\$ 129,204</u>	<u>\$ 196,743</u>	<u>\$ 127,192</u>	<u>\$ 23,207</u>	<u>\$ 66,961</u>	<u>\$ 189,154</u>	<u>\$ 6,062</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

	Special Revenue Funds									
	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District	Lorida Special Benefit Fire District	Lake Placid Special Benefit Fire District	Law Enforcement Education	Building Code Enforcement	Florida Boating Improvement	Special Law Enforcement Trust	Highway Park Special Benefit District
ASSETS										
Cash and Cash Equivalents	\$ 164,861	\$ 8,154	\$ 30,291	\$ 72,301	\$ 94,820	\$ 206,049	\$ 1,984,706	\$ 188,274	\$ 237,050	\$ 33,168
Investments	-	-	-	-	450,000	-	400,000	-	-	-
Accounts Receivable - Net	-	-	-	-	4,292	-	3,814	-	-	-
Due from Other Funds	39	-	41	290	575	-	-	-	-	30
Due from Other Governmental Units	503	-	208	2,306	3,093	1,344	-	7,146	-	923
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 165,403	\$ 8,154	\$ 30,540	\$ 74,897	\$ 552,780	\$ 207,393	\$ 2,388,520	\$ 195,420	\$ 237,050	\$ 34,121
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ 214	\$ -	\$ 760	\$ 79	\$ 1,866	\$ -	\$ 1,186	\$ 2,871	\$ -	\$ 517
Accrued Wages Payable	-	-	-	-	3,034	-	18,145	-	-	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	22	-	-	8,580	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	214	-	760	101	4,900	-	27,911	2,871	-	517
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	165,189	8,154	29,780	74,796	547,880	207,393	2,360,609	192,549	237,050	33,604
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	165,189	8,154	29,780	74,796	547,880	207,393	2,360,609	192,549	237,050	33,604
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 165,403	\$ 8,154	\$ 30,540	\$ 74,897	\$ 552,780	\$ 207,393	\$ 2,388,520	\$ 195,420	\$ 237,050	\$ 34,121

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

	Special Revenue Funds									
	Community Development Block Grant	Affordable Housing Assistance Trust	Sun-N-Lakes 1 - 20 Improvement Trust	Highlands Park Estates Special Benefit District	West Sebring Special Benefit Fire District	Driver Education Safety Trust	Tourist Development Trust	Industrial Development Agency	Domestic Violence Training	Fire Inspection And Safety
ASSETS										
Cash and Cash Equivalents	\$ -	\$ 783,095	\$ 57,918	\$ 173,325	\$ 638,084	\$ 23,344	\$ 335,332	\$ 1,001	\$ 86,137	\$ 132,548
Investments	-	-	-	200,000	250,000	-	350,000	-	-	-
Accounts Receivable - Net	-	-	-	1,908	2,385	-	3,338	-	-	22
Due from Other Funds	-	-	-	241	2,114	-	-	-	-	-
Due from Other Governmental Units	557,397	350,000	-	4,010	8,801	1,619	88,795	-	272	-
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 557,397</u>	<u>\$ 1,133,095</u>	<u>\$ 57,918</u>	<u>\$ 379,484</u>	<u>\$ 901,384</u>	<u>\$ 24,963</u>	<u>\$ 777,465</u>	<u>\$ 1,001</u>	<u>\$ 86,409</u>	<u>\$ 132,570</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ 82,694	\$ 11,788	\$ -	\$ 92,173	\$ 6,801	\$ 20,164	\$ 68,592	\$ -	\$ -	\$ -
Accrued Wages Payable	-	1,491	-	-	-	-	1,506	-	-	-
Contracts Payable-Retained Percentage	55,740	-	-	22,540	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	6	-	-	137	-	28	-	-	-
Due to Other Funds	228,417	-	-	-	-	-	-	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	100,000	-	-	-	-	-	-
Unearned Revenue	190,486	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>557,337</u>	<u>13,285</u>	<u>-</u>	<u>214,713</u>	<u>6,938</u>	<u>20,164</u>	<u>70,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	557,397	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>557,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	1,119,810	57,918	164,771	894,446	4,799	707,339	1,001	86,409	132,570
Unassigned	(557,337)	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>(557,337)</u>	<u>1,119,810</u>	<u>57,918</u>	<u>164,771</u>	<u>894,446</u>	<u>4,799</u>	<u>707,339</u>	<u>1,001</u>	<u>86,409</u>	<u>132,570</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 557,397</u>	<u>\$ 1,133,095</u>	<u>\$ 57,918</u>	<u>\$ 379,484</u>	<u>\$ 901,384</u>	<u>\$ 24,963</u>	<u>\$ 777,465</u>	<u>\$ 1,001</u>	<u>\$ 86,409</u>	<u>\$ 132,570</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

Special Revenue Funds

	Venus Special Benefit Fire District	Sebring Parkway Maintenance	State Court Facilities Trust	Innovations and Supplemental Courts Funding Trust	Crime Prevention	Court Tech 28.24(12)(e)1	Court	Home Initiatives Partnership	Placid Lakes Special Benefit Fire District
ASSETS									
Cash and Cash Equivalents	\$ 114,689	\$ 513,160	\$ 12,442	\$ 61,467	\$ 158,862	\$ 101,627	\$ 206,084	\$ 523	\$ 137,540
Investments	-	333,428	307,239	-	-	-	-	-	200,000
Accounts Receivable - Net	-	2,385	-	-	-	-	-	-	1,908
Due from Other Funds	113	-	-	-	-	-	-	-	386
Due from Other Governmental Units	939	28,109	10,009	6,141	2,903	11,865	30,794	-	2,559
Prepaid Items	-	-	7,075	-	-	9,164	-	-	-
Total Assets	\$ 115,741	\$ 877,082	\$ 336,765	\$ 67,608	\$ 161,765	\$ 122,656	\$ 236,878	\$ 523	\$ 342,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ 479	\$ 461	\$ 122	\$ 4,073	\$ -	\$ 21,566	\$ 747	\$ 10	\$ 275
Accrued Wages Payable	-	-	3,542	-	-	4,774	3,451	-	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	134	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	151,180	-	-
Due to Others	-	-	-	-	-	-	81,500	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	479	595	3,664	4,073	-	26,340	236,878	10	275
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable	-	-	7,075	-	-	9,164	-	-	-
Restricted	115,262	876,487	326,026	63,535	161,765	87,152	-	513	342,118
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	115,262	876,487	333,101	63,535	161,765	96,316	-	513	342,118
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 115,741	\$ 877,082	\$ 336,765	\$ 67,608	\$ 161,765	\$ 122,656	\$ 236,878	\$ 523	\$ 342,393

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

Special Revenue Funds

	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Services	Community Donations	Inmate Welfare	Impact Fee Trans- portation Lake Placid
ASSETS							
Cash and Cash Equivalents	\$ 30,179	\$ 958	\$ 28,163	\$ 170,994	\$ 138,669	\$ 349,286	\$ -
Investments	152,947	-	127,456	-	-	-	-
Accounts Receivable - Net	-	-	-	-	-	41,337	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	2,844	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Total Assets	\$ 183,126	\$ 958	\$ 155,619	\$ 173,838	\$ 138,669	\$ 390,623	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Vouchers Payable	\$ 409	\$ -	\$ 36	\$ 3,353	\$ -	\$ 15,326	\$ -
Accrued Wages Payable	-	131	2,780	27,545	-	251	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	142,940	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Due to Others	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	409	131	2,816	173,838	-	15,577	-
Deferred Inflows of Resources:							
Unavailable Revenue:							
Intergovernmental	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	182,717	827	152,803	-	138,669	375,046	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	182,717	827	152,803	-	138,669	375,046	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 183,126	\$ 958	\$ 155,619	\$ 173,838	\$ 138,669	\$ 390,623	\$ -

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2018**

	Special Revenue Funds								Total All Nonmajor Governmental Funds
	Impact Fee Parks and Recreation Avon Park	Impact Fee Correctional Facilities	Impact Fee Fire	Impact Fee Libraries	Impact Fee Law Enforcement	Impact Fee Emergency Medical Services	Thunderbird Hill Waste Water Special Benefit District	Fire Assessment	
ASSETS									
Cash and Cash Equivalents	\$ 4,600	\$ 4,534	\$ 4,808	\$ 1,721	\$ 1,331	\$ 1,029	\$ 26,268	\$ -	\$ 8,757,900
Investments	-	-	-	-	-	-	-	-	4,677,487
Accounts Receivable - Net	-	-	-	-	-	-	-	-	82,320
Due from Other Funds	-	-	-	-	-	-	70	-	110,692
Due from Other Governmental Units	-	-	-	-	-	-	132	-	1,289,667
Prepaid Items	-	-	-	-	-	-	-	-	16,239
Total Assets	<u>\$ 4,600</u>	<u>\$ 4,534</u>	<u>\$ 4,808</u>	<u>\$ 1,721</u>	<u>\$ 1,331</u>	<u>\$ 1,029</u>	<u>\$ 26,470</u>	<u>\$ -</u>	<u>\$ 14,934,305</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,665	\$ 430,740
Accrued Wages Payable	-	-	-	-	-	-	-	-	71,807
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	78,280
Customer Deposits	-	-	-	-	-	-	-	-	550
Due to Other Governmental Units	-	-	-	-	-	-	-	-	152,168
Due to Other Funds	-	-	-	-	-	-	-	151,517	591,633
Due to Others	-	-	-	-	-	-	-	-	81,500
Advances from Other Funds	-	-	-	-	-	-	50,000	-	150,000
Unearned Revenue	-	-	-	-	-	-	-	-	190,486
Total Liabilities	-	-	-	-	-	-	50,000	168,182	1,747,164
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	589,901
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	589,901
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	16,239
Restricted	4,600	4,534	4,808	1,721	1,331	1,029	-	-	13,330,050
Unassigned	-	-	-	-	-	-	(23,530)	(168,182)	(749,049)
Total Fund Balances	<u>4,600</u>	<u>4,534</u>	<u>4,808</u>	<u>1,721</u>	<u>1,331</u>	<u>1,029</u>	<u>(23,530)</u>	<u>(168,182)</u>	<u>12,597,240</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,600</u>	<u>\$ 4,534</u>	<u>\$ 4,808</u>	<u>\$ 1,721</u>	<u>\$ 1,331</u>	<u>\$ 1,029</u>	<u>\$ 26,470</u>	<u>\$ -</u>	<u>\$ 14,934,305</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds								
	Lake Placid Sun-N-Lake Estates Fire District	DeSoto City Special Benefit Fire District	Orange Villa Special Benefit District	Hickory Hills Special Benefit District	Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Avon Park Estates Special Benefit District	Highlands Lakes Special Tax District	Highlands Park Special Benefit Fire District
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-
Assessments	213,216	180,008	1,274	2,420	169,376	19,848	91,271	209,271	49,165
Net Change in Fair Value of Investments	6,172	515	6	69	6,125	171	14,344	3,088	298
Miscellaneous	100	923	-	-	400	-	-	-	717
Total Revenues	219,488	181,446	1,280	2,489	175,901	20,019	105,615	212,359	50,180
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	202,933	147,760	-	-	-	-	-	198,052	39,146
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	-	-	1,693	1,442	154,053	21,061	32,984	-	-
Economic Environment	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	32,758	-	-	-	-	-	23,660	12,638
Interest and Fiscal Charges	-	7,754	-	-	-	-	-	592	316
Total Expenditures	202,933	188,272	1,693	1,442	154,053	21,061	32,984	222,304	52,100
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,555	(6,826)	(413)	1,047	21,848	(1,042)	72,631	(9,945)	(1,920)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	16,555	(6,826)	(413)	1,047	21,848	(1,042)	72,631	(9,945)	(1,920)
Fund Balances - October 1, 2017	422,389	73,285	1,481	22,549	486,333	51,022	1,129,164	233,923	91,175
FUND BALANCES - SEPTEMBER 30, 2018	\$ 438,944	\$ 66,459	\$ 1,068	\$ 23,596	\$ 508,181	\$ 49,980	\$ 1,201,795	\$ 223,978	\$ 89,255

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds									
	Highlands Park Estates Improve- ment Trust	Leisure Lakes Special Benefit Fire District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District	E911 Emergency Operations	Hospital District	Orange Blossom Estates Special Benefit District	Sun-N-Lakes of Lake Placid Recreation District	Conserva- tion Trust	Intergov- ernmental Radio Communi- cations
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,200	361,144	-	-	-	-
Charges for Services	-	-	-	-	418,965	-	-	-	23,985	34,955
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Assessments	-	140,660	26,331	6,751	-	-	-	67,407	-	-
Net Change in Fair Value of Investments	172	728	138	361	-	1,371	67	237	4,631	-
Miscellaneous	-	56	-	-	-	-	-	3,270	-	34,572
Total Revenues	172	141,444	26,469	7,112	420,165	362,515	67	70,914	28,616	69,527
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	76,399	-	-	912,908	-	-	-	-	369,589
Physical Environment	-	-	-	-	-	-	-	-	606,135	-
Transportation	-	-	19,900	647	-	-	270	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	318,617	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	63,826	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	18,090	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	453	84	-	-	-	-	-	-	-
Total Expenditures	-	94,942	19,984	647	912,908	318,617	270	63,826	606,135	369,589
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	172	46,502	6,485	6,465	(492,743)	43,898	(203)	7,088	(577,519)	(300,062)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	524,313	-	-	-	-	300,062
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	524,313	-	-	-	-	300,062
NET CHANGE IN FUND BALANCE	172	46,502	6,485	6,465	31,570	43,898	(203)	7,088	(577,519)	-
Fund Balances - October 1, 2017	59,312	121,779	29,794	122,739	78,212	40,794	23,387	52,766	766,543	-
FUND BALANCES - SEPTEMBER 30, 2018	\$ 59,484	\$ 168,281	\$ 36,279	\$ 129,204	\$ 109,782	\$ 84,692	\$ 23,184	\$ 59,854	\$ 189,024	\$ -

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds									
	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District	Lorida Special Benefit Fire District	Lake Placid Special Benefit Fire District	Law Enforcement Education	Building Code Enforce- ment	Florida Boating Improve- ment	Special Law Enforce- ment Trust	Highway Park Special Benefit District
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	1,416,201	-	-	-
Intergovernmental	-	-	-	-	-	-	-	45,670	-	-
Charges for Services	-	-	-	-	-	15,410	114,243	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	30,225	-
Assessments	9,779	-	10,279	72,363	143,549	-	-	-	-	7,542
Net Change in Fair Value of Investments	634	24	98	427	7,903	730	24,416	1,108	965	99
Miscellaneous	-	-	-	1,800	5,400	-	10,711	-	-	-
Total Revenues	10,413	24	10,377	74,590	156,852	16,140	1,565,571	46,778	31,190	7,641
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	118,333	116,722	-	575,137	-	36,834	-
Physical Environment	-	-	-	-	-	-	-	-	-	-
Transportation	3,324	-	10,065	-	-	-	-	-	-	6,914
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	35,609	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	18,590	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	465	-	-	-	-	-	-
Total Expenditures	3,324	-	10,065	137,388	116,722	-	575,137	35,609	36,834	6,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,089	24	312	(62,798)	40,130	16,140	990,434	11,169	(5,644)	727
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	7,089	24	312	(62,798)	40,130	16,140	990,434	11,169	(5,644)	727
Fund Balances - October 1, 2017	158,100	8,130	29,468	137,594	507,750	191,253	1,370,175	181,380	242,694	32,877
FUND BALANCES - SEPTEMBER 30, 2018	\$ 165,189	\$ 8,154	\$ 29,780	\$ 74,796	\$ 547,880	\$ 207,393	\$ 2,360,609	\$ 192,549	\$ 237,050	\$ 33,604

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds									
	Community Development Block Grant	Affordable Housing Assistance Trust	Sun-N-Lakes 1 - 20 Improvement Trust	Highlands Park Estates Special Benefit District	West Sebring Special Benefit Fire District	Driver Education Safety Trust	Tourist Development Trust	Industrial Development Agency	Domestic Violence Training	Fire Inspection and Safety
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,114	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-	540
Intergovernmental	-	607,748	-	-	-	-	-	-	-	-
Charges for Services	-	234,972	-	-	-	18,315	-	-	5,573	17,090
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Assessments	-	-	-	60,287	527,460	-	-	-	-	-
Net Change in Fair Value of Investments	60	6,705	168	4,263	10,738	47	9,437	1	240	1,261
Miscellaneous	-	-	-	-	97,557	-	-	1,000	-	-
Total Revenues	<u>60</u>	<u>849,425</u>	<u>168</u>	<u>64,550</u>	<u>635,755</u>	<u>18,362</u>	<u>519,551</u>	<u>1,001</u>	<u>5,813</u>	<u>18,891</u>
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	362,073	20,164	-	-	-	19,768
Physical Environment	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	246,898	-	-	-	-	-	-
Economic Environment	557,397	763,563	-	-	-	-	591,238	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>557,397</u>	<u>763,563</u>	<u>-</u>	<u>246,898</u>	<u>362,073</u>	<u>20,164</u>	<u>591,238</u>	<u>-</u>	<u>-</u>	<u>19,768</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(557,337)	85,862	168	(182,348)	273,682	(1,802)	(71,687)	1,001	5,813	(877)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(557,337)	85,862	168	(182,348)	273,682	(1,802)	(71,687)	1,001	5,813	(877)
Fund Balances - October 1, 2017	-	1,033,948	57,750	347,119	620,764	6,601	779,026	-	80,596	133,447
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ (557,337)</u>	<u>\$ 1,119,810</u>	<u>\$ 57,918</u>	<u>\$ 164,771</u>	<u>\$ 894,446</u>	<u>\$ 4,799</u>	<u>\$ 707,339</u>	<u>\$ 1,001</u>	<u>\$ 86,409</u>	<u>\$ 132,570</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds								
	Venus Special Benefit Fire District	Sebring Parkway Maintenance	State Court Facilities Trust	Innovations and Supplemental Courts Funding Trust	Crime Prevention	Court Tech 28.24(12)(e)1	Court	Home Initiatives Partnership	Placid Lakes Special Benefit Fire District
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	28,107	-	-	-	15,000	362,824	-	-
Charges for Services	-	-	112,956	73,896	33,131	160,556	-	50,000	-
Fines and Forfeitures	-	-	-	-	289	-	-	-	-
Assessments	28,213	-	-	-	-	-	-	-	96,199
Net Change in Fair Value of Investments	539	8,411	4,741	469	994	62	1,173	101	3,289
Miscellaneous	4,300	-	-	-	-	1,157	-	-	-
Total Revenues	33,052	36,518	117,697	74,365	34,414	176,775	363,997	50,101	99,488
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	34,781	-	-	-	38,815	-	-	-	30,042
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	-	93,667	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	59,193	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	204,321	163,187	-	278,008	212,817	-	-
Debt Service:									
Principal Retirement	4,270	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	107	-	-	-	-	-	-	-	-
Total Expenditures	39,158	93,667	204,321	163,187	38,815	278,008	212,817	59,193	30,042
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,106)	(57,149)	(86,624)	(88,822)	(4,401)	(101,233)	151,180	(9,092)	69,446
OTHER FINANCING SOURCES (USES)									
Transfers In	-	149,158	-	30,220	-	158,690	-	-	-
Transfers Out	-	-	(11,770)	(18,478)	-	-	(151,180)	-	-
Total Other Financing Sources (Uses)	-	149,158	(11,770)	11,742	-	158,690	(151,180)	-	-
NET CHANGE IN FUND BALANCE	(6,106)	92,009	(98,394)	(77,080)	(4,401)	57,457	-	(9,092)	69,446
Fund Balances - October 1, 2017	121,368	784,478	431,495	140,615	166,166	38,859	-	9,605	272,672
FUND BALANCES - SEPTEMBER 30, 2018	\$ 115,262	\$ 876,487	\$ 333,101	\$ 63,535	\$ 161,765	\$ 96,316	\$ -	\$ 513	\$ 342,118

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds						
	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Services	Community Donations	Inmate Welfare	Impact Fee Trans- portation Lake Placid
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	287,814	-	-	-
Charges for Services	54,794	14,189	152,901	1,085,135	-	-	-
Fines and Forfeitures	-	-	-	507,675	-	-	-
Assessments	-	-	-	-	-	-	-
Net Change in Fair Value of Investments	1,726	2	664	1,100	-	-	-
Miscellaneous	3,900	-	7,200	-	137,376	317,899	-
Total Revenues	<u>60,420</u>	<u>14,191</u>	<u>160,765</u>	<u>1,881,724</u>	<u>137,376</u>	<u>317,899</u>	<u>-</u>
EXPENDITURES							
Current:							
General Government	116,346	-	-	-	-	-	-
Public Safety	-	-	-	-	40,687	219,417	-
Physical Environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Court Related	-	15,621	156,725	1,853,457	-	-	-
Debt Service:							
Principal Retirement	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	<u>116,346</u>	<u>15,621</u>	<u>156,725</u>	<u>1,853,457</u>	<u>40,687</u>	<u>219,417</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,926)	(1,430)	4,040	28,267	96,689	98,482	-
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(55,926)	(1,430)	4,040	28,267	96,689	98,482	-
Fund Balances - October 1, 2017	<u>238,643</u>	<u>2,257</u>	<u>148,763</u>	<u>(28,267)</u>	<u>41,980</u>	<u>276,564</u>	<u>-</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ 182,717</u>	<u>\$ 827</u>	<u>\$ 152,803</u>	<u>\$ -</u>	<u>\$ 138,669</u>	<u>\$ 375,046</u>	<u>\$ -</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds							Thunderbird Hill Waste Water Special Benefit District	Fire Assessment	Total All Nonmajor Governmental Funds
	Impact Fee Parks and Recreation Avon Park	Impact Fee Correctional Facilities	Impact Fee Fire	Impact Fee Libraries	Impact Fee Law Enforcement	Impact Fee Emergency Medical Services				
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,114	
Licenses and Permits	-	-	-	-	-	-	-	-	1,416,741	
Intergovernmental	-	-	-	-	-	-	-	-	1,709,507	
Charges for Services	-	-	-	-	-	-	-	-	2,621,066	
Fines and Forfeitures	-	-	-	-	-	-	-	-	538,189	
Assessments	-	-	-	-	-	-	17,500	-	2,150,169	
Net Change in Fair Value of Investments	14	14	14	5	4	3	258	-	131,400	
Miscellaneous	-	-	-	-	-	-	-	-	628,338	
Total Revenues	14	14	14	5	4	3	17,758	-	9,705,524	
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	116,346	
Public Safety	-	-	-	-	-	-	-	168,182	3,727,742	
Physical Environment	-	-	-	-	-	-	1,680	-	607,815	
Transportation	-	-	-	-	-	-	-	-	592,918	
Economic Environment	-	-	-	-	-	-	-	-	1,971,391	
Human Services	-	-	-	-	-	-	-	-	318,617	
Culture and Recreation	-	-	-	-	-	-	-	-	99,435	
Court Related	-	-	-	-	-	-	-	-	2,884,136	
Debt Service:									-	
Principal Retirement	-	-	-	-	-	-	-	-	110,006	
Interest and Fiscal Charges	-	-	-	-	-	-	2,293	-	12,064	
Total Expenditures	-	-	-	-	-	-	3,973	168,182	10,440,470	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14	14	14	5	4	3	13,785	(168,182)	(734,946)	
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	1,162,443	
Transfers Out	-	-	-	-	-	-	-	-	(181,428)	
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	981,015	
NET CHANGE IN FUND BALANCE	14	14	14	5	4	3	13,785	(168,182)	246,069	
Fund Balances - October 1, 2017	4,586	4,520	4,794	1,716	1,327	1,026	(37,315)	-	12,351,171	
FUND BALANCES - SEPTEMBER 30, 2018	\$ 4,600	\$ 4,534	\$ 4,808	\$ 1,721	\$ 1,331	\$ 1,029	\$ (23,530)	\$ (168,182)	\$ 12,597,240	

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE PLACID SUN-N-LAKE ESTATES FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 181,000	\$ 181,000	\$ 213,216	\$ 32,216
Net Change in Fair Value of Investments	800	800	6,172	5,372
Miscellaneous	-	-	100	100
Total Revenues	<u>181,800</u>	<u>181,800</u>	<u>219,488</u>	<u>37,688</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	<u>256,221</u>	<u>258,937</u>	<u>202,933</u>	<u>56,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(74,421)	(77,137)	16,555	93,692
Fund Balances - October 1, 2017	<u>74,421</u>	<u>77,137</u>	<u>422,389</u>	<u>345,252</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 438,944</u></u>	<u><u>\$ 438,944</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DESOTO CITY SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 180,000	\$ 180,000	\$ 180,008	\$ 8
Net Change in Fair Value of Investments	500	500	515	15
Miscellaneous	2,400	2,400	923	(1,477)
Total Revenues	<u>182,900</u>	<u>182,900</u>	<u>181,446</u>	<u>(1,454)</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	200,872	203,819	147,760	56,059
Debt Service:				
Principal Retirement	32,991	32,758	32,758	-
Interest	7,139	7,754	7,754	-
Total Debt Service	<u>40,130</u>	<u>40,512</u>	<u>40,512</u>	<u>-</u>
Total Expenditures	<u>241,002</u>	<u>244,331</u>	<u>188,272</u>	<u>56,059</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(58,102)	(61,431)	(6,826)	54,605
Fund Balances - October 1, 2017	<u>58,102</u>	<u>61,431</u>	<u>73,285</u>	<u>11,854</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 66,459</u></u>	<u><u>\$ 66,459</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE VILLA SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,350	\$ 1,350	\$ 1,274	\$ (76)
Net Change in Fair Value of Investments	-	-	6	6
Total Revenues	<u>1,350</u>	<u>1,350</u>	<u>1,280</u>	<u>(70)</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>1,790</u>	<u>1,790</u>	<u>1,693</u>	<u>97</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(440)	(440)	(413)	27
Fund Balances - October 1, 2017	<u>440</u>	<u>440</u>	<u>1,481</u>	<u>1,041</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,068</u></u>	<u><u>\$ 1,068</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HICKORY HILLS SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 2,400	\$ 2,400	\$ 2,420	\$ 20
Net Change in Fair Value of Investments	-	-	69	69
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>2,489</u>	<u>89</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>2,400</u>	<u>10,400</u>	<u>1,442</u>	<u>8,958</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(8,000)	1,047	9,047
Fund Balances - October 1, 2017	<u>-</u>	<u>8,000</u>	<u>22,549</u>	<u>14,549</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,596</u></u>	<u><u>\$ 23,596</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PLACID LAKES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 162,500	\$ 162,500	\$ 169,376	\$ 6,876
Net Change in Fair Value of Investments	1,750	1,750	6,125	4,375
Miscellaneous	-	-	400	400
Total Revenues	<u>164,250</u>	<u>164,250</u>	<u>175,901</u>	<u>11,651</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>188,730</u>	<u>200,202</u>	<u>154,053</u>	<u>46,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,480)	(35,952)	21,848	57,800
Fund Balances - October 1, 2017	<u>24,480</u>	<u>35,952</u>	<u>486,333</u>	<u>450,381</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 508,181</u></u>	<u><u>\$ 508,181</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING COUNTRY ESTATES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 19,500	\$ 19,500	\$ 19,848	\$ 348
Net Change in Fair Value of Investments	200	200	171	(29)
Total Revenues	<u>19,700</u>	<u>19,700</u>	<u>20,019</u>	<u>319</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>24,728</u>	<u>24,728</u>	<u>21,061</u>	<u>3,667</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,028)	(5,028)	(1,042)	3,986
Fund Balances - October 1, 2017	<u>5,028</u>	<u>5,028</u>	<u>51,022</u>	<u>45,994</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,980</u></u>	<u><u>\$ 49,980</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AVON PARK ESTATES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 87,000	\$ 87,000	\$ 91,271	\$ 4,271
Net Change in Fair Value of Investments	3,000	3,000	14,344	11,344
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>105,615</u>	<u>15,615</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>131,000</u>	<u>131,000</u>	<u>32,984</u>	<u>98,016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(41,000)	(41,000)	72,631	113,631
Fund Balances - October 1, 2017	<u>41,000</u>	<u>41,000</u>	<u>1,129,164</u>	<u>1,088,164</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,201,795</u></u>	<u><u>\$ 1,201,795</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS LAKES SPECIAL TAX DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 206,000	\$ 206,000	\$ 209,271	\$ 3,271
Net Change in Fair Value of Investments	1,250	1,250	3,088	1,838
Total Revenues	<u>207,250</u>	<u>207,250</u>	<u>212,359</u>	<u>5,109</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	254,880	264,880	198,052	66,828
Debt Service:				
Principal Retirement	23,660	23,660	23,660	-
Interest	592	592	592	-
Total Debt Service	<u>24,252</u>	<u>24,252</u>	<u>24,252</u>	<u>-</u>
Total Expenditures	<u>279,132</u>	<u>289,132</u>	<u>222,304</u>	<u>66,828</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(71,882)	(81,882)	(9,945)	71,937
Fund Balances - October 1, 2017	<u>71,882</u>	<u>81,882</u>	<u>233,923</u>	<u>152,041</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 223,978</u></u>	<u><u>\$ 223,978</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 47,500	\$ 47,500	\$ 49,165	\$ 1,665
Net Change in Fair Value of Investments	750	750	298	(452)
Miscellaneous	-	-	717	717
Total Revenues	<u>48,250</u>	<u>48,250</u>	<u>50,180</u>	<u>1,930</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	50,423	51,231	39,146	12,085
Debt Service:				
Principal Retirement	12,638	12,638	12,638	-
Interest	316	316	316	-
Total Debt Service	<u>12,954</u>	<u>12,954</u>	<u>12,954</u>	<u>-</u>
Total Expenditures	<u>63,377</u>	<u>64,185</u>	<u>52,100</u>	<u>12,085</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(15,127)	(15,935)	(1,920)	14,015
Fund Balances - October 1, 2017	<u>15,127</u>	<u>15,935</u>	<u>91,175</u>	<u>75,240</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 89,255</u></u>	<u><u>\$ 89,255</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK ESTATES IMPROVEMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 200	\$ 200	\$ 172	\$ (28)
EXPENDITURES				
Current:				
Transportation:				
Improvement Trust	20,000	20,000	-	20,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,800)	(19,800)	172	19,972
Fund Balances - October 1, 2017	19,800	19,800	59,312	39,512
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,484</u>	<u>\$ 59,484</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LEISURE LAKES SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 130,900	\$ 130,900	\$ 140,660	\$ 9,760
Net Change in Fair Value of Investments	1,500	1,500	728	(772)
Miscellaneous	-	-	56	56
Total Revenues	<u>132,400</u>	<u>132,400</u>	<u>141,444</u>	<u>9,044</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	<u>162,182</u>	<u>170,108</u>	<u>76,399</u>	<u>93,709</u>
Debt Service:				
Principal Retirement	18,090	18,090	18,090	-
Interest	<u>453</u>	<u>453</u>	<u>453</u>	<u>-</u>
Total Debt Service	<u>18,543</u>	<u>18,543</u>	<u>18,543</u>	<u>-</u>
Total Expenditures	<u>180,725</u>	<u>188,651</u>	<u>94,942</u>	<u>93,709</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(48,325)	(56,251)	46,502	102,753
Fund Balances - October 1, 2017	<u>48,325</u>	<u>56,251</u>	<u>121,779</u>	<u>65,528</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 168,281</u></u>	<u><u>\$ 168,281</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING HILLS SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 26,160	\$ 26,160	\$ 26,331	\$ 171
Net Change in Fair Value of Investments	-	-	138	138
Total Revenues	<u>26,160</u>	<u>26,160</u>	<u>26,469</u>	<u>309</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	26,058	26,058	19,900	6,158
Debt Service:				
Interest	<u>102</u>	<u>102</u>	<u>84</u>	<u>18</u>
Total Expenditures	<u>26,160</u>	<u>26,160</u>	<u>19,984</u>	<u>6,176</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	6,485	6,485
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>29,794</u>	<u>29,794</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,279</u></u>	<u><u>\$ 36,279</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RED HILL FARMS IMPROVEMENT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 5,700	\$ 5,700	\$ 6,751	\$ 1,051
Net Change in Fair Value of Investments	500	500	361	(139)
Total Revenues	<u>6,200</u>	<u>6,200</u>	<u>7,112</u>	<u>912</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>6,200</u>	<u>6,200</u>	<u>647</u>	<u>5,553</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	6,465	6,465
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>122,739</u>	<u>122,739</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 129,204</u></u>	<u><u>\$ 129,204</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E911 EMERGENCY OPERATIONS FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 462,213	\$ 1,200	\$ (461,013)
Charges for Services	392,430	392,430	418,965	26,535
Total Revenues	<u>392,430</u>	<u>854,643</u>	<u>420,165</u>	<u>(434,478)</u>
EXPENDITURES				
Current:				
Public Safety:				
E911 Operations	<u>1,014,986</u>	<u>1,477,199</u>	<u>912,908</u>	<u>564,291</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(622,556)	(622,556)	(492,743)	129,813
OTHER FINANCING SOURCES				
Transfers In	<u>622,556</u>	<u>622,556</u>	<u>524,313</u>	<u>(98,243)</u>
NET CHANGE IN FUND BALANCE	-	-	31,570	31,570
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>78,212</u>	<u>78,212</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 109,782</u></u>	<u><u>\$ 109,782</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOSPITAL DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 342,242	\$ 361,144	\$ 18,902
Net Change in Fair Value of Investments	-	-	1,371	1,371
Total Revenues	-	342,242	362,515	20,273
EXPENDITURES				
Current:				
Human Services:				
Other Human Services	-	342,242	318,617	23,625
EXCESS OF REVENUES OVER EXPENDITURES	-	-	43,898	43,898
Fund Balances - October 1, 2017	-	-	40,794	40,794
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,692</u>	<u>\$ 84,692</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE BLOSSOM ESTATES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 75	\$ 75	\$ 67	\$ (8)
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	19,800	19,800	270	19,530
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(19,725)	(19,725)	(203)	19,522
Fund Balances - October 1, 2017	19,725	19,725	23,387	3,662
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,184</u>	<u>\$ 23,184</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUN-N-LAKES OF LAKE PLACID RECREATION DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 61,000	\$ 61,000	\$ 67,407	\$ 6,407
Net Change in Fair Value of Investments	300	300	237	(63)
Miscellaneous	900	900	3,270	2,370
Total Revenues	<u>62,200</u>	<u>62,200</u>	<u>70,914</u>	<u>8,714</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Special Benefit Districts	<u>72,553</u>	<u>78,714</u>	<u>63,826</u>	<u>14,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,353)	(16,514)	7,088	23,602
Fund Balances - October 1, 2017	<u>10,353</u>	<u>16,514</u>	<u>52,766</u>	<u>36,252</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 59,854</u></u>	<u><u>\$ 59,854</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CONSERVATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 23,985	\$ 23,985
Net Change in Fair Value of Investments	-	-	4,631	4,631
Total Revenues	-	-	28,616	28,616
EXPENDITURES				
Current:				
Physical Environment:				
Conservation and Resource Management	71,140	675,451	606,135	69,316
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(71,140)	(675,451)	(577,519)	97,932
Fund Balances - October 1, 2017	71,140	675,451	766,543	91,092
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,024</u>	<u>\$ 189,024</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERGOVERNMENTAL RADIO COMMUNICATIONS FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 53,000	\$ 53,000	\$ 34,955	\$ (18,045)
Miscellaneous	31,194	31,194	34,572	3,378
Total Revenues	<u>84,194</u>	<u>84,194</u>	<u>69,527</u>	<u>(14,667)</u>
EXPENDITURES				
Current:				
Public Safety:				
Other Public Safety	<u>375,171</u>	<u>375,171</u>	<u>369,589</u>	<u>5,582</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(290,977)	(290,977)	(300,062)	(9,085)
OTHER FINANCING SOURCES				
Transfers In	<u>290,977</u>	<u>290,977</u>	<u>300,062</u>	<u>9,085</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING ACRES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 9,600	\$ 9,600	\$ 9,779	\$ 179
Net Change in Fair Value of Investments	500	500	634	134
Total Revenues	<u>10,100</u>	<u>10,100</u>	<u>10,413</u>	<u>313</u>
EXPENDITURES:				
Current:				
Transportation:				
Special Benefit Districts	<u>10,100</u>	<u>10,100</u>	<u>3,324</u>	<u>6,776</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	7,089	7,089
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>158,100</u>	<u>158,100</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 165,189</u></u>	<u><u>\$ 165,189</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE BLOSSOM (UNIT 12) SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 24	\$ 24
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	8,005	8,005	-	8,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,005)	(8,005)	24	8,029
Fund Balances - October 1, 2017	8,005	8,005	8,130	125
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,154</u>	<u>\$ 8,154</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE HAVEN ESTATES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 10,100	\$ 10,100	\$ 10,279	\$ 179
Net Change in Fair Value of Investments	-	-	98	98
Total Revenues	<u>10,100</u>	<u>10,100</u>	<u>10,377</u>	<u>277</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>11,450</u>	<u>11,450</u>	<u>10,065</u>	<u>1,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,350)	(1,350)	312	1,662
Fund Balances - October 1, 2017	<u>1,350</u>	<u>1,350</u>	<u>29,468</u>	<u>28,118</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,780</u></u>	<u><u>\$ 29,780</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FLORIDA SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 72,900	\$ 72,900	\$ 72,363	\$ (537)
Net Change in Fair Value of Investments	500	500	427	(73)
Miscellaneous	-	-	1,800	1,800
Total Revenues	<u>73,400</u>	<u>73,400</u>	<u>74,590</u>	<u>1,190</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	150,419	151,078	118,333	32,745
Debt Service:				
Principal Retirement	18,590	18,590	18,590	-
Interest	465	465	465	-
Total Debt Service	<u>19,055</u>	<u>19,055</u>	<u>19,055</u>	<u>-</u>
Total Expenditures	<u>169,474</u>	<u>170,133</u>	<u>137,388</u>	<u>32,745</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(96,074)	(96,733)	(62,798)	33,935
Fund Balances - October 1, 2017	<u>96,074</u>	<u>96,733</u>	<u>137,594</u>	<u>40,861</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 74,796</u></u>	<u><u>\$ 74,796</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE PLACID SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 140,000	\$ 140,000	\$ 143,549	\$ 3,549
Net Change in Fair Value of Investments	1,800	1,800	7,903	6,103
Miscellaneous	5,400	5,400	5,400	-
Total Revenues	<u>147,200</u>	<u>147,200</u>	<u>156,852</u>	<u>9,652</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	<u>228,460</u>	<u>240,732</u>	<u>116,722</u>	<u>124,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(81,260)	(93,532)	40,130	133,662
Fund Balances - October 1, 2017	<u>81,260</u>	<u>93,532</u>	<u>507,750</u>	<u>414,218</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 547,880</u></u>	<u><u>\$ 547,880</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT EDUCATION FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 21,710	\$ 21,710	\$ 15,410	\$ (6,300)
Net Change in Fair Value of Investments	500	500	730	230
Total Revenues	<u>22,210</u>	<u>22,210</u>	<u>16,140</u>	<u>(6,070)</u>
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	<u>22,210</u>	<u>22,210</u>	<u>-</u>	<u>22,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	16,140	16,140
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>191,253</u>	<u>191,253</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 207,393</u></u>	<u><u>\$ 207,393</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CODE ENFORCEMENT
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 704,228	\$ 704,228	\$ 1,416,201	\$ 711,973
Charges for Services	86,000	86,000	114,243	28,243
Net Change in Fair Value of Investments	6,886	6,886	24,416	17,530
Miscellaneous	2,000	2,000	10,711	8,711
Total Revenues	<u>799,114</u>	<u>799,114</u>	<u>1,565,571</u>	<u>766,457</u>
EXPENDITURES				
Current:				
Public Safety:				
Protective Inspections	<u>612,545</u>	<u>655,022</u>	<u>575,137</u>	<u>79,885</u>
EXCESS OF REVENUES OVER EXPENDITURES	186,569	144,092	990,434	846,342
Fund Balances - October 1, 2017	<u>(186,569)</u>	<u>(144,092)</u>	<u>1,370,175</u>	<u>1,514,267</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,360,609</u></u>	<u><u>\$ 2,360,609</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FLORIDA BOATING IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 45,670	\$ 670
Net Change in Fair Value of Investments	500	500	1,108	608
Total Revenues	<u>45,500</u>	<u>45,500</u>	<u>46,778</u>	<u>1,278</u>
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks Department	<u>51,441</u>	<u>52,207</u>	<u>35,609</u>	<u>16,598</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,941)	(6,707)	11,169	17,876
Fund Balances - October 1, 2017	<u>5,941</u>	<u>6,707</u>	<u>181,380</u>	<u>174,673</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 192,549</u></u>	<u><u>\$ 192,549</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL LAW ENFORCEMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ -	\$ -	\$ 30,225	\$ 30,225
Net Change in Fair Value of Investments	-	-	965	965
Total Revenues	-	-	31,190	31,190
EXPENDITURES				
Current:				
Public Safety:				
County Jail	-	242,694	36,834	205,860
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(242,694)	(5,644)	237,050
Fund Balances - October 1, 2017	-	242,694	242,694	-
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,050</u>	<u>\$ 237,050</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY PARK SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 7,000	\$ 7,000	\$ 7,542	\$ 542
Net Change in Fair Value of Investments	150	150	99	(51)
Total Revenues	<u>7,150</u>	<u>7,150</u>	<u>7,641</u>	<u>491</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>9,945</u>	<u>9,945</u>	<u>6,914</u>	<u>3,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,795)	(2,795)	727	3,522
Fund Balances - October 1, 2017	<u>2,795</u>	<u>2,795</u>	<u>32,877</u>	<u>30,082</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,604</u></u>	<u><u>\$ 33,604</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Intergovernmental	\$ 750,000	\$ 940,486	\$ -	\$ (940,486)
Net Change in Fair Value of Investments	-	-	60	60
Total Revenues	<u>750,000</u>	<u>940,486</u>	<u>60</u>	<u>(940,426)</u>
EXPENDITURES				
Current:				
Economic Environment:				
Community Development Block Grant	<u>750,000</u>	<u>940,486</u>	<u>557,397</u>	<u>383,089</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	-	-	(557,337)	(557,337)
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (557,337)</u></u>	<u><u>\$ (557,337)</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AFFORDABLE HOUSING ASSISTANCE TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 607,748	\$ 607,748	\$ -
Charges for Services	-	161,583	234,972	73,389
Net Change in Fair Value of Investments	-	4,898	6,705	1,807
Total Revenues	-	774,229	849,425	75,196
EXPENDITURES				
Current:				
Economic Environment:				
State Housing Assistance Grant	766,612	1,438,479	763,563	674,916
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(766,612)	(664,250)	85,862	750,112
Fund Balances - October 1, 2017	766,612	664,250	1,033,948	369,698
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119,810</u>	<u>\$ 1,119,810</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUN-N-LAKES 1 - 20 IMPROVEMENT TRUST
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 168	\$ 168
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	57,262	57,262	-	57,262
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(57,262)	(57,262)	168	57,430
Fund Balances - October 1, 2017	57,262	57,262	57,750	488
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,918</u>	<u>\$ 57,918</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK ESTATES SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 58,100	\$ 58,100	\$ 60,287	\$ 2,187
Net Change in Fair Value of Investments	1,347	1,347	4,263	2,916
Total Revenues	<u>59,447</u>	<u>59,447</u>	<u>64,550</u>	<u>5,103</u>
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	<u>321,013</u>	<u>531,793</u>	<u>246,898</u>	<u>284,895</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(261,566)	(472,346)	(182,348)	289,998
OTHER FINANCING USES				
Issuance of Debt	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	(261,566)	(372,346)	(182,348)	189,998
Fund Balances - October 1, 2017	<u>261,566</u>	<u>372,346</u>	<u>347,119</u>	<u>(25,227)</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 164,771</u></u>	<u><u>\$ 164,771</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WEST SEBRING SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 521,000	\$ 521,000	\$ 527,460	\$ 6,460
Net Change in Fair Value of Investments	6,500	6,500	10,738	4,238
Miscellaneous	6,600	70,557	97,557	27,000
Total Revenues	<u>534,100</u>	<u>598,057</u>	<u>635,755</u>	<u>37,698</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	<u>544,796</u>	<u>687,378</u>	<u>362,073</u>	<u>325,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,696)	(89,321)	273,682	363,003
Fund Balances - October 1, 2017	<u>10,696</u>	<u>89,321</u>	<u>620,764</u>	<u>531,443</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 894,446</u></u>	<u><u>\$ 894,446</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRIVER EDUCATION SAFETY TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 42,000	\$ 42,000	\$ 18,315	\$ (23,685)
Net Change in Fair Value of Investments	-	-	47	47
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>18,362</u>	<u>(23,638)</u>
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	<u>42,000</u>	<u>42,000</u>	<u>20,164</u>	<u>21,836</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(1,802)	(1,802)
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>6,601</u>	<u>6,601</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,799</u></u>	<u><u>\$ 4,799</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURIST DEVELOPMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 423,060	\$ 437,060	\$ 510,114	\$ 73,054
Net Change in Fair Value of Investments	-	-	9,437	9,437
Total Revenues	<u>423,060</u>	<u>437,060</u>	<u>519,551</u>	<u>82,491</u>
EXPENDITURES				
Current:				
Physical Environment:				
Lakes	42,306	44,205	-	44,205
Economic Environment:				
Industry Development	<u>622,182</u>	<u>774,503</u>	<u>591,238</u>	<u>183,265</u>
Total Expenditures	<u>664,488</u>	<u>818,708</u>	<u>591,238</u>	<u>227,470</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(241,428)	(381,648)	(71,687)	309,961
Fund Balances - October 1, 2017	<u>241,428</u>	<u>381,648</u>	<u>779,026</u>	<u>397,378</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 707,339</u></u>	<u><u>\$ 707,339</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT AGENCY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 1	\$ 1
Miscellaneous	-	-	1,000	1,000
Total Revenues	-	-	1,001	1,001
EXPENDITURES				
Current:				
Economic Environment:				
Industry Development	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,001	1,001
Fund Balances - October 1, 2017	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,001</u>	<u>\$ 1,001</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOMESTIC VIOLENCE TRAINING FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 4,700	\$ 4,700	\$ 5,573	\$ 873
Net Change in Fair Value of Investments	160	160	240	80
Total Revenues	<u>4,860</u>	<u>4,860</u>	<u>5,813</u>	<u>953</u>
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	<u>4,860</u>	<u>4,860</u>	<u>-</u>	<u>4,860</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	5,813	5,813
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>80,596</u>	<u>80,596</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 86,409</u></u>	<u><u>\$ 86,409</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE INSPECTION AND SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 1,200	\$ 1,200	\$ 540	\$ (660)
Charges for Services	16,285	16,285	17,090	805
Net Change in Fair Value of Investments	462	462	1,261	799
Total Revenues	<u>17,947</u>	<u>17,947</u>	<u>18,891</u>	<u>944</u>
EXPENDITURES				
Current:				
Public Safety:				
Fire Control	<u>17,947</u>	<u>22,701</u>	<u>19,768</u>	<u>2,933</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(4,754)	(877)	3,877
Fund Balances - October 1, 2017	<u>-</u>	<u>4,754</u>	<u>133,447</u>	<u>128,693</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 132,570</u></u>	<u><u>\$ 132,570</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VENUS SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 27,000	\$ 27,000	\$ 28,213	\$ 1,213
Net Change in Fair Value of Investments	500	500	539	39
Miscellaneous	-	-	4,300	4,300
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>33,052</u>	<u>5,552</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	105,162	105,498	34,781	70,717
Debt Service:				
Principal Retirement	4,270	4,270	4,270	-
Interest	107	107	107	-
Total Debt Service	<u>4,377</u>	<u>4,377</u>	<u>4,377</u>	<u>-</u>
Total Expenditures	<u>109,539</u>	<u>109,875</u>	<u>39,158</u>	<u>70,717</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(82,039)	(82,375)	(6,106)	76,269
Fund Balances - October 1, 2017	<u>82,039</u>	<u>82,375</u>	<u>121,368</u>	<u>38,993</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 115,262</u></u>	<u><u>\$ 115,262</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING PARKWAY MAINTENANCE FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 67,684	\$ 67,684	\$ 28,107	\$ (39,577)
Net Change in Fair Value of Investments	-	-	8,411	8,411
Total Revenues	<u>67,684</u>	<u>67,684</u>	<u>36,518</u>	<u>(31,166)</u>
EXPENDITURES				
Current:				
Transportation:				
Other Transportation	216,842	306,142	93,667	212,475
	<u>216,842</u>	<u>306,142</u>	<u>93,667</u>	<u>212,475</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(149,158)	(238,458)	(57,149)	181,309
OTHER FINANCING SOURCES				
Transfers In	149,158	149,158	149,158	-
	<u>149,158</u>	<u>149,158</u>	<u>149,158</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(89,300)	92,009	181,309
Fund Balances - October 1, 2017	-	89,300	784,478	695,178
	<u>-</u>	<u>89,300</u>	<u>784,478</u>	<u>695,178</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 876,487</u>	<u>\$ 876,487</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE COURT FACILITIES TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 98,365	\$ 98,365	\$ 112,956	\$ 14,591
Net Change in Fair Value of Investments	1,800	1,800	4,741	2,941
Total Revenues	<u>100,165</u>	<u>100,165</u>	<u>117,697</u>	<u>17,532</u>
EXPENDITURES				
Current:				
Court Related:				
Operating Expenses	<u>238,855</u>	<u>282,608</u>	<u>204,321</u>	<u>78,287</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(138,690)	(182,443)	(86,624)	95,819
OTHER FINANCING USES				
Transfers Out	<u>(15,024)</u>	<u>(15,024)</u>	<u>(11,770)</u>	<u>3,254</u>
NET CHANGE IN FUND BALANCE	(153,714)	(197,467)	(98,394)	99,073
Fund Balances - October 1, 2017	<u>153,714</u>	<u>197,467</u>	<u>431,495</u>	<u>234,028</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 333,101</u></u>	<u><u>\$ 333,101</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INNOVATIONS AND SUPPLEMENTAL COURTS FUNDING TRUST FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 73,800	\$ 73,877	\$ 73,896	\$ 19
Net Change in Fair Value of Investments	750	750	469	(281)
Total Revenues	<u>74,550</u>	<u>74,627</u>	<u>74,365</u>	<u>(262)</u>
EXPENDITURES				
Current:				
Court Related:				
Operating Expenses	<u>48,594</u>	<u>163,236</u>	<u>163,187</u>	<u>49</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,956	(88,609)	(88,822)	(213)
OTHER FINANCING SOURCES (USES)				
Transfers In	30,144	30,294	30,220	(74)
Transfers Out	<u>(101,900)</u>	<u>(36,977)</u>	<u>(18,478)</u>	<u>18,499</u>
Total Other Financing Sources (Uses)	<u>(71,756)</u>	<u>(6,683)</u>	<u>11,742</u>	<u>18,425</u>
NET CHANGE IN FUND BALANCE	(45,800)	(95,292)	(77,080)	18,212
Fund Balances - October 1, 2017	<u>45,800</u>	<u>95,292</u>	<u>140,615</u>	<u>45,323</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 63,535</u></u>	<u><u>\$ 63,535</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CRIME PREVENTION FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 33,511	\$ 33,511	\$ 33,131	\$ (380)
Fines and Forfeitures	-	-	289	289
Net Change in Fair Value of Investments	450	450	994	544
Total Revenues	<u>33,961</u>	<u>33,961</u>	<u>34,414</u>	<u>453</u>
EXPENDITURES				
Current:				
Public Safety:				
Operating Expenses	<u>38,815</u>	<u>38,815</u>	<u>38,815</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,854)	(4,854)	(4,401)	453
Fund Balances - October 1, 2017	<u>4,854</u>	<u>4,854</u>	<u>166,166</u>	<u>161,312</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 161,765</u></u>	<u><u>\$ 161,765</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECH 28.24(12)(e)1 FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 15,000	\$ 15,000
Charges for Services	144,867	144,867	160,556	15,689
Net Change in Fair Value of Investments	-	-	62	62
Miscellaneous	15,000	15,000	1,157	(13,843)
Total Revenues	<u>159,867</u>	<u>159,867</u>	<u>176,775</u>	<u>16,908</u>
EXPENDITURES				
Current:				
Court Related:				
Operating Expenses	<u>477,246</u>	<u>477,454</u>	<u>278,008</u>	<u>199,446</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(317,379)	(317,587)	(101,233)	216,354
OTHER FINANCING SOURCES				
Transfers In	<u>317,379</u>	<u>317,379</u>	<u>158,690</u>	<u>(158,689)</u>
NET CHANGE IN FUND BALANCE	-	(208)	57,457	57,665
Fund Balances - October 1, 2017	<u>-</u>	<u>208</u>	<u>38,859</u>	<u>38,651</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 96,316</u></u>	<u><u>\$ 96,316</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOME INITIATIVES PARTNERSHIP FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ 76,500	\$ 50,000	\$ (26,500)
Net Change in Fair Value of Investments	-	-	101	101
Total Revenues	-	76,500	50,101	(26,399)
EXPENDITURES				
Current:				
Economic Environment:				
Operating Expenses	-	85,500	59,193	26,307
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(9,000)	(9,092)	(92)
Fund Balances - October 1, 2017	-	9,000	9,605	605
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 513</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PLACID LAKES FIRE SPECIAL BENEFIT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 94,000	\$ 94,000	\$ 96,199	\$ 2,199
Net Change in Fair Value of Investments	972	972	3,289	2,317
Total Revenues	<u>94,972</u>	<u>94,972</u>	<u>99,488</u>	<u>4,516</u>
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	<u>63,253</u>	<u>63,496</u>	<u>30,042</u>	<u>33,454</u>
EXCESS OF REVENUES OVER EXPENDITURES	31,719	31,476	69,446	37,970
Fund Balances - October 1, 2017	<u>(31,719)</u>	<u>(31,476)</u>	<u>272,672</u>	<u>304,148</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 342,118</u></u>	<u><u>\$ 342,118</u></u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SERVICES FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 279,844	\$ 279,844	\$ 287,814	\$ 7,970
Charges for Services	990,800	990,800	1,085,135	94,335
Fines and Forfeitures	454,000	454,000	507,675	53,675
Net Change in Fair Value of Investments	1,144	1,144	1,100	(44)
Total Revenues	<u>1,725,788</u>	<u>1,725,788</u>	<u>1,881,724</u>	<u>155,936</u>
EXPENDITURES				
Current:				
Court Related:				
Operating Expenses	<u>1,725,788</u>	<u>1,725,788</u>	<u>1,853,457</u>	<u>(127,669)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	28,267	28,267
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>(28,267)</u>	<u>(28,267)</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - TRANSPORTATION – LAKE PLACID
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Transportation:				
Impact Fees	57,696	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(57,696)	-	-	-
Fund Balances - October 1, 2017	57,696	-	-	-
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - PARKS AND RECREATION - AVON PARK
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 14	\$ 14	\$ 14	\$ -
EXPENDITURES				
Current:				
Culture and Recreation:				
Impact Fees	4,585	4,585	-	4,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(4,571)	(4,571)	14	4,585
Fund Balances - October 1, 2017	4,571	4,571	4,586	15
FUND BALANCES - SEPTEMBER 30, 2018	\$ -	\$ -	\$ 4,600	\$ 4,600

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - CORRECTIONAL FACILITIES
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 17	\$ 17	\$ 14	\$ (3)
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	4,516	4,516	-	4,516
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,499)	(4,499)	14	4,513
Fund Balances - October 1, 2017	4,499	4,499	4,520	21
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,534</u>	<u>\$ 4,534</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - FIRE
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 15	\$ 15	\$ 14	\$ (1)
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	4,793	4,793	-	4,793
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,778)	(4,778)	14	4,792
Fund Balances - October 1, 2017	4,778	4,778	4,794	16
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,808</u>	<u>\$ 4,808</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - LIBRARIES
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 5	\$ 5	\$ 5	\$ -
EXPENDITURES				
Current:				
Culture and Recreation:				
Impact Fees	1,715	1,715	-	1,715
EXCESS OF REVENUES OVER EXPENDITURES	(1,710)	(1,710)	5	1,715
Fund Balances - October 1, 2017	1,710	1,710	1,716	6
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,721</u>	<u>\$ 1,721</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - LAW ENFORCEMENT
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 4	\$ 4	\$ 4	\$ -
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	1,327	1,327	-	1,327
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,323)	(1,323)	4	1,327
Fund Balances - October 1, 2017	1,323	1,323	1,327	4
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,331</u>	<u>\$ 1,331</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - EMERGENCY MEDICAL SERVICES
YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 3	\$ 3	\$ 3	\$ -
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	1,026	1,026	-	1,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,023)	(1,023)	3	1,026
Fund Balances - October 1, 2017	1,023	1,023	1,026	3
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029</u>	<u>\$ 1,029</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
THUNDERBIRD HILL WASTE WATER SPECIAL BENEFIT DISTRICT
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 17,000	\$ 17,000	\$ 17,500	\$ 500
Net Change in Fair Value of Investments	400	400	258	(142)
Total Revenues	<u>17,400</u>	<u>17,400</u>	<u>17,758</u>	<u>358</u>
EXPENDITURES				
Current:				
Physical Environment:				
Special Benefit District	1,955	1,955	1,680	275
Debt Service:				
Principal Retirement	12,892	12,892	-	12,892
Interest	<u>2,553</u>	<u>2,553</u>	<u>2,293</u>	<u>260</u>
Total Debt Service	<u>15,445</u>	<u>15,445</u>	<u>2,293</u>	<u>13,152</u>
Total Expenditures	<u>17,400</u>	<u>17,400</u>	<u>3,973</u>	<u>13,427</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	13,785	13,785
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>(37,315)</u>	<u>(37,315)</u>
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,530)</u>	<u>\$ (23,530)</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE ASSESSMENT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ 168,182	\$ -	\$ (168,182)
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit District	-	168,182	168,182	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(168,182)	(168,182)
Fund Balances - October 1, 2017	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (168,182)</u>	<u>\$ (168,182)</u>

**HIGHLANDS COUNTY, FLORIDA
INTERNAL SERVICE FUNDS**

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Board and to other governmental units on a cost reimbursement basis. The Board maintains the following Internal Service Funds:

Employee Benefit - To account for employer, employee and retiree contributions to the County's health and dental plans and the payment of health and dental expenses.

Insurance - To account for activity related to property, general liability, public officials and employment practices liability, automobile, crime and worker's compensation needs of County departments and elected officials.

Compensated Absences - To account for accumulated leave credits, which will be paid to employees upon termination of employment.

**HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018**

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,822,283	\$ 37,093	\$ 4,104,568	\$ 6,963,944
Investments	-	-	636,813	636,813
Accounts Receivable	5,556	-	-	5,556
Due from Other Governmental Units	-	485	-	485
Due from Other Funds	-	-	216,095	216,095
Total Assets	<u>2,827,839</u>	<u>37,578</u>	<u>4,957,476</u>	<u>7,822,893</u>
LIABILITIES				
Current Liabilities:				
Vouchers Payable	1,289,922	-	544	1,290,466
Claims Payable	432,803	1,325	-	434,128
Unearned Revenues	381,571	-	-	381,571
Total Current Liabilities	<u>2,104,296</u>	<u>1,325</u>	<u>544</u>	<u>2,106,165</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	4,956,932	4,956,932
Total Liabilities	<u>2,104,296</u>	<u>1,325</u>	<u>4,957,476</u>	<u>7,063,097</u>
NET POSITION				
Unrestricted	<u>723,543</u>	<u>36,253</u>	<u>-</u>	<u>759,796</u>
Total Net Position	<u><u>\$ 723,543</u></u>	<u><u>\$ 36,253</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 759,796</u></u>

**HIGHLANDS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2018**

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
OPERATING REVENUES				
Miscellaneous Income	\$ 8,253,067	\$ 1,824,752	\$ 4,696,536	\$ 14,774,355
OPERATING EXPENSES				
General and Administrative	1,339,456	-	4,760,367	6,099,823
Insurance and Claims	7,748,214	1,771,512	-	9,519,726
Total Operating Expenses	<u>9,087,670</u>	<u>1,771,512</u>	<u>4,760,367</u>	<u>15,619,549</u>
OPERATING INCOME (LOSS)	(834,603)	53,240	(63,831)	(845,194)
NONOPERATING REVENUES				
Net Change in Fair Value of Investments	<u>45,124</u>	<u>4</u>	<u>63,831</u>	<u>108,959</u>
CHANGE IN NET POSITION	(789,479)	53,244	-	(736,235)
Net Position - October 1, 2017	<u>1,513,022</u>	<u>(16,991)</u>	<u>-</u>	<u>1,496,031</u>
NET POSITION - SEPTEMBER 30, 2018	<u><u>\$ 723,543</u></u>	<u><u>\$ 36,253</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 759,796</u></u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received From Internal Customers	\$ 8,249,976	\$ 1,762,332	\$ 4,696,536	\$ 14,708,844
Cash Payments for Insurance Premiums and Claims	(8,644,217)	(1,770,876)	-	(10,415,093)
Cash Payments to Employees for Services	-	-	(4,427,674)	(4,427,674)
Net Cash Provided (Used) by Operating Activities	<u>(394,241)</u>	<u>(8,544)</u>	<u>268,862</u>	<u>(133,923)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance to Other Funds	-	-	(216,095)	(216,095)
Repayment on Advance to Other Funds	-	-	344,223	344,223
Transfer to Other Constitutional Officers	-	-	(319)	(319)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>127,809</u>	<u>127,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	-	-	(630,762)	(630,762)
Investment Income	45,124	4	58,137	103,265
Net Cash Provided (Used) by Investing Activities	<u>45,124</u>	<u>4</u>	<u>(572,625)</u>	<u>(527,497)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(349,117)	(8,540)	(175,954)	(533,611)
Cash and Cash Equivalents - October 1, 2017	<u>3,171,400</u>	<u>45,633</u>	<u>4,280,522</u>	<u>7,497,555</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	<u><u>\$ 2,822,283</u></u>	<u><u>\$ 37,093</u></u>	<u><u>\$ 4,104,568</u></u>	<u><u>\$ 6,963,944</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (834,603)	\$ 53,240	\$ (63,831)	\$ (845,194)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(5,400)	-	-	(5,400)
Due from Other Governmental Units	-	(484)	-	(484)
Prepaid Items	4,897	-	-	4,897
Increase (Decrease) in:				
Vouchers Payable	423,931	(168)	-	423,763
Claims Payable	14,625	804	-	15,429
Compensated Absences	-	-	332,693	332,693
Unearned Revenues	2,309	(61,936)	-	(59,627)
Total Adjustments	<u>440,362</u>	<u>(61,784)</u>	<u>332,693</u>	<u>711,271</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (394,241)</u></u>	<u><u>\$ (8,544)</u></u>	<u><u>\$ 268,862</u></u>	<u><u>\$ (133,923)</u></u>

**HIGHLANDS COUNTY, FLORIDA
TRUST AND AGENCY FUNDS
(FIDUCIARY FUNDS)**

These funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The County maintains the following Fiduciary Funds:

Agency Funds

Sheriff's Inmates - To account for monies collected from inmates who have money in their possession at the time of their arrest and/or monies deposited on their behalf while incarcerated.

Sheriff's Cash Bonds - To account for cash appearance bonds collected by the Sheriff on behalf of the Clerk of Courts. These funds are disbursed to the Clerk of Courts weekly.

Sheriff's Unclaimed Evidence - To account for monies seized by law enforcement. These funds are maintained until final determination by Florida Statute or the court.

Sheriff's Individual Depositors - To account for fees charged to serve civil process. Fees are collected and held until service is complete and then remitted to other entities or individuals.

Sheriff's Suspense - To account for fees and court ordered payments collected for various agencies. These funds are remitted to the County or other governmental agencies.

Tax Collector's Tag Agency - To account for motor vehicle and vessel registrations, title transfer fees, drivers' license transactions, sales tax, birth certificate fees, and concealed weapons licensing fees remitted to the State of Florida.

Tax Collector's Tax and License - To account for the collection of ad valorem and non-ad valorem taxes, tangible personal property taxes and hunting and fishing licenses remitted to various taxing agencies and the State of Florida.

Tax Collector's Tax Redemption - To account for collection of redeemed tax certificates issued in connection with delinquent ad valorem and non ad valorem taxes and remittance to certificate holders and title search companies.

Tax Collector's Special Payroll - To account for payroll deductions withheld from the Tax Collector's employees for remittance to other governmental agencies, benefits paid on behalf of employees by the Tax Collector, and as the flow through account for vouchers payables.

Clerk's Child Support - To account for child support and/or alimony payments collected by the Clerk and remitted to the appropriate recipients.

Clerk's Suspense - To account for documentary stamp fees and recording fees, jury and witness payments and fines, and forfeitures collected through the court system and remitted to other governmental agencies.

Board's Agency Escrow - To account for the collection of funds held in escrow by the Board.

**HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2018**

	Sheriff's Inmates	Sheriff's Cash Bond	Sheriff's Unclaimed Evidence	Sheriff's Individual Depositors	Sheriff's Suspense	Tax Collector's Tag Agency	Tax Collector's Tax and License	Tax Collector's Tax Redemption	Tax Collector's Special Payroll	Clerk's Child Support	Clerk's Suspense	Board's Agency Escrow	Total
ASSETS													
Cash and Cash Equivalents	\$ 11,842	\$ -	\$ 1,296	\$ 1,680	\$ 20,182	\$ 187,287	\$ 2,711,629	\$ 147,550	\$ -	\$ 3,712	\$ 1,696,043	\$ 88,967	\$ 4,870,188
Due from Others	2,533	-	-	-	-	11,388	56	-	-	-	52	-	14,029
Due from Other Governmental Units	-	-	-	-	542	-	-	-	-	-	27,406	-	27,948
Total Assets	\$ 14,375	\$ -	\$ 1,296	\$ 1,680	\$ 20,724	\$ 198,675	\$ 2,711,685	\$ 147,550	\$ -	\$ 3,712	\$ 1,723,501	\$ 88,967	\$ 4,912,165
LIABILITIES													
Due to Others	\$ 5,664	\$ -	\$ 1,296	\$ 1,680	\$ -	\$ 4,096	\$ 126,546	\$ 147,550	\$ -	\$ 3,311	\$ 341,170	\$ -	\$ 631,313
Due to Other Governmental Units	8,711	-	-	-	20,724	194,579	2,585,139	-	-	401	656,120	-	3,465,674
Deposits	-	-	-	-	-	-	-	-	-	-	726,211	88,967	815,178
Total Liabilities	\$ 14,375	\$ -	\$ 1,296	\$ 1,680	\$ 20,724	\$ 198,675	\$ 2,711,685	\$ 147,550	\$ -	\$ 3,712	\$ 1,723,501	\$ 88,967	\$ 4,912,165

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
SHERIFF'S INMATES				
ASSETS				
Cash and Cash Equivalents	\$ 9,732	\$ 489,685	\$ 487,575	\$ 11,842
Due from Others	1,690	185,542	184,699	2,533
Total Assets	<u>\$ 11,422</u>	<u>\$ 675,227</u>	<u>\$ 672,274</u>	<u>\$ 14,375</u>
LIABILITIES				
Due to Others	\$ 4,755	\$ 649,187	\$ 648,278	\$ 5,664
Due to Other Governmental Units	6,667	1,758,601	1,756,557	8,711
Total Liabilities	<u>\$ 11,422</u>	<u>\$ 2,407,788</u>	<u>\$ 2,404,835</u>	<u>\$ 14,375</u>
SHERIFF'S CASH BONDS				
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 272,697	\$ 272,697	\$ -
LIABILITIES				
Deposits	\$ -	\$ 213,656	\$ 213,656	\$ -
SHERIFF'S UNCLAIMED EVIDENCE				
ASSETS				
Cash and Cash Equivalents	\$ 579	\$ 46,762	\$ 46,045	\$ 1,296
LIABILITIES				
Due to Others	\$ 579	\$ 46,589	\$ 45,872	\$ 1,296
SHERIFF'S INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 24,500	\$ 22,820	\$ 1,680
LIABILITIES				
Due to Others	\$ -	\$ 24,520	\$ 22,840	\$ 1,680
SHERIFF'S SUSPENSE				
ASSETS				
Cash and Cash Equivalents	\$ 19,405	\$ 295,988	\$ 295,211	\$ 20,182
Due from Other Governmental Units	328	2,248	2,034	542
Total Assets	<u>\$ 19,733</u>	<u>\$ 298,236</u>	<u>\$ 297,245</u>	<u>\$ 20,724</u>
LIABILITIES				
Due to Other Governmental Units	\$ 19,733	\$ 267,033	\$ 266,042	\$ 20,724
TAX COLLECTOR'S TAG AGENCY				
ASSETS				
Cash and Cash Equivalents	\$ 236,689	\$ 15,324,749	\$ 15,374,151	\$ 187,287
Due from Others	17,827	3,001,949	3,008,388	11,388
Total Assets	<u>\$ 254,516</u>	<u>\$ 18,326,698</u>	<u>\$ 18,382,539</u>	<u>\$ 198,675</u>
LIABILITIES				
Due to Others	\$ 1,506	\$ 114,186	\$ 111,596	\$ 4,096
Due to Other Governmental Units	253,010	14,411,149	14,469,580	194,579
Total Liabilities	<u>\$ 254,516</u>	<u>\$ 14,525,335</u>	<u>\$ 14,581,176</u>	<u>\$ 198,675</u>

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
TAX COLLECTOR'S TAX AND LICENSE				
ASSETS				
Cash and Cash Equivalents	\$ 1,291,060	\$ 202,219,398	\$ 200,798,829	\$ 2,711,629
Due from Others	-	56	-	56
Total Assets	<u>\$ 1,291,060</u>	<u>\$ 202,219,454</u>	<u>\$ 200,798,829</u>	<u>\$ 2,711,685</u>
LIABILITIES				
Due to Others	\$ 2,529	\$ 13,675,860	\$ 13,551,843	\$ 126,546
Due to Other Governmental Units	1,288,531	183,553,158	182,256,550	2,585,139
Total Liabilities	<u>\$ 1,291,060</u>	<u>\$ 197,229,018</u>	<u>\$ 195,808,393</u>	<u>\$ 2,711,685</u>
TAX COLLECTOR'S TAX REDEMPTION				
ASSETS				
Cash and Cash Equivalents	\$ 63,490	\$ 5,419,425	\$ 5,335,365	\$ 147,550
LIABILITIES				
Due to Others	\$ 63,490	\$ 5,968,415	\$ 5,884,355	\$ 147,550
TAX COLLECTOR'S SPECIAL PAYROLL				
ASSETS				
Cash and Cash Equivalents	\$ 16,408	\$ 84,520,025	\$ 84,536,433	\$ -
LIABILITIES				
Accrued Payroll Deductions and Matching Expense	\$ 16,408	\$ 84,748,271	\$ 84,764,679	\$ -
CLERK'S CHILD SUPPORT				
ASSETS				
Cash and Cash Equivalents	\$ 9,191	\$ 198,969	\$ 204,448	\$ 3,712
Due from Other Governmental Units	-	2,835	2,835	-
Total Assets	<u>\$ 9,191</u>	<u>\$ 201,804</u>	<u>\$ 207,283</u>	<u>\$ 3,712</u>
LIABILITIES				
Due to Others	\$ 8,756	\$ 189,072	\$ 194,517	\$ 3,311
Due to Other Governmental Units	435	19,878	19,912	401
Total Liabilities	<u>\$ 9,191</u>	<u>\$ 208,950</u>	<u>\$ 214,429</u>	<u>\$ 3,712</u>
CLERK'S SUSPENSE				
ASSETS				
Cash and Cash Equivalents	\$ 1,132,460	\$ 13,056,065	\$ 12,492,482	\$ 1,696,043
Due from Others	4	323	275	52
Due from Other Governmental Units	8,559	35,108	16,261	27,406
Total Assets	<u>\$ 1,141,023</u>	<u>\$ 13,091,496</u>	<u>\$ 12,509,018</u>	<u>\$ 1,723,501</u>
LIABILITIES				
Due to Others	\$ 488,055	\$ 888,376	\$ 1,035,261	\$ 341,170
Due to Other Governmental Units	278,065	8,823,430	8,445,375	656,120
Deposits	374,903	3,261,494	2,910,186	726,211
Total Liabilities	<u>\$ 1,141,023</u>	<u>\$ 12,973,300</u>	<u>\$ 12,390,822</u>	<u>\$ 1,723,501</u>

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
BOARD'S AGENCY ESCROW FUND				
ASSETS				
Cash and Cash Equivalents	\$ 88,736	\$ 257	\$ 26	\$ 88,967
LIABILITIES				
Deposits	\$ 88,736	\$ 257	\$ 26	\$ 88,967
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 2,867,750	\$ 321,868,520	\$ 319,866,082	\$ 4,870,188
Due from Others	19,521	3,187,870	3,193,362	14,029
Due from Other Governmental Units	8,887	40,191	21,130	27,948
Total Assets	<u>\$ 2,896,158</u>	<u>\$ 325,096,581</u>	<u>\$ 323,080,574</u>	<u>\$ 4,912,165</u>
LIABILITIES				
Due to Others	\$ 569,670	\$ 21,556,205	\$ 21,494,562	\$ 631,313
Due to Other Governmental Units	1,846,441	208,833,249	207,214,016	3,465,674
Accrued Payroll Deductions and Matching Expense	16,408	84,748,271	84,764,679	-
Deposits	463,639	3,475,407	3,123,868	815,178
Total Liabilities	<u>\$ 2,896,158</u>	<u>\$ 318,613,132</u>	<u>\$ 316,597,125</u>	<u>\$ 4,912,165</u>

STATISTICAL SECTION



HIGHLANDS COUNTY, FLORIDA STATISTICAL SECTION

This section of the County's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

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These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
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Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	203
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These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
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The table which concerns computation of legal debt margins is omitted because the Constitution of the State of Florida, Section 200.181, Florida Statutes, and Highlands County set no legal debt limit.	
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment which the County's financial activities take place.	
Demographic and Economic Statistics, Last Ten Fiscal Years	210
Principal Employers, Current Fiscal Year and Nine Years Prior	211
Operating Information	
These schedules contain service and capital asset data to help the reader understand how the information in the County's financial report relates to the services provided by the County and the activities it performs.	
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Sources: Unless otherwise noted, the information contained in the schedules in this Statistical Section are derived from the comprehensive annual financial reports for the relevant year.

**HIGHLANDS COUNTY, FLORIDA
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	Fiscal Year									
	2018	2017	2016	2015*	2014	2013	2012	2011	2010	2009
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 213,827	\$ 206,255	\$ 197,479	\$ 194,776	\$ 192,567	\$ 189,798	\$ 186,017	\$ 185,195	\$ 180,707	\$ 159,411
Restricted	42,707	40,820	47,025	56,267	40,172	41,035	43,995	2	4,904	5,928
Unrestricted	(44,686)	(30,211)	(25,408)	(33,080)	14,911	17,893	17,406	60,372	61,169	61,741
Total Governmental Activities Net Position	<u>\$ 211,848</u>	<u>\$ 216,864</u>	<u>\$ 219,096</u>	<u>\$ 217,963</u>	<u>\$ 247,650</u>	<u>\$ 248,726</u>	<u>\$ 247,418</u>	<u>\$ 245,569</u>	<u>\$ 246,780</u>	<u>\$ 227,080</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 9,369	\$ 9,153	\$ 9,393	\$ 9,369	\$ 9,728	\$ 10,068	\$ 9,954	\$ 12,797	\$ 12,884	\$ 12,712
Restricted	-	-	-	-	-	-	-	43	43	43
Unrestricted	9,002	7,650	5,609	5,378	5,069	3,260	2,734	2,504	1,862	2,394
Total Business-Type Activities Net Position	<u>\$ 18,371</u>	<u>\$ 16,803</u>	<u>\$ 15,002</u>	<u>\$ 14,747</u>	<u>\$ 14,797</u>	<u>\$ 13,328</u>	<u>\$ 12,688</u>	<u>\$ 15,344</u>	<u>\$ 14,789</u>	<u>\$ 15,149</u>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 223,196	\$ 215,408	\$ 206,872	\$ 204,145	\$ 202,295	\$ 199,866	\$ 195,971	\$ 197,992	\$ 193,591	\$ 172,123
Restricted	42,707	40,820	47,025	56,267	40,172	41,035	43,995	45	4,947	5,971
Unrestricted	(35,684)	(22,561)	(19,799)	(27,702)	19,980	21,153	20,140	62,876	63,031	64,135
Total Primary Government Net Position	<u>\$ 230,219</u>	<u>\$ 233,667</u>	<u>\$ 234,098</u>	<u>\$ 232,710</u>	<u>\$ 262,447</u>	<u>\$ 262,054</u>	<u>\$ 260,106</u>	<u>\$ 260,913</u>	<u>\$ 261,569</u>	<u>\$ 242,229</u>

Notes: Fiscal Year 2009 amounts have been restated from prior year due to the retroactive reporting requirement of GASB 51 for Intangible Assets.

*GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in 2015.

**HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental Activities:										
General Government	\$ 18,519,219	\$ 17,632,374	\$ 15,875,786	\$ 13,531,358	\$ 14,797,429	\$ 14,026,292	\$ 15,726,969	\$ 18,086,207	\$ 15,153,253	\$ 19,968,990
Public Safety	59,326,852	48,236,789	41,971,815	37,704,396	38,955,726	37,050,892	36,008,957	37,834,107	39,105,729	39,023,524
Physical Environment	1,864,091	1,276,317	1,688,061	1,038,196	1,021,946	1,558,380	1,391,528	1,839,208	1,642,807	1,701,146
Transportation	13,459,205	13,339,901	13,152,319	13,178,891	13,308,009	12,405,754	13,730,299	12,263,525	11,561,212	13,388,256
Economic Environment	3,508,116	2,716,539	2,713,202	3,227,914	1,813,659	2,169,217	2,571,305	2,908,356	3,461,633	4,526,853
Human Services	3,682,396	3,844,649	3,838,641	4,803,440	5,103,604	4,056,257	3,298,713	2,939,280	2,766,189	3,191,173
Culture and Recreation	2,988,164	3,241,983	3,041,505	2,991,401	2,800,793	2,819,321	2,919,597	3,289,267	3,540,024	3,923,557
Court Related	4,782,597	4,508,844	4,286,136	4,325,815	4,175,685	4,232,528	4,046,362	2,133,649	2,275,428	3,804,237
Debt Service:										
Interest on Long-Term Debt	479,532	526,214	576,318	447,348	407,662	386,170	294,638	443,410	854,292	958,961
Other Debt Service	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	108,610,172	95,323,610	87,143,783	81,248,759	82,384,513	78,704,811	79,988,368	81,737,009	80,360,567	90,486,697
Business-Type Activities:										
Solid Waste	8,258,598	7,911,813	8,229,484	7,839,954	6,820,416	7,993,191	8,304,132	8,226,418	8,741,009	9,390,492
Water and Sewer	-	-	-	-	-	-	300,578	499,896	614,668	719,812
Highway Park Utility	-	-	-	-	-	-	89,823	140,108	140,377	171,354
Energy Recovery	1,286,705	2,182,353	2,190,260	2,037,100	2,830,944	2,255,324	2,413,568	2,005,691	2,100,444	2,211,423
Total Business-Type Activities Expenses	9,545,303	10,094,166	10,419,744	9,877,054	9,651,360	10,248,515	11,108,101	10,872,113	11,596,498	12,493,081
Total Primary Government Expenses	\$ 118,155,475	\$ 105,417,776	\$ 97,563,527	\$ 91,125,813	\$ 92,035,873	\$ 88,953,326	\$ 91,096,469	\$ 92,609,122	\$ 91,957,065	\$ 102,979,778
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 3,491,884	\$ 3,388,476	\$ 3,232,991	\$ 3,430,390	\$ 3,158,631	\$ 3,303,744	\$ 2,802,300	\$ 2,815,601	\$ 2,806,369	\$ 4,772,852
Public Safety	10,201,333	9,109,107	8,455,014	9,093,968	8,404,021	7,885,226	6,766,009	6,573,661	6,493,030	6,197,193
Physical Environment	209,208	203,253	190,111	188,619	200,061	196,423	248,362	230,925	195,153	118,093
Transportation	2,960,748	2,541,604	2,532,117	2,263,685	2,404,676	2,034,975	1,762,758	2,001,802	2,203,767	2,567,381
Economic Environment	234,972	190,647	133,273	91,339	-	-	-	-	-	-
Human Services	32,040	56,356	78,134	104,571	118,965	97,182	107,859	89,708	81,750	148,869
Culture and Recreation	205,665	205,127	231,252	255,352	236,647	249,848	230,599	231,266	433,233	457,156
Court Related	2,770,345	2,551,261	2,395,544	2,733,165	2,796,207	2,813,899	2,761,810	3,039,109	2,797,922	3,104,665
Operating Grants and Contributions:										
General Government	97,665	119,917	154,809	169,073	204,518	211,540	230,402	250,310	231,849	230,248
Public Safety	918,640	484,767	471,626	429,685	433,524	307,961	1,091,644	818,288	2,207,940	1,259,652
Physical Environment	320,313	322,895	442,290	234,827	206,295	869,464	519,960	950,632	424,632	562,796
Transportation	23,995	6,419	2,052	181,443	54,068	-	675,645	7,466	9,753	-
Economic Environment	738,802	408,358	826,494	1,103,227	1,064,101	650,825	1,044,748	1,301,191	1,182,786	2,488,147
Human Services	739,927	534,043	667,781	1,934,767	2,344,565	687,133	941,722	185,995	245,450	632,921
Culture and Recreation	241,801	193,493	207,941	258,164	239,627	177,843	294,188	279,393	542,500	98,546
Court Related	15,000	-	-	-	-	-	-	-	-	-

**HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PROGRAM REVENUES										
Governmental Activities (Continued):										
Capital Grants and Contributions:										
General Government	\$ 98,063	\$ 60,657	\$ 60,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,238	\$ -
Public Safety	38,756	86,077	400,886	21,466	154,816	832,757	324,557	25,139	6,071,478	692,231
Physical Environment	872,809	711,535	329,100	158,408	38,638	-	-	-	2,635,926	-
Transportation	2,151,471	2,899,663	696,326	795,084	1,178,687	2,002,772	2,529,199	536,922	-	3,522,737
Economic Environment	-	-	-	-	-	67,552	195,923	-	-	176,472
Human Services	606,301	-	-	-	-	-	45,230	-	-	285,538
Culture and Recreation	-	-	3,115	15,707	-	-	69,706	31,216	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities										
Program Revenues	26,969,738	24,073,655	21,511,513	23,462,940	23,238,047	22,389,144	22,642,621	19,368,624	28,978,776	27,315,497
Business-Type Activities:										
Charges for Services:										
Solid Waste	9,704,626	9,282,253	8,245,581	8,026,002	8,112,624	8,120,527	8,304,716	8,375,167	8,489,550	8,614,972
Water and Sewer	-	-	-	-	-	-	437,330	566,917	588,292	622,442
Highway Park Utility	-	-	-	-	-	-	92,127	125,499	116,094	138,759
Energy Recovery	1,236,046	2,377,919	2,223,189	2,151,518	2,883,567	2,589,128	2,803,771	2,302,421	2,438,539	1,987,506
Operating Grants and Contributions:										
Solid Waste	90,909	90,909	90,909	90,910	90,909	70,588	90,374	88,974	-	130,652
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Highway Park Utility	-	-	-	-	-	-	-	-	-	-
Energy Recovery	-	-	-	-	-	-	-	-	4,301	9,790
Capital Grants and Contributions:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Highway Park Utility	-	-	-	-	-	-	-	-	-	-
Energy Recovery	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities										
Program Revenues	11,031,581	11,751,081	10,559,679	10,268,430	11,087,100	10,780,243	11,728,318	11,458,978	11,636,776	11,504,121
Total Primary Government										
Program Revenues	<u>\$ 38,001,319</u>	<u>\$ 35,824,736</u>	<u>\$ 32,071,192</u>	<u>\$ 33,731,370</u>	<u>\$ 34,325,147</u>	<u>\$ 33,169,387</u>	<u>\$ 34,370,939</u>	<u>\$ 30,827,602</u>	<u>\$ 40,615,552</u>	<u>\$ 38,819,618</u>
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (81,640,434)	\$ (71,249,955)	\$ (65,632,270)	\$ (57,785,819)	\$ (59,146,466)	\$ (56,315,667)	\$ (57,345,747)	\$ (62,368,385)	\$ (51,381,791)	\$ (63,171,200)
Business-Type Activities	1,486,278	1,656,915	139,935	391,376	1,435,740	531,728	620,217	586,865	40,278	(988,960)
Total Primary Governmental										
Net Expense	<u>\$ (80,154,156)</u>	<u>\$ (69,593,040)</u>	<u>\$ (65,492,335)</u>	<u>\$ (57,394,443)</u>	<u>\$ (57,710,726)</u>	<u>\$ (55,783,939)</u>	<u>\$ (56,725,530)</u>	<u>\$ (61,781,520)</u>	<u>\$ (51,341,513)</u>	<u>\$ (64,160,160)</u>

**HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 39,565,159	\$ 38,462,928	\$ 37,278,775	\$ 36,998,413	\$ 30,637,891	\$ 31,472,962	\$ 32,423,039	\$ 34,215,713	\$ 39,721,800	\$ 42,754,541
Fuel Taxes	4,662,245	4,544,584	4,587,791	4,571,124	4,442,566	4,375,972	4,672,974	4,803,043	4,371,052	4,509,364
Sales Tax	9,811,985	9,072,162	9,128,971	8,646,977	8,104,374	7,690,604	7,413,355	7,280,803	7,139,393	7,266,949
Services Taxes	623,216	724,573	675,705	702,695	711,348	731,353	729,751	804,349	844,997	1,082,703
Other Taxes	560,188	482,936	481,072	453,063	420,444	384,622	368,501	349,093	370,367	390,818
State Shared Revenues	15,205,276	14,506,012	13,810,350	13,389,606	12,809,474	12,317,628	12,212,916	12,735,009	12,401,913	10,626,342
Net Change in Fair Value of Investments	892,708	662,365	451,282	456,608	240,985	296,350	731,814	370,769	1,168,838	133,948
Gain on Sale of Capital Assets	145,545	77,368	43,112	230,677	500	-	13,755	14,954	40,487	388,965
Miscellaneous	1,993,965	485,539	308,519	360,970	335,215	354,041	629,127	583,612	1,014,077	1,161,287
Transfers	226,063	-	-	-	-	-	-	-	423,028	1,000,000
Total Governmental Activities	<u>73,686,350</u>	<u>69,018,467</u>	<u>66,765,577</u>	<u>65,810,133</u>	<u>57,702,797</u>	<u>57,623,532</u>	<u>59,195,232</u>	<u>61,157,345</u>	<u>67,495,952</u>	<u>69,314,917</u>
Business-Type Activities:										
Net Change in Fair Value of Investments	243,064	143,822	59,744	46,870	35,409	35,162	38,339	21,099	22,784	43,552
Gain (Loss) on Sale of Capital Assets	5	-	55,000	1,951	(2,694)	73,727	-	(52,241)	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(226,063)	-	-	-	-	-	-	-	(423,028)	(1,000,000)
Special Item: Loss on Transfer of Assets to Municipality	-	-	-	-	-	-	(3,315,330)	-	-	-
Total Business-Type Activities	<u>17,006</u>	<u>143,822</u>	<u>114,744</u>	<u>48,821</u>	<u>32,715</u>	<u>108,889</u>	<u>(3,276,991)</u>	<u>(31,142)</u>	<u>(400,244)</u>	<u>(956,448)</u>
Total Primary Government	<u>\$ 73,703,356</u>	<u>\$ 69,162,289</u>	<u>\$ 66,880,321</u>	<u>\$ 65,858,954</u>	<u>\$ 57,735,512</u>	<u>\$ 57,732,421</u>	<u>\$ 55,918,241</u>	<u>\$ 61,126,203</u>	<u>\$ 67,095,708</u>	<u>\$ 68,358,469</u>
Change in Net Position:										
Government Activities	\$ (7,954,084)	\$ (2,231,488)	\$ 1,133,307	\$ 8,024,314	\$ (1,443,669)	\$ 1,307,865	\$ 1,849,485	\$ (1,211,040)	\$ 16,114,161	\$ 6,143,717
Business-Type Activities	1,503,284	1,800,737	254,679	440,197	1,468,455	640,617	(2,656,774)	555,723	(359,966)	(1,945,408)
Total Primary Government	<u>\$ (6,450,800)</u>	<u>\$ (430,751)</u>	<u>\$ 1,387,986</u>	<u>\$ 8,464,511</u>	<u>\$ 24,786</u>	<u>\$ 1,948,482</u>	<u>\$ (807,289)</u>	<u>\$ (655,317)</u>	<u>\$ 15,754,195</u>	<u>\$ 4,198,309</u>

**HIGHLANDS COUNTY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL FUND										
Nonspendable	\$ 1,254,682	\$ 1,271,683	\$ 1,090,109	\$ 898,522	\$ 735,796	\$ 843,142	\$ 643,375	\$ 606,075	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	392,559	5,395,581	478,468	536,116	1,051,976	728,198	1,078,004	1,115,776	-	-
Unassigned	4,946,829	11,207,433	17,965,879	18,007,274	15,424,223	16,816,083	19,842,464	19,725,387	-	-
Reserved	-	-	-	-	-	-	-	-	1,565,101	2,859,901
Unreserved	-	-	-	-	-	-	-	-	22,275,114	19,796,301
Total General Fund	<u>\$ 6,594,070</u>	<u>\$ 17,874,697</u>	<u>\$ 19,534,456</u>	<u>\$ 19,441,912</u>	<u>\$ 17,211,995</u>	<u>\$ 18,387,423</u>	<u>\$ 21,563,843</u>	<u>\$ 21,447,238</u>	<u>\$ 23,840,215</u>	<u>\$ 22,656,202</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 43,171	\$ 129,818	\$ 58,043	\$ 78,576	\$ 55,560	\$ 9,863	\$ -	\$ 1,460	\$ -	\$ -
Restricted	41,575,220	40,740,308	46,180,218	55,617,654	38,863,427	39,614,669	42,615,226	39,143,321	-	-
Assigned	1,131,596	1,131,596	1,131,596	1,209,272	1,131,596	4,136,848	-	-	-	-
Unassigned	(5,285,444)	(3,502,628)	(449,481)	(94,077)	(182,558)	(156,012)	(160,506)	(178,875)	-	-
Reserved	-	-	-	-	-	-	-	-	7,887,418	9,137,019
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	33,589,983	34,148,889
Capital Project Funds	-	-	-	-	-	-	-	-	800,265	1,861,663
Total all Other Governmental Funds	<u>\$ 37,464,543</u>	<u>\$ 38,499,094</u>	<u>\$ 46,920,376</u>	<u>\$ 56,811,425</u>	<u>\$ 39,868,025</u>	<u>\$ 43,605,368</u>	<u>\$ 42,454,720</u>	<u>\$ 38,965,906</u>	<u>\$ 42,277,666</u>	<u>\$ 45,147,571</u>

Note: In fiscal year 2011, the County implemented GASB 54, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned. Prior year numbers have not been restated.

**HIGHLANDS COUNTY, FLORIDA
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	\$ 55,172,719	\$ 53,234,947	\$ 52,101,154	\$ 51,319,790	\$ 44,263,651	\$ 44,593,603	\$ 45,544,644	\$ 47,393,350	\$ 52,383,527	\$ 55,938,981
Licenses and Permits	1,465,721	773,153	768,201	670,995	592,967	499,113	489,004	588,807	626,285	469,927
Intergovernmental	22,550,893	21,205,397	18,627,084	19,987,878	19,391,575	20,076,861	22,480,446	19,184,676	28,655,078	18,306,649
Charges for Services	10,893,391	10,219,318	9,464,472	10,046,027	9,628,330	8,938,804	7,329,535	7,344,562	7,702,508	9,088,110
Fines and Forfeitures	613,473	483,845	659,069	853,718	689,523	331,052	144,685	141,395	86,258	631,108
Assessments	2,222,840	2,236,688	2,151,722	2,167,235	2,071,734	2,038,077	2,004,101	2,089,742	2,045,674	2,271,304
Net Change in Fair Value of Investments	782,659	610,260	429,176	432,068	232,693	277,805	697,864	350,324	1,161,410	127,481
Miscellaneous	4,505,545	4,163,763	3,800,801	3,990,201	3,797,347	3,774,692	3,413,626	3,712,680	3,683,528	4,392,297
Total Revenues	98,207,241	92,927,371	88,001,679	89,467,912	80,667,820	80,530,007	82,103,905	80,805,536	96,344,268	91,225,857
EXPENDITURES										
Current:										
General Government	17,298,385	16,382,937	15,820,668	15,320,898	15,038,762	14,375,841	14,428,638	17,706,422	17,019,808	17,845,124
Public Safety	55,424,348	46,488,455	49,112,058	37,532,165	36,769,408	44,876,262	34,690,081	37,853,328	40,982,588	39,125,774
Physical Environment	3,807,540	5,951,756	1,652,101	1,419,943	1,030,244	1,542,732	1,376,193	1,763,210	7,592,052	1,666,698
Transportation	17,015,511	17,543,571	14,340,234	14,656,785	16,141,550	14,963,532	15,862,116	13,735,417	18,560,988	18,673,605
Economic Environment	3,413,605	2,663,981	2,646,019	3,058,180	1,763,053	2,119,215	2,848,424	2,876,117	3,429,422	4,863,344
Human Services	3,571,908	3,682,639	3,830,092	4,746,714	5,073,317	3,950,544	3,275,763	2,828,400	2,929,756	3,582,048
Culture and Recreation	2,661,198	2,915,249	2,719,949	2,576,017	2,536,456	2,436,329	2,655,630	2,828,665	3,118,665	3,685,114
Court Related	4,460,416	4,186,800	4,453,875	4,373,657	4,402,846	4,171,592	3,963,102	2,087,156	2,304,739	3,741,089
Debt Service:										
Principal Retirement	2,609,352	2,658,400	2,648,293	9,867,709	2,792,500	1,527,497	1,527,608	4,051,087	1,637,315	2,122,952
Interest	486,219	534,624	576,895	342,527	400,404	287,154	317,627	600,559	866,990	980,629
Bond Administration	-	-	-	-	-	-	-	-	-	-
Other Debt Service	-	-	-	-	-	-	-	37,980	10,865	5,984
Total Expenditures	110,748,482	103,008,412	97,800,184	93,894,595	85,948,540	90,250,698	80,945,182	86,368,341	98,453,188	96,292,361
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,541,241)	(10,081,041)	(9,798,505)	(4,426,683)	(5,280,720)	(9,720,691)	1,158,723	(5,562,805)	(2,108,920)	(5,066,504)
OTHER FINANCING SOURCES (USES)										
Transfers In	1,569,934	1,636,066	1,121,712	1,186,440	4,119,015	1,396,287	3,580,898	1,969,665	3,136,525	4,986,465
Transfers Out	(1,343,871)	(1,636,066)	(1,121,712)	(1,186,440)	(4,119,015)	(1,056,287)	(1,344,202)	(1,969,665)	(2,713,497)	(3,986,465)
Issuance of Refunding Note	-	-	-	-	-	-	-	11,890,000	-	-
Issuance of Debt	-	-	-	23,600,000	-	8,010,470	210,000	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(12,031,932)	-	-
Total Other Financing Sources (Uses)	226,063	-	-	23,600,000	-	8,350,470	2,446,696	(141,932)	423,028	1,000,000
Net Change in Fund Balances	\$ (12,315,178)	\$ (10,081,041)	\$ (9,798,505)	\$ 19,173,317	\$ (5,280,720)	\$ (1,370,221)	\$ 3,605,419	\$ (5,704,737)	\$ (1,685,892)	\$ (4,066,504)
Debt Service as a Percentage of Noncapital Expenditures	3.19%	3.73%	4.01%	11.62%	4.08%	2.44%	2.46%	5.86%	2.93%	3.73%

**HIGHLANDS COUNTY, FLORIDA
TAXABLE VALUE AND ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property (Assessed Value ^a)				Assessed Value ^a of Personal Property	Less: Allowable Exemptions	Total Taxable Value ^b	Total Direct Tax Rate ^c
	Residential Property	Agriculture	Commercial Property	Other				
2018	\$ 4,185,031,437	\$ 683,819,126	\$ 909,541,660	\$ 1,069,894,445	\$ 688,743,734	\$ 2,775,178,889	\$ 4,761,851,513	8.5500
2017	3,908,190,237	733,151,871	899,474,589	1,059,389,125	668,544,116	2,637,549,375	4,631,200,563	8.5500
2016	3,521,950,986	722,088,198	879,493,681	1,041,600,090	667,761,606	2,329,575,367	4,503,319,194	8.5500
2015	3,430,182,769	734,356,228	872,987,089	1,024,869,481	675,833,516	2,272,404,297	4,465,824,786	8.5500
2014	3,444,169,441	712,697,860	863,410,453	1,025,462,248	682,100,936	2,285,182,642	4,442,658,296	7.1000
2013	3,572,305,436	725,319,963	839,352,031	1,030,868,951	701,451,574	2,321,476,920	4,547,821,035	7.1000
2012	3,937,953,139	695,048,858	850,340,509	1,062,203,211	629,408,701	2,465,928,211	4,709,026,207	7.1000
2011	4,333,665,684	661,062,597	858,201,822	1,021,215,059	632,201,205	2,584,930,120	4,921,416,247	7.1000
2010	5,390,566,985	722,240,630	973,110,137	1,157,498,279	640,605,018	3,166,988,865	5,717,032,184	7.1000
2009	6,311,674,643	783,215,760	968,560,507	1,191,522,801	627,224,780	3,591,019,986	6,291,178,505	7.1000

Source: Highlands County Property Appraiser.

Notes:

^aAssessed value is determined by the Highlands County Property Appraiser on January 1 of each year at 100% of fair market value, as required by Section 192.042, Florida Statutes.

^bTaxable values are based on the assessed value after deducting allowable statutory exemptions.

^cPer \$1,000 of value.

**HIGHLANDS COUNTY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

Fiscal Year	Direct Rates		Overlapping Rates ^a						Total Overlapping Rates	Total Countywide
	General Government	Total Direct Rate	School District	South Florida Water District	Southwest Florida Water District	City of Avon Park	City of Sebring	Town of Lake Placid		
2018	8.5500	8.5500	6.5420	0.3100	0.3131	0.3000	5.3184	3.6500	16.4335	24.9835
2017	8.5500	8.5500	7.1850	0.3551	0.3488	0.3000	4.8184	3.6500	16.6573	25.2073
2016	8.5500	8.5500	7.1850	0.3551	0.3488	0.3000	4.8184	3.6500	16.6573	25.2073
2015	8.5500	8.5500	7.2780	0.3842	0.3658	0.3000	4.9900	3.6500	16.9680	25.5180
2014	7.1000	7.1000	7.2650	0.4110	0.3818	0.3000	4.9900	3.6500	16.9978	24.0978
2013	7.1000	7.1000	7.6980	0.4289	0.3928	3.6000	4.9900	3.6500	20.7597	27.8597
2012	7.1000	7.1000	7.8130	0.4363	0.3928	5.8745	5.2500	3.6500	23.4166	30.5166
2011	7.1000	7.1000	7.6160	0.6240	0.5597	5.8745	5.4338	3.8100	23.9180	31.0180
2010	7.1000	7.1000	7.6870	0.6240	0.5693	5.8745	5.4965	3.8100	24.0613	31.1613
2009	7.1000	7.1000	7.6870	0.6240	0.5693	5.8745	5.5204	3.8100	24.0852	31.1852

Source: Highlands County Property Appraiser.

Notes:

The County's basic property tax rate may be increased only by a majority vote of the Board of County Commissioners.

^aOverlapping rates are those of local and county governments that apply to property owners within Highlands County. Not all overlapping rates apply to all Highlands County property owners.

**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Duke Energy f/k/a Progress Energy	Electric Utility	\$ 143,888,336	1	1.91%	\$ 92,237,090	1	0.93%
FLA Gas Transmission Co	Gas System	77,290,040	2	1.03%	-	-	-
Sebring Airport Authority	Industrial/Entertainment	58,954,258	3	0.78%	67,884,853	2	0.68%
Tanglewood Investors Limited	Real Estate	46,985,627	4	0.62%	26,595,452	8	0.27%
Glades Electric Coop Inc.	Electric Utility	40,298,951	5	0.53%	32,185,370	7	0.33%
Gulfstream Natural Gas Sys LLC	Gas System	35,471,372	6	0.47%	51,908,345	3	0.53%
ARC SSSEBFL001 LLC	Retail	26,409,506	7	0.35%	-	-	-
Lykes Bros Inc.	Cattle & Citrus	26,382,363	8	0.35%	48,988,148	4	0.50%
Embarq-Florida Inc.	Telephone Services	-	-	-	39,395,760	5	0.40%
Highlands County Hospital	Hospital	21,465,297	9	0.28%	24,972,747	9	0.25%
Sun Comm Acquisitions LLC	Real Estate	20,812,185	10	0.28%	-	-	-
Lakeshore/Sebring Limited	Retail	-	-	-	22,053,539	10	0.22%
Walmart	Retail	-	-	-	32,272,091	6	0.33%
Total Assessed Value of Ten Largest Taxpayers		497,957,935		6.60%	438,493,395		4.44%
Total Assessed Value of All Other Taxpayers		7,039,072,467		93.40%	9,443,705,096		95.56%
Total Assessed Value of All Taxpayers		<u>\$ 7,537,030,402</u>		<u>100.00%</u>	<u>\$ 9,882,198,491</u>		<u>100.00%</u>

Source: Highlands County Property Appraiser.

Note: The assessed value includes real and personal property.

**HIGHLANDS COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year ^a (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ^b	Total Collections to Date ^b	
		Amount ^b	Percentage of Original Levy		Amount	Percentage of Original Levy
2018	\$ 40,713,868	N/A	N/A	N/A	N/A	N/A
2017	39,596,821	\$ 38,268,827	96.65%	N/A	\$ 38,268,827	96.65%
2016	38,503,428	37,129,634	96.43%	\$ 78,509	37,208,143	96.64%
2015	38,168,421	36,841,599	96.52%	82,693	36,924,293	96.74%
2014	32,330,893	30,487,500	94.30%	78,347	30,565,848	94.54%
2013	32,289,547	31,226,552	96.71%	99,762	31,326,313	97.02%
2012	33,440,571	32,238,611	96.41%	193,319	32,431,930	96.98%
2011	34,942,081	33,766,320	96.64%	166,847	33,933,167	97.11%
2010	40,590,957	39,186,283	96.54%	372,538	39,558,820	97.46%
2009	44,667,387	42,692,654	95.58%	804,156	43,496,811	97.38%

Source: Highlands County Property Appraiser.

Notes:

^aProperty taxes become due and payable on November 1 of each year. A 4% discount is allowed if taxes are paid in November, with the discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of each year.

Property taxes receivable and a corresponding reserve for uncollectible property taxes are not included in the financial statements as there are no delinquent taxes as of September 30, 2018.

Information regarding the Original Levy was obtained from the Property Appraiser.

^bInformation was obtained from the Tax Collector's Recapitulation of the Tax Roll report. Data for 2018 was not available.

**HIGHLANDS COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income	Population
	General Obligation Bonds	Notes Payable	Revenue Certificates	Mortgage Payable	Capital Leases	Notes Payable	Capital Leases					
2018	\$ -	\$ 21,008,750	\$ -	\$ -	\$ 1,678,578	\$ -	\$ -	\$ 22,687,328	N/A	\$ -	\$ -	-
2017	-	22,404,315	-	-	2,892,365	60,596	-	25,357,276	13.57%	246	3,441,046	102,883
2016	-	23,768,018	15,000	-	4,172,062	296,472	97,790	28,349,342	11.73%	279	3,324,368	101,558
2015	-	25,085,303	30,000	-	5,488,070	522,271	192,879	31,318,523	10.34%	314	3,237,173	99,891
2014	-	9,996,456	45,000	-	6,829,624	738,423	285,343	17,894,846	17.12%	182	3,063,361	98,482
2013	-	11,526,895	60,000	-	8,076,685	945,342	375,254	20,984,176	13.98%	214	2,934,293	98,071
2012	-	12,870,317	75,000	-	93,561	1,311,594	-	14,350,472	20.45%	146	2,934,597	98,205
2011	-	14,067,103	90,000	-	179,374	2,188,265	79,877	16,604,619	17.57%	169	2,918,216	98,451
2010	15,480,000	2,570,623	151,667	-	346,843	2,796,430	250,673	21,596,236	13.16%	219	2,841,572	98,635
2009	16,705,000	2,793,696	180,000	-	507,752	3,375,273	435,539	23,997,260	11.31%	243	2,713,767	98,956

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**HIGHLANDS COUNTY, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds ^a	Less: Amounts Restricted to Repaying Principal and Interest	Total	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2018	\$ -	\$ -	\$ -	N/A	0.00%	N/A
2017	-	-	-	N/A	0.00%	N/A
2016	-	-	-	N/A	0.00%	N/A
2015	-	-	-	N/A	0.00%	N/A
2014	-	-	-	N/A	0.00%	N/A
2013	-	-	-	N/A	0.00%	N/A
2012	-	-	-	N/A	0.00%	N/A
2011	-	-	-	N/A	0.00%	N/A
2010	15,480,000	1,645,020	13,834,980	N/A	0.16%	140.26
2009	16,705,000	1,965,968	14,739,032	N/A	0.15%	148.95

Note: ^aHighlands County Florida Infrastructures Sales Surtax Revenue Bond Series 2002, delivered June 13, 2002. Refunded and redeemed November 10, 2010.

**HIGHLANDS COUNTY, FLORIDA
OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2018**

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Direct Debt			
Notes Payable	\$ 21,008,750	100%	\$ 21,008,750
Capital Leases	1,678,578	100%	1,678,578
Total Direct Debt	22,687,328		22,687,328
Overlapping Debt			
Highlands County School Board:			
Bonds Payable	3,197,000	100%	3,197,000
Certificates of Participation	42,860,000	100%	42,860,000
South Florida Water Management District:			
Certificates of Participation	373,685,000	15%	55,903,384
Total Overlapping Debt	419,742,000		101,960,384
Total Direct and Overlapping Debt	\$ 442,429,328		\$ 124,647,712

Source: Debt outstanding data provided by each respective agency.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Highlands County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

**HIGHLANDS COUNTY, FLORIDA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Infrastructure Sales Surtax Pledged Revenue Coverage					
Fiscal Year	Infrastructure Sales Surtax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2018	\$ 9,811,985	\$ 1,383,363	\$ 426,446	\$ 1,809,809	5.42
2017	9,072,162	1,351,833	450,352	1,802,185	5.03
2016	9,128,971	1,295,755	465,995	1,761,750	5.18
2015	8,646,980	1,550,112	200,478	1,750,590	4.94
2014	8,104,375	1,509,888	234,169	1,744,057	4.65
2013	7,690,604	1,465,066	266,974	1,732,040	4.44
2012	7,413,352	1,405,630	298,654	1,704,284	4.35
2011	7,280,190	3,811,733	560,697	4,372,430	1.67
2010	7,153,417	1,437,856	838,824	2,276,680	3.14
2009	7,267,213	1,384,490	891,665	2,276,155	3.19

Notes:

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

The 2010 Infrastructure Sales Surtax Revenue Note and 2005 Infrastructure Sales Surtax Revenue Note are serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax.

**HIGHLANDS COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ^a	Total Personal Income ^a (in thousands)	Per Capita Personal Income ^a	Public School Enrollment ^b	Unemployment Rate ^c
2018	-	\$ -	\$ -	12,308	4.20%
2017	102,883	3,441,046	33,446	12,513	4.80%
2016	100,917	3,242,929	32,135	12,296	6.90%
2015	99,447	3,200,012	32,178	12,481	7.40%
2014	98,085	3,027,999	30,871	12,059	8.20%
2013	97,817	2,813,165	29,782	12,202	9.40%
2012	98,045	2,917,349	29,755	12,070	10.30%
2011	98,308	2,927,112	29,775	12,012	11.50%
2010	98,664	2,849,577	28,882	12,059	12.50%
2009	98,956	2,739,567	27,685	12,148	10.80%

Notes:

^aInformation was provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

^bInformation was provided by the Highlands County School Board.

^cInformation was provided by the Florida Research and Economic Information Database.

**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Florida Hospital	1,628	1	4.52%	1,260	2	3.27%
Highlands County School Board	1,569	2	4.35%	1,653	1	4.29%
Wal-Mart	727	3	2.02%	796	3	2.07%
Agero f/k/a Cross Country Automotive Services	550	4	1.53%	450	5	1.17%
Publix	505	5	1.40%	-	-	-
South Florida State College	466	6	1.29%	-	-	-
Alan Jay Automotive	390	7	1.08%	260	9	0.67%
Highlands County Sheriff	376	8	1.04%	-	-	-
Highlands County Board of County Commissioners	359	9	1.00%	434	6	1.13%
Highlands Regional Medical Center	350	10	0.97%	570	4	1.48%
Avon Park Correctional Institution	-	-	-	-	-	-
The Palms of Sebring	-	-	-	265	8	0.69%
Highlands Greenhouses, Inc.	-	-	-	255	10	0.66%
Medical Data Systems, Inc.	-	-	-	387	7	1.00%
Total	6,920		19.20%	6,330		16.43%
Labor Force Employed	36,038			38,534		

Sources: Top employer information was provided by the Highlands County Economic Development Commission. Labor force employed numbers were obtained from the Florida Research and Economic Database.

**HIGHLANDS COUNTY, FLORIDA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full-Time Equivalent Employees as of September 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL GOVERNMENT										
Legislative	5	5	5	5	5	5	5	5	5	5
Executive	4	4	5	6	5	4	4	5	4	5
Financial and Administrative	124	124	116	119	122	127	121	123	124	98
Comprehensive Planning	5	5	5	6	6	5	5	7	7	6
Other General Government	26	24	27	27	27	27	31	34	35	36
PUBLIC SAFETY										
Law Enforcement	244	232	220	216	216	205	219	197	210	219
Fire Control	16	13	14	16	13	19	17	22	23	20
Detention / Correction	110	106	108	104	99	111	118	118	120	120
Protective Inspection	16	13	16	15	15	16	15	17	18	19
Emergency and Disaster	4	5	4	6	6	6	6	4	5	7
Ambulance and Rescue	63	66	61	57	64	64	64	70	80	78
Other Public Safety	3	3	3	2	2	2	2	2	2	2
PHYSICAL ENVIRONMENT										
Water Utility Services	16	21	19	20	21	22	22	27	29	30
Conservation and Rescue	14	13	14	14	14	12	12	10	13	14
TRANSPORTATION										
Road and Street Facilities	120	112	113	107	112	111	111	111	113	114
ECONOMIC ENVIRONMENT										
Housing	1	1	1	1	1	1	1	1	4	4
Veteran Services	3	3	3	3	3	3	3	3	3	3
Other	3	3	2	1	2	2	2	1	2	2
HUMAN SERVICES										
Health	8	8	8	8	7	9	8	8	8	7
Welfare	1	1	7	9	10	10	7	7	8	10
Other Human Services	1	1	-	-	-	-	-	-	-	-
CULTURE AND RECREATION										
Libraries	16	14	16	18	17	18	18	17	19	20
Parks and Recreation	17	18	18	18	18	18	14	15	15	15
COURT RELATED										
Court General Administration	23	21	22	14	9	11	15	8	9	10
Circuit Court Criminal	5	5	6	6	7	8	5	6	6	6
Circuit Court Civil	3	3	4	4	4	4	3	4	5	5
Circuit Court Family	8	9	9	9	6	9	8	5	7	8
Circuit Court Juvenile	3	3	3	2	3	4	4	4	4	4
Court General Operations	9	8	7	16	11	11	12	8	7	8
County Court Traffic	6	6	7	7	7	7	6	7	7	7
Total	877	850	843	836	832	851	858	846	892	880

HIGHLANDS COUNTY, FLORIDA OPERATING INDICATORS BY FUNCTION

Function / Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL GOVERNMENT										
New Hires	66	46	46	50	54	48	27	35	20	20
Purchase Orders Issued	1,708	1,910	1,518	1,629	1,696	1,804	1,764	2,069	2,107	2,398
Comp Plan Amendments	5	7	15	13	2	3	6	563	17	21
IT Work Orders Completed	17,676	14,636	8,917	9,778	9,205	7,567	5,605	5,097	5,804	5,402
IT Users Served	650	650	650	650	650**	812	801	614	613	530
PUBLIC SAFETY										
Emergency Medical Services:										
Emergency 911 Call Volume:										
EMS Calls	17,089	17,365	16,546	15,696	14,814	14,645	14,782	14,243	13,628	13,781
Fire Department Calls	3,914	11,002	9,337	8,174	7,412	7,442	7,204	6,567	7,156	6,893
Average EMS Response Time (in Minutes)	7.02	7.06	8.04	7.99	7.15	6.80	6.78	5.70	5.81	5.65
Air Medical Service (Number of Flights)	135	116	104	108	106	88	122	142	149	156
Sheriff:										
Arrests Made	3,699	3,258	4,474	5,489	6,014	4,431	4,845	5,920	6,021	6,452
Traffic Citations Issued	2,040	2,116	2,349	3,244	3,188	4,534	5,501	3,852	4,747	4,614
Detentions and Correction:										
Jail Average Daily Population	417	423	379	387	399	399	422	406	388	403
Building Department:										
Permits Issued	11,339	5,598	5,407	4,745	4,185	3,651	3,508	3,784	3,788	3,606
Inspections Performed	19,685	9,430	7,527	7,527	6,210	5,390	5,179	6,162	6,279	5,529
Zoning Department:										
Code Enforcement Complaints Received	1,975	2,818	2,222	1,552	2,272	2,875	3,333	1,756	2,782	2,354
Code Enforcement Inspections Performed	3,347	4,219	4,106	4,050	4,664	5,618	6,103	4,689	4,574	4,937
PHYSICAL ENVIRONMENT										
Recycled Waste (Tons)	5,528	3,614	2,391	2,563	2,737	3,014	2,791	48	112	3,059
Landfill Waste:										
Residential Household Waste (Tons)	37,954	37,575	39,411	37,609	36,189	37,449	38,394	39,601	42,268	46,097
Commercial Waste (Tons)	38,443	30,975	28,238	26,856	28,763	28,014	27,956	27,010	27,779	26,576
TRANSPORTATION										
Miles of Road Constructed	-	0.10	-	0.31	2.12	0.18	0.09	1.52	1.00	0.26
Miles of Road Reconstructs	-	1.10	1.54	1.38	1.39	0.48	0.61	1.52	1.00	1.44
Miles of Road Resurfaced	8.09	30.81	31.30	34.95	31.30	31.39	36.44	32.89	29.00	32.06

**HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Function / Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ECONOMIC ENVIRONMENT										
Down Payment Assistance Loan Program	***	***	***	***	***	***	***	***	***	***
Veterans' Services:										
In Office Visits	5,043	5,291	***	5,032	4,717	5,986	6,747	6,262	8,216	19,168
Phone Calls Received	7,990	7,264	***	19,200	19,200	24,729	26,583	24,672	34,360	24,834
Home Visits	5	12	***	3	6	***	***	***	***	***
Transportation Trips	242	242	***	89	74	80	***	***	***	***
Presentations	29	30	***	110	104	289	266	310	453	526
HUMAN SERVICES										
Animal Services:										
Number of Complaints Received *	5,373	2,994	7,359	8,553	8,442	7,030	8,067	8,643	9,457	8,673
Number of Impoundments *	3,035	1,726	3,316	3,547	3,433	3,593	4,928	7,201	6,408	6,183
Animals Reclaimed *	285	118	340	412	371	229	283	509	487	459
Animals Adopted *	434	139	451	601	557	277	322	286	293	310
Animals Donated to Humane Society *	1,046	420	1,277	***	713	771	938	1,021	829	481
Animals Euthanized *	1,038	616	1,146	1,441	1,798	2,232	2,925	4,917	4,173	4,139
Wildlife Relocated	***	***	***	***	104	***	297	378	512	401
Transportation Trips for Disadvantaged Persons	72,219	78,334	92,039	100,123	126,472	74,172	73,147	70,631	73,855	52,894
CULTURE AND RECREATION										
Library Operations:										
Registered Borrowers in Highlands County	20,409	18,736	20,218	19,846	20,320	21,178	11,830	61,513	57,614	54,109
Library Visitors	248,481	269,095	284,480	287,573	284,785	278,277	290,139	303,053	331,523	330,167
Items Circulated:										
Adult	281,953	295,853	354,156	305,349	253,187	260,875	267,294	304,191	338,950	358,708
Children	104,319	122,681	123,069	119,176	94,354	89,103	87,032	96,903	86,000	69,517
Adult Programs:										
Number of Programs	247	510	414	392	237	189	251	174	276	143
Number of Attendees	2,263	4,187	2,766	3,259	1,821	1,385	1,963	2,097	2,218	4,140
Children's Programs:										
Number of Programs	205	226	287	195	319	197	251	243	293	312
Number of Attendees	2,681	3,242	3,736	3,120	2,875	3,734	4,056	2,235	1,832	4,017
Volunteer Hours	6,058	5,435	5,425	5,204	2,103	4,304	6,140	8,465	8,393	6,709
Library Webpage Visits	919,587	1,087,095	1,226,146	***	353,182	215,303	207,842	954,110	1,003,689	729,660
Public Internet Usage (Hours)	194,178	105,715	25,165	35,341	46,595	50,881	54,619	***	53,978	55,732
Park Rentals:										
H. L. Bishop	36	32	49	52	47	29	48	40	43	***
Boat Ramps Maintained	38	38	38	38	38	38	38	39	39	38

**HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Function / Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
COURT RELATED										
Cases in Court	27,557	26,840	26,967	29,806	30,953	29,831	30,704	30,887	27,726	28,451
Individuals thru Security	100,996	124,283	111,171	125,991	130,060	122,695	146,858	149,639	172,518	156,498

Sources: Information was obtained from various County departments.

* For 2017 these numbers represent the time period of April 2017 through September 2017. Information for the remainder of the fiscal year is not available due to a transition of Animal Services to the Sheriff's Office.

** Methodology for calculating number of IT Users changed in 2014.

*** Information not available.

HIGHLANDS COUNTY, FLORIDA CAPITAL ASSETS BY FUNCTION

Function / Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL GOVERNMENT										
IT Networked Buildings	46	42	43	43	43	43	39	34	34	31
PUBLIC SAFETY										
EMS Vehicles:										
Ambulances	13	15	14	12	12	12	12	15	15	14
Jaws	2	1	2	2	2	2	2	2	2	2
Administrative	5	3	3	2	2	2	2	2	2	2
Paid/Volunteer Fire Stations:	17	17	17	*	*	*	*	*	*	*
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	3	4	4	3	5	5	5	3	3	3
Patrol Vehicles	129	110	97	103	104	104	99	85	89	87
Command Center	1	1	3	3	1	1	1	1	1	3
Special Operations Vehicle	2	4	4	3	3	3	2	2	4	3
Aircraft	1	1	1	1	1	1	1	1	1	1
Watercraft	3	3	3	3	4	4	4	4	4	4
Correction Facility Capacity	504	504	504	504	504	504	504	504	504	524
TRANSPORTATION										
Miles of County Road:										
Paved	998	998	998	1,010	1,010	1,007	998	998	984	984
Unpaved	200	197	197	217	215	213	220	220	207	207
Number of Airports	2	3	3	3	3	3	3	3	3	3
CULTURE AND RECREATION										
Number of County Libraries	3	3	3	3	3	3	3	3	3	3
Library Books	245,326	233,238	206,601	236,135	245,123	148,506	219,767	208,778	196,583	191,525
Library Audio Materials	*	9,252	17,941	18,284	12,261	7,967	11,202	10,890	10,158	10,455
Library Video Materials	12,519	26,637	20,886	22,555	31,378	19,799	21,169	20,767	19,116	18,143
Number of County Boat Ramps	38	38	38	38	38	38	38	39	39	38
Number of County Parks	45	45	45	45	45	45	45	21	21	21
Parks with Playgrounds	4	4	4	4	4	5	4	4	4	5
Parks with Baseball/Softball Fields	10	10	10	10	10	10	6	6	6	6
Park Acreage (Estimated):										
Developed	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
Undeveloped	30.67	30.67	30.67	30.67	30.67	30.67	30.67	30.67	30.67	30.67

Sources: Information was obtained from various County departments.

* Information not available

COMPLIANCE SECTION



**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2018**

Federal / State Agency Federal Program / State Project	CFDA/ CSFA Number	Grant Contract Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Justice			
<u>Direct Programs</u>			
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0138	\$ 144,180
<u>JAG Program</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0201	18,544
Pass-Through from Florida Department of Law Enforcement Residential Substance Abuse Treatment for State Prisoners	16.593	2018-RSAT-HIGH-1-U4-003	50,000
Pass-Through from Florida Network of Children's Advocacy Centers Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	SEBR-FL-DS17	2,211
Total U.S. Department of Justice			214,935
U.S. Department of Transportation			
Pass-Through from Florida Department of Transportation:			
Highway Planning and Construction	20.205	431343-1-38-01	704
Highway Planning and Construction	20.205	433203-1-38-01	227
Total Highway Planning and Construction Cluster			931
Total U.S. Department of Transportation			931
U.S. Election Assistance Commission			
Pass-Through from Florida Division of Elections:			
Help America Vote Act Requirements Payments	90.401	2017-2018-0001-HIG	9,575
Help America Vote Act Requirements Payments	90.401	2018-2019-001-HIG	31,300
Help America Vote Act Requirements Payments: Albert Network Monitoring Solution Grant	90.401	2018-2019-002	6,099
Total Help America Vote Act Requirements Payments			46,974
Total U.S. Election Assistance Commission			46,974
U.S. Department of Health and Human Services			
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:			
Promoting Safe and Stable Families	93.556	HF-17-18-42	11,663
Promoting Safe and Stable Families	93.556	HF-18-19-42	4,564
Total Promoting Safe and Stable Families			16,227
Temporary Assistance for Needy Families	93.558	HF-17-18-42	75,117
Temporary Assistance for Needy Families	93.558	HF-18-19-42	29,398
Total TANF Cluster			104,515
Pass-Through U.S. Agency for Children and Families and Office of Child Support Enforcement, Florida Department of Revenue: Child Support Enforcement	93.563	COC28	234,087
Total U.S. Department of Health and Human Services			354,829
Department of Homeland Security			
Pass-Through from United Way of Central Florida, Inc.:			
Emergency Food and Shelter National Board Program	97.024	LRO #163600-013	7,100
Pass-Through from Florida Division of Emergency Management:			
Emergency Management Performance Grants	97.042	18-FG-7A-07-38-01-091	48,997
Emergency Management Performance Grants	97.042	19-FG-AF-09-36-01-181	2,481
Total Emergency Management Performance Grants			51,478
Homeland Security Grant Program	97.067	EMW-2017-SS-00061	29,800
Total Department of Homeland Security			88,378
U.S. Department of Housing and Urban Development			
Pass-Through from Florida Department of Economic Opportunity Community Development Block Grants			
	14.228	B-14-DC-12-0001	501,657
Total U.S. Department of Housing and Urban Development			501,657
U.S. Environmental Protection Agency			
Nonpoint Source Implementation Grant	66.460	C9-99451516-0	41,532
Total U.S. Environmental Protection Agency			41,532
Total Expenditures of Federal Awards			\$ 1,249,236

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

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

Federal / State Agency Federal Program / State Project	CFDA/ CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE			
Florida Department of Economic Opportunity			
Enterprise Florida, Inc. - Encroachment Prevention and Sustainability (Phase III)	31.003	DIG 13-08	\$ 140,000
Military Base Protection	40.014	DIG 15-10	<u>72,247</u>
Total Florida Department of Economic Opportunity			212,247
Florida Department of Environmental Protection			
Small County Consolidated Waste Grants	37.012	SC816	90,909
Statewide Surface Water Restoration and Wastewater Projects	37.039	S0650	<u>426,113</u>
Total Florida Department of Environmental Protection			517,022
Florida Department of State & Secretary of State			
State Aid to Libraries	45.030	18-ST-16	<u>234,715</u>
Total Florida Department of State and Secretary of State			234,715
Florida Executive Office of the Governor			
Emergency Management Programs	31.063	18-BG-W9-07-38-01-094	81,143
Emergency Management Programs	31.063	19-BG-21-09-38-01-160	<u>24,941</u>
Total Executive Office of the Governor			106,084
Florida Housing Finance Corporation			
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	319,782
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	<u>299,539</u>
Total Florida Housing Finance Corporation			619,321
Florida Department of Transportation			
County Incentive Grant Program	55.008	420082-2-58-01	1,465,759
Small County Outreach Program	55.009	436644-1-54-01	28,682
Small County Outreach Program	55.009	430107-1-58-02	659,842
Pass-Through from Town of Lake Placid:			
Small County Outreach Program	55.009	438925-1-54-01	<u>10,642</u>
Total Small County Outreach Program			699,166
Small County Road Assistance Program	55.016	430107-1-58-01	<u>(72,190)</u>
Total Florida Department of Transportation			2,092,735
Florida Department of Children and Families			
Pass-Through from Florida Network for Children's Advocacy Centers, Inc.:			
Florida Network Children's Advocacy Center	60.124	N/A	587
Florida Network Children's Advocacy Center	60.124	N/A	<u>1,091</u>
Total Florida Department of Children and Families			1,678
Florida Department of Health			
County Grant Awards	64.005	C2028	273
County Grant Awards	64.005	C3028	3,516
County Grant Awards	64.005	C4028	5,210
County Grant Awards	64.005	C5028	5,710
County Grant Awards	64.005	C6028	<u>1,469</u>
Total Florida Department of Health			16,178
Florida State Courts System			
FL Network of Children's Advocacy Centers	22.016	CAC23	<u>46,333</u>
Total Florida State Courts System			46,333
Total State Financial Assistance			<u>\$ 3,846,313</u>

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal award and state financial assistance activity of Highlands County, Florida (County) under programs of the federal government and State of Florida for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 69I-5, Rules of the Florida Department of Financial Services. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for awards and financial assistance recorded in governmental funds and the accrual basis of accounting for awards and financial assistance recorded in the proprietary funds, which are described in Note 1 to the County's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 CONTINGENCIES

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County. As of March 13, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.



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

Board of County Commissioners
Highlands County, Florida

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Highlands County, Florida’s Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sebring, Florida
March 13, 2019



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

Board of County Commissioners
Highlands County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Highlands County, Florida's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2018. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Those standards, Uniform Guidance, 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program and state project is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 that we consider to be material weaknesses.

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

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



CliftonLarsonAllen LLP

Sebring, Florida
March 13, 2019

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.563	Child Support Enforcement
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

**HIGHLANDS COUNTY, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Federal Programs (Continued)

Auditee qualified as low-risk auditee? _____ yes x no

State Financial Assistance

1. Internal control over state projects:

- Material weakness(es) identified? x yes _____ no
- Significant deficiency(ies) identified? _____ yes x none reported

2. Type of auditors’ report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? x yes _____ no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
37.039	Statewide Surface Water Restoration and Wastewater Projects
55.009	Small County Outreach Program
55.008	County Incentive Grant Program

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 300,000

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

2018–001 – Revenue Recognition

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: As part of the audit, we proposed adjustments to correct the following errors in the County's financial statements:

- Local Government Infrastructure Surtax Fund receivables and deferred inflows of resources were understated because a reimbursement request for grant expenditures incurred through September 30, 2018 was not recorded.
- County Transportation Trust Fund receivables and revenue were overstated because a grant reimbursement request was recorded in the wrong fund.

Criteria or specific requirement: The County's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Context: Testing of revenue, receivables and SEFA completeness detected the errors.

Effect: Revenue, receivables and deferred inflows of resources in the Local Government Infrastructure Surtax Fund and the County Transportation Trust Fund were adjusted to correct the errors.

Cause: Project managers often prepare grant tracking reports from general ledger data rather than the underlying grant documentation. As a result, the accounting department was unaware of grant activity that had not been submitted for payment or reimbursement. Additionally, the accounts receivable department misinterpreted supporting documentation for a grant reimbursement request and recorded the entry in the wrong fund.

Recommendation: The County should consider hiring a grant manager who is knowledgeable of both grant compliance and accounting for grants to assist with the accounting and compliance aspects of grant management. Grant reports should be prepared using underlying grant documentation. Additionally, revenue entries should continue to be reviewed by a person other than the person recording the entry, and receivables should be reviewed in December to ensure amounts are correctly recorded as revenue or deferred inflows of resources.

Views of responsible officials and planned corrective actions: Board Administration agrees with the finding and recommendation. We acknowledge the need for an experienced grant manager and are working on a funding request to support a grant manager position. Board Management will continue to work with the Clerk's Office to improve the process and controls over grant reporting.

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

Section III – Findings and Questioned Costs – Major Federal Programs

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

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Section IV – Findings and Questioned Costs – Major State Projects

2018–002 – Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: The County is responsible for establishing and maintaining internal controls to ensure the Schedule of Expenditures of Federal Awards and State Financial Assistance (Schedule) is properly reported. 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 69I-5, Rules of the Florida Department of Financial Services include requirements to prepare a complete and accurate Schedule.

Condition: Audit procedures identified an understatement of \$700,841 in expenditures initially reported on the Schedule relating to a particular state project (09021 Sebring Parkway). The Schedule was subsequently corrected after audit inquiry.

Questioned Costs: None

Context: Audit procedures surrounding the Schedule's completeness identified errors which did not rise to the level of material but were subsequently updated in order to reflect more accurate information. The adjustment to project 09021 Sebring Parkway was considered material and was discovered during the testing of the major program.

Cause: Subsequent to year end, the department managing the grant submitted a reimbursement request to the grantor for expenditures incurred between July 1, 2018 and September 30, 2018. This request was not properly communicated to the accounting department, and therefore was erroneously excluded from the Schedule.

Effect: The Schedule is used by grantor agencies and auditors to monitor compliance with federal and state requirements. Errors in reporting expenditures on the Schedule may lead to inaccurate major federal program and state project determination and improper compliance testing.

Recommendation: We recommend developing additional preparation and review procedures related to grant reporting to ensure that federal program and state project expenditures are completely and accurately reported in accordance with the Uniform Guidance and Chapter 69I-5, Rules of the Florida Department of Financial Services. Particular scrutiny should be placed on any federal programs or state projects which may contain delayed reimbursement requests or related deferrals.

Views of responsible officials and planned corrective actions: Board Administration agrees with the finding and recommendation.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

2018-003 – Reporting for Statewide Surface Water Restoration and Wastewater Projects

State agency: Florida Department of Environmental Protection

State program title: Statewide Surface Water Restoration and Wastewater Projects

CSFA Number: 37.039

Award Period: November 5, 2013 through March 31, 2020

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: The County is responsible for establishing and maintaining internal control to ensure the compliance requirements of grants are met. Grant agreement S0650 requires submission of quarterly progress reports within 20 days of a quarter end (calendar quarters).

Condition: Our audit procedures identified noncompliance with the reporting requirements of the Statewide Surface Water Restoration and Wastewater Project grant agreement.

Questioned Costs: None

Context: Four reports that were due during fiscal year 2018 were selected for testing. During our testing we noted there was no evidence of review of the reports. The previous project manager prepared reports and submitted them without a control system to ensure information was accurate and complete. The reports covering the periods October to December 2017 and April to June 2018 were either incomplete or not prepared and therefore could not be tested. The report covering the period July to September 2017 was due in October 2017 but was not submitted until February 2018, making it over three months delinquent. The report covering the period January to March 2018 was due in April but was not submitted until May 2018, also missing the submittal deadline to the grantor.

Cause: The previous project manager retired. The complexity of the project and grant agreements, coupled with transition to a new project manager, was not adequate to ensure all requirements of the grant agreement were met.

Effect: A failure to submit timely, complete, and accurate progress reports to the grantor could cause delayed payments or cancelled funding due to noncompliance with the grant agreement.

Recommendation: The County should consider hiring a grant manager who is knowledgeable of both grant compliance and accounting for grants to assist with the accounting and compliance aspects of grant management. In addition, we recommend assigning a preparer for all reports and designating a manager to review the reports for accuracy and timeliness.

Views of responsible officials and planned corrective actions: Board Administration agrees with the finding and recommendation.

MANAGEMENT LETTER

Board of County Commissioners
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of Highlands County, Florida (County), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated March 13, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 13, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a., and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management’s responsibility to monitor the County’s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations are listed in the accompanying schedule of findings and recommendations as 2018-004 and 2018-005.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
March 13, 2019

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT LETTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018**

2018-004 – Reconciliation of EMS Balances

Criteria or specific requirement: The County uses a service provider for EMS billings and collections. Amounts reported by the service provider should be reconciled to the general ledger on a regular basis to ensure errors are identified and corrected in a timely manner.

Condition: Our audit procedures identified that monthly reconciliations often contain errors and are not performed on a timely basis.

Cause: The EMS department has encountered turnover in the billing specialist position, and the current billing specialist lacks an understanding of how to properly reconcile EMS billings.

Effect: Lack of timely reconciliation of billings by the EMS department results in delayed reconciliation of the accounts receivable and revenue by the accounting department. Errors related to billings, accounts receivable, revenue, and account write offs may go undetected and uncorrected.

Recommendation: We recommend providing training to those in the EMS department responsible for billing to improve timeliness and accuracy of reconciliations.

Views of responsible officials and planned corrective actions: Board Management agrees with the finding and recommendation. Management is working with EMS staff to provide appropriate training.

2018-005 – Tax Roll Recapitulation

Criteria or specific requirement: The Tax Collector annually prepares a tax roll recapitulation to reconcile total taxes levied for the County, as certified to the Department of Revenue by the Property Appraiser, to taxes collected by the Tax Collector.

Condition: Our audit procedures identified that the annual reconciliation was not performed timely, and detailed records were not available to support all amounts reported on the reconciliation.

Cause: The Tax Collector implemented new tax and accounting software during fiscal year 2018 and has encountered report writing and query issues.

Effect: Reconciling errors between taxes levied and taxes collected may not be identified and corrected in a timely manner.

Recommendation: We recommend that the Tax Collector continue working with the software vendor to correct report writing and query issues to ensure a complete and accurate report is prepared in a timely manner.

Views of responsible officials and planned corrective actions: The Tax Collector agrees with the auditor's recommendation.

INDEPENDENT ACCOUNTANTS' REPORT

Board of County Commissioners and the Florida Auditor General
Highlands County, Florida

We have examined Highlands County, Florida's (County) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2018. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2018.

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



CliftonLarsonAllen LLP

Sebring, Florida
March 13, 2019

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2018

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Clerk of Courts of Highlands County, Florida (the Clerk) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparisons for the General Fund and Court Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Highlands County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2019, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clerk's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sebring, Florida
January 3, 2019

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

ASSETS	General	Court	Public Records Modernization Trust	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Fund Teen Court	Total Governmental Funds
Cash and Cash Equivalents	\$ -	\$ 206,084	\$ 30,179	\$ 28,163	\$ 170,994	\$ 958	\$ 436,378
Investments	-	-	152,947	127,456	-	-	280,403
Accounts Receivable	-	-	-	-	-	-	-
Due from Other Governmental Units	43,913	30,794	-	-	2,844	-	77,551
Prepaid Items	313,245	-	-	-	-	-	313,245
Total Assets	<u>\$ 357,158</u>	<u>\$ 236,878</u>	<u>\$ 183,126</u>	<u>\$ 155,619</u>	<u>\$ 173,838</u>	<u>\$ 958</u>	<u>\$ 1,107,577</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers Payable	\$ 91,760	\$ 747	\$ 409	\$ 36	\$ 3,353	\$ -	\$ 96,305
Due to Other Funds	216,095	-	-	-	-	-	216,095
Due to Other Governmental Units	79	-	-	-	142,940	-	143,019
Due to Others	-	81,500	-	-	-	-	81,500
Due to Constitutional Officers	546	151,180	-	-	-	-	151,726
Accrued Payroll and Related Liabilities	48,678	3,451	-	2,780	27,545	131	82,585
Total Liabilities	<u>357,158</u>	<u>236,878</u>	<u>409</u>	<u>2,816</u>	<u>173,838</u>	<u>131</u>	<u>771,230</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Intergovernmental	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	313,245	-	-	-	-	-	313,245
Restricted	-	-	182,717	152,803	-	827	336,347
Assigned	-	-	-	-	-	-	-
Unassigned	(313,245)	-	-	-	-	-	(313,245)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>182,717</u>	<u>152,803</u>	<u>-</u>	<u>827</u>	<u>336,347</u>
Total Liabilities and Fund Balances	<u>\$ 357,158</u>	<u>\$ 236,878</u>	<u>\$ 183,126</u>	<u>\$ 155,619</u>	<u>\$ 173,838</u>	<u>\$ 958</u>	<u>\$ 1,107,577</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	General	Court	Public Records Modernization Trust	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Fund Teen Court	Total Governmental Funds
REVENUES							
Intergovernmental:							
Appropriation from Board of County Commissioners	\$ 3,829,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,829,558
Miscellaneous Revenues:							
Recording Fees	-	-	54,794	152,901	-	-	207,695
Intergovernmental	-	362,825	-	-	287,814	-	650,639
Court Related Service Charge	-	-	-	-	1,085,135	14,189	1,099,324
Fines and Forfeitures	-	-	-	-	507,675	-	507,675
Interest Earnings	-	1,173	1,726	664	1,100	2	4,665
Other Miscellaneous Revenues	-	-	3,900	7,200	-	-	11,100
Total Revenues	<u>3,829,558</u>	<u>363,998</u>	<u>60,420</u>	<u>160,765</u>	<u>1,881,724</u>	<u>14,191</u>	<u>6,310,656</u>
EXPENDITURES							
General Government:							
Personal Services	2,691,733	-	-	-	-	-	2,691,733
Operating Expenditures	741,322	-	40,900	-	-	-	782,222
Capital Outlay	73,939	-	75,446	-	-	-	149,385
Total General Government	<u>3,506,994</u>	<u>-</u>	<u>116,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,623,340</u>
Court Related:							
Personal Services	269,018	195,364	-	131,035	1,634,083	14,549	2,244,049
Operating Expenditures	7,580	17,454	-	25,690	71,380	1,072	123,176
Capital Outlay	45,420	-	-	-	-	-	45,420
Total Court Related	<u>322,018</u>	<u>212,818</u>	<u>-</u>	<u>156,725</u>	<u>1,705,463</u>	<u>15,621</u>	<u>2,412,645</u>
Total Expenditures	<u>3,829,012</u>	<u>212,818</u>	<u>116,346</u>	<u>156,725</u>	<u>1,705,463</u>	<u>15,621</u>	<u>6,035,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	546	151,180	(55,926)	4,040	176,261	(1,430)	274,671
OTHER FINANCING USES							
Unexpended Budget Balance Reverting to Board of County Commissioners	(546)	(151,180)	-	-	-	-	(151,726)
Distribution of Excess Fees to State of Florida	-	-	-	-	(147,994)	-	(147,994)
Total Other Financing Uses	<u>(546)</u>	<u>(151,180)</u>	<u>-</u>	<u>-</u>	<u>(147,994)</u>	<u>-</u>	<u>(299,720)</u>
NET CHANGE IN FUND BALANCE	-	-	(55,926)	4,040	28,267	(1,430)	(25,049)
Fund Balance - October 1, 2017	-	-	238,643	148,763	(28,267)	2,257	361,396
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,717</u>	<u>\$ 152,803</u>	<u>\$ -</u>	<u>\$ 827</u>	<u>\$ 336,347</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 3,839,558	\$ 3,839,558	\$ 3,829,558	\$ (10,000)
EXPENDITURES				
General Government:				
Personal Services	2,641,764	2,691,733	2,691,733	-
Operating Expenditures	866,235	751,868	741,322	10,546
Capital Outlay	-	73,939	73,939	-
Total General Government	<u>3,507,999</u>	<u>3,517,540</u>	<u>3,506,994</u>	<u>10,546</u>
Court Related:				
Personal Services	267,601	269,018	269,018	-
Operating Expenditures	15,481	7,580	7,580	-
Capital Outlay	48,477	45,420	45,420	-
Total Court Related	<u>331,559</u>	<u>322,018</u>	<u>322,018</u>	<u>-</u>
Total Expenditures	<u>3,839,558</u>	<u>3,839,558</u>	<u>3,829,012</u>	<u>10,546</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	546	546
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(546)	(546)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2017	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COURT SERVICES FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
REVENUES				
Miscellaneous Revenues:				
Intergovernmental	\$ 279,844	\$ 279,844	\$ 287,814	\$ 7,970
Court Related Service Charge	990,800	990,800	1,085,135	94,335
Fines and Forfeitures	454,000	454,000	507,675	53,675
Interest Earnings	1,144	1,144	1,100	(44)
	<u>1,725,788</u>	<u>1,725,788</u>	<u>1,881,724</u>	<u>155,936</u>
EXPENDITURES				
Court Related:				
Personal Services	1,648,161	1,641,515	1,634,083	7,432
Operating Expenditures	77,627	84,273	71,380	12,893
	<u>1,725,788</u>	<u>1,725,788</u>	<u>1,705,463</u>	<u>20,325</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	176,261	176,261
OTHER FINANCING USES				
Distribution of Excess Fees to State of Florida	-	-	(147,994)	(147,994)
NET CHANGE IN FUND BALANCE	-	-	28,267	28,267
Fund Balance - October 1, 2017	-	-	(28,267)	(28,267)
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 32,567
Investments	76,472
Due from Other Funds	216,095
Total Assets	325,134
LIABILITIES	
Due to BOCC	187
Accrued Compensated Absences Payable	324,947
Total Liabilities	325,134
NET POSITION	
Unrestricted	\$ -

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 427,447
OPERATING EXPENSES	
Compensated Absences Expense	428,434
OPERATING LOSS	(987)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	987
CHANGE IN NET POSITION	-
Net Position - October 1, 2017	-
NET POSITION - SEPTEMBER 30, 2018	\$ -

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Charges for Services	\$ 427,447
Cash Paid to Employees for Services	(447,411)
Net Cash Used by Operating Activities	<u>(19,964)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Repayment of Advance to Other Funds	344,224
Advance to Other Funds	(216,095)
Payment to Other Constitutional Officers	(113)
Net Cash Provided by Noncapital Financing Activities	<u>128,016</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(76,472)
Investment Income	987
Net Cash Used by Investing Activities	<u>(75,485)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,567
Cash and Cash Equivalents - October 1, 2017	<u>-</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	<u><u>\$ 32,567</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (987)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Compensated Absences	(18,977)
Net Cash Used by Operating Activities	<u><u>\$ (19,964)</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,699,755
Due from Others	52
Due from Other Governmental Units	27,406
Total Assets	<u>\$ 1,727,213</u>
LIABILITIES	
Due to Others	\$ 344,481
Due to Other Governmental Units	560,285
Due to Constitutional Officers	96,236
Deposits	726,211
Total Liabilities	<u>\$ 1,727,213</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a noncharter County established on April 3, 1921, under the laws of the state of Florida, Chapter 8513. The Clerk of Courts (Clerk) is one of six constitutional officers elected to serve within the County and receives a significant portion of its revenue from the Board of County Commissioners, Highlands County, Florida. The Clerk's financial statements include only the funds of the Clerk's office. There are no separate legal entities (component units) for which the Clerk is to be financially accountable.

The Clerk is elected every four years to serve as Clerk of the Circuit Court as well as the County Courts. In addition, the Clerk is the ex-officio Clerk to the Board of County Commissioners of Highlands County (Board). As Clerk to the Board, the Clerk is the auditor, recorder, and custodian of all County funds.

The Clerk is a budget officer in that noncourt functions of the Clerk are funded by revenues that are received from the Board in the form of an appropriation. The Clerk is required to submit to the Board excess revenues over expenditures as of September 30 of each year for the noncourt related budget.

Court related fees collected by the Clerk in carrying out his duties are used to fund the court functions of the Clerk of Courts. Excess fees are remitted per Sections 28.36 and 28.37, Florida Statutes.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which allow the Clerk to only present fund financial statements. These financial statements present only the portion of the funds of Highlands County, Florida that are attributable to the Clerk. They are not intended to present fairly the financial position and results of operations of Highlands County, Florida in conformity with accounting principles generally accepted in the United States of America (GAAP).

Fund Accounting

The accounts of the Clerk are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Clerk's various funds is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Clerk of the Courts that are not required either legally or by GAAP to be accounted for in another fund.

Court Fund – The Court Fund is a special revenue fund used to account for the Child Support Enforcement grant activity, which is restricted by the grantor, and bond estreature activity.

Public Records Modernization Trust Fund – The Public Records Modernization Trust Fund is a special revenue fund used to account for the additional service charges on recorded instruments used exclusively for modernizing the official recordkeeping systems in the Clerk's office per Section 28.24(12)(d), Florida Statutes.

Court Related Technology Modernization Trust Fund – The Court Related Technology Modernization Trust Fund is a special revenue fund used to account for the recording fees used exclusively to fund court related technology information needs for the Clerk of Courts per Section 28.24(12)(e), Florida Statutes.

Court Services Fund – The Court Services Fund is a special revenue fund used to account for court-related filing fees, service charges, fines, court costs, appropriations and expenses of the Clerk as mandated by Section 28.35, Florida Statutes.

Nonmajor Governmental Funds

Teen Court Fund – The Teen Court Fund is a special revenue fund used to account for assessment of mandatory court costs for the operation and administration of the Highlands County Court Program per Section 938.19, Florida Statutes.

Proprietary Fund

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Capital Assets

All capital assets purchased, which include equipment and intangible software, are recorded as expenditures in the governmental funds at the time of purchase. The Board holds legal title for the capital assets used in the operation of the Clerk and is accountable for them under Florida Law. The Clerk notifies the Board of capital assets purchased and the original cost is recorded in the capital asset records of Highlands County as a whole. The Clerk may not dispose of any capital assets in his custody. The Clerk is to notify the Board of any unused or obsolete assets and it is the Board's responsibility to dispose of these assets in accordance with the various Florida Statutes.

Measurement Focus

Governmental Funds – Governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported unassigned fund balances (net current assets) are considered a measure of "available, spendable, or appropriable resources." Governmental Funds operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the statement of net position. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available as net current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The accrual basis of accounting is utilized by the fiduciary funds and proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Clerk's office.

The Clerk is required to prepare two budgets. One budget relates to the Clerk's court related functions and is filed with the Clerks of Court Operations Corporation (CCOC). The other budget relates to the requirement of the Clerk as Clerk to the Board and is filed with the Board. Annual appropriated budgets for the General Fund and Court Services Fund are adopted on a basis consistent with GAAP.

Clerk to the Board Budget

1. On or before June 1 of each year, the Clerk submits to the Board a tentative budget for the ensuing fiscal year.
2. Within 15 days after certification of the ad valorem tax roll by the Property Appraiser, the County Budget Officer submits to the Board a proposed county-wide operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
3. By board resolution, a tentative budget is submitted to the public. Public hearings are held to obtain taxpayers' comments.
4. Within 20 days after adoption of the tentative budget, a final budget is submitted for review and adoption at a final public hearing.
5. Prior to, or on, September 30, the County's operating budget is legally enacted through passage of a resolution.
6. The Clerk receives his budgeted revenues from the Board in monthly installments beginning in October.
7. Section 129.07, Florida Statutes, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Clerk acts on all budget changes between departments, this becomes the level of control.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

Clerk to the Board Budget (Continued)

8. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
9. All appropriations lapse at the close of the fiscal year.

Annual appropriated budgets for the General Fund and Court Services Fund are adopted on a basis consistent with GAAP. The Court Fund, Public Records Modernization Trust Fund, Court Related Technology Modernization Trust Fund, and Teen Court Fund are not legally required to have budgets.

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand as well as demand deposits and investments with original maturities of three months or less from the date of acquisition.

Investments

The Clerk invests surplus public funds in accordance with Section 218.415, Florida Statutes. Investments in the current year are held in certificates of deposits.

Compensated Absences

Employees of the Clerk earn paid-time-off in varying amounts. Upon retirement, death, resignation, or separation in good standing employees are eligible to receive payment, at their current rates of pay, up to 100% of accumulated paid-time-off based on years of service. However, employees having less than one year of service will not be paid for any accumulated paid-time-off. Employees of the Clerk are limited to no more than 400 hours of paid time-off carryover at year-end.

In governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Paid-time-off for the Clerk's employees have been fully funded and are recorded as expenditures in the governmental funds.

Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The Clerk is reporting restricted fund balances in the Public Records Modernization Trust Fund, Court Related Technology Modernization Trust Fund, and Teen Court Fund.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Clerk's highest level of decision-making authority.

Assigned Fund Balance – Amounts the Clerk intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Amounts that are available for any purpose; these amounts can be reported only in the Clerk's General Fund. Unassigned fund balance may also include a negative balance for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. The Board adopted a fund balance policy for the county as a whole. The Clerk does not have a separate fund balance policy.

Unexpended Budget Balance Reverting to Board of County Commissioners

Section 218.36(2), Florida Statutes, requires that any excess of revenues over expenditures in the General Fund held by the Clerk at the end of each fiscal year for noncourt functions shall be remitted to the Board. Therefore, the excess of revenues over expenditures in the General Fund and Court Fund at the end of each fiscal year is reflected as unexpended budget balance reverting to the Board on the statement of revenues, expenditures, and changes in fund balance, and the related liability is included in due to constitutional officers.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefit Obligations

In accordance with Section 112.0801, Florida Statutes, the Clerk participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2018, the bank balance of the Clerk's deposits consisted of the following:

Deposits	\$ 1,881,550
Certificates of Deposit	356,875
Total	<u>\$ 2,238,425</u>

The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Clerk's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Clerk's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

The Clerk invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 33.5% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Clerk's investment policy limits the maximum duration of the overall portfolio to one year.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

Credit Risk

Credit risk is the risk that an issuer 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. The Clerk's investment policy limits investments to specified credit ratings for authorized investments. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's.

On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

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

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

A reconciliation to amounts shown on the balance sheet, statement of net position, and statement of fiduciary net position is as follows:

Deposits and Certificates of Deposit	\$ 2,211,080
Petty Cash and Change in Funds	6,900
Florida PRIME	307,595
Total	<u>\$ 2,525,575</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 436,378
Investments	280,403
Statement of Net Position:	
Cash and Cash Equivalents	32,567
Investments	76,472
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	1,699,755
Total Cash, Cash Equivalents, and Investments	<u>\$ 2,525,575</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Clerk earn paid-time-off in varying amounts. In the event of retirement or termination of employment, an employee is paid for a portion of paid-time-off credits unused.

The following shows the change in compensated absences for the fiscal year ended September 30, 2018:

Accrued Compensated Absences - September 30, 2017	\$ 343,924
Leave Earned by Employees	428,434
Payments to Employees	(447,411)
Accrued Compensated Absences - September 30, 2018	<u>\$ 324,947</u>

NOTE 4 PENSION PLANS

Background

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

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

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 PENSION PLANS (CONTINUED)

Benefits Provided

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

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

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

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 PENSION PLANS (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2018, 2017, and 2016 were \$426,056, \$396,956, and \$412,144, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's comprehensive annual financial report.

NOTE 5 RELATED PARTY TRANSACTIONS

Transactions with the Board and the Constitutional Officers of Highlands County, Florida, for the year ended September 30, 2018 were as follows:

Budget Appropriation

The General Fund of the Clerk received payments from the Board in the amount of \$3,829,558 for the year ended September 30, 2018. The amounts payable to the Board at September 30, 2018 for excess fees and other items were \$546.

Court Fund

The Board provides certain indirect costs for Child Support Enforcement Grant activities. The excess of revenues over expenditures is remitted to the Board at fiscal year-end. Those amounts payable to the Board at September 30, 2018 for excess fees were \$151,180.

Various Services

The Board provides various services to the Clerk. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$559,658.

The Clerk provides information technology support, communication and freight services, and other miscellaneous services to the Board. The Clerk received \$810,120 for these services for the fiscal year ended September 30, 2018.

The Clerk provides miscellaneous services to the Sheriff's office. The Clerk received \$18,750 for these services for the fiscal year ended September 30, 2018.

The Clerk provides communication and freight services and other miscellaneous services to the Supervisor of Elections. The Clerk received \$69,082 for these services for the fiscal year ended September 30, 2018.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Various Services (Continued)

The Clerk provides information technology support and miscellaneous services to the Tax Collector. The Clerk received \$39,077 for these services for the fiscal year ended September 30, 2018.

The Clerk provides miscellaneous services to the Property Appraiser's office. The Clerk received \$2,731 for these services for the fiscal year ended September 30, 2018.

NOTE 6 RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The County is liable for deductibles on certain coverage. Transactions related to activities involving PGIT are presented in the statements of Highlands County as a whole.

NOTE 7 CAPITAL ASSETS

The Clerk's capital assets include furniture, equipment, computer equipment, vehicles, and software. The Clerk, pursuant to Florida Statutes, records no capital assets for which the Clerk is custodian. The threshold for capitalizing all capital assets, except software, is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Assets</u>	<u>Years</u>
Operating Machinery and Equipment	4-20
Software - Internally Generated	3-10
Software - Purchased/Leased	3-10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statements of the County.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Clerk is custodian during fiscal year 2018:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Being Depreciated/Amortized:				
Software Conversion in Process	\$ 49,875	\$ 27,783	\$ (49,875)	\$ 27,783
IT Equipment in Development	-	176,697	-	176,697
Total Capital Assets Not Being Depreciated/Amortized	49,875	204,480	(49,875)	204,480
Capital Assets, Being Depreciated/Amortized:				
Equipment	3,006,196	155,397	(681,447)	2,480,146
Computer Software	1,108,162	92,257	-	1,200,419
Total Capital Assets Being Depreciated/Amortized	4,114,358	247,654	(681,447)	3,680,565
Less: Accumulated Depreciation/Amortization:				
Equipment	(2,128,840)	(232,652)	652,675	(1,708,817)
Computer Software	(793,789)	(82,021)	-	(875,810)
Total Accumulated Depreciation/Amortization	(2,922,629)	(314,673)	652,675	(2,584,627)
Total Capital Assets, Being Depreciated/Amortized, Net	1,191,729	(67,019)	(28,772)	1,095,938
Total Capital Assets, Net	<u>\$ 1,241,604</u>	<u>\$ 137,461</u>	<u>\$ (78,647)</u>	<u>\$ 1,300,418</u>

NOTE 8 INTERFUND ACTIVITY

The balance of Interfund receivables and payables were as follows at September 30, 2018:

	Interfund Receivable	Interfund Payable
Due to/from Other Funds		
Major Funds:		
General Fund	\$ -	\$ 216,095
Internal Service Funds:		
Compensated Absences	216,095	-
Total	<u>\$ 216,095</u>	<u>\$ 216,095</u>

Amounts due to and from other funds arise from timing differences as a result of transactions and cash transfers for operating purposes.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
AGENCY FUND DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2018**

The Clerk maintains the following Agency Funds:

Child Support – To account for child support and/or alimony payments collected by the Clerk and remitted to the appropriate recipients.

Suspense – Used by the Clerk to account for documentary stamp fees and recording fees, jury and witness payments and fines, and forfeitures collected through the court system and remitted to other governmental agencies.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2018**

	Agency Funds		Total
	Child Support	Suspense	
ASSETS			
Cash and Cash Equivalents	\$ 3,712	\$ 1,696,043	\$ 1,699,755
Due from Others	-	52	52
Due from Other Governmental Units	-	27,406	27,406
	<u>\$ 3,712</u>	<u>\$ 1,723,501</u>	<u>\$ 1,727,213</u>
LIABILITIES			
Due to Others	\$ 3,311	\$ 341,170	\$ 344,481
Due to Other Governmental Units	401	559,884	560,285
Due to Constitutional Officers	-	96,236	96,236
Deposits	-	726,211	726,211
	<u>\$ 3,712</u>	<u>\$ 1,723,501</u>	<u>\$ 1,727,213</u>
Total Liabilities	<u>\$ 3,712</u>	<u>\$ 1,723,501</u>	<u>\$ 1,727,213</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
CHILD SUPPORT FUND				
ASSETS				
Cash and Cash Equivalents	\$ 9,191	\$ 198,969	\$ 204,448	\$ 3,712
Due from Other Governmental Units	-	2,835	2,835	-
Total Assets	<u>9,191</u>	<u>201,804</u>	<u>207,283</u>	<u>3,712</u>
LIABILITIES				
Due to Others	\$ 8,756	\$ 189,072	\$ 194,517	\$ 3,311
Due to Other Governmental Units	435	19,878	19,912	401
Total Liabilities	<u>\$ 9,191</u>	<u>\$ 208,950</u>	<u>\$ 214,429</u>	<u>\$ 3,712</u>
SUSPENSE				
ASSETS				
Cash and Cash Equivalents	\$ 1,075,518	\$ 13,056,065	\$ 12,435,540	\$ 1,696,043
Due from Other Funds	56,942	-	56,942	-
Due from Others	4	323	275	52
Due from Other Governmental Units	8,559	35,108	16,261	27,406
Total Assets	<u>\$ 1,141,023</u>	<u>\$ 13,091,496</u>	<u>\$ 12,509,018</u>	<u>\$ 1,723,501</u>
LIABILITIES				
Due to Others	\$ 488,055	\$ 888,376	\$ 1,035,261	\$ 341,170
Due to Other Governmental Units	221,124	7,608,975	7,270,215	559,884
Due to Constitutional Officers	56,941	1,214,455	1,175,160	96,236
Deposits	374,903	3,261,494	2,910,186	726,211
Total Liabilities	<u>\$ 1,141,023</u>	<u>\$ 12,973,300</u>	<u>\$ 12,390,822</u>	<u>\$ 1,723,501</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 1,084,709	\$ 13,255,034	\$ 12,639,988	\$ 1,699,755
Due from Other Funds	56,942	-	56,942	-
Due from Others	4	323	275	52
Due from Other Governmental Units	8,559	37,943	19,096	27,406
Total Assets	<u>\$ 1,150,214</u>	<u>\$ 13,293,300</u>	<u>\$ 12,716,301</u>	<u>\$ 1,727,213</u>
LIABILITIES				
Due to Others	\$ 496,811	\$ 1,077,448	\$ 1,229,778	\$ 344,481
Due to Other Governmental Units	221,559	7,628,853	7,290,127	560,285
Due to Constitutional Officers	56,941	1,214,455	1,175,160	96,236
Deposits	374,903	3,261,494	2,910,186	726,211
Total Liabilities	<u>\$ 1,150,214</u>	<u>\$ 13,182,250</u>	<u>\$ 12,605,251</u>	<u>\$ 1,727,213</u>

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

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Clerk of Courts of Highlands County, Florida (the Clerk), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated January 3, 2019.

Internal Control Over Financial Reporting

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

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

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


The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sebring, Florida
January 3, 2019

MANAGEMENT LETTER

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Clerk of Courts of Highlands County, Florida (the Clerk), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 3, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 3, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
January 3, 2019



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Robert W. Germaine, Clerk of Courts
and the Florida Auditor General
Highlands County, Florida

We have examined the Clerk of Courts of Highlands County, Florida's (the Clerk) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds; Section 61.181, Florida Statutes, regarding clerk of the courts alimony and child support payments, and Sections 28.35 and 28.36, Florida Statutes, regarding clerks of court performance standards and budgets, during the year ended September 30, 2018. Management of the Clerk is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds; Section 61.181, Florida Statutes, regarding clerks of the courts alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding clerks of the courts performance standards and budgets during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
January 3, 2019



**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

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

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Property Appraiser of Highlands County, Florida (Property Appraiser), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Property Appraiser as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2019, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

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

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 95,269
Accounts Receivable	727
Prepays	<u>3,667</u>
Total Assets	<u><u>\$ 99,663</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 33,511
Accrued Wages Payable	22,120
Due to Other Governmental Units	885
Due to Board of County Commissioners	<u>43,147</u>
Total Liabilities	99,663
FUND BALANCE	
Nonspendable	3,667
Unassigned	<u>(3,667)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 99,663</u></u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriations from Board of County Commissioners	\$ 2,962,946	\$ 2,962,946	\$ 2,962,946	\$ -
South Florida Water Management District	5,346	5,346	5,346	-
Southwest Florida Water Management District	53,882	53,882	53,882	-
Total Intergovernmental Revenues	<u>3,022,174</u>	<u>3,022,174</u>	<u>3,022,174</u>	<u>-</u>
Miscellaneous Revenues:				
Interest Earnings	-	-	223	223
Other Miscellaneous Revenues	-	-	1,187	1,187
Total Miscellaneous Revenues	<u>-</u>	<u>-</u>	<u>1,410</u>	<u>1,410</u>
Total Revenues	3,022,174	3,022,174	3,023,584	1,410
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	2,192,006	2,248,326	2,248,318	8
Operating Expenditures	830,168	773,848	731,233	42,615
Total Expenditures	<u>3,022,174</u>	<u>3,022,174</u>	<u>2,979,551</u>	<u>42,623</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	44,033	44,033
OTHER FINANCING USES				
Transfer of Excess Fees	-	-	(44,033)	(44,033)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2017	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Internal Service Fund
	Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 480,094
LIABILITIES	
Accrued Compensated Absences Payable	480,094
NET POSITION	
Unrestricted	\$ -

See accompanying Notes to Financial Statements.

PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018

	Internal Service Fund Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 274,658
OPERATING EXPENSES	
Compensated Absences Expense	274,950
OPERATING LOSS	(292)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	292
CHANGE IN NET POSITION	-
Net Position - October 1, 2017	-
NET POSITION - SEPTEMBER 30, 2018	\$ -

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 274,658
Cash Paid to Employees for Services	(235,137)
Net Cash Provided by Operating Activities	<u>39,521</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>292</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,813
Cash and Cash Equivalents - October 1, 2017	<u>440,281</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	<u><u>\$ 480,094</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (292)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	<u>39,813</u>
Net Cash Provided by Operating Activities	<u><u>\$ 39,521</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter county established April 23, 1921 under the laws of Florida 1921, Chapter 8513. The Property Appraiser of Highlands County, Florida (Property Appraiser) is one of six constitutional officers elected to serve within the County and receives a significant portion of its revenue from the Board of County Commissioners (Board), Highlands County, Florida. The Property Appraiser's financial statements include only the funds of the Property Appraiser's office. There are no separate legal entities (component units) for which the Property Appraiser is financially accountable.

The Property Appraiser is elected every four years to serve as the official appraiser of property within the County as it relates to the ad valorem tax rolls. The Property Appraiser is responsible for ensuring that all property is included on the tax rolls, that the fair value of the property is correctly reflected in the rolls and that the proper millage rate has been applied to the recorded property values. In addition, the Property Appraiser is responsible to ensure that all taxable tangible personal property is properly reflected on the tax rolls.

The Property Appraiser is a "fee" officer, in that operating revenues are received based upon the services rendered to the various taxing governmental units within the County. The Property Appraiser receives the majority of his operating revenues from the Board of County Commissioners in the form of an appropriation. The balance of fees in excess of expenditures remaining at September 30 are divided among the various taxing governmental units in the same proportion as that particular unit's payments to the Property Appraiser during the year relates to the total payments from all taxing governmental units.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits, which allows the Property Appraiser to only present fund financial statements. These financial statements present only the portion of the funds of Highlands County, Florida that are attributable to the Property Appraiser. They are not intended to present fairly the financial position and results of operations of Highlands County, Florida in conformity with accounting principles generally accepted in the United States of America.

Fund Accounting

The accounts of the Property Appraiser are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Property Appraiser's various funds is as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources not required to be accounted for in another fund. Intergovernmental revenues and fees are recorded in this fund. Expenditures for general governmental services are paid through this fund.

Proprietary Funds

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

Capital Assets

All capital assets purchased are recorded as expenditures in the General Fund at the time of purchase. The Board holds legal title for the capital assets used in the operation of the Property Appraiser and is accountable for them under Florida Law. The Property Appraiser notifies the Board of capital assets purchased and the original cost is recorded in the capital assets records of Highlands County as a whole. The Property Appraiser may not dispose of any capital assets in his custody. The Property Appraiser is to notify the Board of any unused or obsolete assets and it is the Boards' responsibility to dispose of these assets in accordance with the various Florida Statutes.

Measurement Focus

Governmental Fund – The General Fund is accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported unassigned fund balance (net current assets) is considered a measure of "available, spendable, or appropriable resources." Governmental fund operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the balance sheet. Proprietary Fund operating statements present increases (revenues) and decreases (expenses) in net position.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Property Appraiser's office:

1. On or before June 1 of each year, the Property Appraiser submits an annual budget for the operations of his office to the State of Florida, Department of Revenue (Department). A copy of his budget is also furnished to the Board of County Commissioners. After his budget has been reviewed and approved by the Department, it becomes his operating budget for the ensuing fiscal year.
2. The Property Appraiser's operating budget can only be amended after written approval has been received from the Department.
3. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Department of Revenue approves all transfers between appropriation categories, and this becomes the level of control for budgetary considerations.
4. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
5. Annual appropriated budget for the General Fund is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Property Appraiser considers the following as cash and cash equivalents:

1. Cash on hand, demand deposits; and
2. Deposits in the Local Government Surplus Funds Trust Fund (Florida PRIME) under the management of the State Board of Administration.

Investments

The Property Appraiser invests surplus public funds in accordance with Section 218.415, Florida Statutes.

Compensated Absences

Employees of the Property Appraiser earn annual and sick leave in varying amounts. Upon retirement, death, resignation, or separation in good standing, employees are eligible to receive payment at their current rate of pay 100% of accumulated annual leave.

There is no limit on the amount of sick leave that can be accumulated by employees of the Property Appraiser. The limit of lump-sum reimbursements of sick leave credits is based on years of continuous service. Employees of the Property Appraiser with 10 or more years of continuous service are fully vested for sick leave. Upon termination of employment, these employees are eligible to receive payment for accumulated sick leave up to 500 hours at their current rate of pay.

In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The vested liability for accrued compensated absences has been budgeted for and fully funded by the General Fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Property Appraiser's highest level of decision-making authority.

Assigned Fund Balance – Amounts the Property Appraiser intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Amounts that are available for any purpose; these amounts can be reported only in the Property Appraiser's General Fund.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. The Board adopted a fund balance policy for the County as a whole. The Property Appraiser does not have a separate fund balance policy as any unexpended fund balance is returned to the Board and other taxing units each year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the financial statements. Actual results could differ from estimates.

Other Postemployment Benefit Obligations

In accordance with Section 112.0801, Florida Statutes, the Property Appraiser participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

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

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2018, the bank balance of the Property Appraiser's deposits were \$641,861. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Property Appraiser's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Property Appraiser's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and the Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Property Appraiser has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

The Property Appraiser invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 33.50% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

Credit Risk

Credit risk is the risk that an issuer 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. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's.

On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

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

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

A reconciliation to amounts shown on the balance sheet and statement of net position is as follows:

Demand Deposits	\$ 563,315
Petty Cash and Change Funds	200
Florida PRIME	11,848
Total	<u>\$ 575,363</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 95,269
Statement of Net Position:	
Cash and Cash Equivalents	480,094
Total Cash and Cash Equivalents	<u>\$ 575,363</u>

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

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Property Appraiser earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for vested accumulated unused credits. The cash benefit of compensated absences is determined by multiplying the employee's current wage rate by the number of hours of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2018:

Compensated Absences - September 30, 2017	\$ 440,281
Leave Earned by Employees	274,950
Payments to Employees	<u>(235,137)</u>
Compensated Absences - September 30, 2018	<u>\$ 480,094</u>

NOTE 4 PENSION PLANS

Background

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

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

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided (Continued)

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

FRS Investment Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

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

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

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

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2018, 2017, and 2016 were \$232,684, \$212,127, and \$200,900, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's comprehensive annual financial report.

NOTE 5 RELATED PARTY TRANSACTIONS

Transactions with the Highlands County Board of Commissioners and the Constitutional Officers of Highlands County, Florida, for the year ended September 30, 2018, were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$2,962,946 for the year ended September 30, 2018. Excess fees payable to the Board at September 30, 2018 was \$43,147.

Various Services – The Board of County Commissioners provides various services to the Property Appraiser. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$253,717. Vouchers payable at September 30, 2018 includes \$27,592 due to the Board for various services.

Amounts paid to the Clerk for the fiscal year ended September 30, 2018 for other services were \$2,731.

NOTE 6 RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The County is liable for deductibles on certain coverage. Transactions related to activities related to PGIT are presented in the statements of Highlands County as a whole.

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

NOTE 7 CAPITAL ASSETS

The Property Appraiser's capital assets include furniture, equipment, computer equipment, vehicles, and software. The Property Appraiser, pursuant to Florida Statutes, records no capital assets for which the Property Appraiser is custodian. The threshold for capitalizing all capital assets, except software, is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost. Contributed assets are recorded at estimated acquisition value at the time received. Contributed assets are recorded at estimated fair value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Years
Machinery and Equipment	4 - 20
Software - Internally Generated	3 - 10
Software - Purchased/Leased	3 - 10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statements of the County. The following is a summary of the changes in capital assets for which the Property Appraiser is custodian during fiscal year 2018:

	Beginning Balance	Additions	Deletions	Ending Balances
Capital Assets, Being				
Depreciated/Amortized:				
Equipment	\$ 574,543	\$ -	\$ (15,639)	\$ 558,904
Computer Software	2,791,399	-	-	2,791,399
Total Capital Assets Being				
Depreciated/Amortized	3,365,942	-	(15,639)	3,350,303
Less: Accumulated				
Depreciation/Amortization:				
Equipment	(493,563)	(24,491)	15,639	(502,415)
Computer Software	(2,791,399)	-	-	(2,791,399)
Total Accumulated				
Depreciation/Amortization	(3,284,962)	(24,491)	15,639	(3,293,814)
Total Capital Assets, Net	\$ 80,980	\$ (24,491)	\$ -	\$ 56,489



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

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the Property Appraiser of Highlands County, Florida (Property Appraiser), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements, and have issued our report thereon dated January 8, 2019.

Internal Control Over Financial Reporting

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

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

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

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

MANAGEMENT LETTER

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Property Appraiser of Highlands County, Florida (Property Appraiser), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 8, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 8, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no audit findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

INDEPENDENT ACCOUNTANTS' REPORT

Honorable C. Raymond McIntyre, Property Appraiser
and the Florida Auditor General
Highlands County, Florida

We have examined the Highlands County Property Appraiser, Highlands County, Florida (Property Appraiser)'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2018. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

**SHERIFF
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Sheriff of Highlands County, Florida (Sheriff), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2019 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sebring, Florida
January 10, 2019

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,133,366	\$ 487,955	\$ 2,621,321
Accounts Receivable	6,635	41,339	47,974
Prepaid Items	68,071	-	68,071
	<u>\$ 2,208,072</u>	<u>\$ 529,294</u>	<u>\$ 2,737,366</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Vouchers Payable	\$ 283,765	\$ 15,326	\$ 299,091
Accrued Wages Payable	303,599	251	303,850
Due to Board of County Commissioners	1,620,708	-	1,620,708
Total Liabilities	<u>2,208,072</u>	<u>15,577</u>	<u>2,223,649</u>
FUND BALANCE			
Nonspendable	68,071	-	68,071
Restricted	-	513,717	513,717
Unassigned	(68,071)	-	(68,071)
Total Fund Balance	<u>-</u>	<u>513,717</u>	<u>513,717</u>
Total Liabilities and Fund Balance	<u>\$ 2,208,072</u>	<u>\$ 529,294</u>	<u>\$ 2,737,366</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Intergovernmental:			
Appropriation from Board of County Commissioners	\$ 32,218,920	\$ -	\$ 32,218,920
Miscellaneous Revenues:			
Commissary Sales	-	83,620	83,620
Miscellaneous Revenues	-	371,657	371,657
Total Revenues	<u>32,218,920</u>	<u>455,277</u>	<u>32,674,197</u>
EXPENDITURES			
Court Related:			
Courthouse Security:			
Personal Services	1,027,213	-	1,027,213
Operating Expenditures	4,446	-	4,446
Capital Outlay	2,590	-	2,590
Total Court Related	<u>1,034,249</u>	<u>-</u>	<u>1,034,249</u>
Public Safety:			
Law Enforcement:			
Personal Services	16,673,483	-	16,673,483
Operating Expenditures	2,927,943	20,687	2,948,630
Capital Outlay	358,319	20,000	378,319
Total Law Enforcement	<u>19,959,745</u>	<u>40,687</u>	<u>20,000,432</u>
Corrections and Detention:			
Personal Services	7,854,774	23,138	7,877,912
Operating Expenditures	2,033,085	196,279	2,229,364
Capital Outlay	58,270	-	58,270
Total Corrections and Detention	<u>9,946,129</u>	<u>219,417</u>	<u>10,165,546</u>
Total Expenditures	<u>30,940,123</u>	<u>260,104</u>	<u>31,200,227</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,278,797	195,173	1,473,970
OTHER FINANCING USES			
Unexpended Budget Balance Reverting to Board of County Commissioners	(1,278,797)	-	(1,278,797)
Total Other Financing Uses	<u>(1,278,797)</u>	<u>-</u>	<u>(1,278,797)</u>
NET CHANGE IN FUND BALANCE	-	195,173	195,173
Fund Balance - October 1, 2017	-	318,544	318,544
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ 513,717</u>	<u>\$ 513,717</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	General Fund			Variance - Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 26,999,357	\$ 32,243,920	\$ 32,218,920	\$ (25,000)
EXPENDITURES				
Court Related:				
Courthouse Security:				
Personal Services	1,008,792	1,034,890	1,027,213	7,677
Operating Expenditures	13,987	9,521	4,446	5,075
Capital Outlay	2,764	2,764	2,590	174
Total Court Related	<u>1,025,543</u>	<u>1,047,175</u>	<u>1,034,249</u>	<u>12,926</u>
Public Safety:				
Law Enforcement:				
Personal Services	14,435,270	17,125,632	16,673,483	452,149
Operating Expenditures	2,530,725	3,204,254	2,927,943	276,311
Capital Outlay	142,349	385,989	358,319	27,670
Total Law Enforcement	<u>17,108,344</u>	<u>20,715,875</u>	<u>19,959,745</u>	<u>756,130</u>
Corrections and Detention:				
Personal Services	8,252,832	8,111,011	7,854,774	256,237
Operating Expenditures	612,638	2,311,589	2,033,085	278,504
Capital Outlay	-	58,270	58,270	-
Total Corrections and Detention	<u>8,865,470</u>	<u>10,480,870</u>	<u>9,946,129</u>	<u>534,741</u>
Total Expenditures	<u>26,999,357</u>	<u>32,243,920</u>	<u>30,940,123</u>	<u>1,303,797</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,278,797	1,278,797
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(1,278,797)	(1,278,797)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,278,797)</u>	<u>(1,278,797)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2017	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018**

	<u>Internal Service Fund</u> <u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,575,065
LIABILITIES	
Accrued Compensated Absences Payable	<u>2,575,065</u>
NET POSITION	
Unrestricted	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 2,359,988
Total Revenues	2,359,988
OPERATING EXPENSES	
Compensated Absences Expense	2,404,541
OPERATING LOSS	(44,553)
NONOPERATING REVENUES	
Investment Earnings	44,553
CHANGE IN NET POSITION	-
Net Position - October 1, 2017	-
NET POSITION - SEPTEMBER 30, 2018	\$ -

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 2,359,988
Cash Paid to Employees for Services	(2,125,667)
Net Cash Provided by Operating Activities	234,321
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	44,553
NET INCREASE IN CASH AND CASH EQUIVALENTS	278,874
Cash and Cash Equivalents - October 1, 2017	2,296,191
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	\$ 2,575,065
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (44,553)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Compensated Absences	278,874
Net Cash Provided by Operating Activities	\$ 234,321

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 35,000
Due from Other Governmental Units	542
Due from Others	<u>2,533</u>
Total Assets	<u><u>\$ 38,075</u></u>
 LIABILITIES	
Due to Others	\$ 8,640
Due to Other Governmental Units	<u>29,435</u>
Total Liabilities	<u><u>\$ 38,075</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a noncharter County established April 23, 1921 under the laws of Florida 1921, Chapter 8513. The Sheriff of Highlands County, Florida (Sheriff) is one of six constitutional officers elected to serve within the County and receives a significant portion of his revenue from the Board of County Commissioners, Highlands County, Florida. The Sheriff's financial statements include only the funds of the Sheriff's office. There are no separate legal entities (component units) for which the Sheriff is financially accountable.

The Sheriff is elected every four years to serve as the Keeper of the Peace for Highlands County.

The Sheriff is a "budget" officer in that all of the Sheriff's operating revenues are received from the Board of County Commissioners (Board) in the form of an appropriation. Any fees collected by the office in carrying out duties as Sheriff, with the exception of reimbursements for extra duty pay or reimbursements for overtime incurred while assisting other federal and state agencies, are remitted to the Board at the end of each month. The Sheriff is also required to submit back to the Board any excess revenues over expenditures as of September 30 of each year.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which allows the Sheriff to present only fund financial statements. These financial statements present only the portion of the funds of Highlands County, Florida that are attributable to the Sheriff. They are not intended to present fairly the financial position and results of operations of Highlands County, Florida in conformity with accounting principles generally accepted in the United States of America.

Fund Accounting

The accounts of the Sheriff are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Sheriff's various funds is as follows:

Major Governmental Fund

General Fund – The General Fund is the general operating fund of the Sheriff. The majority of the Sheriff's day-to-day operations are accounted for in this fund. It is used to account for all financial resources not required to be accounted for in another fund. Appropriations received from the Board are recorded in this fund. Expenditures for general government services are paid through this fund.

Nonmajor Governmental Funds

Community Donations Fund – The Community Donations Fund is a special revenue fund used to account for public donations received by the Sheriff's office.

Inmate Welfare Fund – The Inmate Welfare Fund is a special revenue fund used to account for the profits earned from telephone services and commissary services operated within the County jail. Profits are earned from sales of products such as candy and toothpaste to the inmates. Profits from these sales can only be spent for the benefit of the inmates.

Proprietary Fund

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Capital Assets

All capital assets purchased are recorded as expenditures in the governmental funds at the time of purchase. Capital assets used by the Sheriff are capitalized in the basic financial statements of the County rather than in the governmental funds of the Sheriff. Capital assets are valued at historical cost or estimated historical cost if actual is not available. Donated capital assets are recorded at acquisition value at the date of donation. The Sheriff maintains custodial responsibility for the capital assets used by his office.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

Governmental Funds – The governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported unassigned fund balances (net current assets) are considered a measure of “available, spendable, or appropriable resources.” Governmental fund operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the statement of net position. Proprietary Fund operating statements present increases (revenues) and decreases (expenses) in net position.

Basis of Accounting

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The accrual basis of accounting is utilized by the fiduciary fund and proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Sheriff’s office:

1. On or before June 1 of each year, the Sheriff submits to the Board a tentative budget for the ensuing fiscal year.
2. Within 15 days after certification of the ad valorem tax roll by the Property Appraiser, the County Budget Officer submits to the Board a proposed county-wide operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

3. By Board resolution, a tentative budget is submitted to the public. Public hearings are held to obtain taxpayers' comments.
4. Within 20 days after adoption of the tentative budget, a final budget is submitted for review and adoption at a final public hearing.
5. Prior to, or on, September 30, the County's operating budget is legally enacted through passage of a resolution.
6. If the Board adopts a budget that includes amendments, modifications, increases, or reductions to the Sheriff's proposed budget, they must provide the Sheriff written notice of the changes.
7. The Sheriff receives budgeted revenues from the Board in installments. One twelfth of the budget is received in all months except January and September. One sixth of the budget is received in January, and no appropriation is received in September.
8. Section 129.07, Florida Statutes, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Sheriff acts on all budget changes between departments, this becomes the level of control.
9. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
10. Annual appropriated budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
11. All appropriations lapse at the close of the fiscal year.

Cash and Cash Equivalents

The Sheriff considers the following as cash and cash equivalents:

1. Cash on hand, demand deposits; and
2. Deposits in the Local Government Surplus Funds Trust Fund (Florida PRIME) under the management of the State Board of Administration.

Investments

The Sheriff invests surplus public funds in accordance with Section 218.415, Florida Statutes.

Prepaid Items

Prepaid insurance and similar items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Sheriff earn annual and sick leave in varying amounts. Upon retirement, death, resignation or separation in good standing, employees are eligible to receive payment for accumulated annual and sick leave. Annual leave will be paid out 100% at the current rate of pay. There is no limit on the amount of sick leave that can be accumulated by an employee. Sick leave will be paid out at varying rates based on years of service and minimum balances, and payout is capped at 2,080 hours.

In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Annual and sick leave credits for the Sheriff's Office employees have been fully funded and are recorded as an expenditure in the Internal Service Fund. No liability has been recorded for the nonvesting accumulating rights to receive sick leave pay benefits.

Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The Sheriff is reporting restricted fund balances in the Inmate Welfare fund and Community Donations fund.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority.

Assigned Fund Balance – Amounts the Sheriff intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Amounts that are available for any purpose; these amounts can be reported only in the Sheriff's General Fund. Unassigned fund balance may also include a negative balance for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. The Board adopted a fund balance policy for the county as a whole. The Sheriff does not have a separate fund balance policy.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unexpended Budget Balance Reverting to Board of County Commissioners

Chapter 218, Florida Statutes, requires that any excess of revenues over expenditures in the General Fund held by the Sheriff at the end of each fiscal year shall be remitted to the Board. Therefore, the excess of revenues over expenditures in the General Fund at the end of each fiscal year is reflected as unexpended budget balance reverting to the Board on the statement of revenues, expenditures and changes in fund balance, and the related liability is included in due to the Board.

Use of Estimates

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

Other Postemployment Benefit Obligations

In accordance with Section 112.0801, Florida Statutes, the Sheriff participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, are reported in the financial statements of the County.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2018, the bank balance of the Sheriff's deposits were \$3,637,077. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Sheriff's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Sheriff's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Sheriff has no policy on custodial credit risk.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

The Sheriff invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 33.5% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sheriff has no policy on interest rate risk.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer 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. The Sheriff's investment policy limits investments to specified credit ratings for authorized investments. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's.

On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

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

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A reconciliation to amounts shown on the balance sheet, statement of net position, and statement of fiduciary net position is as follows:

Demand Deposits	\$ 2,861,758
Petty Cash and Change Fund	1,699
Florida PRIME	2,367,929
Total	<u>\$ 5,231,386</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 2,621,321
Statement of Net Position:	
Cash and Cash Equivalents	2,575,065
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	35,000
Total Cash and Cash Equivalents	<u>\$ 5,231,386</u>

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Sheriff earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated leave credits unused. Employees may be paid for accumulated sick leave benefits at varying amounts based on years of service. The cash benefit of these compensated absences is determined by multiplying the employee's current wage rate by the number of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2018:

Compensated Absences - September 30, 2017	\$ 2,296,191
Leave Earned by Employees	2,404,541
Payments to Employees	<u>(2,125,667)</u>
Compensated Absences - September 30, 2018	<u>\$ 2,575,065</u>

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

NOTE 4 PENSION PLANS

Background

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

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

Florida Retirement System Pension Plan

Plan Description

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

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

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Sheriff's contributions made to the plans during the years ended September 30, 2018, 2017, and 2016 were \$3,487,762, \$3,211,203, and \$2,962,497, respectively, equal to the actuarially determined contribution requirements for each year.

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

NOTE 4 PENSION PLANS (CONTINUED)

Contributions (Continued)

Additional information about pension plans can be found in the County's comprehensive annual financial report.

NOTE 5 DEFINED CONTRIBUTION PLAN

401(a) Discretionary Contribution Plan

The Sheriff maintains a defined contribution retirement plan for governmental entities, the Highlands County Sheriff's Office 401(a) Discretionary Contribution Plan. The Sheriff is the Plan Administrator. The Plan was organized pursuant to Internal Revenue Code Section 401(a) by declaration of the Sheriff.

Employees working in the telecommunications and nursing areas are generally eligible to participate in the Plan. The Sheriff determines the contribution rate. The contribution rate for the year ended September 30, 2018 was 3%. There were no employee contributions to the plan. Contributions to the Plan for fiscal years ended September 30, 2018, 2017, and 2016 were \$33,287, \$37,083, and \$32,819, respectively.

NOTE 6 RELATED-PARTY TRANSACTIONS

Transactions with the Highlands County Board of Commissioners and the Constitutional Officers of Highlands County, Florida for the year ended September 30, 2018 were as follows:

Budget Appropriation

The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$32,218,920 for the year ended September 30, 2018. Amounts payable to the Board at September 30, 2018 for excess fees was \$1,278,797.

Various Goods and Services

The Board of County Commissioners provides various goods, services, and employee benefits to the Sheriff. The charges for these goods, services, and employee benefits for the fiscal year ended September 30, 2018 amounted to \$2,745,056. Additionally, the Sheriff received payment from the City of Avon Park of \$75,000, a FEMA grant reimbursement of \$255,021, and other miscellaneous revenue of \$11,890, all of which were payable to the Board of County Commissioners at September 30, 2018.

The Clerk of the Circuit Court provides the Sheriff various software maintenance and licensing services. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$18,750.

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

NOTE 7 RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sheriff is a member of the Florida Sheriffs Risk Management Fund and participates in the following programs: Florida Sheriffs' Self-Insurance Program, Florida Sheriffs' Workers' Compensation Self Insurance Program, and the Sheriffs' Automobile Risk Program, governmental insurance carriers. These agencies administer insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The Sheriff is liable for deductibles on certain coverage.

NOTE 8 CAPITAL ASSETS

The Sheriff's capital assets include furniture, equipment, computer equipment, vehicles, and software. The threshold for capitalizing all capital assets, except software, is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	3 - 40
Machinery and Equipment	4 - 20
Software - Internally Generated	3 - 10
Software - Purchased/Leased	3 - 10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statement of the County.

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

NOTE 8 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Sheriff is custodian during fiscal year 2018:

	Beginning Balance	Additions	Deletions	Ending Balances
Capital Assets, Being Depreciated/Amortized:				
Equipment	\$ 10,262,131	\$ 979,255	\$ (174,766)	\$ 11,066,620
Computer Software	195,730	-	-	195,730
Total Capital Assets Being Depreciated/Amortized	10,457,861	979,255	(174,766)	11,262,350
Less: Accumulated Depreciation/ Amortization:				
Equipment	(6,969,441)	(1,138,516)	144,897	(7,963,060)
Computer Software	(195,730)	-	-	(195,730)
Total Accumulated Depreciation/Amortization	(7,165,171)	(1,138,516)	144,897	(8,158,790)
Total Capital Assets, Net	<u>\$ 3,292,690</u>	<u>\$ (159,261)</u>	<u>\$ (29,869)</u>	<u>\$ 3,103,560</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Sheriff administers grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expenditure amounts. These amounts, if any, constitute a contingent liability of the Sheriff. Accordingly, such liabilities are not reflected within the financial statements. Management does not believe the effects of contingent liabilities, if any, will be material to the financial statements.

The Sheriff is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of legal counsel for the Sheriff, the resolution of these matters will not have a materially adverse effect on the financial condition of the Sheriff.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

ASSETS	Community Donation Fund	Inmate Welfare Fund	Total Nonmajor Governmental Funds
Cash and Cash Equivalents	\$ 138,669	\$ 349,286	\$ 487,955
Accounts Receivable	-	41,339	41,339
Total Assets	\$ 138,669	\$ 390,625	\$ 529,294
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Vouchers Payable	\$ -	\$ 15,326	\$ 15,326
Accrued Wages Payable	-	251	251
Total Liabilities	-	15,577	15,577
FUND BALANCE			
Restricted	138,669	375,048	513,717
Total Fund Balance	138,669	375,048	513,717
Total Liabilities and Fund Balance	\$ 138,669	\$ 390,625	\$ 529,294

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Community Donation Fund</u>	<u>Inmate Welfare Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Miscellaneous Revenues:			
Commissary Sales	\$ -	\$ 83,620	\$ 83,620
Miscellaneous Revenues	137,376	234,281	371,657
Total Revenues	<u>137,376</u>	<u>317,901</u>	<u>455,277</u>
EXPENDITURES			
Public Safety:			
Law Enforcement:			
Operating Expenditures	20,687	-	20,687
Capital Outlay	20,000	-	20,000
Total Law Enforcement	<u>40,687</u>	<u>-</u>	<u>40,687</u>
Corrections and Detention:			
Personal Services	-	23,138	23,138
Operating Expenditures	-	196,279	196,279
Total Corrections and Detention	<u>-</u>	<u>219,417</u>	<u>219,417</u>
Total Expenditures	<u>40,687</u>	<u>219,417</u>	<u>260,104</u>
EXCESS OF REVENUES OVER EXPENDITURES	96,689	98,484	195,173
Fund Balance - October 1, 2017	<u>41,980</u>	<u>276,564</u>	<u>318,544</u>
FUND BALANCE - SEPTEMBER 30, 2018	<u><u>\$ 138,669</u></u>	<u><u>\$ 375,048</u></u>	<u><u>\$ 513,717</u></u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
AGENCY FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2018**

These funds are used to account for assets held by the Sheriff as an agent for individuals, other governmental units and/or other funds.

Agency Funds:

Inmates – To account for monies collected from inmates who have money in their possession at the time of their arrest and/or monies deposited on their behalf while incarcerated.

Cash Bond – To account for cash appearance bonds collected by the Sheriff on behalf of the Clerk of Courts. These funds are disbursed to the Clerk of Courts weekly.

Unclaimed Evidence – To account for monies seized by law enforcement. These funds are maintained until final determination by Florida Statute or the court.

Individual Depositors – To account for fees charged to serve civil process. Fees are collected and held until service is complete and then remitted to other entities or individuals.

Suspense – To account for fees and court ordered payments collected for various agencies. These funds are remitted to the County or other governmental agencies.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2018**

	<u>Inmates</u>	<u>Cash Bond</u>	<u>Unclaimed Evidence</u>	<u>Individual Depositors</u>	<u>Suspense</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 11,842	\$ -	\$ 1,296	\$ 1,680	\$ 20,182	\$ 35,000
Due from Other Governmental Units	-	-	-	-	542	542
Due from Others	2,533	-	-	-	-	2,533
Total Assets	<u>\$ 14,375</u>	<u>\$ -</u>	<u>\$ 1,296</u>	<u>\$ 1,680</u>	<u>\$ 20,724</u>	<u>\$ 38,075</u>
LIABILITIES						
Due to Others	\$ 5,664	\$ -	\$ 1,296	\$ 1,680	\$ -	\$ 8,640
Due to Other Governmental Units	8,711	-	-	-	20,724	29,435
Total Liabilities	<u>\$ 14,375</u>	<u>\$ -</u>	<u>\$ 1,296</u>	<u>\$ 1,680</u>	<u>\$ 20,724</u>	<u>\$ 38,075</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
INMATES				
ASSETS				
Cash and Cash Equivalents	\$ 9,732	\$ 489,685	\$ 487,575	\$ 11,842
Due from Others	1,690	185,542	184,699	2,533
Total Assets	<u>\$ 11,422</u>	<u>\$ 675,227</u>	<u>\$ 672,274</u>	<u>\$ 14,375</u>
LIABILITIES				
Due to Others	\$ 4,755	\$ 649,187	\$ 648,278	\$ 5,664
Due to Other Governmental Units	6,667	1,758,601	1,756,557	8,711
Total Liabilities	<u>\$ 11,422</u>	<u>\$ 2,407,788</u>	<u>\$ 2,404,835</u>	<u>\$ 14,375</u>
CASH BOND				
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 272,697</u>	<u>\$ 272,697</u>	<u>\$ -</u>
LIABILITIES				
Deposits	<u>\$ -</u>	<u>\$ 213,656</u>	<u>\$ 213,656</u>	<u>\$ -</u>
UNCLAIMED EVIDENCE				
ASSETS				
Cash and Cash Equivalents	<u>\$ 579</u>	<u>\$ 46,762</u>	<u>\$ 46,045</u>	<u>\$ 1,296</u>
LIABILITIES				
Due to Others	<u>\$ 579</u>	<u>\$ 46,589</u>	<u>\$ 45,872</u>	<u>\$ 1,296</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 24,500	\$ 22,820	\$ 1,680
LIABILITIES				
Due to Others	\$ -	\$ 24,520	\$ 22,840	\$ 1,680
SUSPENSE				
ASSETS				
Cash and Cash Equivalents	\$ 19,405	\$ 295,988	\$ 295,211	\$ 20,182
Due from Other Governmental Units	328	2,248	2,034	542
Total Assets	<u>\$ 19,733</u>	<u>\$ 298,236</u>	<u>\$ 297,245</u>	<u>\$ 20,724</u>
LIABILITIES				
Due to Other Governmental Units	<u>\$ 19,733</u>	<u>\$ 267,033</u>	<u>\$ 266,042</u>	<u>\$ 20,724</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 29,716	\$ 1,129,632	\$ 1,124,348	\$ 35,000
Due from Other Governmental Units	328	2,248	2,034	542
Due from Others	1,690	185,542	184,699	2,533
Total Assets	<u>\$ 31,734</u>	<u>\$ 1,317,422</u>	<u>\$ 1,311,081</u>	<u>\$ 38,075</u>
LIABILITIES				
Due to Others	\$ 5,334	\$ 720,296	\$ 716,990	\$ 8,640
Due to Other Governmental Units	26,400	2,025,634	2,022,599	29,435
Deposits	-	213,656	213,656	-
Total Liabilities	<u>\$ 31,734</u>	<u>\$ 2,959,586</u>	<u>\$ 2,953,245</u>	<u>\$ 38,075</u>



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

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

We have audited, 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, the financial statements of the major fund and the aggregate remaining fund information of the Sheriff of Highlands County, Florida (Sheriff), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated January 10, 2019.

Internal Control Over Financial Reporting

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

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

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

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Sebring, Florida
January 10, 2019

MANAGEMENT LETTER

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sheriff of Highlands County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 10, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 10, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
January 10, 2019



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Paul Blackman, Sheriff
and the Florida Auditor General
Highlands County, Florida

We have examined the Sheriff of Highlands County, Florida's (Sheriff) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2018. Management of the Sheriff is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
January 10, 2019

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Supervisor of Elections of Highlands County, Florida (Supervisor of Elections), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Supervisor of Elections as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the State of Florida Auditor General. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2019, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

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

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 237,946
Accounts Receivable	1
Due from Other Governments	16
Prepaid Items	2,120
Total Assets	\$ 240,083
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 59,166
Due to Other Constitutional Officers	170,695
Accrued Wages	10,222
Total Liabilities	240,083
FUND BALANCE	
Nonspendable	2,120
Unassigned	(2,120)
Total Fund Balance	-
Total Liabilities and Fund Balance	\$ 240,083

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 863,325	\$ 871,261	\$ 864,761	\$ (6,500)
Intergovernmental	-	141,518	141,518	-
Total Revenues	<u>863,325</u>	<u>1,012,779</u>	<u>1,006,279</u>	<u>(6,500)</u>
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	617,686	613,686	587,764	25,922
Operating Expenditures	245,639	349,502	213,653	135,849
Capital Outlay	-	49,591	34,273	15,318
Total Expenditures	<u>863,325</u>	<u>1,012,779</u>	<u>835,690</u>	<u>177,089</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	170,589	170,589
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	<u>(170,589)</u>	<u>(170,589)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
 HIGHLANDS COUNTY, FLORIDA
 STATEMENT OF NET POSITION – PROPRIETARY FUND
 SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 37,213
LIABILITIES	
Accrued Compensated Absences Payable	36,857
Due to Other Constitutional Officers	356
Total Liabilities	37,213
NET POSITION	
Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 25,377
OPERATING EXPENSES	
Compensated Absences Expense	25,377
CHANGE IN NET POSITION	-
Net Position - October 1, 2017	-
NET POSITION - SEPTEMBER 30, 2018	\$ -

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 25,377
Cash Paid to Employees for Services	(19,508)
Net Cash Provided by Operating Activities	5,869
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES	
Transfer to Other Constitutional Officers	(206)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of Interest	356
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,019
Cash and Cash Equivalents - October 1, 2017	31,194
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	\$ 37,213
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	5,869
Net Cash Provided by Operating Activities	\$ 5,869

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter County established on April 23, 1921 under the laws of the State of Florida 1921, Chapter 8513. The Supervisor of Elections of Highlands County, Florida (Supervisor of Elections) is one of six constitutional officers elected to serve within the County and receives a significant portion of its revenue from the Board of County Commissioners, Highlands County, Florida. The Supervisor of Elections' financial statements include only the funds of the Supervisor of Elections' office. There are no separate legal entities (component units) for which the Supervisor of Elections is financially accountable.

The Supervisor of Elections is elected every four years to serve as the official responsible for registering eligible voters within the County, conducting elections within the County, receiving qualifying fees for public office, and tabulating results of votes cast during elections.

The Supervisor of Elections is a "budget" officer in that all of the Supervisor of Elections' operating revenues are received from the Board of County Commissioners (Board) in the form of an appropriation. Any fees collected by the Supervisor of Elections in carrying out her duties are remitted to the Board at the end of each month. The Supervisor of Elections is also required to submit back to the Board any excess revenues over expenditures as of September 30 of each year.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits, which allows the Supervisor of Elections to only present fund financial statements. These financial statements present only the portion of the funds of Highlands County, Florida that are attributable to the Supervisor of Elections. They are not intended to present fairly the financial position and results of operations of Highlands County, Florida in conformity with accounting principles generally accepted in the United States of America (GAAP).

Fund Accounting

The accounts of the Supervisor of Elections are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the Supervisor of Elections' various funds are as follows:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental Funds

General Fund – The General Fund is the general operating fund of the Supervisor of Elections. The majority of the Supervisor of Elections' day-to-day operations are accounted for in this fund. It is used to account for all financial resources not required to be accounted for in another fund. Appropriations received from the Board are recorded in this fund. Expenditures for general governmental services are paid for through this fund.

Proprietary Funds

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

Capital Assets

All Capital Assets purchased, which include equipment and intangible software, are recorded as expenditures in the General Fund at the time of purchase. The Board holds legal title for the capital assets used in the operations of the Supervisor of Elections and is accountable for them under Florida Law. The Supervisor of Elections notifies the Board of capital assets purchased and the original cost is recorded in the capital asset records of Highlands County as a whole. The Supervisor of Elections may not dispose of any capital assets in her custody. The Supervisor of Elections is to notify the Board of any unused or obsolete assets and it is the Board's responsibility to dispose of these assets in accordance with the various Florida Statutes.

Measurement Focus

Governmental Fund – The General Fund is accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported unassigned fund balance (net current assets) is considered a measure of "available, spendable, or appropriable resources". Governmental fund operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund — The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Supervisor of Elections' office:

1. On or before June 1 of each year, the Supervisor of Elections shall submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year.
2. Within 15 days after certification of the ad valorem tax roll by the Property Appraiser, the County Budget Officer submits to the Board a proposed County-wide operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
3. By Board resolution, a tentative budget is submitted to the public. Public hearings are held to obtain taxpayers' comments.
4. Within 20 days after adoption of the tentative budget, a final budget is submitted for review and adoption at a final public hearing.
5. Prior to, or on, September 30, the County's operating budget is legally enacted through passage of a resolution.
6. The Supervisor of Elections receives her budgeted revenues from the Board in monthly installments beginning in October.
7. Section 129.07, Florida Statutes, provides that only expenditures in excess of total fund budgets are unlawful. The Supervisor of Elections' annual budget is monitored at varying levels of classification detail.
8. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
9. Annual appropriated budgets for the General Fund are legally adopted on a basis consistent with GAAP.
10. All appropriations lapse at the close of the fiscal year.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Supervisor of Elections considers the following as cash and cash equivalents:

1. Cash on hand, demand deposits; and
2. Deposits in the Local Government Surplus Funds Trust Fund (Florida PRIME) under the management of the State Board of Administration.

Investments

The Supervisor of Elections invests surplus public funds in accordance with Section 218.415, Florida Statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Compensated Absences

Employees of the Supervisor of Elections earn annual and sick leave in varying amounts. Upon retirement, death, resignation, or separation in good standing, employees are eligible to receive 100% of accumulated annual leave, up to 240 hours, at their current rates of pay.

There is no limit on the amount of sick leave that can be accumulated by employees of the Supervisor of Elections. Upon separation of service, up to 1,040 hours of sick leave will be paid out at varying rates based on years of continuous service, at the current rate of pay.

In governmental funds, only the amounts that normally would be liquidated with expendable available resources are accrued as current year expenditures. Annual and the vested sick leave credits for the Supervisor of Elections have been fully funded and are recorded as expenditures in the General Fund.

Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Supervisor of Elections' highest level of decision-making authority.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned Fund Balance – Amounts the Supervisor of Elections intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Amounts that are available for any purpose; these amounts can be reported only in the Supervisor of Elections' General Fund.

When both restricted and unrestricted resources are available for use, it is the Supervisor of Elections' policy to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted assets are available. The Board of County Commissioners adopted a fund balance policy for the County as a whole. The Supervisor of Elections does not have a separate fund balance policy as any unexpended fund balance is returned to the Board of County Commissioners each year.

Unexpended Budget Balance Reverting to Board of County Commissioners

Section 218.36(2), Florida Statutes, requires that any excess of revenues over expenditures in the General Fund held by the Supervisor of Elections at the end of each fiscal year shall be remitted to the Board of County Commissioners. Therefore, the excess of revenues over expenditures in the General Fund at the end of each fiscal year is reflected as unexpended budget balance reverting to Board of County Commissioners on the statement of revenues, expenditures and changes in fund balance, and the related liability is included in due to constitutional officers.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the financial statements. Actual results could differ from estimates.

Other Postemployment Benefit Obligations

In accordance with Section 112.0801, Florida Statutes, the Supervisor of Elections participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

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

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2018, the bank balance of the Supervisor of Elections' deposits were \$266,785. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Supervisor of Elections' monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Supervisor of Elections' total deposits are insured by the Federal Depository Insurance Corporation (FDIC) and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Supervisor of Elections has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

The Supervisor of Elections invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 33.5% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted-average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

Credit Risk

Credit risk is the risk that an issuer 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. The Supervisor of Elections' investment policy limits investments to specified credit ratings for authorized investments. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's.

On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

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

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

A reconciliation to amounts shown on the balance sheet and statement of net position is as follows:

Demand Deposits	\$ 256,475
Petty Cash and Change Funds	150
Florida PRIME	18,534
Total	<u>\$ 275,159</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 237,946
Statement of Net Position:	
Cash and Cash Equivalents	37,213
Total Cash and Cash Equivalents	<u>\$ 275,159</u>

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Supervisor of Elections earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated unused credits. The cash benefit of compensated absences is determined by multiplying the employee's current wage rate by the number of hours of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2018:

Compensated Absences - September 30, 2017	\$ 30,988
Leave Earned by Employees	25,377
Payments to Employees	(19,508)
Compensated Absences - September 30, 2018	<u>\$ 36,857</u>

The Supervisor of Elections is obligated to make available to retired employees the option to maintain coverage with the County group health insurance plan. The Supervisor of Elections incurs no cost for this as the retired employee makes monthly payments to the County for this insurance.

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

NOTE 4 PENSION PLANS

Background

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

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

Florida Retirement System Pension Plan

Plan Description

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

FRS Investment Plan

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options.

Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Supervisor of Election's contributions made to the plans during the years ended September 30, 2018, 2017, and 2016 were \$80,817, \$71,611, and \$61,245, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's comprehensive annual financial report.

NOTE 5 RELATED PARTY TRANSACTIONS

Transactions with the Highlands County Board of Commissioners and the Constitutional Officers of Highlands County, Florida, for the fiscal year ended September 30, 2018 were as follows:

Budget Appropriation

The General Fund of the Supervisor of Elections received appropriations from the Board of County Commissioners in the amount of \$864,761 for the fiscal year ended September 30, 2018. Excess fees and other amounts payable to the Board at September 30, 2018 were \$170,695.

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

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Various Services

The Board of County Commissioners provides various services to the Supervisor of Elections. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$53,664.

The Clerk of Courts provides various services to the Supervisor of Elections. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$69,082.

NOTE 6 RISK MANAGEMENT

The Supervisor of Elections is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The County is liable for deductibles on certain coverage. Transactions related to activities involving PGIT are presented in the statements of Highlands County as a whole.

NOTE 7 CAPITAL ASSETS

The Supervisor of Elections' capital assets include furniture, equipment, voter equipment, computer equipment, vehicles, and software. The Supervisor of Elections, pursuant to Florida Statutes, records no capital assets for which the Supervisor of Elections is custodian. The threshold for capitalizing all capital assets, except software, is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Years
Machinery and Equipment	4 to 20
Software - Internally Generated	3 to 10
Software - Purchased/Leased	3 to 10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statements of the County.

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

NOTE 7 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Supervisor of Elections is custodian during fiscal year 2018:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets, Being Depreciated/ Amortized:				
Equipment	\$ 563,567	\$ 31,491	\$ (19,810)	\$ 575,248
Computer Software	31,914	-	-	31,914
Total Capital Assets, Being Depreciated/Amortized	595,481	31,491	(19,810)	607,162
Less: Accumulated Depreciation/ Amortization:				
Equipment	(153,885)	(54,502)	19,810	(188,577)
Computer Software	(31,914)	-	-	(31,914)
Total Accumulated Depreciation/Amortization	(185,799)	(54,502)	19,810	(220,491)
Total Capital Assets, Net	<u>\$ 409,682</u>	<u>\$ (23,011)</u>	<u>\$ -</u>	<u>\$ 386,671</u>



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

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the Supervisor of Elections of Highlands County, Florida (Supervisor of Elections), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements, and have issued our report thereon dated January 8, 2019.

Internal Control Over Financing Reporting

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

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

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

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

MANAGEMENT LETTER

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Supervisor of Elections of Highlands County, Florida (Supervisor of Elections), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 8, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 8, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

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

The Honorable Penny Ogg
Supervisor of Elections
Highlands County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Penny Ogg, Supervisor of Elections
and the Florida Auditor General
Highlands County, Florida

We have examined the Supervisor of Elections' compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
January 8, 2019

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2018

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

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INDEPENDENT AUDITORS' REPORT

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Highlands County, Florida (Tax Collector), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's basic financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2019

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

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 505,994
Accounts Receivable, Net	12,045
Inventory	3,199
Prepaid Items	41,362
Total Assets	\$ 562,600
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 39,693
Due to Other Governmental Units	14,369
Due to Board of County Commissioners	422,280
Due to Others	6,181
Accrued Wages Payable	36,964
Unearned Revenue	43,113
Total Liabilities	562,600
FUND BALANCE	
Nonspendable	44,561
Unassigned	(44,561)
Total Fund Balance	-
Total Liabilities and Fund Balance	\$ 562,600

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
REVENUES				
Charges for Services:				
Commissions from:				
Board of County Commissioners	\$ 1,720,874	\$ 1,720,874	\$ 1,726,547	\$ 5,673
South Florida Water Management District	15,568	15,568	15,304	(264)
Southwest Florida Water Management District	36,036	36,036	35,856	(180)
Other Taxing Districts	122,318	122,318	122,960	642
Other Fees	1,140,960	1,140,960	1,312,208	171,248
Total Charges for Services	<u>3,035,756</u>	<u>3,035,756</u>	<u>3,212,875</u>	<u>177,119</u>
Miscellaneous Revenues:				
Interest Earnings	7,000	7,000	15,507	8,507
Other Miscellaneous Revenues	42,060	42,060	38,380	(3,680)
Total Miscellaneous Revenues	<u>49,060</u>	<u>49,060</u>	<u>53,887</u>	<u>4,827</u>
Total Revenues	3,084,816	3,084,816	3,266,762	181,946
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	2,551,847	2,535,363	2,361,019	174,344
Operating Expenditures	532,122	548,606	469,094	79,512
Total Expenditures	<u>3,083,969</u>	<u>3,083,969</u>	<u>2,830,113</u>	<u>253,856</u>
EXCESS OF REVENUES OVER EXPENDITURES	847	847	436,649	435,802
OTHER FINANCING USES				
Transfer of Excess Fees	-	-	(436,649)	(436,649)
Unbudgeted Excess Fees	(847)	(847)	-	847
Total Other Financing Uses	<u>(847)</u>	<u>(847)</u>	<u>(436,649)</u>	<u>(435,802)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2017	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018**

	<u>Internal Service Fund</u> <u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 78,751
LIABILITIES	
Accrued Compensated Absences Payable	<u> 78,751</u>
NET POSITION	
Unrestricted	<u><u> \$ -</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
 HIGHLANDS COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 158,696
OPERATING EXPENSES	
Compensated Absence Expense	159,855
OPERATING LOSS	(1,159)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	1,159
CHANGE IN NET POSITION	-
Net Position - October 1, 2017	-
NET POSITION - SEPTEMBER 30, 2018	\$ -

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Internal Service Fund
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 158,696
Cash Paid to Employees for Services	(149,071)
Net Cash Provided by Operating Activities	9,625
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	1,159
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,784
Cash and Cash Equivalents - October 1, 2017	67,967
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018	\$ 78,751
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,159)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	10,784
Net Cash Provided by Operating Activities	\$ 9,625

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2018**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 3,046,466
Due from Others	11,444
Total Assets	\$ 3,057,910
LIABILITIES	
Due to Other Governmental Units	\$ 2,779,718
Due to Others	278,192
Total Liabilities	\$ 3,057,910

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a noncharter County established April 23, 1921 under the Constitution and Laws of the State of Florida, 1921, Chapter 8513. The Tax Collector of Highlands County, Florida (Tax Collector) is one of six constitutional officers elected to serve within the County and receives a significant portion of his revenue through the fees and commissions that are generated by the Tax Collector's office pursuant to the provisions of Section 192.091, Florida Statutes. These financial statements include only the funds of the Tax Collector and are not meant to represent Highlands County, Florida, as a whole. There are no separate legal entities (component units) for which the Tax Collector is financially accountable.

The Tax Collector is elected every four years to serve as the public official charged with the responsibility for collecting and disbursing ad valorem taxes, non-ad valorem taxes, and tangible taxes for the County as well as various other taxes and licenses. Additional duties of the Tax Collector include motor vehicle, mobile home, vessel and drivers' license registrations, hunting and fishing licenses, yard sale permits, certified copies of birth certificates, and concealed weapons licensing processing.

The Tax Collector is a "fee" officer in that operating revenues are received based upon the services rendered. The balance of fees in excess of expenditures remaining at September 30 is divided among the various taxing units in the same proportion as that particular unit's payments to the Tax Collector during the year bear to the total payments received from all taxing units.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the Tax Collector are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the Tax Collector's various funds is as follows:

Governmental Fund

General Fund – The General Fund is the general operating fund of the Tax Collector. The majority of the Tax Collector's day-to-day operating costs are accounted for in this fund. It is used to account for all financial resources not required to be accounted for in another fund. Fees from the collection of general property taxes, licenses, and certain other intergovernmental revenues are recorded in this fund. Expenditures for general governmental services are paid through this fund.

Proprietary Fund

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Capital Assets

All capital assets purchased, which include furniture, equipment, computer equipment, and vehicles, are recorded as expenditures in the General Fund at the time of purchase. The Board holds legal title for the capital assets used in the operations of the Tax Collector and is accountable for them under Florida Law. The Tax Collector notifies the Board of County Commissioners of capital assets purchased and the original cost is recorded in the capital asset records of the Board of County Commissioners. The Tax Collector may not dispose of any capital assets in his custody. The Tax Collector is to notify the Board of County Commissioners of any unused or obsolete assets and it is the Board of County Commissioners' responsibility to dispose of these assets in accordance with the various Florida Statutes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

Governmental Fund – The General Fund is presented using the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported unassigned fund balances (net current assets) are considered a measure of “available, spendable, or appropriable resources.” Governmental fund operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the statement of net position. Proprietary Fund operating statements present increases (revenues) and decreases (expenses) in net position.

Basis of Accounting

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by the fiduciary fund and proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Tax Collector’s office:

1. On or before August 1 of each year, the Tax Collector submits an annual budget for the operations of the office to the State of Florida, Department of Revenue, Property Tax Administration (Department). A copy of the budget is also furnished to the Board of County Commissioners. After the budget has been reviewed and approved by the Department, it becomes the operating budget for the ensuing fiscal year.
2. The Tax Collector’s operating budget can only be amended after written approval has been received from the Department.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

3. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Department of Revenue approves all transfers between appropriation categories, and this becomes the level of control for budgetary considerations.
4. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
5. The budget for the General Fund is adopted on a basis consistent with GAAP.

Reclassification

Certain amounts on the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on previously reported change in net position.

Cash and Cash Equivalents

Cash and cash equivalents is cash on hand as well as demand deposits and investments in the Local Government Surplus Funds Trust Fund (Florida PRIME) with original maturities of three months or less from the date of acquisition.

The Tax Collector maintains a pooled bank account where cash resources of several funds are consolidated for investment purposes. This account represents the amount owned by each fund. This practice gives the Tax Collector the ability to maximize the yield on the short-term investment of cash, increasing interest earnings accordingly.

Interest earned on pooled investments is allocated to the participating funds.

Investments

The Tax Collector invests surplus public funds in accordance with Section 218.415, Florida Statutes.

Compensated Absences

Employees of the Tax Collector earn paid time off in varying amounts. Paid time off credits earned in excess of 400 hours which are not used by the close of business on December 31 of each calendar year shall be canceled. Upon terminal separation from the Tax Collector's office, employees having one year of satisfactory, continuous and creditable service are eligible to receive payment for paid time off up to 400 hours at their current rate of pay. The limit of lump-sum reimbursements of paid time off credits is based on years of service.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Tax Collector's highest level of decision-making authority.

Assigned Fund Balance – Amounts the Tax Collector intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Amounts that are available for any purpose; positive amounts can be reported only in the Tax Collector's General Fund.

When both restricted and unrestricted resources are available for use, it is the Tax Collector's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Tax Collector considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds. The Board of County Commissioners adopted a fund balance policy for the county as a whole. The Tax Collector does not have a separate fund balance policy because, by Florida Statute, the Tax Collector must return any excess fees at year-end.

Unexpended Budget Balance Reverting to Board of County Commissioners

Section 218.36(2), Florida Statutes, requires that any excess of revenues over expenditures in the General Fund (excess fees) held by the Tax Collector at the end of each fiscal year be distributed to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the office. Therefore, the excess of revenues over expenditures in the General Fund at the end of each fiscal year is reflected as a transfer of excess fees on the statement of revenues, expenditures and changes in fund balance, and the related liability is recorded as due to the Board of County Commissioners and other governmental units.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

Other Postemployment Benefit Obligations

In accordance with Section 112.0801, Florida Statutes, the Tax Collector participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, are reported in the financial statements of the County.

NOTE 2 CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the Tax Collector's deposits were \$1,108,378. The entire amount of the demand deposits is deposited in a State of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Tax Collector's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Tax Collector's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Tax Collector has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

The Tax Collector invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 33.5% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

Credit Risk

Credit risk is the risk that an issuer 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. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's.

On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

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

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

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

A reconciliation to amounts shown on the balance sheet, statement of net position, and statement of fiduciary net position is as follows:

Demand Deposits	\$ 1,297,883
Petty Cash and Change Funds	12,760
Florida PRIME	2,320,568
Total	\$ 3,631,211
Balance Sheet:	
Cash and Cash Equivalents	\$ 505,994
Statement of Net Position:	
Cash and Cash Equivalents	78,751
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	3,046,466
Total Cash and Cash Equivalents	\$ 3,631,211

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

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Tax Collector earn paid time off in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated paid time off credits unused based on years of service. The cash benefit of these compensated absences is determined by multiplying the employee's current wage rate by the number of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2018:

Compensated Absences - September 30, 2017	\$ 67,967
Increase in Leave Earned by Employees	159,855
Payments to Employees	(149,071)
Compensated Absences - September 30, 2018	<u>\$ 78,751</u>

NOTE 4 PENSION PLANS

Background

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

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service, and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. For all membership classes, employees are immediately vested in their own contributions. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

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

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

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

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

NOTE 4 PENSION PLANS (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2018, 2017, and 2016 were \$259,638, \$228,694, and \$219,065, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's comprehensive annual financial report.

NOTE 5 RELATED-PARTY TRANSACTIONS

Transactions with the Highlands County Board of Commissioners and the Constitutional Officers of Highlands County, Florida for the year ended September 30, 2018 were as follows:

Charges for Services

The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$1,726,547 for the year ended September 30, 2018. Excess fees payable to the Board at September 30, 2018 was \$422,280.

Various Services

The Board of County Commissioners provides various services to the Tax Collector. The charges for these services for the fiscal year ended September 30, 2018 amounted to \$270,264.

The Clerk of Courts provides various services to the Tax Collector. The charges for IT support and software related expenditures for the fiscal year ended September 30, 2018 amounted to \$39,077.

NOTE 6 RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The County is liable for deductibles on certain coverage. Transactions related to activities related to PGIT are presented in the statements of Highlands County as a whole.

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

NOTE 7 CAPITAL ASSETS

The Tax Collector's capital assets include furniture, equipment, computer equipment, and vehicles. The Tax Collector, pursuant to Florida Statutes, records no capital assets for which the Tax Collector is custodian. The threshold for capitalizing all capital assets except software is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Years
Machinery and Equipment	4 - 20
Software - Internally Generated	3 - 10
Software - Purchased/Leased	3 - 10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statements of the County. The following is a summary of the changes in capital assets for which the Tax Collector was custodian during fiscal year 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated/ Amortized:				
Equipment	\$ 861,277	\$ -	\$ (148,304)	\$ 712,973
Less Accumulated Depreciation/ Amortization:				
Equipment	(823,311)	(6,695)	148,304	(681,702)
Total Capital Assets, Net	\$ 37,966	\$ (6,695)	\$ -	\$ 31,271

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
AGENCY FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2018**

The Tax Collector maintains the following Agency Funds:

Agency Funds:

Tag Agency – Used by the Tax Collector to account for motor vehicle and vessel registrations, title transfer fees, drivers' license transactions, sales tax, birth certificate fees, and concealed weapons licensing fees remitted to the State of Florida.

Tax and License – Used by the Tax Collector to account for the collection of ad valorem and non ad valorem taxes, tangible personal property taxes and hunting and fishing licenses remitted to various taxing agencies and the State of Florida.

Tax Redemption – Used by the Tax Collector to account for collection of redeemed tax certificates issued in connection with delinquent ad valorem and non ad valorem taxes and remittance to certificate holders and title search companies.

Special Payroll – Used by the Tax Collector to account for payroll deductions withheld from the Tax Collector's employees for remittance to other governmental agencies, benefits paid on behalf of employees by the Tax Collector, and as the flow through account for vouchers payables.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2018**

	<u>Tag Agency</u>	<u>Tax and License</u>	<u>Tax Redemption</u>	<u>Special Payroll</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 187,287	\$ 2,711,629	\$ 147,550	\$ -	\$ 3,046,466
Due from Others	11,388	56	-	-	11,444
Total Assets	<u>\$ 198,675</u>	<u>\$ 2,711,685</u>	<u>\$ 147,550</u>	<u>\$ -</u>	<u>\$ 3,057,910</u>
LIABILITIES					
Due to Other Governmental Units	\$ 194,579	\$ 2,585,139	\$ -	\$ -	\$ 2,779,718
Due to Others	4,096	126,546	147,550	-	278,192
Total Liabilities	<u>\$ 198,675</u>	<u>\$ 2,711,685</u>	<u>\$ 147,550</u>	<u>\$ -</u>	<u>\$ 3,057,910</u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
TAG AGENCY				
ASSETS				
Cash and Cash Equivalents	\$ 236,689	\$ 15,324,749	\$ 15,374,151	\$ 187,287
Due from Others	17,827	3,001,949	3,008,388	11,388
Total Assets	<u>\$ 254,516</u>	<u>\$ 18,326,698</u>	<u>\$ 18,382,539</u>	<u>\$ 198,675</u>
LIABILITIES				
Due to Other Governmental Units	\$ 253,010	\$ 14,411,149	\$ 14,469,580	\$ 194,579
Due to Others	1,506	114,186	111,596	4,096
Total Liabilities	<u>\$ 254,516</u>	<u>\$ 14,525,335</u>	<u>\$ 14,581,176</u>	<u>\$ 198,675</u>
TAX AND LICENSE				
ASSETS				
Cash and Cash Equivalents	\$ 1,291,060	\$ 202,219,398	\$ 200,798,829	\$ 2,711,629
Due from Others	-	56	-	56
Total Assets	<u>\$ 1,291,060</u>	<u>\$ 202,219,454</u>	<u>\$ 200,798,829</u>	<u>\$ 2,711,685</u>
LIABILITIES				
Due to Other Governmental Units	\$ 1,288,531	\$ 183,553,158	\$ 182,256,550	\$ 2,585,139
Due to Others	2,529	13,675,860	13,551,843	126,546
Total Liabilities	<u>\$ 1,291,060</u>	<u>\$ 197,229,018</u>	<u>\$ 195,808,393</u>	<u>\$ 2,711,685</u>
TAX REDEMPTION				
ASSETS				
Cash and Cash Equivalents	<u>\$ 63,490</u>	<u>\$ 5,419,425</u>	<u>\$ 5,335,365</u>	<u>\$ 147,550</u>
LIABILITIES				
Due to Others	<u>\$ 63,490</u>	<u>\$ 5,968,415</u>	<u>\$ 5,884,355</u>	<u>\$ 147,550</u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
SPECIAL PAYROLL				
ASSETS				
Cash and Cash Equivalents	\$ 16,408	\$ 84,520,025	\$ 84,536,433	\$ -
LIABILITIES				
Due to Other Governmental Units - Payroll Deductions	\$ 16,408	\$ 84,748,271	\$ 84,764,679	\$ -
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 1,607,647	\$ 307,483,597	\$ 306,044,778	\$ 3,046,466
Due from Others	17,827	3,002,005	3,008,388	11,444
Total Assets	<u>\$ 1,625,474</u>	<u>\$ 310,485,602</u>	<u>\$ 309,053,166</u>	<u>\$ 3,057,910</u>
LIABILITIES				
Due to Other Governmental Units	\$ 1,541,541	\$ 197,964,307	\$ 196,726,130	\$ 2,779,718
Due to Others	67,525	19,758,461	19,547,794	278,192
Due to Other Governmental Units - Payroll Deductions	16,408	84,748,271	84,764,679	-
Total Liabilities	<u>\$ 1,625,474</u>	<u>\$ 302,471,039</u>	<u>\$ 301,038,603</u>	<u>\$ 3,057,910</u>

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

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Highlands County, Florida (Tax Collector), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

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

The Honorable Eric T. Zwayer
Tax Collector
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2019

MANAGEMENT LETTER

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Tax Collector of Highlands County, Florida (Tax Collector), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 31, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 31, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Information regarding the specific legal authority for the entity is contained in Note 1 to the Financial Statements.

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Financial Management

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

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2019

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

We have examined the Tax Collector of Highlands County, Florida (Tax Collector)'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2018. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Tax Collector's compliance with the specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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



CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2019