

Annual Comprehensive Financial Report

Fiscal Year Ending September 30, 2022



*Highlands County
Florida*



Annual Comprehensive Financial Report

Fiscal Year Ending September 30, 2022

In 1921, Florida was booming, new areas were developing, and new communities were springing up in areas that just a few years earlier were wilderness. Highlands County was officially created on April 23, 1921 when a bill was signed dividing DeSoto County into five separate counties: Highlands, Hardee, DeSoto, Charlotte, and Glades. In the following years, Highlands County, along with much of the state, saw incredible growth fueled by real estate speculation. However, when the Florida Real Estate Boom collapsed in the mid 1920s it was quickly followed by the Great Depression. The local economy struggled but saw an upturn at the onset of World War II when Highlands County was chosen for the site of Hendricks Field and Avon Park Air Force Range (APAFR). After the war ended and Hendricks Field was inactivated, the site was turned into an international racetrack, now host of the annual "12 Hours of Sebring" while the APAFR is still in use as a military training facility. Tourism and agriculture also blossomed following the war. The coming decades saw steady growth as the County's population swelled to 100,000 year-round residents. Today, Highlands County remains a place of strong historical and cultural identity, and the pictures featured in this report are evidence of the heritage that has shaped our community.



Highlands County Florida

Thank you to Visit Sebring for providing
the photos in this year's report.



HIGHLANDS COUNTY, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED SEPTEMBER 30, 2022

**PREPARED BY THE OFFICE OF JEROME KASZUBOWSKI
CLERK OF COURTS**

**SALLY B. HOOD
ACCOUNTING AND FINANCE DIRECTOR**

**HIGHLANDS COUNTY, FLORIDA
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INTRODUCTORY SECTION

Highlands County, Florida

INTRODUCTORY SECTION

**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2022**

BOARD OF COUNTY COMMISSIONERS

Kathy Rapp
Chairperson
(District 2)

Kevin Roberts
(District 1)

Arlene Tuck
(District 4)

Scott Kirouac
(District 3)

Chris Campbell
(District 5)

COUNTY ADMINISTRATOR

Randy Vosburg

**CLERK OF COURTS
and
CHIEF FINANCIAL OFFICER**

Jerome Kaszubowski

TAX COLLECTOR

Eric T. Zwyer

PROPERTY APPRAISER

C. Raymond McIntyre

SHERIFF

Paul Blackman

SUPERVISOR OF ELECTIONS

Karen Healy

COUNTY ATTORNEY

Sherry G. Sutphen
Roper, P.A.

**ACCOUNTING
AND FINANCE DIRECTOR**

Sally B. Hood

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP



Jerome Kaszubowski

Clerk of Circuit Court & Comptroller
Highlands County, Florida

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

590 S COMMERCE AVE
SEBRING FL 33870-3867
PHONE (863) 402-6565
FAX (863) 402-6768

April 10, 2023

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

I am pleased to present to you the Annual Comprehensive Financial Report (ACFR) of Highlands County, Florida (County), for the fiscal year ended September 30, 2022.

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 ACFR 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 ACFR 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 in the south-central part of Florida and within 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 103,296, 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, except for fees collected by the Clerk of Courts, Property Appraiser and Tax Collector. Under the direction of the Clerk of Courts, the Clerk's Accounting and Finance Division 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 and cattle operations, both beef and dairy, provide the primary source of economic activity within the County. Florida's citrus production in 2021-2022 was 45.1 million boxes, down 22% from the previous season. Highlands County ranked third in the State in citrus production with 6.65 million boxes of fruit and ranked second in the state for number of beef cattle, with approximately 115,000 head, on 243,795 acres of designated pastureland. The economic impact of the cattle industry is a significant driver in the market with livestock sales totaling \$25,959,000 for Highlands County. There are approximately 375,798 acres of farmland in the county.

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 70 years of racing in 2022.

The local economy continued expanding in 2022. For the eighth consecutive year, overall property values improved, up 6.64% for the year. Building permits issued totaled 13,847, a 52.50% increase for the fiscal year as a result of a hailstorm in April 2022. Foreclosure cases were 170, an average increase of 153.70% from last fiscal year, marking a steady return to pre-pandemic levels. The unemployment rate in Highlands County was 4.10% at fiscal-year end, a decrease of 1.30% from the prior year.



Major Initiatives

During the 2021-2022 fiscal year, asset and infrastructure project expenditures were as follows:

<u>Description</u>		<u>Amount</u>
Arbuckle Creek Turn Lanes	\$	607,352
County Information Technology, Equipment and Software		170,439
Courthouse Air Conditioning Unit		144,257
County Road 623 Construction		1,358,551
East Avon Pines Road Construction		244,423
Engineering Vehicles		156,425
Heron Street Improvements		1,119,294
Land Purchase		254,326
Landfill Equipment		1,478,058
Public Safety Equipment		798,590
Public Safety Technology		242,043
Public Safety Vehicles		1,934,325
Road and Bridge Heavy Machinery		1,215,915
Road and Bridge Vehicles		179,878
Sebring Library Roof		172,695
Sebring Parkway Phase IIA Construction		1,379,958
Sebring Parkway Phase IIB Construction		3,217,428
Stryker Road Improvements		<u>183,568</u>
Total	\$	<u><u>14,857,525</u></u>

Many of these 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 2021-2022

- **Thunderbird Road East/West Sidewalk Extension** – The construction consists of 4,700 lineal feet of five (5) foot wide concrete sidewalks 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 \$397,654 for the East Sidewalk Extension and \$348,821 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. Construction of both projects were completed in December 2021.



- **County Road 721 Roadway Improvements** – In June 2018, Highlands County entered into a state-funded grant agreement with the State of Florida Department of Transportation (FDOT) for an FDOT Small County Road Assistance Program (SCRAP) grant in the amount of \$4,000,000 for design and construction of improvements to CR 721 from SR 70 to US 98. The work consists of resurfacing approximately 45,823 linear feet of roadway. Construction was completed in December 2021.

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 \$5,500,000.00, with FDOT's participation being \$3,811,072.00. Construction began May 2020 and was completed November 21, 2022.
- **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 \$5,311,969.00, with FDOT's participation being \$4,164,624.00. The project was completed on November 21, 2022.
- **Memorial Drive Multiuse Path** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) Local Agency Program (LAP) grant to construct an 8-foot-wide multiuse path along the right-of-way of Memorial Drive from Pompano Drive to Sebring Parkway in Sebring, FL, for an approximate distance of 7,500 linear feet. The total grant amount is \$1,520,457. The intent is for the design, construction and CEI services to be done by outside forces. The estimated completion date is June 2023.
- **County Road 623 (Kenilworth Boulevard) Roadway Improvements** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) Small County Road Assistance Program (SCRAP) grant in the amount of \$1,419,207 for roadway improvements on CR 623 (Kenilworth Boulevard). The improvements will include, but not limited to, the milling and resurfacing of existing pavement from Haywood Taylor Boulevard to Mini Ranch Road for an approximate distance of 7,804 linear feet (1.478 miles). The project is expected to be completed by July 2023.
- **Animal Services Building** – Highlands County has budgeted the amount of \$600,000 for the construction of an addition to the existing Highlands County Sheriff's Office Animal Services unit operations building. Construction on this project was delayed in fiscal year 2022. As of September 30, 2022, the design has been completed for the kennel building.



- **Traffic Operations Building** – Highlands County has budgeted the amount of \$760,000 for the construction of a building for the Traffic Operations Division. The project is expected to be completed by the summer of 2024.
- **Heron Street Roadway Improvements** – Highlands County was awarded a FDOT Small County Outreach Program (SCOP) grant in the amount of \$1,001,791 for roadway improvements on Heron Street. The improvements will include, but not limited to, the milling and resurfacing of existing pavement from Hammock Road to Howey Road, approximately 1.000 mile. The project is expected to be completed by July 2023.
- **W. Stryker Road Roadway Improvements** – Highlands County was awarded a FDOT Small County Road Assistance Program (SCRAP) grant in the amount of \$1,941,246 for roadway improvements on West Stryker Road. The improvements will include, but not limited to, the milling and resurfacing of existing pavement from North Olivia Drive to US 27, approximately 1.999 miles. The project is expected to be completed by May 2023.
- **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 is expected to be completed by March 2023.

Financial Information

The County operates on a fiscal year of October 1st to September 30th. The fiscal year 2021-2022 budget was adopted with a millage rate of 8.55, a continued rate from the millage rate for fiscal year 2020-2021.

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' Accounting and Finance 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, 2022, 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the 38th year that the County has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 ACFR continues to meet the Certificate of Achievement Program requirements and we will submit it to the GFOA to determine eligibility for another certificate for the fiscal year ending September 30, 2022.

Acknowledgments. The preparation of the ACFR could not have been accomplished without the efforts and dedication of the entire staff of the Highlands County Clerk of Courts' Accounting and Finance Division.

I, and my staff, would like to thank CliftonLarsonAllen LLP, the County Administrator and her 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,



Jerome Kaszubowski, CGCIO
Clerk of Courts



Sally B. Hood, CPA, CGFM
Accounting and Finance Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Highlands County
Florida**

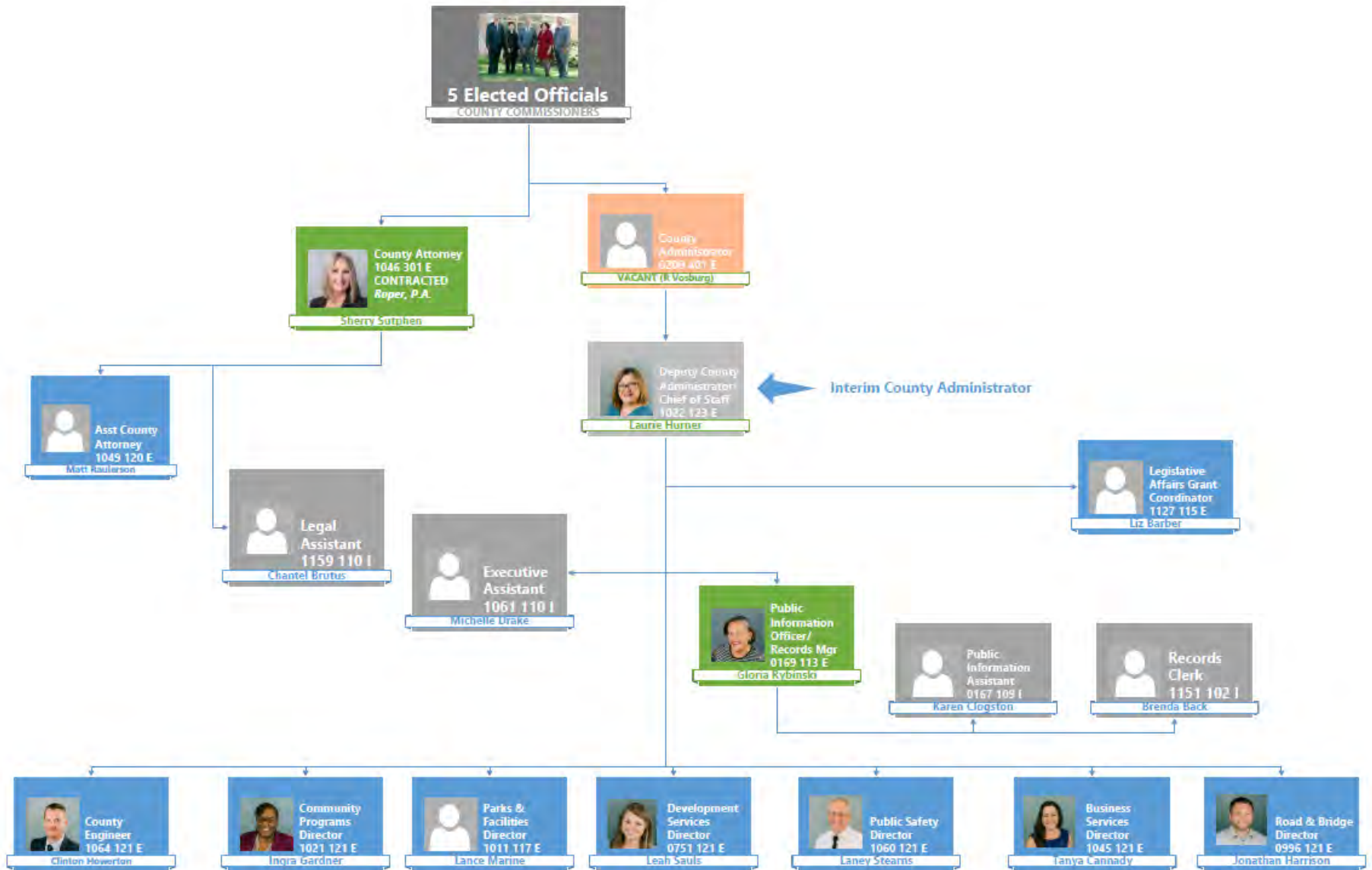
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO

HIGHLANDS COUNTY, FLORIDA ORGANIZATIONAL CHART YEAR ENDED SEPTEMBER 30, 2022





FINANCIAL SECTION

Highlands County, Florida

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

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 (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022, 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, and Local Infrastructure Surtax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective October 1, 2021, the County adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and a corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on infrastructure using the modified approach, information on other postemployment benefits, and information on pension benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 nonmajor fund financial statements and schedules and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2023, 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.

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

CliftonLarsonAllen LLP

Sebring, Florida
April 10, 2023

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022. 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 \$302.6 million (net position). Of this amount, \$263 million was invested in capital assets and \$42.8 million was restricted by laws, grant agreements, debt covenants or for capital projects. The County had an unrestricted net position of (\$3.3) million.
- Total net position increased by \$35.9 million or 13.5%. The net position of governmental activities increased \$33.7 million and business-type activities increased \$2.2 million.
- The fund balance in the General Fund was \$46.3 million, an increase of \$18.6 million from the previous year. The unassigned fund balance for the General Fund, which is available for use at the County's discretion, was \$41.6 million or 55.2% of total general fund expenditures.
- The governmental funds, in total, reported combined fund balances of \$97.2 million, an increase of \$33.4 million from the previous year. Of this amount, \$41.5 million was unassigned fund balance. The increase in fund balance was due in part to Issuance of Debt and Tax revenue increases in the current year.
- Total assets increased by \$44.4 million or 11.5% and total liabilities increased by \$56.2 million or 66.8%. The increase in total assets was due to the growth in Investments as well as capital assets. The increase in liabilities was due to the net pension liability as well Notes Payable, Compensated Absences, Leases and Landfill Closure. 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, 2022**

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).

The government-wide financial statements can be found on pages 26-27 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, 2022**

Fund Financial Statements (Continued)

Highlands County maintains 75 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, and the Local Government Infrastructure Surtax Fund, which are considered to be major funds. Data from the other 72 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, 2022**

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 \$302.6 million (total net position) as of September 30, 2022. The County recognized an increase in its total net position of \$35.9 million, or 13.5%, from \$266.7 million in 2021 to \$302.6 million in 2022.

Highlands County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and Other Assets	\$ 93,674,030	\$ 128,918,115	\$ 21,811,299	\$ 23,398,157	\$ 115,485,329	\$ 152,316,272
Capital Assets	262,009,306	268,646,361	9,072,317	10,025,903	271,081,623	278,672,264
Total Assets	355,683,336	397,564,476	30,883,616	33,424,060	386,566,952	430,988,536
Deferred Outflows of Resources	18,406,032	21,490,783	215,375	239,738	18,621,407	21,730,521
Long-Term Debt Outstanding	55,293,546	111,373,144	9,075,779	9,818,137	64,369,325	121,191,281
Other Liabilities	19,321,001	18,716,952	531,392	550,605	19,852,393	19,267,557
Total Liabilities	74,614,547	130,090,096	9,607,171	10,368,742	84,221,718	140,458,838
Deferred Inflows of Resources	53,724,587	9,537,949	561,713	126,808	54,286,300	9,664,757
Net Position:						
Net Investment in						
Capital Assets	243,879,064	253,124,051	9,072,317	10,020,976	252,951,381	263,145,027
Restricted	36,721,349	42,752,995	-	-	36,721,349	42,752,995
Unrestricted	(34,850,179)	(16,449,832)	11,857,790	13,147,272	(22,992,389)	(3,302,560)
Total Net Position	\$ 245,750,234	\$ 279,427,214	\$ 20,930,107	\$ 23,168,248	\$ 266,680,341	\$ 302,595,462

The largest portion of the County's net position, \$263 million, 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, \$42.8 million, 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, 2022, the County's unrestricted net position was (\$3.3) million. The change in the total unrestricted net position from (\$23) million at September 30, 2021 to (\$3.3) million at September 30, 2022 was partially due to changes 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, 2022**

Highlands County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 28,901,387	\$ 31,863,136	\$ 12,591,817	\$ 13,863,872	\$ 41,493,204	\$ 45,727,008
Operating Grants and Contributions	17,924,891	14,286,933	158,379	29,957	18,083,270	14,316,890
Capital Grants and Contributions	8,316,295	5,906,315	-	-	8,316,295	5,906,315
General Revenues:						
Property Taxes	44,385,911	47,203,470	-	-	44,385,911	47,203,470
Other Taxes	18,068,997	20,774,730	-	-	18,068,997	20,774,730
Other	21,906,173	26,278,495	208,444	378,564	22,114,617	26,657,059
Total Revenues	139,503,654	146,313,079	12,958,640	14,272,393	152,462,294	160,585,472
Expenses:						
General Government	21,188,678	21,865,689	-	-	21,188,678	21,865,689
Public Safety	43,208,028	55,919,431	-	-	43,208,028	55,919,431
Physical Environment	1,068,965	1,680,317	-	-	1,068,965	1,680,317
Transportation	14,905,826	16,212,205	-	-	14,905,826	16,212,205
Economic Environment	2,977,572	3,166,655	-	-	2,977,572	3,166,655
Human Services	18,607,574	4,955,460	-	-	18,607,574	4,955,460
Culture and Recreation	3,042,138	3,193,504	-	-	3,042,138	3,193,504
Court Related	4,822,945	5,312,924	-	-	4,822,945	5,312,924
Interest on Long-Term Debt	413,615	436,499	-	-	413,615	436,499
Solid Waste	-	-	8,615,200	9,258,245	8,615,200	9,258,245
Energy Recovery	-	-	2,926,822	2,669,422	2,926,822	2,669,422
Total Expenses	110,235,341	112,742,684	11,542,022	11,927,667	121,777,363	124,670,351
Change in Net Position Before Transfers	29,268,313	33,570,395	1,416,618	2,344,726	30,684,931	35,915,121
Transfers	105,872	106,585	(105,872)	(106,585)	-	-
Change in Net Position	29,374,185	33,676,980	1,310,746	2,238,141	30,684,931	35,915,121
Net Position - Beginning	216,376,049	245,750,234	19,619,361	20,930,107	235,995,410	266,680,341
Net Position - Ending	\$ 245,750,234	\$ 279,427,214	\$ 20,930,107	\$ 23,168,248	\$ 266,680,341	\$ 302,595,462

Governmental Activities

The net position of governmental activities increased \$33.7 million.

- Overall, revenues related to governmental activities increased \$6.8 million, or 4.9%.
- Charges for Services increased \$3.0 million, or 10.3%. Public Safety charges increased a net \$2.4 million due to Law Enforcement Services (\$1,060,599), Ambulance Service (\$605,697), Building Permits (\$658,574), and Fire Assessment rate increase (\$524,103); Transportation increased a net \$863 thousand with Reimbursement from Other Funds accounting for \$744 thousand. Court Related decreased a net \$160 thousand.
- Operating Grants and Contributions decreased by \$3.6 million, or 20.3%. General Government funding increased \$11.3 million due to American Rescue Plan Act funds (\$11.3 million); however, Human Services funding decreased \$15.1 million due to CARES Act funding in the prior year.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

- Capital Grants and Contributions decreased by \$2.4 million, or 29.0%. Transportation funding decreased \$2.5 million.
- Property Taxes increased \$2.8 million, or 6.5% due to a 8.83% increase in property tax values driven by increased local real estate market values.
- Other Taxes increased \$2.7 million, or 15.0%. The County recognized a \$2.2 million increase in local option sales tax, along with a \$117 thousand increase in fuel taxes, and \$388 thousand increase in tourist development tax collections.
- Other general revenues increased \$4.4 million, or 20.0%. State shared revenues increased \$2.1 million, interest and investment earnings increased \$819 thousand, and miscellaneous revenues increased \$1.7 million.
- Overall, expenses related to governmental activities increased \$2.5 million, or 2.3%. Public Safety expenses increased \$12.7 million, Transportation related expenses increased \$1.3 million, and Court Related increased \$490 thousand but Human Services decreased \$13.7 million.
- Public Safety expenses increased \$12.7 million, or 29.1%. The increase is due to \$5.3 million of net pension liability expenses over the prior year, an increase of \$2.6 million of capital related items as well as \$172 thousand of OPEB as compared to the prior year.
- Transportation expenses increased by \$1.3 million, or 8.8%. The increase is due to a \$917 thousand in transportation projects compared to the prior year, and a \$524 thousand increase in pension expense.
- Human Services expenses decreased by \$13.7 million, or 73.4%. The decrease is due to the completion of the CARES/COVID grant expenses.

Business-Type Activities

The net position of business-type activities increased \$2.2 million.

- Overall, revenues related to business-type activities increased \$1.3 million, or 10.1%, and expenses increased \$386 thousand, or 3.3%.
- Charges for Services increased \$1.3 million, or 10.1%. The sale of asphalt decreased total operating revenues by \$385 thousand as well as a \$48 thousand decrease of charges for services for the Energy Recovery facility. There was a \$1.45 million increase in revenues from the non-ad valorem assessment for solid waste collection due to an assessment increase and there was a \$213 thousand increase for landfill tipping fees from the hauler.
- Solid Waste expenses increased \$671 thousand, or 7.8%. Personal Services decreased \$11 thousand, General & Administrative Expenditures increased \$767 thousand, and Depreciation decreased \$85 thousand.
- Energy Recovery expenses decreased \$256 thousand, or 8.75%. The decrease in Road Materials and Supplies was a direct result of the decrease in asphalt production.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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 \$97.2 million. Approximately \$41.5 million 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 non-spendable (\$1.9 million), restricted (\$49.3 million) or assigned (\$4.5 million). Significant restrictions include: restrictions for infrastructure and land acquisitions (\$26.0 million), restrictions for transportation related (\$2.3 million), restrictions for building department (\$4.2 million), restrictions for Tourist Development (\$3.0 million), and restrictions for fire districts (\$4.7 million).

The General Fund is the chief operating fund of the County. In 2022 the County reduced its millage rate from 8.55 mills to 8.10 mills and still be able 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, 2022, the General Fund's total fund balance was \$46.2 million of which \$41.6 million (89.9%) was unassigned fund balance. The unassigned fund balance increased by \$15.6 million. As a measure of the General Fund's liquidity, the total fund balance represents 61.4% 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, 2022, the total fund balance was \$2.3 million, compared to \$1.2 million in 2021. The increase in fund balance was due to a \$1.7 million increase in Transfers In for ARPA Revenue Replacement and payment of an prior year advance to the Infrastructure Surtax fund.

The Local Government Infrastructure Surtax Fund accounts for the one-cent local discretionary sales surtax that was approved by voters. As of September 30, 2022, the total fund balance was \$13.8 million, compared to \$13.4 million in 2021. The increase in fund balance was due to an increase in sales tax collections.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Proprietary Funds

The Solid Waste Fund reported a net position of \$20.2 million, which is an increase of \$2.4 million over prior year. Unrestricted net position totaled \$11.9 million, a \$1.3 million increase over prior year, and net investments in capital assets totaled \$8.3 million, a \$1.1 million increase over prior year. Operating Revenues increased \$1.7 million, or 17.1% and Operating Expenses increased \$671 thousand or 7.8%. The change in revenues was primarily due to an increase in Special Assessments of \$1.5 million, Landfill Fees increased \$214 thousand and miscellaneous revenues and sale of recyclable materials change was insignificant. The change in expenses was primarily due to increased General & Administrative Expenses of \$511 thousand while Depreciation decreased \$86,594. Waste Franchise Fees increased \$134,336.

The Energy Recovery Fund reported a net position of \$2.9 million, which is an decrease of \$127 thousand over prior year. Unrestricted net position totaled \$1.2 million. 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 minimal change in total net position and unrestricted net position is due to asphalt sales nearly equaling production costs.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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 positive variance of \$35.5 million.
- General Fund revenues were \$7.8 million more than the final budget amounts. Intergovernmental revenues were \$5.9 million more than budget due to grant revenue exceeding anticipated receipts.
- Actual expenditures in the General Fund were \$23.5 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>
Emergency/Disaster Relief	\$10,079,805	Project expenditures will occur in future years
Ambulance Services	440,292	Project Encumbrances/Operating Supplies Unexpended
Tax Collector	782,993	Unexpended Appropriations
Sheriff	1,125,462	Unexpended Appropriations
Clerk to Board – Financial and Administration	686,938	Unexpended Appropriations
Detention and Correction	663,187	Unexpended Appropriations
County Jail Maintenance	244,400	Unexpended Appropriations
Natural Resources	403,076	Project appropriations not expended
Local Emergency Management Agency	6,137,096	Project appropriations not expended.
Children's Advocacy Center	366,140	Project appropriations not expended in personal services and operating expenses.
Facilities Management	305,127	Project appropriations not expended
County Planning and Development	236,799	Appropriations for project and personal services not expended - vacant positions.
Central Services	519,490	Unexpended Appropriations.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022 amounted to \$278.7 million (net of accumulated depreciation) compared to \$271.1 million for the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, bridges, software, water control structures, and land use rights. Major capital asset events during the fiscal year included the following:

- Parkway Phase IIA & IIB
- Arbuckle Creek Rd Turn Lanes
- Fire/EMS Ambulance / Equipment
- IT Infrastructure Upgrades
- Road & Bridge Equipment / Vehicles
- Road Construction / Improvements
- Heron Street Roadway Improvements
- CR 623 (Kenilworth Blvd-Haywood Taylor Blvd to Mini Ranch Rd)

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

	Governmental Activities		Business-Type Activities		Entity Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 46,933,880	\$ 45,133,945	\$ 1,839,228	\$ 1,839,228	\$ 48,773,108	\$ 46,973,173
Infrastructure - Roads and Bridges	120,145,305	124,071,877	-	-	120,145,305	124,071,877
Land Use Rights	2,415,419	2,571,167	-	-	2,415,419	2,571,167
Infrastructure - Water Control Structures	8,558,082	8,357,161	-	-	8,558,082	8,357,161
Buildings	39,094,752	38,526,534	89,765	78,276	39,184,517	38,604,810
Improvements	6,771,851	6,323,020	2,833,966	2,801,665	9,605,817	9,124,685
Equipment	20,973,985	24,066,504	4,303,892	5,251,703	25,277,877	29,318,207
Computer Software	559,827	374,859	-	-	559,827	374,859
Construction in Progress	16,556,205	19,019,289	5,466	50,162	16,561,671	19,069,451
Right-to-Use Assets	153,705	202,005	9,366	4,869	163,071	206,874
Total	<u>\$ 262,163,011</u>	<u>\$ 268,646,361</u>	<u>\$ 9,081,683</u>	<u>\$ 10,025,903</u>	<u>\$ 271,244,694</u>	<u>\$ 278,672,264</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

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

and performs periodic condition assessments to establish that the predetermined condition level is being maintained.

Infrastructure (Continued)

- 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 2022 was 57.55, compared to 54.62 in 2021.
- 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 2022 was 77.52, compared to 77.75 in 2021.

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 \$2.9 million for maintenance/preservation of its road system and expended \$2.6 million.
- Bridge System – The County budgeted \$150,000 for maintenance/preservation of its bridge system and expended \$30,108.

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, 2022, the County had total debt outstanding of \$26.4 million compared, to \$19.6 million in the prior year. Of this amount, all \$26.4 million represents governmental activities loans payable and other obligations. The increase in total outstanding debt is attributed to procuring additional debt for a County Jail Expansion project.

	Governmental Activities	
	2021	2022
Direct Borrowings and Direct Placements	\$ 19,553,596	\$ 26,419,000
Total	<u>\$ 19,553,596</u>	<u>\$ 26,419,000</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, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the County's budget for the 2023 fiscal year. More information on economic factors is provided in the Statistical Section and the Transmittal Letter.

- Highlands County's population increased in 2022 by 1.02%, from 102,042 in 2021 to an estimated 103,078 in 2022 and is projected to see an increase in 2023. Additionally, all three municipalities showed population increases over the prior year according to the Office of Economic & Demographic Research.
- Highlands County's unemployment rate (October - September) averaged 4.2%, which was higher than the average for the State of Florida (2.9%) and the nation (3.8%).
- Highlands County has a diverse property tax base. The ten largest taxpayers in the County represent 6.42% of the assessed property values of all taxpayers.
- In 2022, the total taxable value of property increased 6.64% over prior year. This was the eighth 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, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 71,821,663	\$ 14,151,042	\$ 85,972,705
Investments	39,945,715	500,000	40,445,715
Accounts Receivable - Net	3,754,358	370,436	4,124,794
Lease Receivable	936,522	-	936,522
Internal Balances	(168,142)	168,142	-
Due from Other Governmental Units	10,671,968	309	10,672,277
Inventory	500,640	556,335	1,056,975
Other Assets	29,301	-	29,301
Prepaid Items	1,358,630	111,895	1,470,525
Restricted Assets:			
Cash and Cash Equivalents	67,460	7,539,998	7,607,458
Capital Assets not Being Depreciated/Amortized	190,796,278	1,889,390	192,685,668
Capital Assets - Net of Accumulated Depreciation/Amortization	77,850,083	8,136,513	85,986,596
Total Assets	397,564,476	33,424,060	430,988,536
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	21,413,939	238,027	21,651,966
OPEB Related Items	76,844	1,711	78,555
Total Deferred Outflows of Resources	21,490,783	239,738	21,730,521
LIABILITIES			
Vouchers Payable	2,817,591	410,843	3,228,434
Claims Payable	819,427	-	819,427
Contracts Payable - Retained Percentage	967,141	-	967,141
Due to Other Governmental Units	427,563	1,130	428,693
Due to Others	178,742	-	178,742
Accrued Interest Payable	151,993	-	151,993
Accrued Wages Payable	1,620,168	25,984	1,646,152
Deposits	81,931	112,648	194,579
Unearned Revenue	11,652,396	-	11,652,396
Noncurrent Liabilities:			
Due Within One Year:			
Notes Payable, Compensated Absences, Leases, and Landfill Closure	3,823,369	89,978	3,913,347
Total OPEB Liability	89,401	-	89,401
Due in More than One Year:			
Notes Payable, Compensated Absences Leases, and Landfill Closure	28,408,015	8,781,088	37,189,103
Net Pension Liability	78,285,571	928,002	79,213,573
Total OPEB Liability	766,788	19,069	785,857
Total Liabilities	130,090,096	10,368,742	140,458,838
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	7,419,477	100,120	7,519,597
OPEB Related Items	1,198,268	26,688	1,224,956
Leases	920,204	-	920,204
Total Deferred Inflows of Resources	9,537,949	126,808	9,664,757
NET POSITION			
Net Investment in Capital Assets	253,124,051	10,020,976	263,145,027
Restricted for:			
General Government	823,003	-	823,003
Public Safety	12,045,053	-	12,045,053
Infrastructure and Land Acquisition	18,928,041	-	18,928,041
Transportation	5,091,616	-	5,091,616
Economic Environment	78,724	-	78,724
Physical Environment	279,875	-	279,875
Community Programs	1,965,056	-	1,965,056
Conservation	411,445	-	411,445
Tourist Development	2,724,695	-	2,724,695
Istokpoga Marsh Watershed Maintenance	87,773	-	87,773
Culture and Recreation	317,714	-	317,714
Unrestricted	(16,449,832)	13,147,272	(3,302,560)
Total Net Position	\$ 279,427,214	\$ 23,168,248	\$ 302,595,462

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 21,865,689	\$ 4,479,244	\$ 11,458,327	\$ -	\$ (5,928,118)	\$ -	\$ (5,928,118)
Public Safety	55,919,431	19,804,087	534,034	303,268	(35,278,042)	-	(35,278,042)
Physical Environment	1,680,317	259,002	332,200	-	(1,089,115)	-	(1,089,115)
Transportation	16,212,205	3,499,680	-	5,593,047	(7,119,478)	-	(7,119,478)
Economic Environment	3,166,655	429,466	1,068,257	-	(1,668,932)	-	(1,668,932)
Human Services	4,955,460	19,069	652,759	-	(4,283,632)	-	(4,283,632)
Culture and Recreation	3,193,504	224,642	205,424	10,000	(2,753,438)	-	(2,753,438)
Court Related	5,312,924	3,147,946	35,932	-	(2,129,046)	-	(2,129,046)
Debt Service:							
Interest on Long-Term Debt	436,499	-	-	-	(436,499)	-	(436,499)
Total Governmental Activities	112,742,684	31,863,136	14,286,933	5,906,315	(60,686,300)	-	(60,686,300)
Business-Type Activities:							
Solid Waste	9,258,245	11,327,521	29,957	-	-	2,099,233	2,099,233
Energy Recovery	2,669,422	2,536,351	-	-	-	(133,071)	(133,071)
Total Business-Type Activities	11,927,667	13,863,872	29,957	-	-	1,966,162	1,966,162
Total Primary Government	<u>\$ 124,670,351</u>	<u>\$ 45,727,008</u>	<u>\$ 14,316,890</u>	<u>\$ 5,906,315</u>	(60,686,300)	1,966,162	(58,720,138)
GENERAL REVENUES							
Taxes:							
Property Taxes					47,203,470	-	47,203,470
Fuel Taxes					4,814,901	-	4,814,901
Sales Tax					13,829,396	-	13,829,396
Services Taxes					542,369	-	542,369
Other Taxes					1,588,064	-	1,588,064
Unrestricted State Shared Revenues					18,633,100	-	18,633,100
Net Change in Fair Value of Investments					1,975,240	263,986	2,239,226
Gain on Sale of Capital Assets					5,103,450	7,162	5,110,612
Insurance Recoveries					252,951	107,416	360,367
Miscellaneous					313,754	-	313,754
Transfers					106,585	(106,585)	-
Total General Revenues					94,363,280	271,979	94,635,259
CHANGE IN NET POSITION					33,676,980	2,238,141	35,915,121
Net Position - October 1, 2021					245,750,234	20,930,107	266,680,341
NET POSITION - SEPTEMBER 30, 2022					<u>\$ 279,427,214</u>	<u>\$ 23,168,248</u>	<u>\$ 302,595,462</u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General	County Transportation Trust	Local Government Infrastructure Surtax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 22,259,483	\$ 1,371,330	\$ 8,630,769	\$ 31,760,978	\$ 64,022,560
Cash and Cash Equivalents - Restricted	67,460	-	-	-	67,460
Investments	32,500,000	-	3,000,000	4,445,715	39,945,715
Accounts Receivable - Net	3,635,582	2,762	29,955	75,138	3,743,437
Due from Other Funds	491,748	-	-	250,989	742,737
Due from Other Governmental Units	1,506,486	1,167,136	7,208,426	789,920	10,671,968
Leases Receivable	777,939	-	-	158,583	936,522
Other Assets	29,301	-	-	-	29,301
Advances to Other Funds	21,577	28,720	-	-	50,297
Prepaid Items	775,578	71,604	492,462	18,986	1,358,630
Inventory	500,640	-	-	-	500,640
Total Assets	<u>\$ 62,565,794</u>	<u>\$ 2,641,552</u>	<u>\$ 19,361,612</u>	<u>\$ 37,500,309</u>	<u>\$ 122,069,267</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Vouchers Payable	\$ 1,793,928	\$ 124,295	\$ 591,879	\$ 284,866	\$ 2,794,968
Accrued Wages Payable	1,271,357	171,617	-	177,194	1,620,168
Contracts Payable-Retained Percentage	-	8,150	958,991	-	967,141
Customer Deposits	67,460	9,819	-	4,652	81,931
Due to Other Governmental Units	124,563	886	-	302,114	427,563
Due to Other Funds	297,875	18,642	228,474	241,888	786,879
Due to Others	9,189	-	-	168,500	177,689
Advances from Other Funds	-	-	-	93,738	93,738
Unearned Revenue	10,161,862	-	-	1,000,000	11,161,862
Total Liabilities	<u>13,726,234</u>	<u>333,409</u>	<u>1,779,344</u>	<u>2,272,952</u>	<u>18,111,939</u>
Deferred Inflows of Resources:					
Unavailable Revenue:					
Intergovernmental	106,808	-	3,776,089	4,364	3,887,261
Charges for Services	1,728,707	-	-	206,496	1,935,203
Leases	765,114	-	-	155,090	920,204
Total Deferred Inflows of Resources	<u>2,600,629</u>	<u>-</u>	<u>3,776,089</u>	<u>365,950</u>	<u>6,742,668</u>
Fund Balances:					
Nonspendable	1,297,795	71,604	492,462	18,986	1,880,847
Restricted	-	1,127,814	13,313,717	34,886,753	49,328,284
Assigned	3,387,198	1,108,725	-	-	4,495,923
Unassigned	41,553,938	-	-	(44,332)	41,509,606
Total Fund Balances	<u>46,238,931</u>	<u>2,308,143</u>	<u>13,806,179</u>	<u>34,861,407</u>	<u>97,214,660</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 62,565,794</u>	<u>\$ 2,641,552</u>	<u>\$ 19,361,612</u>	<u>\$ 37,500,309</u>	<u>\$ 122,069,267</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, 2022**

Fund Balances - Total Governmental Funds	\$ 97,214,660

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	268,646,361

Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	5,822,464

Long-term liabilities consisting of notes payable and leases are not due and payable in the current period and, therefore, are not reported in the funds.	(26,622,421)

Accrued general long-term debt interest expense is not a financial use and, therefore, is not reported in the funds.	(151,993)

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.	(63,696,072)

Total other postemployment benefits 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.	(1,977,613)

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.	191,828

Net Position of Governmental Activities	<u><u>\$ 279,427,214</u></u>

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	General	County Transportation Trust	Local Government Infrastructure Surtax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 47,675,331	\$ 4,885,409	\$ 13,829,396	\$ 1,538,693	\$ 67,928,829
Licenses and Permits	715	191,780	-	2,023,701	2,216,196
Intergovernmental	28,654,890	3,365,943	4,893,922	2,242,778	39,157,533
Charges for Services	11,585,559	198,005	-	3,425,106	15,208,670
Fines and Forfeitures	90,304	-	-	613,670	703,974
Assessments	-	-	-	6,992,757	6,992,757
Net Change in Fair Value of Investments	1,128,433	3,098	181,256	594,127	1,906,914
Miscellaneous	2,189,783	2,375,459	10,000	997,560	5,572,802
Total Revenues	91,325,015	11,019,694	18,914,574	18,428,392	139,687,675
EXPENDITURES					
Current:					
General Government	18,219,178	-	1,024,027	17,916	19,261,121
Public Safety	45,062,035	-	458,302	10,216,497	55,736,834
Physical Environment	1,151,571	-	-	514,410	1,665,981
Transportation	118,417	11,595,203	13,246,273	488,971	25,448,864
Economic Environment	1,773,016	-	-	1,340,206	3,113,222
Human Services	4,636,217	-	9,386	240,553	4,886,156
Culture and Recreation	2,535,635	-	220,562	133,195	2,889,392
Court Related	1,815,799	-	-	3,385,167	5,200,966
Debt Service:					
Principal Retirement	36,009	18,859	2,873,597	11,878,311	14,806,776
Interest and Fiscal Charges	2,422	731	301,698	116,821	421,672
Total Expenditures	75,350,299	11,614,793	18,133,845	28,332,047	133,430,984
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,974,716	(595,099)	780,729	(9,903,655)	6,256,691
OTHER FINANCING SOURCES (USES)					
Transfers In	205,611	1,732,387	276,487	1,712,341	3,926,826
Transfers Out	(2,808,417)	(81,324)	(831,474)	(99,026)	(3,820,241)
Leases	107,657	-	-	-	107,657
Insurance Recoveries	58,926	37,672	144,482	11,871	252,951
Issuance of Debt	-	-	-	21,614,000	21,614,000
Sale of Surplus Assets	5,073,102	22,809	-	7,539	5,103,450
Total Other Financing Sources (Uses)	2,636,879	1,711,544	(410,505)	23,246,725	27,184,643
NET CHANGE IN FUND BALANCES	18,611,595	1,116,445	370,224	13,343,070	33,441,334
Fund Balances - October 1, 2021	27,627,336	1,191,698	13,435,955	21,518,337	63,773,326
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ 46,238,931</u>	<u>\$ 2,308,143</u>	<u>\$ 13,806,179</u>	<u>\$ 34,861,407</u>	<u>\$ 97,214,660</u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 33,441,334

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. 9,098,044

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. (2,614,694)

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. (6,915,120)

Some revenues reported in the statement of activities will not be collected for several months after the fiscal year and, therefore, are not reported as revenue in the governmental funds. 1,200,910

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. (14,822)

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. (965,795)

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. 277,232

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. 169,891

Change in Net Position of Governmental Activities \$ 33,676,980

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 46,790,735	\$ 46,790,735	\$ 47,675,331	\$ 884,596
Licenses and Permits	1,000	1,000	715	(285)
Intergovernmental	15,677,012	22,773,100	28,654,890	5,881,790
Charges for Services	10,369,418	11,009,103	11,585,559	576,456
Fines and Forfeitures	56,000	56,000	90,304	34,304
Net Change in Fair Value of Investments	359,300	359,300	1,128,433	769,133
Miscellaneous	2,098,160	2,496,280	2,189,783	(306,497)
Total Revenues	75,351,625	83,485,518	91,325,015	7,839,497
EXPENDITURES				
Current:				
General Government	19,601,020	21,234,248	18,219,178	3,015,070
Public Safety	46,093,355	54,123,885	45,062,035	9,061,850
Physical Environment	1,342,552	1,703,369	1,151,571	551,798
Transportation	118,417	118,417	118,417	-
Economic Environment	1,868,259	1,982,315	1,773,016	209,299
Human Services	3,524,400	14,952,152	4,636,217	10,315,935
Culture and Recreation	2,649,344	2,901,300	2,535,635	365,665
Court Related	1,801,418	1,820,403	1,815,799	4,604
Total Current	76,998,765	98,836,089	75,311,868	23,524,221
Debt Service:				
Principal Retirement	-	31,447	36,009	(4,562)
Interest and Fiscal Charges	-	1,898	2,422	(524)
Total Debt Service	-	33,345	38,431	(5,086)
Total Expenditures	76,998,765	98,869,434	75,350,299	23,519,135
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,647,140)	(15,383,916)	15,974,716	31,358,632
OTHER FINANCING SOURCES (USES)				
Transfers In	143,012	143,012	205,611	62,599
Transfers Out	(1,335,704)	(3,086,888)	(2,808,417)	278,471
Leases	-	70,865	107,657	36,792
Insurance Recoveries	-	12,412	58,926	46,514
Sale of Surplus Assets	1,400,000	1,400,000	5,073,102	3,673,102
Total Other Financing Sources (Uses)	207,308	(1,460,599)	2,636,879	4,097,478
NET CHANGE IN FUND BALANCE	(1,439,832)	(16,844,515)	18,611,595	35,456,110
Fund Balances - October 1, 2021	1,439,832	16,844,515	27,627,336	10,782,821
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 46,238,931	\$ 46,238,931

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, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 5,212,651	\$ 5,212,651	\$ 4,885,409	\$ (327,242)
Licenses and Permits	93,000	93,000	191,780	98,780
Intergovernmental	3,249,690	3,249,690	3,365,943	116,253
Charges for Services	120,250	166,997	198,005	31,008
Net Change in Fair Value of Investments	17,000	17,000	3,098	(13,902)
Miscellaneous	1,806,628	1,806,628	2,375,459	568,831
Total Revenues	10,499,219	10,545,966	11,019,694	473,728
EXPENDITURES				
Current:				
Transportation:				
County Engineer	188,044	191,043	185,055	5,988
Engineering Services	1,752,900	1,810,280	1,629,938	180,342
Roads and Bridges	6,227,296	6,327,958	5,947,514	380,444
Bridge and Concrete	396,468	397,045	299,931	97,114
Maintenance Shop	891,416	942,096	885,508	56,588
Traffic Operations	1,505,344	1,583,234	1,416,771	166,463
Mowing - Right of Ways	642,708	653,283	637,048	16,235
County Shell Pit	256,930	283,777	270,888	12,889
Multi-Use Paths	85,683	5,000	-	5,000
Road and Bridge Superintendent	130,458	149,358	147,791	1,567
GIS	186,298	190,165	174,759	15,406
Total Transportation	12,263,545	12,533,239	11,595,203	938,036
Debt Service:				
Principal	-	19,875	18,859	1,016
Interest	-	-	731	(731)
Total Expenditures	12,263,545	12,553,114	11,614,793	938,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,764,326)	(2,007,148)	(595,099)	1,412,049
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,732,387	1,732,387
Transfers Out	(81,324)	(81,324)	(81,324)	-
Insurance Recoveries	-	-	37,672	37,672
Sale of Surplus Assets	-	-	22,809	22,809
Total Other Financing Sources (Uses)	(81,324)	(81,324)	1,711,544	1,770,059
NET CHANGE IN FUND BALANCE	(1,845,650)	(2,088,472)	1,116,445	3,182,108
Fund Balances - October 1, 2021	1,845,650	2,088,472	1,191,698	(896,774)
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 2,308,143	\$ 2,308,143

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, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 12,387,220	\$ 12,387,220	\$ 13,829,396	\$ 1,442,176
Intergovernmental	6,806,920	10,134,266	4,893,922	(5,240,344)
Net Change in Fair Value of Investments	92,000	92,000	181,256	89,256
Miscellaneous	-	10,000	10,000	-
Total Revenues	19,286,140	22,623,486	18,914,574	(3,708,912)
EXPENDITURES				
Current:				
General Government:				
Central Services	1,318,587	1,767,583	464,989	1,302,594
Facilities Management	1,276,175	2,666,034	559,038	2,106,996
Total General Government	2,594,762	4,433,617	1,024,027	3,409,590
Public Safety:				
Sheriff	505,000	554,404	351,984	202,420
County Jail	1,797,578	1,813,665	106,318	1,707,347
Local Emergency Management Agency	987,000	74,400	-	74,400
Ambulance Service	259,230	420,430	-	420,430
Total Public Safety	3,548,808	2,862,899	458,302	2,404,597
Transportation:				
Road and Bridges	15,405,141	24,620,767	13,246,273	11,374,494
Human Services:				
Animal Control	756,323	798,933	9,386	789,547
Culture and Recreation:				
Recreation Department	300,000	867,677	205,394	662,283
Parks Department	123,000	123,000	15,168	107,832
Total Culture and Recreation	423,000	990,677	220,562	770,115

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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Debt Service:				
Principal Retirement	\$ 2,815,611	\$ 2,873,597	\$ 2,873,597	\$ -
Interest and Fiscal Charges	318,979	301,698	301,698	-
Total Debt Service	<u>3,134,590</u>	<u>3,175,295</u>	<u>3,175,295</u>	<u>-</u>
Total Expenditures	<u>25,862,624</u>	<u>36,882,188</u>	<u>18,133,845</u>	<u>18,748,343</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,576,484)	(14,258,702)	780,729	15,039,431
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	276,487	276,487
Transfers Out	(81,474)	(831,474)	(831,474)	-
Insurance Recoveries	-	144,482	144,482	-
Total Other Financing Sources (Uses)	<u>(81,474)</u>	<u>(686,992)</u>	<u>(410,505)</u>	<u>276,487</u>
NET CHANGE IN FUND BALANCE	(6,657,958)	(14,945,694)	370,224	15,315,918
Fund Balances - October 1, 2021	<u>6,657,958</u>	<u>14,945,694</u>	<u>13,435,955</u>	<u>(1,509,739)</u>
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,806,179</u>	<u>\$ 13,806,179</u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,517,083	\$ 633,959	\$ 14,151,042	\$ 7,799,103
Investments	500,000	-	500,000	-
Accounts Receivable - Net	369,949	487	370,436	10,921
Due from Other Funds	46,547	-	46,547	339
Due from Other Governmental Units	309	-	309	-
Advances to Other Funds	43,441	-	43,441	-
Prepaid Items	111,895	-	111,895	-
Inventory	-	556,335	556,335	-
Total Current Assets	14,589,224	1,190,781	15,780,005	7,810,363
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	7,539,998	-	7,539,998	-
Capital Assets:				
(Net of \$14,824,807 Accumulated Amortization and Depreciation)	8,285,269	1,740,634	10,025,903	-
Total Noncurrent Assets	15,825,267	1,740,634	17,565,901	-
Total Assets	30,414,491	2,931,415	33,345,906	7,810,363
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	238,027	-	238,027	-
OPEB Related Items	1,633	78	1,711	-
Total Deferred Outflows of Resources	239,660	78	239,738	-
LIABILITIES				
Current Liabilities:				
Vouchers Payable	404,648	6,195	410,843	22,626
Due to Other Funds	2,692	52	2,744	-
Accrued Wages Payable	25,063	921	25,984	-
Due to Other Governmental Units	1,130	-	1,130	-
Due to Others	-	-	-	1,053
Unearned Revenue	-	-	-	490,534
Compensated Absences - Current Portion	6,977	-	6,977	-
Landfill Closure Liability - Current Portion	78,455	-	78,455	-
Lease Liability - Current Portion	4,546	-	4,546	-
Claims Payable	-	-	-	819,427
Total Current Liabilities	523,511	7,168	530,679	1,333,640

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
LIABILITIES (CONTINUED)				
Long-Term Liabilities:				
Payable from Restricted Assets:				
Customer Deposits	\$ 112,648	\$ -	\$ 112,648	\$ -
Landfill Closure Liability	7,427,350	-	7,427,350	-
Compensated Absences Payable	62,792	-	62,792	6,203,997
Total OPEB Liability	18,195	874	19,069	-
Landfill Closure Liability	1,290,562	-	1,290,562	-
Lease Liability	384	-	384	-
Net Pension Liability	928,002	-	928,002	-
Total Long-Term Liabilities	<u>9,839,933</u>	<u>874</u>	<u>9,840,807</u>	<u>6,203,997</u>
 Total Liabilities	 10,363,444	 8,042	 10,371,486	 7,537,637
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	100,120	-	100,120	-
OPEB Related Items	25,465	1,223	26,688	-
Total Deferred Inflows of Resources	<u>125,585</u>	<u>1,223</u>	<u>126,808</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	8,280,342	1,740,634	10,020,976	-
Unrestricted	<u>11,884,780</u>	<u>1,181,594</u>	<u>13,066,374</u>	<u>272,726</u>
 Total Net Position	 <u>\$ 20,165,122</u>	 <u>\$ 2,922,228</u>	 23,087,350	 <u>\$ 272,726</u>
 Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			 <u>80,898</u>	
 Net Position of Business-Type Activities			 <u>\$ 23,168,248</u>	

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 3,419,946	\$ 2,536,351	\$ 5,956,297	\$ 20,067,709
Special Assessments	7,905,824	-	7,905,824	-
Sale of Recyclable Materials	1,675	-	1,675	-
Miscellaneous	76	-	76	-
Total Operating Revenues	11,327,521	2,536,351	13,863,872	20,067,709
OPERATING EXPENSES				
Personal Services	1,000,580	40,260	1,040,840	-
General and Administrative	7,694,864	2,508,806	10,203,670	7,530,848
Insurance and Claims	-	-	-	12,424,041
Depreciation and Amortization	572,308	121,931	694,239	-
Total Operating Expenses	9,267,752	2,670,997	11,938,749	19,954,889
OPERATING INCOME (LOSS)	2,059,769	(134,646)	1,925,123	112,820
NONOPERATING REVENUES (EXPENSES)				
Operating Grants	29,957	-	29,957	-
Net Change in Fair Value of Investments	256,753	7,233	263,986	68,324
Interest Expense	(171)	-	(171)	-
Insurance Recoveries	107,416	-	107,416	-
Gain (Loss) on Disposal of Capital Assets	7,012	150	7,162	-
Total Nonoperating Revenues (Expenses)	400,967	7,383	408,350	68,324
INCOME (LOSS) BEFORE TRANSFERS	2,460,736	(127,263)	2,333,473	181,144
Transfer Out	(106,585)	-	(106,585)	-
CHANGE IN NET POSITION	2,354,151	(127,263)	2,226,888	181,144
Net Position - October 1, 2021	17,810,971	3,049,491		91,582
NET POSITION - SEPTEMBER 30, 2022	<u>\$ 20,165,122</u>	<u>\$ 2,922,228</u>		<u>\$ 272,726</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			11,253	
Change in Net Position of Business-Type Activities			<u>\$ 2,238,141</u>	

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 11,221,164	\$ 2,536,926	\$ 13,758,090	\$ -
Cash Received from Internal Customers	-	-	-	20,051,982
Cash Payments for Personal Services	(1,002,975)	(37,320)	(1,040,295)	-
Cash Payments to Vendors	(7,391,107)	(2,580,336)	(9,971,443)	-
Cash Payments for Insurance Premiums and Claims	-	-	-	(13,618,936)
Cash Payments to Employees for Services	-	-	-	(6,094,006)
Customer Deposits	18,495	-	18,495	-
Insurance Recoveries	107,416	-	107,416	-
Other Miscellaneous Cash Received	1,675	-	1,675	-
Net Cash Provided (Used) by Operating Activities	2,954,668	(80,730)	2,873,938	339,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant Funds Received	29,957	-	29,957	-
Payments Received on Advance to Other Funds	13,916	-	13,916	1,109
Repayment on Advance to Other Funds	-	-	-	(107)
Transfers to Other Funds	(106,585)	-	(106,585)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(62,712)	-	(62,712)	1,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	7,012	150	7,162	-
Acquisition of Capital Assets	(1,635,629)	(2,830)	(1,638,459)	-
Principal Payments on Borrowings	(4,436)	-	(4,436)	-
Interest Payments on Borrowings	(171)	-	(171)	-
Net Cash Used by Capital and Related Financing Activities	(1,633,224)	(2,680)	(1,635,904)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	(500,000)	-	(500,000)	-
Sale of Investments	5,098,158	-	5,098,158	867,397
Investment Income	281,302	7,233	288,535	69,426
Net Cash Provided by Investing Activities	4,879,460	7,233	4,886,693	936,823
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,138,192	(76,177)	6,062,015	1,276,865
Cash and Cash Equivalents - October 1, 2021	14,918,889	710,136	15,629,025	6,522,238
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u>\$ 21,057,081</u>	<u>\$ 633,959</u>	<u>\$ 21,691,040</u>	<u>\$ 7,799,103</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,059,769	\$ (134,646)	\$ 1,925,123	\$ 112,820
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	572,308	121,931	694,239	-
Insurance Recoveries	107,416	-	107,416	-
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in:				
Accounts Receivable	(104,691)	575	(104,116)	26,579
Inventory	-	(59,093)	(59,093)	-
Due from Other Funds	(12,687)	-	(12,687)	(339)
Due from Other Governmental Units	9	-	9	-
Prepaid Items	26,064	-	26,064	-
Deferred Outflows Related to Pensions	(24,972)	-	(24,972)	-
Deferred Outflows Related to OPEB	687	(78)	609	-
Increase (Decrease) in:				
Vouchers Payable	28,415	(12,259)	16,156	(5,616)
Accrued Wages Payable	(17,122)	921	(16,201)	-
Due to Other Funds	(442)	52	(390)	-
Due to Other Governmental Units	993	(230)	763	(11,993)
Claims Payable	-	-	-	128,937
Compensated Absences	8,480	-	8,480	130,619
Landfill Closure Liability	261,414	-	261,414	-
Unearned Revenues	-	-	-	(41,967)
Customer Deposits	18,495	-	18,495	-
Total OPEB Liability	(12,063)	874	(11,189)	-
Net Pension Liability	478,723	-	478,723	-
Deferred Inflows Related to Pensions	(442,932)	-	(442,932)	-
Deferred Inflows Related to OPEB	6,804	1,223	8,027	-
Total Adjustments	894,899	53,916	948,815	226,220
Net Cash Provided (Used) by Operating Activities	\$ 2,954,668	\$ (80,730)	\$ 2,873,938	\$ 339,040
NONCASH CAPITAL AND INVESTING ACTIVITIES				
Change in Fair Value of Investments	\$ (37,962)	\$ -	\$ (37,962)	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION CASH AND CASH EQUIVALENTS				
Total Cash and Cash Equivalents	\$ 21,057,081	\$ 633,959	\$ 21,691,040	\$ 7,799,103
Less: Restricted Cash and Investments	7,539,998	-	7,539,998	-
Total Unrestricted Cash and Cash Equivalents	\$ 13,517,083	\$ 633,959	\$ 14,151,042	\$ 7,799,103

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,995,288
Due from Others	23,241
Due from Other Governmental Units	<u>2,168</u>
Total Assets	5,020,697
LIABILITIES	
Due to Others	151,182
Due to Other Governmental Units	<u>1,100,367</u>
Total Liabilities	<u>1,251,549</u>
NET POSITION	
Restricted for Other Governments and Individuals	<u><u>\$ 3,769,148</u></u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Tax, License, Fines, and Fees Collected for Other Governments and Individuals	\$ 92,690,178
DEDUCTIONS	
Tax, License, Fines, and Fees Disbursed to Other Governments and Individuals	<u>91,048,466</u>
CHANGE IN NET POSITION	1,641,712
Net Position - October 1, 2021	<u>2,127,436</u>
NET POSITION - SEPTEMBER 30, 2022	<u><u>\$ 3,769,148</u></u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Highlands County (the 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. The component units listed below do not issue separate financial statements:

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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 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 COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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.

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 streetlights 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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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.

Oak Manor Avenue Road Paving District was established by Ordinance 19-20-06 to track the special assessment financing for paving Oak Manor Avenue. 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 Road Paving District is operated as a special revenue fund of the Board.

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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Highlands County Fire Protection Special Benefit District was established by Ordinance 17-18-04 to track the special assessment to provide fire protection services within the County. 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.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

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 has been eliminated from the government-wide financial statements, with an exception for interfund services provided and used, which are not eliminated in the process of consolidation. 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 (custodial). 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.

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 custodial funds. The custodial funds of the County represent assets held by the County in a fiduciary 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Proprietary Funds (Continued)

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.

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 County Transportation Trust Fund important to financial statement users because of public interest and is, therefore, reporting that fund as a major fund even though the quantitative criteria has not been met.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

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.

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.

Proprietary Funds

Solid Waste

The Solid Waste Fund accounts for all facilities and administration relating to the sanitary disposal of solid waste (refuse).

Energy Recovery (Nonmajor)

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.

Custodial Funds

The Custodial Funds account for all assets held by the County in its capacity as a fiduciary for individuals, other governmental units, and nonpublic organizations.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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 Industrial Development Agency Fund, Placid Lakes Fire District Fund, Court Fund, Public Records Modernization Trust Fund, Teen Court Operations Fund, Court Related Technology Modernization Trust Fund, Homeowner's Foreclosure Education 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting (Continued)

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.
11. The Clerk's Court Services Fund does not budget for the excess of revenue over expenditures that is required to be returned to the state of Florida. For the year ending September 30, 2022, \$153,951 of revenue over expenditures returned to the state of Florida is included in total expenditures.

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, \$97,214,660, differs from "net position" of governmental activities, \$279,427,214, 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.

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	\$ 369,791,211
Accumulated Depreciation/Amortization	<u>(101,144,850)</u>
Total Capital Assets	<u><u>\$ 268,646,361</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, 2022, were:

Deferred Inflows of Resources	<u><u>\$ 5,822,464</u></u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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)

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, 2022, were:

Notes Payable	\$ (26,419,000)
Leases	<u>(203,421)</u>
Total Long-Term Liabilities	<u>\$ (26,622,421)</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.

Accrued Interest on Notes Payable	<u>\$ (151,993)</u>

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, 2022, were:

Net Pension Liability	\$ (78,285,571)
Deferred Outflows of Resources - Pension Related	21,413,939
Deferred Inflows of Resources - Pension Related	(7,419,477)
Compensated Absences Adjustment	<u>595,037</u>
Total	<u>\$ (63,696,072)</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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)

Other Postemployment Benefits Related Items

Total other postemployment benefits (OPEB) 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. Balances as of September 30, 2022, were:

Total OPEB Liability	\$ (856,189)
Deferred Outflows of Resources - OPEB Related	76,844
Deferred Inflows of Resources - OPEB Related	<u>(1,198,268)</u>
Total	<u><u>\$ (1,977,613)</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>\$ 191,828</u></u>

Elimination of Interfund Receivables/Payables

Interfund receivables, payables, and advances in the amount of \$793,034 between governmental funds were eliminated from the statement of net position.

Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities

The "net change in fund balances" for governmental funds, \$33,441,334, differs from the "change in net position" for governmental activities, \$33,676,980 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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)

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	\$ 16,357,954
Depreciation/Amortization Expense	<u>(7,259,910)</u>
Difference	<u>\$ 9,098,044</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>\$ (2,614,694)</u>

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. There were no premiums or discounts to report in the current year.

Issuance of Notes Payable and Leases	\$ (21,721,657)
Principal Repayments of Notes Payable and Leases	<u>14,806,537</u>
Net Adjustment	<u>\$ (6,915,120)</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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	\$ 859,998
Charges for Services	340,912
Total Adjustment	<u>\$ 1,200,910</u>

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	<u>\$ (14,822)</u>

Pension Related Items

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.

Pension Expense	<u>\$ (965,795)</u>

Other Postemployment Benefits Related Items

Changes in total OPEB 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.

OPEB Expense	<u>\$ 277,232</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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	\$ 181,144
Internal Service Funds Operating Loss	
Allocated to Business-Type Activities	(11,253)
Net Adjustment	<u>\$ 169,891</u>

Transfers in and transfers out in the amount of \$3,820,241 between governmental funds were 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Florida Surplus Asset Fund Trust (FL SAFE) Stable NAV Fund, Florida Cooperative Liquid Assets Securities System (FLCLASS), and the Florida Public Assets for Liquidity Management Portfolio (FL PALM) are reported as cash equivalents at net asset value (NAV). The Florida Local Government Investment Trust (FLGIT) Bond Fund, the Florida Surplus Asset Fund Trust (FL SAFE) Variable NAV Fund, the Florida Fixed Income Trust (FL-FIT) Cash Pool, and the Florida Public Asset Liquidity Management Term Fund (FL – PALM Term) are reported as investments at net asset value (NAV).

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 classified as nonspendable fund balance which indicates they are unavailable for appropriation.

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 consumed.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax

The County's property tax roll is as follows:

Valuation Date	January 1, 2022

Property Appraiser prepares the assessment roll with values as of January 1, 2022, submits this preliminary roll for approval by the Department of Revenue and notifies each taxing authority of their respective valuations.	July 1, 2022

Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rates for the coming year.	September 1, 2022

Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 1, 2022

Tax Collector mails a notice of taxes to each property owner on the assessment roll. Taxes may be paid November 2021 through March 2022, 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, 2023

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May 2023

Tax certificates are sold on all real estate parcels with unpaid real property taxes (lien date).	June 1, 2023

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, 2023

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022
Second	25% of estimated tax	4.50	September 30, 2022
Third	25% of estimated tax plus 50% adjustment to actual tax	3.00	December 31, 2022
Fourth	25% of estimated tax plus 50% adjustment to actual tax	0.00	March 31, 2023

No accrual for the property tax levy becoming due in November 2022, 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), right-of-use assets, 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, 2022**

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 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, 2022**

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 assets 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 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, the Retiree Health Insurance Subsidy Program, and the OPEB Plan.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

The other amounts will be recognized as increases in pension or OPEB expense in future years.

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 assets 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 leases and 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, the Retiree Health Insurance Subsidy Program and the OPEB Plan. 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 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. Leases

Lessee Arrangement

The County determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statements of net position.

Lease assets represent the County's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessee Arrangement (Continued)

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

The County has recognized payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Significant lease terms are disclosed in Note 8.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the County treats the components as a single lease unit.

Lessor Arrangement

The County determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessor Arrangement (Continued)

The County has recognized payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Significant lease terms are disclosed in Note 8.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the County treats the components as a single lease unit.

S. 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.

T. 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, 2022, totaled \$9,873,073 made up of \$3,387,198 in the General Fund, \$328,872 from County Transportation Trust, \$4,360,407 from Local Government Infrastructure Surtax, and \$1,796,596 from nonmajor governmental funds.

U. 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Self-Insurance

Employee health and dental insurances are provided under externally administered 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.

W. Eliminations

Eliminating entries were made between departments in the General Fund.

X. 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Fund Balance (Continued)

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.

Y. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted where there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

Z. 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.

AA. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective October 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2022, the bank balances of the County's demand deposits totaled \$78,460,209

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 fair value adequate to cover the deposits under the provisions of this law.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 – custodial funds is as follows:

Deposits	\$ 76,720,697
Petty Cash and Change Funds	28,604
Investments	62,271,865
Total	<u><u>\$ 139,021,166</u></u>

Statement of Net Position:

Cash and Cash Equivalents	\$ 85,972,705
Investments	40,445,715
Restricted Cash and Cash Equivalents	7,607,458

Statement of Fiduciary Net Position - Custodial Funds:

Cash and Cash Equivalents	4,995,288
Total	<u><u>\$ 139,021,166</u></u>

Investments

The County invested funds throughout the year with local government investment pools. At September 30, 2022, 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	\$ 9,553,922
Florida Local Government Investment Trust -	
Day To Day Fund	609,889
Total Measured at Amortized Cost	<u>10,163,811</u>
Measured at NAV:	
Florida Local Government Investment Trust -	
Short-Term Bond Fund	100,981
Florida Surplus Asset Fund Trust - Stable NAV Fund	5,714,936
Florida Surplus Asset Fund Trust - Variable NAV Fund	117,166
Florida Cooperative Liquid Assets Securities System	5,619,045
Florida Public Assets for Liquidity Management	
Portfolio	328,358
Florida Public Assets for Liquidity Management	
Term Fund	36,000,000
Florida Fixed Income Trust	4,227,568
Total Measured at NAV	<u>52,108,054</u>
Total	<u><u>\$ 62,271,865</u></u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2022, Florida PRIME contained certain floating and adjustable-rate securities. These investments represented 34.7% of the Florida PRIME's portfolio at September 30, 2022.

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 dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2022, was 21 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, 2022, 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, and the Investment 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, 2022, 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2022, the County was invested in the Day to Day Fund and the Short-Term Bond Fund. There are no limits or restrictions on withdrawals.

FLGIT Day to Day Fund

At September 30, 2022, the average maturity in days was 29 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.

FLGIT Short-Term Bond Fund

At September 30, 2022, the average maturity in years was 1.76 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 sectors for income generation. The fund focus is on identifying the most efficient sources of income for the portfolio, as the income component of total return is believed to be the key driver for overall portfolio performance.

Florida Surplus Asset Fund Trust

Florida Surplus Asset Fund Trust (FL SAFE) 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, 2022, the County was invested in the Stable NAV Fund and the Variable NAV Fund.

FL SAFE Stable NAV Fund

At September 30, 2022, the average maturity is not to exceed 120 days. The fund seeks, but does not guarantee, to maintain a constant NAV at \$1.00 per share. 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.

FL SAFE Variable NAV Fund

At September 30, 2022, the weighted average maturity (WAM) was about one 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Florida Surplus Asset Fund Trust (Continued)

FL SAFE Variable NAV Fund (Continued)

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 for as a stable NAV investment pool, and operates like a money market mutual fund with each share valued at \$1.00. At September 30, 2022, the WAM in days was 26 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.

Florida Public Assets for Liquidity Management Fund

The Florida Public Assets for Liquidity Management Fund (FL PALM) is a common law trust organized under the laws of the state of Florida. FL PALM is directed by a Board of Trustees and an Advisory Committee. At September 30, 2022, the County was invested in the FL PALM Portfolio and FL PALM Term fund.

The FL PALM Portfolio seeks to maintain a stable NAV of \$1.00 per share. As of September 30, 2022, FL PALM Portfolio's WAM in days was 24 days.

The FL PALM Term fund seeks to achieve a new asset value of \$1.00 per share at its stated maturity.

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

Florida Fixed Income Trust

Florida Fixed Income Trust (FL-FIT) was formed through indenture of trust pursuant to Florida Statutes, Sections 163.01 and 218.415.

Investments in FL-FIT are measured at NAV. As of September 30, 2022, FL-FIT's WAM in days was 12 days.

The investment strategy of FL-FIT seeks to maintain a portfolio of high-quality short-duration fixed-income instruments.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Funds:				
FLGIT Short-Term Bond Fund	\$ 100,981	\$ -	Daily	1-3 Days
FL SAFE Stable NAV Fund	5,714,936	-	Daily	1 Day
FL SAFE Variable NAV Fund	117,166	-	Daily	1 Day
FLCLASS	5,619,045	-	Daily	1 Day
FL PALM Portfolio	328,358	-	Daily	1 Day
FL PALM Term	36,000,000	-	Daily	1 Day
FL-FIT	4,227,568	-	Daily	1 Day

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, 2022, were as follows:

Investment Type	Investment Maturity (in Years)
Florida PRIME	Less than 1
FLGIT - Day To Day Fund	Less than 1
FLGIT - Short-Term Bond Fund	1 - 5
FL SAFE Stable NAV Fund	Less than 1
FL SAFE Variable NAV Fund	1 - 5
FLCLASS	Less than 1
FL PALM Portfolio	Less than 1
FL PALM Term Fund	Less than 1
FL-FIT	Less than 1

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, for each type of investment:

Investment Type	Credit Rating
Florida PRIME	AAAm
FLGIT - Day To Day Fund	AAAm
FLGIT - Short-Term Bond Fund	AAAf
FL SAFE Stable NAV Fund	AAAm
FL SAFE Variable NAV Fund	AAAf
FLCLASS	AAAm
FL PALM Portfolio	AAAm
FL PALM Term Fund	AAAf
FL-FIT	AAAf

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, 2022:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Solid Waste	Nonmajor and Other Funds	Total
Emergency Medical Services	\$ 2,676,162	\$ -	\$ -	\$ -	\$ -	\$ 2,676,162
Landfill Charges	-	-	-	344,753	-	344,753
Interest	297,902	2,130	29,955	25,196	46,518	401,701
Miscellaneous	703,002	632	-	-	40,028	743,662
Accounts Receivable, Gross	3,677,066	2,762	29,955	369,949	86,546	4,166,278
Allowance for Doubtful Accounts	(41,484)	-	-	-	-	(41,484)
Accounts Receivable, Net	<u>\$ 3,635,582</u>	<u>\$ 2,762</u>	<u>\$ 29,955</u>	<u>\$ 369,949</u>	<u>\$ 86,546</u>	<u>\$ 4,124,794</u>

Activity in Emergency Medical Services accounts receivable was as follows:

Balance - September 30, 2021	\$ 2,150,545
Billings	8,578,927
Less:	
Cash Receipts	(4,211,860)
Medical/Medicaid Adjustments	(2,353,229)
Sent to Collection	(1,469,377)
Write Off	-
Other Adjustments	(18,844)
Balance - September 30, 2022	<u>\$ 2,676,162</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 46,933,880	\$ 469,814	\$ (2,269,749)	\$ 45,133,945
Construction in Progress	16,556,205	9,580,231	(7,117,147)	19,019,289
Infrastructure	120,145,305	3,926,572	-	124,071,877
Land Use Rights, Permanent	2,415,419	155,748	-	2,571,167
Total Capital Assets, Not Being Depreciated/Amortized	186,050,809	14,132,365	(9,386,896)	190,796,278
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	8,673,732	-	-	8,673,732
Buildings	74,091,282	1,562,618	-	75,653,900
Improvements Other Than Buildings	14,075,979	18,255	-	14,094,234
Machinery and Equipment	68,295,350	7,654,206	(2,103,956)	73,845,600
Computer Software	6,466,105	-	-	6,466,105
Right-to-Use Assets	153,705	107,657	-	261,362
Total Capital Assets Being Depreciated/Amortized	171,756,153	9,342,736	(2,103,956)	178,994,933
Less: Accumulated Depreciation/Amortization for:				
Infrastructure	(115,650)	(200,921)	-	(316,571)
Buildings	(34,996,530)	(2,130,836)	-	(37,127,366)
Improvements Other Than Buildings	(7,304,128)	(467,086)	-	(7,771,214)
Machinery and Equipment	(47,321,365)	(4,216,742)	1,759,011	(49,779,096)
Computer Software	(5,906,278)	(184,968)	-	(6,091,246)
Right-to-Use Assets	-	(59,357)	-	(59,357)
Total Accumulated Depreciation/Amortization	(95,643,951)	(7,259,910)	1,759,011	(101,144,850)
Total Capital Assets, Being Depreciated/ Amortized, Net	76,112,202	2,082,826	(344,945)	77,850,083
Governmental Activities Capital Assets, Net	<u>\$ 262,163,011</u>	<u>\$ 16,215,191</u>	<u>\$ (9,731,841)</u>	<u>\$ 268,646,361</u>

The beginning balance was restated due to implementation of GASB Statement No. 87, *Leases*.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 1,839,228	\$ -	\$ -	\$ 1,839,228
Construction in Progress	5,466	44,696	-	50,162
Total Capital Assets, Not Being Depreciated/Amortized	1,844,694	44,696	-	1,889,390
Capital Assets, Being Depreciated/Amortized:				
Buildings and Systems	696,881	-	-	696,881
Improvements Other Than Buildings	10,359,145	89,385	-	10,448,530
Machinery and Equipment	10,317,959	1,504,378	(15,794)	11,806,543
Right-to-Use Assets	9,366	-	-	9,366
Total Capital Assets Being Depreciated/Amortized	21,383,351	1,593,763	(15,794)	22,961,320
Less: Accumulated Depreciation/Amortization for:				
Buildings and Systems	(607,116)	(11,489)	-	(618,605)
Improvements Other Than Buildings	(7,525,179)	(121,686)	-	(7,646,865)
Machinery and Equipment	(6,014,067)	(556,567)	15,794	(6,554,840)
Right-to-Use Assets	-	(4,497)	-	(4,497)
Total Accumulated Depreciation/Amortization	(14,146,362)	(694,239)	15,794	(14,824,807)
Total Capital Assets, Being Depreciated/ Amortized, Net	7,236,989	899,524	-	8,136,513
Business-Type Activities Capital Assets, Net	\$ 9,081,683	\$ 944,220	\$ -	\$ 10,025,903

The beginning balance was restated due to implementation of GASB Statement No. 87, *Leases*.

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

Governmental Activities:	
General Government	\$ 1,323,149
Public Safety	3,461,696
Physical Environment	286,417
Transportation	1,496,564
Economic Environment	44,128
Human Services	82,507
Culture and Recreation	470,984
Court Related	94,465
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 7,259,910</u>
Business-Type Activities:	
Solid Waste	\$ 572,308
Energy Recovery	121,931
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 694,239</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 INTERFUND BALANCES

Interfund balances at September 30, 2022, consisted of the following amounts:

Due To/From Other Funds

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 491,748	\$ 297,875
County Transportation Trust	-	18,642
Local Government Infrastructure Surtax	-	228,474
Solid Waste Fund	46,547	2,692
Nonmajor Governmental Funds	250,989	241,888
Nonmajor Enterprise Funds	-	52
Internal Service Funds	339	-
Total	<u>\$ 789,623</u>	<u>\$ 789,623</u>

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 General Fund advanced a nonmajor governmental fund money for construction of a building. As of September 30, 2022, the outstanding balance was \$21,577.
- In 2020, the Solid Waste Fund refinanced an advance to a nonmajor governmental fund for wastewater improvements in 2018, and additional costs not covered by the original loan. The outstanding balance as of September 30, 2022, was \$43,441.
- In 2021, the County Transportation Trust Fund advanced a nonmajor governmental fund money for improvements to a road. The outstanding balance as of September 30, 2022, was \$28,720.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 RESTRICTED ASSETS

Restricted assets include customer deposits and amounts required by Florida Administrative Code 62-701.630 to be deposited in escrow for landfill management. Total restricted assets as of September 30, 2022, were as follows:

	<u>Cash and Cash Equivalents</u>
Governmental Funds:	
General Fund:	
Customer Deposits	<u>\$ 67,460</u>
Enterprise Funds:	
Solid Waste:	
Customer Deposits	\$ 112,648
Landfill Closure	<u>7,427,350</u>
Total Enterprise Funds	<u>\$ 7,539,998</u>

NOTE 7 LONG-TERM LIABILITIES

The summary of changes in long-term debt for the fiscal year ended September 30, 2022, is as follows:

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Governmental Activities:					
Notes Payable:					
Direct Borrowings	\$ 133,596	\$ -	\$ (133,596)	\$ -	\$ -
Direct Placements	<u>19,420,000</u>	<u>21,614,000</u>	<u>(14,615,000)</u>	<u>26,419,000</u>	<u>3,187,000</u>
Total Notes Payable	19,553,596	21,614,000	(14,748,596)	26,419,000	3,187,000
Leases	153,705	107,657	(57,941)	203,421	75,472
Compensated Absences	<u>5,517,883</u>	<u>6,185,087</u>	<u>(6,094,007)</u>	<u>5,608,963</u>	<u>560,897</u>
Governmental Activity Long-Term Liabilities	<u>\$ 25,225,184</u>	<u>\$ 27,906,744</u>	<u>\$ (20,900,544)</u>	<u>\$ 32,231,384</u>	<u>\$ 3,823,369</u>
Business-Type Activities:					
Landfill Closure Liability	\$ 8,534,953	\$ 261,414	\$ -	\$ 8,796,367	\$ 78,455
Leases	9,366	-	(4,436)	4,930	4,546
Compensated Absences	<u>61,289</u>	<u>60,418</u>	<u>(51,938)</u>	<u>69,769</u>	<u>6,977</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 8,605,608</u>	<u>\$ 321,832</u>	<u>\$ (56,374)</u>	<u>\$ 8,871,066</u>	<u>\$ 89,978</u>

The beginning balance was restated due to implementation of GASB Statement No. 87, *Leases*.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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.

The following notes payable were outstanding at September 30, 2022:

	Remaining Principal Amount
Governmental Activities Notes Payable:	
<u>Direct Placement</u>	
\$5,500,000 with a fixed interest rate equal to 2.08% dated September 19, 2019, with final payment due August 1, 2034. Interest payments are due on February 1 and August 1. Beginning August 1, 2021, principal payments ranging from \$350,000 to \$450,000 are due in annual installments until maturity date. Serviced from and secured by the County's Non-Ad Valorem Fire Assessment. The proceeds from the note are used for issuance expenses and the cost of the acquisition, construction, and equipping of fire safety equipment, vehicles, a fire station, and other infrastructure improvement projects located within the County. If any event of default shall occur, all indebtedness may become immediately due and payable to the lender.	\$ 4,805,000
<u>Direct Placement</u>	
\$21,614,000 with a fixed interest rate equal to 1.52% dated November 10, 2021, with final payment due November 1, 2033. Interest and principal payments beginning November 1, 2022, principal payments ranging from \$1,190,000 - \$2,960,000 are due in annual installments until maturity date. Serviced from and secured by the County's Sales Tax Revenues. The proceeds from the note are used for refunding of Infrastructure Sales Surtax Refunding Revenue Note, Series 2015 and finance and/or reimburse the costs of the project. If any event of default shall occur, all indebtedness may become immediately due and payable to the lender.	21,614,000
Total Governmental Activities Notes Payable	<u>\$ 26,419,000</u>

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to amortize all debts outstanding as of September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities	
	Direct Borrowings and Direct Placements	
	Principal	Interest
2023	\$ 3,187,000	\$ 406,953
2024	3,233,000	356,249
2025	3,285,000	304,706
2026	3,340,000	252,360
2027	1,575,000	212,916
2028-2032	8,285,000	661,688
2033-2037	3,514,000	67,908
Total	<u>\$ 26,419,000</u>	<u>\$ 2,262,780</u>

NOTE 8 LEASES

Lessee Arrangement

The County leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027.

Total future minimum lease payments under lease agreements are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 75,472	\$ 3,867	\$ 4,546	\$ 61	\$ 83,946
2024	40,941	2,764	384	-	44,089
2025	36,830	1,774	-	-	38,604
2026	26,696	907	-	-	27,603
2027	21,649	318	-	-	21,967
2028-2032	1,833	-	-	-	1,833
Total minimum lease payments	<u>\$ 203,421</u>	<u>\$ 9,630</u>	<u>\$ 4,930</u>	<u>\$ 61</u>	<u>\$ 218,042</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities	Business-Type Activities
Equipment	\$ 261,362	\$ 9,366
Less: accumulated amortization	(59,357)	(4,497)
Total	<u>\$ 202,005</u>	<u>\$ 4,869</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 LEASES (CONTINUED)

Lessor Arrangement

The County, acting as lessor, leases office space and cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2027 and provide for renewal options ranging from three months to six years. During the year ended September 30, 2022, the County recognized \$198,063 and \$27,855 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 190,119	\$ 22,777	\$ 212,896
2024	197,019	17,497	214,516
2025	204,140	12,027	216,167
2026	145,760	7,095	152,855
2027	113,407	3,722	117,129
2028-2032	86,077	989	87,066
Total Minimum Lease Payments	<u>\$ 936,522</u>	<u>\$ 64,107</u>	<u>\$ 1,000,629</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 GOVERNMENTAL FUND BALANCES

At September 30, 2022, the County's governmental fund balances were classified as follows:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Advances to Other Funds	\$ 21,577	\$ -	\$ -	\$ -	\$ 21,577
Prepaid Items	775,578	71,604	492,462	18,986	1,358,630
Inventories	500,640	-	-	-	500,640
Total Nonspendable	1,297,795	71,604	492,462	18,986	1,880,847
Restricted:					
General Government	-	-	-	394,488	394,488
Public Safety	-	-	-	11,413,433	11,413,433
Fire Districts	-	-	-	4,731,898	4,731,898
Inmate Welfare	-	-	-	1,546,882	1,546,882
Building Department	-	-	-	4,160,786	4,160,786
Istokpoga Marsh					
Watershed Maintenance	-	-	-	87,773	87,773
Physical Environment	-	-	-	279,875	279,875
Conservation	-	-	-	411,445	411,445
Tourist Development	-	-	-	2,715,454	2,715,454
Transportation	-	1,127,814	-	3,843,234	4,971,048
Housing Programs	-	-	-	1,814,516	1,814,516
Human Services	-	-	-	139,688	139,688
Culture and Recreation	-	-	-	317,714	317,714
Court Related	-	-	-	423,524	423,524
Infrastructure and					
Land Acquisition	-	-	13,313,717	2,606,043	15,919,760
Total Restricted	-	1,127,814	13,313,717	34,886,753	49,328,284
Assigned:					
Subsequent Year					
Expenditures	3,387,198	-	-	-	3,387,198
Transportation	-	1,108,725	-	-	1,108,725
Total Assigned	3,387,198	1,108,725	-	-	4,495,923
Unassigned	41,553,938	-	-	(44,332)	41,509,606
Total Fund Balances	<u>\$ 46,238,931</u>	<u>\$ 2,308,143</u>	<u>\$ 13,806,179</u>	<u>\$ 34,861,407</u>	<u>\$ 97,214,660</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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.

The County had previously reported the assets and associated liabilities of the deferred compensation plan in its financial statements as a fiduciary 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.

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.

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 fund has been established for the plan, and there are no assets accumulated in trust for payment of benefits. The plan does not issue a separate financial report.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Active Plan Members	761
Total	<u>778</u>

Total OPEB Liability

The County's Total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2022. The following table shows the County's total OPEB liability for the year ended September 30, 2022.

	Total OPEB Liability
Balances - October 1, 2021	<u>\$ 1,494,374</u>
Changes for the Year:	
Service Cost	86,748
Interest	31,728
Changes in Assumptions	(145,206)
Differences Between Expected and Actual Experience	(501,137)
Benefit Payments	(91,249)
Net Changes	<u>(619,116)</u>
Balances - September 30, 2022	<u>\$ 875,258</u>

The total OPEB liability is liquidated by the activities in which current employee costs are associated.

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:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	3.40 %	4.40 %	5.40 %
Total OPEB Liability	\$ 939,074	\$ 875,258	\$ 813,597

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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:

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	2.94 %	3.94 %	4.94 %
Total OPEB Liability	\$ 780,961	\$ 875,258	\$ 986,239

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

For the year ended September 30, 2022, the County recognized OPEB expense of (\$188,551). In addition, the County reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 886,734
Changes of Assumptions	78,555	338,222
Total	<u>\$ 78,555</u>	<u>\$ 1,224,956</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ (307,027)
2024	(297,251)
2025	(329,958)
2026	(104,442)
2027	(107,723)

Actuarial Assumptions

The total OPEB liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.40%
Healthcare Cost Trend Rates	3.94%

The actuarial cost method used was the Entry Age Normal method calculated on an individual basis with level percentage of pay.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Mortality rates were based on the Pub-2010 Safety Retirees Headcount – Weighted Mortality, projected with Fully Generational MP 2021 Mortality Improvement Scale.

The discount rate used to measure the total OPEB liability was 4.40%, based on yield for 20-year general obligation bond index.

The following changes have been made since the prior valuation:

- The trend table was updated to the latest model released by the Society of Actuaries.
- The discount rate was changed from 2.19% to 4.40%
- The mortality and disability decrements were updated to the latest assumptions used for the FRS valuation based on the 2021 FRS Experience Study.

NOTE 12 LANDFILL CLOSURE AND POST-CLOSURE CARE COST

Highlands County has four landfill sites which are comprised of a total of 10 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 30 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 \$8,796,367 at September 30, 2022, represents the cumulative amount reported to date based on an average use of 56% of the total estimated capacity. The portion of the liability related to 2022 usage is an increase of \$261,414. It is estimated that an additional liability totaling \$6,881,093 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, 2031, 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, 2022, with cash and investments of \$8,796,367 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 13 MISCELLANEOUS REVENUE

Miscellaneous revenue included in the Governmental Funds for the fiscal year ended September 30, 2022, consists of the following:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Other Governmental Funds
Interfund Services Rendered	\$ 1,341,532	\$ 2,256,280	\$ -	\$ 6,367
Commissions on Inmate Phone Calls and Commissary Sales Profits	-	-	-	121,005
Other	848,251	119,179	10,000	870,188
Total	<u>\$ 2,189,783</u>	<u>\$ 2,375,459</u>	<u>\$ 10,000</u>	<u>\$ 997,560</u>

NOTE 14 MAJOR CUSTOMERS

A significant amount of the Solid Waste Fund revenue for 2022 is derived from one major customer as follows:

	Percentage of Total Revenue
Waste Connections, Inc.	<u>6.71%</u>

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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 15 COMMITMENTS AND CONTINGENCIES

The County has entered into various contracts for design, construction, and other services as of September 30, 2022:

	Commitment
Arbuckle Creek Road Turn Lanes at Landfill Access Road	\$ 399,577
Asphalt Milling	87,960
Avon Park Estates Roads	15,325
Avon Park Tax Collector Office Remodel	36,000
Broadband Marketing Campaign	4,976
Children's Advocacy Center Facility Improvements	2,500
Clerk of Courts Technology, Equipment and Software	70,154
County Jail Kitchen Hood	1,452
County Road 623	150,253
Dispatch Console Upgrade	1,220,835
Emergency Operations Center Building Remodel	186,287
Fire Rescue Station 36, Lake Placid	188,350
Highlands County Solid Waste System Evaluation	116,056
Istokpoga Marsh Watershed Improvement District, Canal and Structure-Design	27,000
Lake Istokpoga Boat Ramp Parking Expansion	7,000
Landfill Borrow Pit Expansion	45,672
Landfill Class I Expansion	1,771,564
Memorial Drive Multi-Use Path	603
New Animal Control Operation Building	33,296
New Traffic Operations Building	16,700
Road and Bridge Building Expansion (Unit 2)	42,000
Sebring Parkway Phase II A	878,479
Sebring Parkway Phase II B	585,304
Sebring Shopping Center Bayview Development Traffic Analysis	1,929
Sebring Tax Collector Office Remodel	29,000
W. Stryker Roadway Improvements	2,112,469
VESTA 911 Call Handling System	621,344
Priority Utility Expansions	41,650
Total	<u>\$ 8,693,735</u>

In September 2022, the County was impacted by Hurricane Ian. As a result, the County activated disaster service contracts for debris monitoring, removal, and hauling. The amount encumbered as of September 30, 2022, was \$500,000; however, the total estimated amount of services is \$10,300,000. These services qualify for reimbursement through federal and state awards.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 the 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, 2022.

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, 2022.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 16 RISK MANAGEMENT (CONTINUED)

Employee Benefit Fund (Continued)

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
2021	\$ 450,997	\$ 11,736,350	\$ 11,496,450	\$ 690,897
2022	690,897	10,951,029	10,822,499	819,427

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. An annual comprehensive 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 \$9,507,930 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2022.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022**

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 at Age 63 or with 31 Years of Service	1.63
Retirement at Age 64 or with 32 Years of Service	1.65
Retirement at Age 65 or with 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement at Age 65 or with 33 Years of Service	1.60
Retirement at Age 66 or with 34 Years of Service	1.63
Retirement at Age 67 or with 35 Years of Service	1.65
Retirement at Age 68 or with 36 Years of Service	1.68
Elected County Officers Class	3.00
Senior Management Service Class	2.00
Special Risk Regular Class:	
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, 2022**

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, 2021, were applied to employee salaries as follows: regular employees 9.10%, special risk 24.17%, county elected officials 49.70%, senior management 27.29%, and DROP participants 16.68%. The County's contributions to the FRS Plan were \$7,704,869 for the year ended September 30, 2022.

Pension Costs

At September 30, 2022, the County reported a liability of \$65,626,811 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2022, the County's proportion was 0.176378059%, which was a decrease of 0.00216435% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$8,654,833 for its proportionate share of FRS's pension expense. In addition, the County reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,116,895	\$ -
Changes of Assumptions	8,082,217	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,333,330	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,867,268	(5,027,179)
County Contributions Subsequent to the Measurement Date	2,101,622	-
Total	<u>\$ 19,501,332</u>	<u>\$ (5,027,179)</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$2,101,622 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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 Ending September 30,</u>	<u>Amount</u>
2023	\$ 3,038,749
2024	687,017
2025	(2,103,537)
2026	10,214,055
2027	536,247

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.70%

Mortality rates were based on the PUB-2010 base table, varies by member category, and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2021 valuation, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%, which is consistent with the 4.38% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	2.6 %	2.6 %	1.1 %
Fixed Income	19.8	4.4	4.4	3.2
Global Equity	54.0	8.8	7.3	17.8
Real Estate (Property)	10.3	7.4	6.3	15.7
Private Equity	11.1	12.0	8.9	26.3
Strategic Investments	3.8	6.2	5.9	7.8
Total	100.0 %			

Assumed Inflation - Mean	2.4 %	1.3 %

Discount Rate

The discount rate used to measure the total pension liability was 6.70% 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, 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.70%	6.70%	7.70%
County's Proportionate Share of the FRS Plan Net Pension Liability	\$ 113,497,059	\$ 65,626,811	\$ 25,601,590

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 Annual Comprehensive 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, 2022, 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, 2022, 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 \$786,903 for the year ended September 30, 2022.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2022, the County reported a liability of \$13,586,762 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2021 through June 30, 2022, relative to the total employer contributions received from all participating employers. At June 30, 2022, the County's proportion was 0.128278686%, which was an increase of 0.0001204777% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$853,097 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	\$ 412,390	\$ (59,783)
Changes in Actuarial Assumptions	778,802	(2,101,863)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,671	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	734,814	(330,772)
County Contributions Subsequent to the Measurement Date	204,957	-
Total	<u>\$ 2,150,634</u>	<u>\$ (2,492,418)</u>

\$204,957 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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 Ending September 30,</u>	<u>Amount</u>
2023	\$ (70,208)
2024	(22,198)
2025	35,119
2026	(77,789)
2027	(281,071)
Thereafter	(130,594)

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.54% in the current year and 2.16% in the prior year 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 FRS Actuarial Assumption Conference. 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.54%	3.54%	4.54%
County's Proportionate Share of the HIS Plan Net Pension Liability	\$ 15,544,371	\$ 13,586,762	\$ 11,966,880

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 Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 17 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

Description	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 65,626,811	\$ 13,586,762	\$ 79,213,573
Deferred Outflows of Resources			
Related to Pensions	19,501,332	2,150,634	21,651,966
Deferred Inflows of Resources			
Related to Pensions	5,027,179	2,492,418	7,519,597
Pension Expense	8,654,833	853,097	9,507,930

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 Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 18 DEFINED CONTRIBUTION PLAN (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 \$1,427,212 for the year ended September 30, 2022. Employee contributions to the Investment Plan totaled \$256,345 for the year ended September 30, 2022.

NOTE 19 FUND BALANCE DEFICIT

Special Revenue Funds

Oak Manor Avenue Road Paving Fund

The fund balance deficit of \$33,054 is a result of initial costs related to the road paving project. The fund started collecting assessments in fiscal year 2022.

State Court Facilities Fund

The fund balance deficit of \$6,252 is a result of operating cost. The deficit will be recovered by the General Fund.

Orange Villa Fund

The fund balance deficit of \$39 is a result of increased electricity costs. The deficit will be recovered the General Fund.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 20 INTERFUND TRANSFERS

Transfers for the year ended September 30, 2022, consisted of the following:

Transfers to the General Fund from:

Nonmajor Governmental Funds	\$ 99,026
Solid Waste Fund	106,585
Total	<u>205,611</u>

Transfers to the County Transportation Trust Fund from:

General Fund	982,387
Local Government Infrastructure Surtax Fund	750,000
Total	<u>1,732,387</u>

Transfers to the Local Government Infrastructure
Surtax Fund from:

General Fund	276,487

Transfers to Nonmajor Governmental Funds from:

General Fund	1,549,543
County Transportation Trust	81,324
Local Government Infrastructure Surtax Fund	81,474
Total	<u>1,712,341</u>

Total Interfund Transfers	<u><u>\$ 3,926,826</u></u>

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.

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% 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 21 TAX ABATEMENTS (CONTINUED)

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 2021-2022 fiscal year for Howard Fertilizer & Chemical Co., equates to \$10,485.

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS
YEAR ENDED SEPTEMBER 30, 2022**

**Condition Rating of Highlands County
Roadway System**

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

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Road System	52.69	54.62	57.55

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Budgeted	\$ 3,513,970	\$ 5,758,461	\$ 5,686,498	\$ 2,809,287	\$ 2,994,877
Actual	977,259	1,381,079	5,504,681	2,274,131	2,585,458

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

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Bridge System	78.05	77.75	77.52

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Budgeted	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Actual	40,275	22,272	35,808	67,617	30,108

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
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 86,748	\$ 80,827	\$ 140,238	\$ 113,559	\$ 115,422
Interest	31,728	33,784	74,630	91,062	82,736
Difference Between Expected and Actual Experience	(501,137)	-	(1,202,118)	-	-
Changes of Assumptions	(145,206)	19,707	(414,877)	196,258	(58,668)
Benefit Payments	(91,249)	(83,562)	131,938	(129,355)	(122,205)
Net Change in Total OPEB Liability	(619,116)	50,756	(1,270,189)	271,524	17,285
Total OPEB Liability - Beginning	1,494,374	1,443,612	2,713,801	2,442,277	2,424,992
Total OPEB Liability - Ending	<u>\$ 875,258</u>	<u>\$ 1,494,368</u>	<u>\$ 1,443,612</u>	<u>\$ 2,713,801</u>	<u>\$ 2,442,277</u>
Covered Employee Payroll	\$ 47,773,270	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348

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 CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN FISCAL YEARS**

Notes to Schedule:

The OPEB plan is not administered through a trust.

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

For the measurement date September 30, 2022, the amount reported as changes in assumptions resulted from the following:

- The trend table was updated to the latest model released by the Society of Actuaries.
- The mortality and disability decrements were updated to the latest assumptions used for the valuation based on the MP2021.
- The discount rate was changed from 2.19% to 4.40%.

For the measurement date September 30, 2021, the amount reported as changes in assumptions resulted from the following:

- The discount rate was changed from 2.41% to 2.19%.

For the measurement date September 30, 2020, the amount reported as changes in assumptions resulted from the following:

- 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.
- The discount rate was changed from 2.75% to 2.41%.
- The mortality and disability decrements were updated to the latest assumptions used for the FRS valuation based on the 2019 FRS Experience Study.

For the measurement date September 30, 2019, the amount reported as changes in assumptions resulted from the following:

- 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.

For the measurement date September 30, 2018, the amount reported as changes in assumptions resulted from the following:

- 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN MEASUREMENT PERIODS**

	2022	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.176378059%	0.178540495%	0.197170451%	0.191369337%	0.185889216%	0.188036873%	0.183000953%	0.173515439%
County's Proportionate Share of the Net Pension Liability	\$ 65,626,811	\$ 13,486,705	\$ 85,456,581	\$ 65,904,936	\$ 55,990,794	\$ 55,620,044	\$ 46,207,883	\$ 22,411,845
County's Covered Payroll	\$ 47,036,514	\$ 44,552,783	\$ 44,798,121	\$ 42,283,674	\$ 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	139.52%	30.27%	190.76%	155.86%	140.36%	142.48%	127.51%	62.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	96.40%	78.85%	82.61%	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
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 7,704,869	\$ 7,025,442	\$ 6,583,862	\$ 6,157,860	\$ 5,451,120	\$ 4,824,979	\$ 4,743,244	\$ 4,232,805
Contributions in Relation to the Contractually Required Contribution	<u>(7,704,869)</u>	<u>(7,025,442)</u>	<u>(6,583,862)</u>	<u>(6,157,860)</u>	<u>(5,451,120)</u>	<u>(4,824,979)</u>	<u>(4,743,244)</u>	<u>(4,232,805)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 47,773,270	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348	\$ 39,019,305	\$ 37,331,763	\$ 35,431,913
Contributions as a Percentage of Covered Payroll	16.13%	15.26%	14.70%	14.25%	13.63%	12.37%	12.71%	11.95%

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
LAST TEN MEASUREMENT PERIODS**

	2022	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.128278686%	0.128158209%	0.128544136%	0.125879122%	0.121886584%	0.122329734%	0.117095796%	0.117233715%
County's Proportionate Share of the Net Pension Liability	\$ 13,586,762	\$ 15,720,531	\$ 15,695,030	\$ 14,084,614	\$ 12,900,612	\$ 13,080,059	\$ 13,647,029	\$ 11,955,994
County's Covered Payroll	\$ 47,036,514	\$ 45,552,783	\$ 44,798,121	\$ 42,283,674	\$ 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	28.89%	34.51%	35.04%	33.31%	32.34%	33.51%	37.66%	33.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.81%	3.56%	3.00%	2.63%	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
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 786,903	\$ 762,194	\$ 740,270	\$ 715,780	\$ 660,671	\$ 646,964	\$ 622,318	\$ 481,791
Contributions in Relation to the Contractually Required Contribution	<u>(786,903)</u>	<u>(762,194)</u>	<u>(740,270)</u>	<u>(715,780)</u>	<u>(660,671)</u>	<u>(646,964)</u>	<u>(622,318)</u>	<u>(481,791)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 47,773,270	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348	\$ 39,019,305	\$ 37,331,763	\$ 35,431,913
Contributions as a Percentage of Covered Payroll	1.65%	1.66%	1.65%	1.66%	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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 46,790,735	\$ 46,790,735	\$ 47,675,331	\$ 884,596
Licenses and Permits	1,000	1,000	715	(285)
Intergovernmental	15,677,012	22,773,100	28,654,890	5,881,790
Charges for Services	10,369,418	11,009,103	11,585,559	576,456
Fines and Forfeitures	56,000	56,000	90,304	34,304
Net Change in Fair Value of Investments	359,300	359,300	1,128,433	769,133
Miscellaneous	2,098,160	2,496,280	2,189,783	(306,497)
Total Revenues	75,351,625	83,485,518	91,325,015	7,839,497
EXPENDITURES				
Current:				
General Government:				
Board of County Commissioners	501,461	502,777	486,572	16,205
County Administrator	577,169	552,169	549,147	3,022
Business Services	218,924	227,884	227,240	644
Clerk to Board-Financial and Administration	3,285,629	3,855,616	3,168,678	686,938
County Audits-CPA	234,050	234,050	194,398	39,652
Office of Management and Budget	353,988	363,348	287,838	75,510
Human Resources	335,256	431,588	371,435	60,153
Risk Management	91,118	-	-	-
Non-Ad Valorem Assessments	98,926	102,301	100,733	1,568
Public Information	134,839	157,592	150,193	7,399
Central Services	1,505,860	2,155,222	1,635,732	519,490
Property Appraiser	3,372,151	3,431,271	3,423,694	7,577
Tax Collector	3,611,302	3,611,302	2,828,309	782,993
Supervisor of Elections	1,223,476	1,292,020	1,255,665	36,355
Purchasing	332,876	340,024	287,920	52,104
County Attorney	395,360	397,160	391,815	5,345
County Planning and Development	678,894	691,668	454,869	236,799
Development Services	167,556	346,076	167,928	178,148
Clerk to Board - Other General Government Services	857,193	720,658	720,617	41
Facilities Management	1,624,992	1,821,522	1,516,395	305,127
Total General Government	19,601,020	21,234,248	18,219,178	3,015,070
Public Safety:				
Sheriff	20,302,109	24,773,304	23,647,842	1,125,462
Division of Forestry	35,180	35,180	35,179	1
County Jail Maintenance	718,854	244,400	-	244,400
Detention and Correction	10,661,119	12,646,811	11,983,624	663,187
Detention Medical	994,460	-	-	-
Detention and Corrections Other	181,266	-	-	-
Law Enforcement Maintenance	285,841	-	-	-
Law Enforcement Other	3,450,982	-	-	-
Zoning Department	417,935	394,357	347,149	47,208
Local Emergency Management Agency	512,254	6,659,049	521,953	6,137,096
Communications Program	91,938	98,274	63,847	34,427
Information Technology	100,694	100,694	98,178	2,516
Community Safety	83,395	98,695	97,591	1,104
Ambulance Services	7,408,679	7,869,690	7,429,398	440,292

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Public Safety (Continued):				
Medical Examiner	\$ 463,345	\$ 467,970	\$ 467,953	\$ 17
Children's Advocacy Center	385,304	735,461	369,321	366,140
Total Public Safety	46,093,355	54,123,885	45,062,035	9,061,850
Physical Environment:				
County Extension	291,031	294,571	265,519	29,052
Natural Resources	409,434	718,686	315,607	403,079
Aquatic Plant Program	586,787	607,512	514,192	93,320
Nuisance Abatement	55,300	82,600	56,253	26,347
Total Physical Environment	1,342,552	1,703,369	1,151,571	551,798
Transportation:				
Avon Park Airport	20,304	20,304	20,304	-
Avon Park Southside	98,113	98,113	98,113	-
Total Transportation	118,417	118,417	118,417	-
Economic Environment:				
Office of Economic Development	378,048	490,793	329,662	161,131
Community Redevelopment - Sebring	549,037	549,037	549,037	-
Community Redevelopment - Avon Park	250,431	250,431	250,431	-
Community Redevelopment - Lake Placid	48,398	48,398	48,398	-
Sebring Regional Airport/Industrial Park	390,155	390,155	390,155	-
Veteran Service Office	252,190	253,501	205,333	48,168
Total Economic Environment	1,868,259	1,982,315	1,773,016	209,299
Human Services:				
Health Care Responsibility Act	100,000	94,550	32,569	61,981
Health Unit	256,535	268,947	257,334	11,613
Mental Health	530,865	530,865	530,865	-
Public Assistance Programs	70,189	76,077	70,721	5,356
State County Assistance Program	1,652,005	1,648,397	1,648,397	-
Human Services - Project Hope	46,886	46,886	46,886	-
Children's Services Council	30,000	30,000	30,000	-
Transportation for Disadvantaged	183,430	183,920	183,920	-
Community Program Services	58,754	59,004	39,289	19,715
Community Programs	118,414	131,284	129,133	2,151
Healthy Families Grant	477,322	477,592	342,278	135,314
Emergency/Disaster Relief	-	11,404,630	1,324,825	10,079,805
Total Human Services	3,524,400	14,952,152	4,636,217	10,315,935
Culture and Recreation:				
Library - Avon Park	187,988	186,564	178,144	8,420
Library - Sebring	439,320	456,678	427,536	29,142
Library - Lake Placid	227,822	237,042	224,054	12,988
Libraries - Countywide	155,911	336,480	150,858	185,622
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, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation (Continued):				
Parks Department	\$ 977,771	\$ 967,201	\$ 898,158	\$ 69,043
Sports Complex	208,299	234,262	222,366	11,896
Historic District Site Survey	4,730	35,570	481	35,089
Heartland Library Cooperative	117,503	117,503	104,038	13,465
Total Culture and Recreation	2,649,344	2,901,300	2,535,635	365,665
Court Related:				
Court General Administration:				
Circuit Court Administration	11,244	15,744	15,609	135
State Attorney	19,196	19,196	17,743	1,453
Public Defender	6,245	6,715	6,262	453
Law Library	122,118	103,606	103,601	5
Circuit Court Criminal:				
Pre-Trial Release	131,946	125,504	125,500	4
Circuit Court Family:				
Pro Se Services	36,091	26,438	26,432	6
Circuit Court Juvenile:				
Circuit Court Juvenile Guardian Ad Litem	3,040	3,040	2,162	878
Court General Operations:				
General Operations Courthouse Security	1,275,288	1,312,228	1,312,228	-
General Operations Courthouse Facilities	196,250	207,932	206,262	1,670
Total Court Related	1,801,418	1,820,403	1,815,799	4,604
Debt Service:				
Principal Retirement	-	31,447	36,009	(4,562)
Interest and Fiscal Charges	-	1,898	2,422	(524)
Total Debt Service	-	33,345	38,431	(5,086)
Total Expenditures	76,998,765	98,869,434	75,350,299	23,519,135
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(1,647,140)	(15,383,916)	15,974,716	31,358,632
OTHER FINANCING SOURCES (USES)				
Transfers In	143,012	143,012	205,611	62,599
Transfers Out	(1,335,704)	(3,086,888)	(2,808,417)	278,471
Leases	-	70,865	107,657	36,792
Insurance Recoveries	-	12,412	58,926	46,514
Sale of Surplus Properties	1,400,000	1,400,000	5,073,102	3,673,102
Total Other Financing Sources (Uses)	207,308	(1,460,599)	2,636,879	4,097,478
NET CHANGE IN FUND BALANCE	(1,439,832)	(16,844,515)	18,611,595	35,456,110
Fund Balances - October 1, 2021	1,439,832	16,844,515	27,627,336	10,782,821
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 46,238,931	\$ 46,238,931

**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.

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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)

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.

Oak Manor Avenue Road Paving Special Benefit District - To account for assessments relating to paving Oak Manor Avenue.

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.

Homeowner's Foreclosure Education Fund - To account for funds for the purpose of educating the public as to the rights of homeowners regarding foreclosure proceedings.

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 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.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

Highlands County Fire Protection Special Benefit District - To account for assessments relating to fire protection within the County.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

CAPITAL PROJECTS FUND

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.

Highlands County Infrastructure Sales Surtax Refunding Revenue Note (HCISSR Construction) - The HCISSR Construction Fund is a capital projects fund used to account for financial resources to be used for the acquisition and construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds).

Highlands County Public Improvement Revenue Note (HCIPRN Construction) - The HCIPRN Construction Fund is a capital projects fund used to account for financial resources to be used for the acquisition and construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds).

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	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	Istokpoga Marsh Watershed Improve- ment District
ASSETS										
Cash and Cash Equivalents	\$ 32,135	\$ 38,828	\$ 266	\$ 15	\$ 435,255	\$ 53,455	\$ 1,355,965	\$ 1,870	\$ 68,758	\$ 1,085,391
Investments	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	53	66	1	-	787	97	1,812	3	117	1,913
Lease Receivable	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	1,181	-	13	-	1,524	122	5,793	451	2	866
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 33,369</u>	<u>\$ 38,894</u>	<u>\$ 280</u>	<u>\$ 15</u>	<u>\$ 437,566</u>	<u>\$ 53,674</u>	<u>\$ 1,363,570</u>	<u>\$ 2,324</u>	<u>\$ 68,877</u>	<u>\$ 1,088,170</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ 2,534	\$ -	\$ 319	\$ -	\$ 14,045	\$ 3,822	\$ 744	\$ 886	\$ 1,519	\$ 395
Accrued Wages Payable	-	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	850	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	1
Due to Others	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	1,000,000
Total Liabilities	<u>2,534</u>	<u>-</u>	<u>319</u>	<u>-</u>	<u>14,895</u>	<u>3,822</u>	<u>744</u>	<u>886</u>	<u>1,519</u>	<u>1,000,396</u>
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	30,835	38,894	-	15	422,671	49,852	1,362,826	1,438	67,358	87,774
Unassigned	-	-	(39)	-	-	-	-	-	-	-
Total Fund Balances	<u>30,835</u>	<u>38,894</u>	<u>(39)</u>	<u>15</u>	<u>422,671</u>	<u>49,852</u>	<u>1,362,826</u>	<u>1,438</u>	<u>67,358</u>	<u>87,774</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,369</u>	<u>\$ 38,894</u>	<u>\$ 280</u>	<u>\$ 15</u>	<u>\$ 437,566</u>	<u>\$ 53,674</u>	<u>\$ 1,363,570</u>	<u>\$ 2,324</u>	<u>\$ 68,877</u>	<u>\$ 1,088,170</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	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	Intergov- ernmental Radio Communi- cations
ASSETS									
Cash and Cash Equivalents	\$ 63,114	\$ 129,842	\$ 47,432	\$ 161,730	\$ -	\$ 141,737	\$ 23,431	\$ 31,252	\$ 410,752
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	108	221	90	277	-	247	40	80	428
Lease Receivable	-	-	-	-	-	-	-	-	158,583
Due from Other Funds	-	247	120	38	90,787	-	-	1,026	3,627
Due from Other Governmental Units	-	-	-	-	186,459	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	133	-
Total Assets	<u>\$ 63,222</u>	<u>\$ 130,310</u>	<u>\$ 47,642</u>	<u>\$ 162,045</u>	<u>\$ 277,246</u>	<u>\$ 141,984</u>	<u>\$ 23,471</u>	<u>\$ 32,491</u>	<u>\$ 411,445</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ -	\$ 1,519	\$ 1,867	\$ -	\$ -	\$ 2,296	\$ 23	\$ 4,900	\$ -
Accrued Wages Payable	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	1,381	-
Due to Other Governmental Units	-	-	-	-	-	-	-	133	-
Due to Other Funds	-	-	-	-	126,457	-	-	-	4,055
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,519</u>	<u>1,867</u>	<u>-</u>	<u>126,457</u>	<u>2,296</u>	<u>23</u>	<u>6,414</u>	<u>4,055</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	114,661	-	-	-	-
Leases	-	-	-	-	-	-	-	-	155,090
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,090</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	133	-
Restricted	63,222	128,791	45,775	162,045	36,128	139,688	23,448	25,944	411,445
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>63,222</u>	<u>128,791</u>	<u>45,775</u>	<u>162,045</u>	<u>36,128</u>	<u>139,688</u>	<u>23,448</u>	<u>26,077</u>	<u>411,445</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 63,222</u>	<u>\$ 130,310</u>	<u>\$ 47,642</u>	<u>\$ 162,045</u>	<u>\$ 277,246</u>	<u>\$ 141,984</u>	<u>\$ 23,471</u>	<u>\$ 32,491</u>	<u>\$ 411,445</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	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	\$ 195,613	\$ 8,651	\$ 32,538	\$ 2,956	\$ 428,270	\$ 308,174	\$ 4,198,634	\$ 288,147	\$ 275,025	\$ 36,778
Investments	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	335	15	58	4	730	523	7,276	486	459	65
Lease Receivable	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	60	-	63	164	-	1,436	-	2,618	2,980	43
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 196,008</u>	<u>\$ 8,666</u>	<u>\$ 32,659</u>	<u>\$ 3,124</u>	<u>\$ 429,000</u>	<u>\$ 310,133</u>	<u>\$ 4,205,910</u>	<u>\$ 291,251</u>	<u>\$ 278,464</u>	<u>\$ 36,886</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ 214	\$ -	\$ 928	\$ 459	\$ -	\$ -	\$ 4,902	\$ 4,368	\$ -	\$ 590
Accrued Wages Payable	-	-	-	-	-	-	14,834	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	18,918	-	-	-
Due to Other Funds	-	-	-	-	-	-	6,470	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>214</u>	<u>-</u>	<u>928</u>	<u>459</u>	<u>-</u>	<u>-</u>	<u>45,124</u>	<u>4,368</u>	<u>-</u>	<u>590</u>
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	195,794	8,666	31,731	2,665	429,000	310,133	4,160,786	286,883	278,464	36,296
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>195,794</u>	<u>8,666</u>	<u>31,731</u>	<u>2,665</u>	<u>429,000</u>	<u>310,133</u>	<u>4,160,786</u>	<u>286,883</u>	<u>278,464</u>	<u>36,296</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 196,008</u>	<u>\$ 8,666</u>	<u>\$ 32,659</u>	<u>\$ 3,124</u>	<u>\$ 429,000</u>	<u>\$ 310,133</u>	<u>\$ 4,205,910</u>	<u>\$ 291,251</u>	<u>\$ 278,464</u>	<u>\$ 36,886</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	Special Revenue Funds								
	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	\$ 1,621,216	\$ 61,453	\$ 123,628	\$ 85,628	\$ 59,010	\$ 2,870,069	\$ 1,062	\$ 125,473	\$ 168,609
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	2,853	105	226	141	83	5,401	2	212	287
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	575	450	1,705	-	-	296	-
Due from Other Governmental Units	255,109	-	-	-	-	189,559	-	-	-
Prepaid Items	2,702	-	132	-	-	4,877	-	-	-
Total Assets	<u>\$ 1,881,880</u>	<u>\$ 61,558</u>	<u>\$ 124,561</u>	<u>\$ 86,219</u>	<u>\$ 60,798</u>	<u>\$ 3,069,906</u>	<u>\$ 1,064</u>	<u>\$ 125,981</u>	<u>\$ 168,896</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ 12,196	\$ -	\$ 2,326	\$ -	\$ -	\$ 97,571	\$ -	\$ -	\$ -
Accrued Wages Payable	1,614	-	-	-	-	875	-	-	-
Customer Deposits	-	-	2,421	-	-	-	-	-	-
Due to Other Governmental Units	424	-	-	-	-	-	-	-	-
Due to Other Funds	16	-	-	-	-	325	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	21,577	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>14,250</u>	<u>-</u>	<u>26,324</u>	<u>-</u>	<u>-</u>	<u>98,771</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	4,364	-	-	-
Charges for Services	51,022	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>51,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	2,702	-	132	-	-	4,877	-	-	-
Restricted	1,813,906	61,558	98,105	86,219	60,798	2,961,894	1,064	125,981	168,896
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>1,816,608</u>	<u>61,558</u>	<u>98,237</u>	<u>86,219</u>	<u>60,798</u>	<u>2,966,771</u>	<u>1,064</u>	<u>125,981</u>	<u>168,896</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,881,880</u>	<u>\$ 61,558</u>	<u>\$ 124,561</u>	<u>\$ 86,219</u>	<u>\$ 60,798</u>	<u>\$ 3,069,906</u>	<u>\$ 1,064</u>	<u>\$ 125,981</u>	<u>\$ 168,896</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	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	\$ 46,913	\$ 1,279,612	\$ -	\$ 23,609	\$ 132,241	\$ 114,795	\$ 169,619	\$ 610	\$ 457
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	81	2,070	42	114	221	191	3,071	1	1
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	10,505	4,496	57,752	15,243	-	-	96
Due from Other Governmental Units	-	40,813	-	-	-	-	67,204	-	-
Prepaid Items	-	-	4,987	-	-	-	-	-	-
Total Assets	<u>\$ 46,994</u>	<u>\$ 1,322,495</u>	<u>\$ 15,534</u>	<u>\$ 28,219</u>	<u>\$ 190,214</u>	<u>\$ 130,229</u>	<u>\$ 239,894</u>	<u>\$ 611</u>	<u>\$ 554</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ -	\$ 386	\$ 1,034	\$ 4,635	\$ -	\$ 17,417	\$ 541	\$ -	\$ -
Accrued Wages Payable	-	-	1,743	-	-	2,741	10,005	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	66	-	-	-	5,492	-	-	-
Due to Other Funds	-	-	19,009	-	-	-	60,848	-	-
Due to Others	-	-	-	-	-	-	168,500	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>452</u>	<u>21,786</u>	<u>4,635</u>	<u>-</u>	<u>25,650</u>	<u>239,894</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	40,813	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>40,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	4,987	-	-	-	-	-	-
Restricted	46,994	1,281,230	-	23,584	190,214	104,579	-	611	554
Unassigned	-	-	(11,239)	-	-	-	-	-	-
Total Fund Balances	<u>46,994</u>	<u>1,281,230</u>	<u>(6,252)</u>	<u>23,584</u>	<u>190,214</u>	<u>104,579</u>	<u>-</u>	<u>611</u>	<u>554</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,994</u>	<u>\$ 1,322,495</u>	<u>\$ 15,534</u>	<u>\$ 28,219</u>	<u>\$ 190,214</u>	<u>\$ 130,229</u>	<u>\$ 239,894</u>	<u>\$ 611</u>	<u>\$ 554</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	Special Revenue Funds								
	Oak Manor Avenue Road Paving District	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Services	Homeowner's Foreclosure Education	Community Donations	Inmate Welfare	Impact Fee Parks and Recreation Avon Park
ASSETS									
Cash and Cash Equivalents	\$ -	\$ 393,107	\$ 9,514	\$ 291,671	\$ 286,229	\$ 689	\$ 128,316	\$ 1,546,491	\$ 4,880
Investments	-	-	-	-	-	-	-	-	-
Accounts Receivable - Net	-	695	19	454	1,385	-	-	17,237	8
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	26	-	5	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	50,776	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 26</u>	<u>\$ 393,802</u>	<u>\$ 9,538</u>	<u>\$ 292,125</u>	<u>\$ 338,390</u>	<u>\$ 689</u>	<u>\$ 128,316</u>	<u>\$ 1,563,728</u>	<u>\$ 4,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ -	\$ -	\$ 108	\$ -	\$ 1,916	\$ -	\$ -	\$ 16,235	\$ -
Accrued Wages Payable	-	-	630	3,873	61,673	-	-	611	-
Customer Deposits	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	274,801	-	-	-	-
Due to Other Funds	4,360	-	-	1,694	-	-	-	-	-
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	28,720	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>33,080</u>	<u>-</u>	<u>738</u>	<u>5,567</u>	<u>338,390</u>	<u>-</u>	<u>-</u>	<u>16,846</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	393,802	8,800	286,558	-	689	128,316	1,546,882	4,888
Unassigned	(33,054)	-	-	-	-	-	-	-	-
Total Fund Balances	<u>(33,054)</u>	<u>393,802</u>	<u>8,800</u>	<u>286,558</u>	<u>-</u>	<u>689</u>	<u>128,316</u>	<u>1,546,882</u>	<u>4,888</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26</u>	<u>\$ 393,802</u>	<u>\$ 9,538</u>	<u>\$ 292,125</u>	<u>\$ 338,390</u>	<u>\$ 689</u>	<u>\$ 128,316</u>	<u>\$ 1,563,728</u>	<u>\$ 4,888</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2022**

	Special Revenue Funds						Capital Projects Fund			
	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	Highlands County Fire Protection Special Benefit District	HCISSR Construction	HCPIRN Construction	Total All Nonmajor Governmental Funds
ASSETS										
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,578	\$ 4,003,742	\$ 6,688,745	\$ 1,591,998	\$ 31,760,978
Investments	-	-	-	-	-	-	-	3,428,458	1,017,257	4,445,715
Accounts Receivable - Net	-	-	-	-	-	131	18,478	2,719	1,926	75,138
Lease Receivable	-	-	-	-	-	-	-	-	-	158,583
Due from Other Funds	-	-	-	-	-	102	46,577	-	-	250,989
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	789,920
Prepaid Items	-	-	-	-	-	-	6,155	-	-	18,986
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,811	\$ 4,074,952	\$ 10,119,922	\$ 2,611,181	\$ 37,500,309
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,120	\$ 8,913	\$ 5,138	\$ 284,866
Accrued Wages Payable	-	-	-	-	-	-	78,595	-	-	177,194
Customer Deposits	-	-	-	-	-	-	-	-	-	4,652
Due to Other Governmental Units	-	-	-	-	-	-	2,280	-	-	302,114
Due to Other Funds	-	-	-	-	-	-	18,653	-	-	241,888
Due to Others	-	-	-	-	-	-	-	-	-	168,500
Advances from Other Funds	-	-	-	-	-	43,441	-	-	-	93,738
Unearned Revenue	-	-	-	-	-	-	-	-	-	1,000,000
Total Liabilities	-	-	-	-	-	43,441	169,648	8,913	5,138	2,272,952
Deferred Inflows of Resources:										
Unavailable Revenue:										
Intergovernmental	-	-	-	-	-	-	-	-	-	4,364
Charges for Services	-	-	-	-	-	-	-	-	-	206,496
Leases	-	-	-	-	-	-	-	-	-	155,090
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	365,950
Fund Balances:										
Nonspendable	-	-	-	-	-	-	6,155	-	-	18,986
Restricted	-	-	-	-	-	32,370	3,899,149	10,111,009	2,606,043	34,886,753
Unassigned	-	-	-	-	-	-	-	-	-	(44,332)
Total Fund Balances	-	-	-	-	-	32,370	3,905,304	10,111,009	2,606,043	34,861,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,811	\$ 4,074,952	\$ 10,119,922	\$ 2,611,181	\$ 37,500,309

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	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	Istokpoga Marsh Watershed Improve- ment District
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	960	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Assessments	13,959	-	1,909	-	168,653	20,474	94,374	1,847	550	145,803
Net Change in Fair Value of Investments	524	835	23	-	10,528	1,304	26,629	50	1,503	30,755
Miscellaneous	-	-	-	-	660	-	-	-	-	15,650
Total Revenues	14,483	835	1,932	-	180,801	21,778	121,003	1,897	2,053	192,208
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	3,859	-	-	-	-	-	-	3,413	4,065	-
Physical Environment	-	-	-	-	-	-	-	-	-	489,099
Transportation	-	-	2,174	-	185,866	24,129	62,170	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	3,859	-	2,174	-	185,866	24,129	62,170	3,413	4,065	489,099
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,624	835	(242)	-	(5,065)	(2,351)	58,833	(1,516)	(2,012)	(296,891)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	157	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	157	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	10,624	992	(242)	-	(5,065)	(2,351)	58,833	(1,516)	(2,012)	(296,891)
Fund Balances - October 1, 2021	20,211	37,902	203	15	427,736	52,203	1,303,993	2,954	69,370	384,665
FUND BALANCES - SEPTEMBER 30, 2022	\$ 30,835	\$ 38,894	\$ (39)	\$ 15	\$ 422,671	\$ 49,852	\$ 1,362,826	\$ 1,438	\$ 67,358	\$ 87,774

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	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	-	-	-	-	64,120	272,734	-	-	-	-
Charges for Services	-	-	-	-	488,674	-	-	1,458	80,145	54,779
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Assessments	-	2,627	20,148	6,245	-	-	-	96,956	-	-
Net Change in Fair Value of Investments	1,363	2,830	1,219	3,451	-	3,556	509	1,298	8,156	4,737
Miscellaneous	-	-	-	-	-	-	-	5,400	-	45,200
Total Revenues	1,363	5,457	21,367	9,696	552,794	276,290	509	105,112	88,301	104,716
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	7,149	-	-	1,258,256	-	-	-	-	394,645
Physical Environment	-	-	-	-	-	-	-	-	17,373	-
Transportation	-	-	23,344	618	-	-	272	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	240,553	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	113,682	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	7,149	23,344	618	1,258,256	240,553	272	113,682	17,373	394,645
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,363	(1,692)	(1,977)	9,078	(705,462)	35,737	237	(8,570)	70,928	(289,929)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	736,329	-	-	-	-	293,422
Transfers Out	-	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	2,906	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	-	122	-	-
Total Other Financing Sources (Uses)	-	-	-	-	736,329	-	-	122	2,906	293,422
NET CHANGE IN FUND BALANCE	1,363	(1,692)	(1,977)	9,078	30,867	35,737	237	(8,448)	73,834	3,493
Fund Balances - October 1, 2021	61,859	130,483	47,752	152,967	5,261	103,951	23,211	34,525	337,611	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ 63,222</u>	<u>\$ 128,791</u>	<u>\$ 45,775</u>	<u>\$ 162,045</u>	<u>\$ 36,128</u>	<u>\$ 139,688</u>	<u>\$ 23,448</u>	<u>\$ 26,077</u>	<u>\$ 411,445</u>	<u>\$ 3,493</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	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	-	-	-	-	-	-	2,022,751	-	-	-
Intergovernmental	-	-	-	-	-	-	-	35,792	22,788	-
Charges for Services	-	-	-	-	-	22,247	255,474	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-
Assessments	9,938	-	10,537	2,173	54	-	-	-	-	7,055
Net Change in Fair Value of Investments	4,193	187	792	66	9,246	5,542	61,501	6,007	5,752	826
Miscellaneous	-	-	-	-	-	-	7,221	-	-	-
Total Revenues	14,131	187	11,329	2,239	9,300	27,789	2,346,947	41,799	28,540	7,881
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	3,220	48	-	1,097,980	-	6,000	-
Physical Environment	-	-	-	-	-	-	-	-	-	-
Transportation	3,506	-	11,730	-	-	-	-	-	-	7,551
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	17,688	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	3,506	-	11,730	3,220	48	-	1,097,980	17,688	6,000	7,551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,625	187	(401)	(981)	9,252	27,789	1,248,967	24,111	22,540	330
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	660	-	-	4,202	-	-	-
Total Other Financing Sources (Uses)	-	-	-	660	-	-	4,202	-	-	-
NET CHANGE IN FUND BALANCE	10,625	187	(401)	(321)	9,252	27,789	1,253,169	24,111	22,540	330
Fund Balances - October 1, 2021	185,169	8,479	32,132	2,986	419,748	282,344	2,907,617	262,772	255,924	35,966
FUND BALANCES - SEPTEMBER 30, 2022	\$ 195,794	\$ 8,666	\$ 31,731	\$ 2,665	\$ 429,000	\$ 310,133	\$ 4,160,786	\$ 286,883	\$ 278,464	\$ 36,296

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds								
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,538,693	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	950
Intergovernmental	962,233	-	-	-	-	30,638	-	-	-
Charges for Services	429,459	-	2,722	-	26,270	-	-	8,859	12,380
Fines and Forfeitures	-	-	-	-	-	-	-	-	-
Assessments	-	-	65,638	5,762	-	-	-	-	-
Net Change in Fair Value of Investments	22,322	1,328	3,193	2,388	912	38,128	23	2,592	3,669
Miscellaneous	-	-	-	-	8,010	-	-	-	-
Total Revenues	1,414,014	1,328	71,553	8,150	35,192	1,607,459	23	11,451	16,999
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	580,271	-	-	-	-	20,776
Physical Environment	-	-	-	-	-	6,333	-	-	-
Transportation	-	-	48,109	-	-	-	-	-	-
Economic Environment	623,290	-	-	-	-	716,916	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	1,671	-	-	-	-	-	-
Total Expenditures	623,290	-	49,780	580,271	-	723,249	-	-	20,776
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	790,724	1,328	21,773	(572,121)	35,192	884,210	23	11,451	(3,777)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	404,144	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	228	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	404,372	-	-	-
NET CHANGE IN FUND BALANCE	790,724	1,328	21,773	(572,121)	35,192	1,288,582	23	11,451	(3,777)
Fund Balances - October 1, 2021	1,025,884	60,230	76,464	658,340	25,606	1,678,189	1,041	114,530	172,673
FUND BALANCES - SEPTEMBER 30, 2022	\$ 1,816,608	\$ 61,558	\$ 98,237	\$ 86,219	\$ 60,798	\$ 2,966,771	\$ 1,064	\$ 125,981	\$ 168,896

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	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	-	18,945	-	-	-	20,000	380,449	-	-
Charges for Services	-	-	161,246	88,828	36,448	239,907	-	-	-
Fines and Forfeitures	-	-	-	-	866	-	-	-	-
Assessments	-	-	-	-	-	-	-	-	528
Net Change in Fair Value of Investments	1,808	24,383	1,155	1,087	1,592	2,008	2,264	14	26
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Revenues	1,808	43,328	162,401	89,915	38,906	261,915	382,713	14	554
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	48,111	-	-	-	6,663	-	-	-	1,883
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	-	119,088	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	229,309	101,781	-	345,461	322,185	-	-
Debt Service:									
Principal Retirement	-	-	1,061	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	40	-	-	-	-	-	-
Total Expenditures	48,111	119,088	230,410	101,781	6,663	345,461	322,185	-	1,883
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46,303)	(75,760)	(68,009)	(11,866)	32,243	(83,546)	60,528	14	(1,329)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	162,798	-	32,581	-	83,067	-	-	-
Transfers Out	-	-	(16,256)	(22,242)	-	-	(60,528)	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	155	-	-	386	-	-	-
Total Other Financing Sources (Uses)	-	162,798	(16,101)	10,339	-	83,453	(60,528)	-	-
NET CHANGE IN FUND BALANCE	(46,303)	87,038	(84,110)	(1,527)	32,243	(93)	-	14	(1,329)
Fund Balances - October 1, 2021	93,297	1,194,192	77,858	25,111	157,971	104,672	-	597	1,883
FUND BALANCES - SEPTEMBER 30, 2022	\$ 46,994	\$ 1,281,230	\$ (6,252)	\$ 23,584	\$ 190,214	\$ 104,579	\$ -	\$ 611	\$ 554

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds								
	Oak Manor Avenue Road Paving	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Services	Homeowner's Foreclosure Education	Community Donations	Inmate Welfare	Impact Fee Parks and Recreation Avon Park
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	433,388	-	-	-	-
Charges for Services	-	81,076	19,638	225,503	1,188,697	336	-	-	-
Fines and Forfeitures	-	-	-	-	612,804	-	-	-	-
Assessments	4,416	-	-	-	-	-	-	-	-
Net Change in Fair Value of Investments	-	7,344	213	4,402	14,087	11	-	-	105
Miscellaneous	-	3,000	-	7,850	2,458	-	47,171	848,573	-
Total Revenues	4,416	91,420	19,851	237,755	2,251,434	347	47,171	848,573	105
EXPENDITURES									
Current:									
General Government	-	17,916	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	36,332	212,058	-
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	414	-	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	19,433	117,866	2,249,132	-	-	-	-
Debt Service:						-			
Principal Retirement	-	-	-	-	2,250	-	-	-	-
Interest and Fiscal Charges	956	-	-	-	52	-	-	-	-
Total Expenditures	1,370	17,916	19,433	117,866	2,251,434	-	36,332	212,058	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,046	73,504	418	119,889	-	347	10,839	636,515	105
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	3,046	73,504	418	119,889	-	347	10,839	636,515	105
Fund Balances - October 1, 2021	(36,100)	320,298	8,382	166,669	-	342	117,477	910,367	4,783
FUND BALANCES - SEPTEMBER 30, 2022	\$ (33,054)	\$ 393,802	\$ 8,800	\$ 286,558	\$ -	\$ 689	\$ 128,316	\$ 1,546,882	\$ 4,888

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds						Capital Projects Funds			
	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	Highlands County Fire Protection Special Benefit District	HCISSR Construction	HCPIRN Construction	Total All Nonmajor Governmental Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,538,693
Licenses and Permits	-	-	-	-	-	-	-	-	-	2,023,701
Intergovernmental	-	-	-	-	-	-	1,691	-	-	2,242,778
Charges for Services	-	-	-	-	-	-	-	-	-	3,425,106
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	613,670
Assessments	-	-	-	-	-	17,154	6,295,957	-	-	6,992,757
Net Change in Fair Value of Investments	95	101	36	28	22	1,737	121,409	117,220	25,043	594,127
Miscellaneous	-	-	-	-	-	-	6,367	-	-	997,560
Total Revenues	95	101	36	28	22	18,891	6,425,424	117,220	25,043	18,428,392
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	17,916
Public Safety	4,810	5,101	-	1,412	1,092	-	5,865,321	89,420	564,612	10,216,497
Physical Environment	-	-	-	-	-	1,605	-	-	-	514,410
Transportation	-	-	-	-	-	-	-	-	-	488,971
Economic Environment	-	-	-	-	-	-	-	-	-	1,340,206
Human Services	-	-	-	-	-	-	-	-	-	240,553
Culture and Recreation	-	-	1,825	-	-	-	-	-	-	133,195
Court Related	-	-	-	-	-	-	-	-	-	3,385,167
Debt Service:										
Principal Retirement	-	-	-	-	-	-	350,000	11,525,000	-	11,878,311
Interest and Fiscal Charges	-	-	-	-	-	1,147	107,164	5,791	-	116,821
Total Expenditures	4,810	5,101	1,825	1,412	1,092	2,752	6,322,485	11,620,211	564,612	28,332,047
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,715)	(5,000)	(1,789)	(1,384)	(1,070)	16,139	102,939	(11,502,991)	(539,569)	(9,903,655)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	1,712,341
Transfers Out	-	-	-	-	-	-	-	-	-	(99,026)
Insurance Recoveries	-	-	-	-	-	-	8,965	-	-	11,871
Issuance of Debt	-	-	-	-	-	-	-	21,614,000	-	21,614,000
Sale of Surplus Assets	-	-	-	-	-	-	1,629	-	-	7,539
Total Other Financing Sources (Uses)	-	-	-	-	-	-	10,594	21,614,000	-	23,246,725
NET CHANGE IN FUND BALANCE	(4,715)	(5,000)	(1,789)	(1,384)	(1,070)	16,139	113,533	10,111,009	(539,569)	13,343,070
Fund Balances - October 1, 2021	4,715	5,000	1,789	1,384	1,070	16,231	3,791,771	-	3,145,612	21,518,337
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,370	\$ 3,905,304	\$ 10,111,009	\$ 2,606,043	\$ 34,861,407

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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 13,959	\$ 13,959
Net Change in Fair Value of Investments	-	-	524	524
Total Revenues	-	-	14,483	14,483
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	-	19,468	3,859	15,609
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(19,468)	10,624	30,092
Fund Balances - October 1, 2021	-	19,468	20,211	743
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,835</u>	<u>\$ 30,835</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 835	\$ 835
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	-	37,902	-	37,902
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(37,902)	835	38,737
OTHER FINANCING SOURCES				
Sale of Surplus Assets	-	-	157	157
NET CHANGE IN FUND BALANCE	-	(37,902)	992	38,894
Fund Balances - October 1, 2021	-	37,902	37,902	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,894</u>	<u>\$ 38,894</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,900	\$ 1,900	\$ 1,909	\$ 9
Net Change in Fair Value of Investments	-	-	23	23
Total Revenues	1,900	1,900	1,932	32
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	1,900	2,180	2,174	6
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(280)	(242)	38
Fund Balances - October 1, 2021	-	280	203	(77)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ (39)</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ -	\$ -
Net Change in Fair Value of Investments	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	-	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	-	-
Fund Balances - October 1, 2021	-	-	15	15
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 300	\$ 300	\$ 960	\$ 660
Assessments	162,336	162,336	168,653	6,317
Net Change in Fair Value of Investments	7,150	7,150	10,528	3,378
Miscellaneous	200	200	660	460
Total Revenues	169,986	169,986	180,801	10,815
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	288,808	289,440	185,866	103,574
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(118,822)	(119,454)	(5,065)	114,389
Fund Balances - October 1, 2021	118,822	119,454	427,736	308,282
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,671</u>	<u>\$ 422,671</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 19,630	\$ 19,630	\$ 20,474	\$ 844
Net Change in Fair Value of Investments	1,390	1,390	1,304	(86)
Total Revenues	21,020	21,020	21,778	758
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	23,000	24,130	24,129	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,980)	(3,110)	(2,351)	759
Fund Balances - October 1, 2021	1,980	3,110	52,203	49,093
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,852</u>	<u>\$ 49,852</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 86,754	\$ 86,754	\$ 94,374	\$ 7,620
Net Change in Fair Value of Investments	16,000	16,000	26,629	10,629
Total Revenues	102,754	102,754	121,003	18,249
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	275,500	275,500	62,170	213,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(172,746)	(172,746)	58,833	231,579
Fund Balances - October 1, 2021	172,746	172,746	1,303,993	1,131,247
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,362,826</u>	<u>\$ 1,362,826</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ 1,847	\$ 1,847	\$ -
Net Change in Fair Value of Investments	-	-	50	50
Total Revenues	-	1,847	1,897	50
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	-	4,693	3,413	1,280
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,846)	(1,516)	1,330
Fund Balances - October 1, 2021	-	2,846	2,954	108
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,438</u>	<u>\$ 1,438</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 550	\$ 550
Net Change in Fair Value of Investments	-	-	1,503	1,503
Total Revenues	-	-	2,053	2,053
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	30,835	77,310	4,065	73,245
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,835)	(77,310)	(2,012)	75,298
Fund Balances - October 1, 2021	30,835	77,310	69,370	(7,940)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,358</u>	<u>\$ 67,358</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ISTOKPOGA MARSH WATERSHED IMPROVEMENT DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,507,450	\$ 4,447,870	\$ -	\$ (4,447,870)
Assessments	143,625	143,625	145,803	2,178
Net Change in Fair Value of Investments	20,000	20,000	30,755	10,755
Miscellaneous	-	-	15,650	15,650
Total Revenues	4,671,075	4,611,495	192,208	(4,419,287)
EXPENDITURES				
Current:				
Physical Environment:				
Istokpoga Marsh Improvements	4,671,075	4,974,114	489,099	4,485,015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(362,619)	(296,891)	65,728
Fund Balances - October 1, 2021	-	362,619	384,665	22,046
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,774</u>	<u>\$ 87,774</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 1,500	\$ 1,500	\$ 1,363	\$ (137)
EXPENDITURES				
Current:				
Transportation:				
Improvement Trust	60,450	60,450	-	60,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,950)	(58,950)	1,363	60,313
Fund Balances - October 1, 2021	58,950	58,950	61,859	2,909
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,222</u>	<u>\$ 63,222</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 2,627	\$ 2,627
Net Change in Fair Value of Investments	-	-	2,830	2,830
Total Revenues	-	-	5,457	5,457
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	117,338	132,800	7,149	125,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(117,338)	(132,800)	(1,692)	131,108
Fund Balances - October 1, 2021	117,338	132,800	130,483	(2,317)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,791</u>	<u>\$ 128,791</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 19,783	\$ 19,783	\$ 20,148	\$ 365
Net Change in Fair Value of Investments	1,282	1,282	1,219	(63)
Total Revenues	21,065	21,065	21,367	302
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	26,047	26,047	23,344	2,703
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,982)	(4,982)	(1,977)	3,005
Fund Balances - October 1, 2021	4,982	4,982	47,752	42,770
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,775</u>	<u>\$ 45,775</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 6,355	\$ 6,355	\$ 6,245	\$ (110)
Net Change in Fair Value of Investments	408	408	3,451	3,043
Total Revenues	6,763	6,763	9,696	2,933
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	6,763	6,763	618	6,145
EXCESS OF REVENUES OVER EXPENDITURES	-	-	9,078	9,078
Fund Balances - October 1, 2021	-	-	152,967	152,967
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,045</u>	<u>\$ 162,045</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E911 EMERGENCY OPERATIONS FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 812,573	\$ 64,120	\$ (748,453)
Charges for Services	424,000	424,000	488,674	64,674
Net Change in Fair Value of Investments	-	-	-	-
Total Revenues	424,000	1,236,573	552,794	(683,779)
EXPENDITURES				
Current:				
Public Safety:				
E911 Operations	1,209,959	2,090,438	1,258,256	832,182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(785,959)	(853,865)	(705,462)	148,403
OTHER FINANCING SOURCES				
Transfers In	785,959	853,865	736,329	(117,536)
NET CHANGE IN FUND BALANCE	-	-	30,867	30,867
Fund Balances - October 1, 2021	-	-	5,261	5,261
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 36,128	\$ 36,128

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOSPITAL DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 272,734	\$ 272,734	\$ 272,734	\$ -
Net Change in Fair Value of Investments	-	-	3,556	3,556
Total Revenues	272,734	272,734	276,290	3,556
EXPENDITURES				
Current:				
Human Services:				
Other Human Services	272,734	286,187	240,553	45,634
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(13,453)	35,737	49,190
Fund Balances - October 1, 2021	-	13,453	103,951	90,498
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,688</u>	<u>\$ 139,688</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 500	\$ 500	\$ 509	\$ 9
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	23,450	23,450	272	23,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,950)	(22,950)	237	23,187
Fund Balances - October 1, 2021	22,950	22,950	23,211	261
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,448</u>	<u>\$ 23,448</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 1,458	\$ 1,458
Assessments	63,876	63,876	96,956	33,080
Net Change in Fair Value of Investments	1,000	1,000	1,298	298
Miscellaneous	2,000	2,000	5,400	3,400
Total Revenues	66,876	66,876	105,112	38,236
EXPENDITURES				
Current:				
Culture and Recreation:				
Special Benefit Districts	93,809	124,962	113,682	11,280
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,933)	(58,086)	(8,570)	49,516
OTHER FINANCING SOURCES				
Sale of Surplus Assets	-	-	122	(122)
NET CHANGE IN FUND BALANCE	(26,933)	(58,086)	(8,448)	49,394
Fund Balances - October 1, 2021	26,933	58,086	34,525	(23,561)
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 26,077	\$ 25,833

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CONSERVATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,000	\$ -	\$ -	\$ -
Charges for Services	-	-	80,145	80,145
Net Change in Fair Value of Investments	-	-	8,156	8,156
Total Revenues	7,000	-	88,301	88,301
EXPENDITURES				
Current:				
Physical Environment:				
Conservation and Resource Management	58,338	61,575	17,373	44,202
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,338)	(61,575)	70,928	132,503
OTHER FINANCING SOURCES				
Insurance Recoveries	-	2,906	2,906	-
NET CHANGE IN FUND BALANCE	(51,338)	(58,669)	73,834	132,503
Fund Balances - October 1, 2021	51,338	58,669	337,611	278,942
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 411,445	\$ 411,445

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERGOVERNMENTAL RADIO COMMUNICATIONS FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 50,000	\$ 50,000	\$ 54,779	\$ 4,779
Net Change in Fair Value of Investments	-	-	4,737	4,737
Miscellaneous	35,000	35,000	45,200	10,200
Total Revenues	85,000	85,000	104,716	19,716
EXPENDITURES				
Current:				
Public Safety:				
Other Public Safety	394,645	394,645	394,645	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(309,645)	(309,645)	(289,929)	19,716
OTHER FINANCING SOURCES				
Transfers In	309,645	309,645	293,422	(16,223)
NET CHANGE IN FUND BALANCE	-	-	3,493	3,493
Fund Balances - October 1, 2021	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 3,493	\$ 3,493

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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 9,547	\$ 9,547	\$ 9,938	\$ 391
Net Change in Fair Value of Investments	4,000	4,000	4,193	193
Total Revenues	13,547	13,547	14,131	584
EXPENDITURES:				
Current:				
Transportation:				
Special Benefit Districts	75,765	75,765	3,506	72,259
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,218)	(62,218)	10,625	72,843
Fund Balances - October 1, 2021	62,218	62,218	185,169	122,951
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,794</u>	<u>\$ 195,794</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 125	\$ 125	\$ 187	\$ 62
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	8,400	8,400	-	8,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,275)	(8,275)	187	8,462
Fund Balances - October 1, 2021	8,275	8,275	8,479	204
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 8,666</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 10,255	\$ 10,537	\$ 10,537	\$ -
Net Change in Fair Value of Investments	400	400	792	392
Total Revenues	10,655	10,937	11,329	392
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	11,725	12,007	11,730	277
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,070)	(1,070)	(401)	669
Fund Balances - October 1, 2021	1,070	1,070	32,132	31,062
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,731</u>	<u>\$ 31,731</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ 725	\$ 2,173	\$ 1,448
Net Change in Fair Value of Investments	-	-	66	66
Total Revenues	-	725	2,239	1,514
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	-	3,681	3,220	461
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,956)	(981)	1,975
OTHER FINANCING SOURCES				
Sale of Surplus Assets	-	-	660	660
NET CHANGE IN FUND BALANCE	-	(2,956)	(321)	2,635
Fund Balances - October 1, 2021	-	2,956	2,986	30
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,665</u>	<u>\$ 2,665</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 54	\$ 54
Net Change in Fair Value of Investments	-	-	9,246	9,246
Total Revenues	-	-	9,300	9,300
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	410,000	419,998	48	419,950
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(410,000)	(419,998)	9,252	429,250
Fund Balances - October 1, 2021	410,000	419,998	419,748	(250)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,000</u>	<u>\$ 429,000</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT EDUCATION FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 21,350	\$ 21,350	\$ 22,247	\$ 897
Net Change in Fair Value of Investments	3,600	3,600	5,542	1,942
Total Revenues	24,950	24,950	27,789	2,839
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	24,950	24,950	-	24,950
EXCESS OF REVENUES OVER EXPENDITURES	-	-	27,789	27,789
Fund Balances - October 1, 2021	-	-	282,344	282,344
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,133</u>	<u>\$ 310,133</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CODE ENFORCEMENT
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 976,701	\$ 976,701	\$ 2,022,751	\$ 1,046,050
Charges for Services	150,600	150,600	255,474	104,874
Net Change in Fair Value of Investments	40,000	40,000	61,501	21,501
Miscellaneous	3,000	3,000	7,221	4,221
Total Revenues	1,170,301	1,170,301	2,346,947	1,176,646
EXPENDITURES				
Current:				
Public Safety:				
Protective Inspections	1,300,239	3,592,194	1,097,980	2,494,214
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(129,938)	(2,421,893)	1,248,967	3,670,860
OTHER FINANCING SOURCES				
Sale of Surplus Assets	-	-	4,202	4,202
Total Other Financing Sources	-	-	4,202	4,202
NET CHANGE IN FUND BALANCE	(129,938)	(2,421,893)	1,253,169	3,675,062
Fund Balances - October 1, 2021	129,938	2,421,893	2,907,617	485,724
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,160,786</u>	<u>\$ 4,160,786</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FLORIDA BOATING IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37,000	\$ 37,000	\$ 35,792	\$ (1,208)
Net Change in Fair Value of Investments	2,000	2,207	6,007	3,800
Total Revenues	39,000	39,207	41,799	2,592
EXPENDITURES				
Current:				
Culture and Recreation:				
Parks Department	72,670	48,207	17,688	30,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,670)	(9,000)	24,111	33,111
Fund Balances - October 1, 2021	33,670	9,000	262,772	253,772
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,883</u>	<u>\$ 286,883</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 22,788	\$ 22,788
Net Change in Fair Value of Investments	-	-	5,752	5,752
Total Revenues	-	-	28,540	28,540
EXPENDITURES				
Current:				
Public Safety:				
County Jail	-	255,924	6,000	249,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(255,924)	22,540	278,464
Fund Balances - October 1, 2021	-	255,924	255,924	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,464</u>	<u>\$ 278,464</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 6,287	\$ 6,287	\$ 7,055	\$ 768
Net Change in Fair Value of Investments	500	500	826	326
Total Revenues	6,787	6,787	7,881	1,094
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	9,141	9,141	7,551	1,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,354)	(2,354)	330	2,684
Fund Balances - October 1, 2021	2,354	2,354	35,966	33,612
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,296</u>	<u>\$ 36,296</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 711,188	\$ 962,233	\$ 251,045
Charges for Services	-	361,094	429,459	68,365
Net Change in Fair Value of Investments	-	19,171	22,322	3,151
Total Revenues	-	1,091,453	1,414,014	322,561
EXPENDITURES				
Current:				
Economic Environment:				
State Housing Assistance Grant	366,390	1,346,843	623,290	723,553
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(366,390)	(255,390)	790,724	1,046,114
Fund Balances - October 1, 2021	366,390	255,390	1,025,884	770,494
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,816,608</u>	<u>\$ 1,816,608</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 1,250	\$ 1,250	\$ 1,328	\$ 78
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	60,000	60,000	-	60,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,750)	(58,750)	1,328	60,078
Fund Balances - October 1, 2021	58,750	58,750	60,230	1,480
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,558</u>	<u>\$ 61,558</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 2,722	\$ 2,722
Assessments	61,237	61,237	65,638	4,401
Net Change in Fair Value of Investments	2,500	2,500	3,193	693
Total Revenues	63,737	63,737	71,553	7,816
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	65,063	65,063	48,109	16,954
Debt Service:				
Principal Retirement	19,212	19,212	-	19,212
Interest	3,217	3,217	1,671	1,546
Total Debt Service	22,429	22,429	1,671	20,758
Total Expenditures	87,492	87,492	49,780	37,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,755)	(23,755)	21,773	45,528
Fund Balances - October 1, 2021	23,755	23,755	76,464	52,709
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,237</u>	<u>\$ 98,237</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 5,762	\$ 5,762
Net Change in Fair Value of Investments	-	-	2,388	2,388
Total Revenues	-	-	8,150	8,150
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	98,400	660,361	580,271	80,090
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(98,400)	(660,361)	(572,121)	88,240
Fund Balances - October 1, 2021	98,400	660,361	658,340	(2,021)
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 86,219	\$ 86,219

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRIVER EDUCATION SAFETY TRUST FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 26,500	\$ 26,500	\$ 26,270	\$ (230)
Net Change in Fair Value of Investments	750	750	912	162
Miscellaneous	-	-	8,010	8,010
Total Revenues	27,250	27,250	35,192	7,942
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	27,250	37,250	-	37,250
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(10,000)	35,192	45,192
Fund Balances - October 1, 2021	-	10,000	25,606	15,606
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,798</u>	<u>\$ 60,798</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURIST DEVELOPMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,105,000	\$ 1,105,000	\$ 1,538,693	\$ 433,693
Intergovernmental	-	46,094	30,638	(15,456)
Net Change in Fair Value of Investments	-	-	38,128	38,128
Total Revenues	1,105,000	1,151,094	1,607,459	456,365
EXPENDITURES				
Current:				
Physical Environment:				
Lakes	-	278,771	6,333	272,438
Economic Environment:				
Industry Development	952,327	1,398,892	716,916	681,976
Total Expenditures	952,327	1,677,663	723,249	954,414
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	152,673	(526,569)	884,210	1,410,779
OTHER FINANCING SOURCES				
Transfer In	-	-	404,144	404,144
Sale of Surplus Asset	-	-	228	228
Total Other Financing Sources	-	-	404,372	404,372
NET CHANGE IN FUND BALANCE	152,673	(526,569)	1,288,582	1,815,151
Fund Balances - October 1, 2021	(152,673)	526,569	1,678,189	1,151,620
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 2,966,771	\$ 2,966,771

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOMESTIC VIOLENCE TRAINING FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 6,750	\$ 6,750	\$ 8,859	\$ 2,109
Net Change in Fair Value of Investments	2,000	2,000	2,592	592
Total Revenues	8,750	8,750	11,451	2,701
EXPENDITURES				
Current:				
Public Safety:				
Sheriff	8,750	8,750	-	8,750
EXCESS OF REVENUES OVER EXPENDITURES	-	-	11,451	11,451
Fund Balances - October 1, 2021	-	-	114,530	114,530
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,981</u>	<u>\$ 125,981</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 540	\$ 540	\$ 950	\$ 410
Charges for Services	27,500	27,500	12,380	(15,120)
Net Change in Fair Value of Investments	2,000	2,000	3,669	1,669
Total Revenues	30,040	30,040	16,999	(13,041)
EXPENDITURES				
Current:				
Public Safety:				
Fire Control	42,071	42,071	20,776	21,295
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,031)	(12,031)	(3,777)	8,254
Fund Balances - October 1, 2021	12,031	12,031	172,673	160,642
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,896</u>	<u>\$ 168,896</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 1,808	\$ 1,808
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	47,492	104,099	48,111	55,988
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,492)	(104,099)	(46,303)	57,796
Fund Balances - October 1, 2021	47,492	104,099	93,297	(10,802)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,994</u>	<u>\$ 46,994</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING PARKWAY MAINTENANCE FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 81,324	\$ 81,324	\$ 18,945	\$ (62,379)
Net Change in Fair Value of Investments	-	-	24,383	24,383
Total Revenues	81,324	81,324	43,328	(37,996)
EXPENDITURES				
Current:				
Transportation:				
Other Transportation	244,122	244,122	119,088	125,034
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(162,798)	(162,798)	(75,760)	87,038
OTHER FINANCING SOURCES				
Transfers In	162,798	162,798	162,798	-
NET CHANGE IN FUND BALANCE	-	-	87,038	87,038
Fund Balances - October 1, 2021	-	-	1,194,192	1,194,192
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,281,230</u>	<u>\$ 1,281,230</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 160,300	\$ 161,290	\$ 161,246	\$ (44)
Net Change in Fair Value of Investments	200	470	1,155	685
Total Revenues	160,500	161,760	162,401	641
EXPENDITURES				
Current:				
Court Related:				
Court Related Operations	242,545	242,370	229,309	13,061
Debt Service:				
Principal	-	175	1,061	(886)
Interest	-	-	40	(40)
Total Debt Service	-	175	1,101	(926)
Total Expenditures	242,545	242,545	230,410	12,135
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,045)	(80,785)	(68,009)	12,776
OTHER FINANCING SOURCES (USES)				
Transfers Out	(15,000)	(16,260)	(16,256)	4
Sale of Surplus Assets	-	-	155	155
Total Other Financing Sources (Uses)	(15,000)	(16,260)	(16,101)	159
NET CHANGE IN FUND BALANCE	(97,045)	(97,045)	(84,110)	12,935
Fund Balances - October 1, 2021	97,045	97,045	77,858	(19,187)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,252)</u>	<u>\$ (6,252)</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 101,600	\$ 101,600	\$ 88,828	\$ (12,772)
Net Change in Fair Value of Investments	600	600	1,087	487
Total Revenues	102,200	102,200	89,915	(12,285)
EXPENDITURES				
Current:				
Court Related:				
Court Related Operations	103,735	106,188	101,781	4,407
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,535)	(3,988)	(11,866)	(7,878)
OTHER FINANCING SOURCES (USES)				
Transfers In	52,335	54,788	32,581	(22,207)
Transfers Out	(50,800)	(50,800)	(22,242)	28,558
Total Other Financing Sources (Uses)	1,535	3,988	10,339	6,351
NET CHANGE IN FUND BALANCE	-	-	(1,527)	(1,527)
Fund Balances - October 1, 2021	-	-	25,111	25,111
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,584</u>	<u>\$ 23,584</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CRIME PREVENTION FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 37,000	\$ 37,000	\$ 36,448	\$ (552)
Fines and Forfeitures	-	-	866	866
Net Change in Fair Value of Investments	1,250	1,250	1,592	342
Total Revenues	38,250	38,250	38,906	656
EXPENDITURES				
Current:				
Public Safety:				
Crime Prevention	62,353	62,353	6,663	55,690
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,103)	(24,103)	32,243	56,346
Fund Balances - October 1, 2021	24,103	24,103	157,971	133,868
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,214</u>	<u>\$ 190,214</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Charges for Services	233,000	233,000	239,907	6,907
Net Change in Fair Value of Investments	1,000	1,000	2,008	1,008
Total Revenues	254,000	254,000	261,915	7,915
EXPENDITURES				
Current:				
Court Related:				
Court Related Operations	540,170	559,708	345,461	214,247
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(286,170)	(305,708)	(83,546)	222,162
OTHER FINANCING SOURCES (USES)				
Transfers In	213,165	230,975	83,067	(147,908)
Sale of Surplus Asset	-	-	386	386
Total Other Financing Sources (Uses)	213,165	230,975	83,453	(147,522)
NET CHANGE IN FUND BALANCE	(73,005)	(74,733)	(93)	74,640
Fund Balances - October 1, 2021	73,005	74,733	104,672	29,939
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 104,579	\$ 104,579

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOME INITIATIVES PARTNERSHIP FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 14	\$ 14
EXPENDITURES				
Current:				
Economic Environment:				
Housing Initiatives	553	553	-	553
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(553)	(553)	14	567
Fund Balances - October 1, 2021	553	553	597	44
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611</u>	<u>\$ 611</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PLACID LAKES SPECIAL BENEFIT FIRE DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ -	\$ -	\$ 528	\$ 528
Net Change in Fair Value of Investments	-	-	26	26
Total Revenues	-	-	554	554
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit Districts	-	1,883	1,883	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,883)	(1,329)	554
Fund Balances - October 1, 2021	-	1,883	1,883	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ 554</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OAK MANOR AVENUE ROAD PAVING FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 4,275	\$ 4,275	\$ 4,416	\$ 141
EXPENDITURES				
Current:				
Transportation:				
Special Benefit Districts	450	450	414	36
Debt Service:				
Principal Retirement	3,136	3,136	-	3,136
Interest	956	956	956	-
Total Debt Service	4,092	4,092	956	3,136
Total Expenditures	4,542	4,542	1,370	3,172
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(267)	(267)	3,046	3,313
Fund Balances - October 1, 2021	267	267	(36,100)	(36,367)
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,054)</u>	<u>\$ (33,054)</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SERVICES FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 227,533	\$ 380,409	\$ 433,388	\$ 52,979
Charges for Services	1,119,243	1,119,243	1,188,697	69,454
Fines and Forfeitures	606,165	606,165	612,804	6,639
Net Change in Fair Value of Investments	10,920	10,920	14,087	3,167
Miscellaneous	-	-	2,458	2,458
Total Revenues	1,963,861	2,116,737	2,251,434	134,697
EXPENDITURES				
Current:				
Court Related:				
Operating Related Operations	1,963,861	2,117,778	2,249,132	(131,354)
Debt Service				
Principal	-	2,251	2,250	1
Interest	-	53	52	1
Total Debt Service	-	2,304	2,302	2
Total Expenditures	1,963,861	2,120,082	2,251,434	(131,352)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,345)	-	3,345
OTHER FINANCING SOURCES (USES)				
Leases	-	3,345	-	(3,345)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balances - October 1, 2021	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2022	<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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 105	\$ 105
EXPENDITURES				
Current:				
Culture and Recreation:				
Impact Fees	-	4,783	-	4,783
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,783)	105	4,888
Fund Balances - October 1, 2021	-	4,783	4,783	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ 4,888</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - CORRECTIONAL FACILITIES
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 95	\$ 95	\$ -
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	-	4,810	4,810	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(4,715)	(4,715)	-
Fund Balances - October 1, 2021	-	4,715	4,715	-
FUND BALANCES - SEPTEMBER 30, 2022	<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 - FIRE
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 101	\$ 101	\$ -
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	-	5,101	5,101	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(5,000)	(5,000)	-
Fund Balances - October 1, 2021	-	5,000	5,000	-
FUND BALANCES - SEPTEMBER 30, 2022	<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 - LIBRARIES
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 36	\$ 36	\$ -
EXPENDITURES				
Current:				
Culture and Recreation:				
Impact Fees	-	1,826	1,825	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,790)	(1,789)	1
Fund Balances - October 1, 2021	-	1,790	1,789	(1)
FUND BALANCES - SEPTEMBER 30, 2022	<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 - LAW ENFORCEMENT
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 28	\$ 28	\$ -
EXPENDITURES				
Current:				
Public Safety:				
Impact Fees	-	1,412	1,412	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,384)	(1,384)	-
Fund Balances - October 1, 2021	-	1,384	1,384	-
FUND BALANCES - SEPTEMBER 30, 2022	<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 - EMERGENCY MEDICAL SERVICES
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 22	\$ 22	\$ -
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	-	1,092	1,092	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,070)	(1,070)	-
Fund Balances - October 1, 2021	-	1,070	1,070	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 17,200	\$ 17,200	\$ 17,154	\$ (46)
Net Change in Fair Value of Investments	1,500	1,500	1,737	237
Total Revenues	18,700	18,700	18,891	191
EXPENDITURES				
Current:				
Physical Environment:				
Special Benefit District	1,720	1,720	1,605	115
Debt Service:				
Principal Retirement	13,917	13,917	-	13,917
Interest	1,148	1,148	1,147	1
Total Debt Service	15,065	15,065	1,147	13,918
Total Expenditures	16,785	16,785	2,752	14,033
EXCESS OF REVENUES OVER EXPENDITURES	1,915	1,915	16,139	14,224
Fund Balances - October 1, 2021	(1,915)	(1,915)	16,231	18,146
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,370</u>	<u>\$ 32,370</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS COUNTY FIRE PROTECTION SPECIAL BENEFIT DISTRICT
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,041	\$ 1,970	\$ 1,691	\$ (279)
Assessments	5,984,476	6,164,476	6,295,957	131,481
Net Change in Fair Value of Investments	75,000	75,000	121,409	46,409
Miscellaneous Revenue	-	-	6,367	6,367
Total Revenues	6,066,517	6,241,446	6,425,424	183,978
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit District	5,529,501	6,277,061	5,865,321	411,740
Debt Service:				
Principal Retirement	350,000	350,000	350,000	-
Interest	107,224	107,224	107,164	60
Total Debt Service	457,224	457,224	457,164	60
Total Expenditures	5,986,725	6,734,285	6,322,485	411,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	79,792	(492,839)	102,939	595,778
OTHER FINANCING SOURCES				
Insurance Recoveries	-	-	8,965	8,965
Sale of Surplus Assets	-	-	1,629	1,629
Total Other Financing Sources	-	-	10,594	10,594
NET CHANGE IN FUND BALANCE	79,792	(492,839)	113,533	606,372
Fund Balances - October 1, 2021	(79,792)	492,839	3,791,771	3,298,932
FUND BALANCES - SEPTEMBER 30, 2022	\$ -	\$ -	\$ 3,905,304	\$ 3,905,304

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS COUNTY INFRASTRUCTURE SALES SURTAX
REFUNDING REVENUE NOTE (HCISSR CONSTRUCTION) FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 117,220	\$ 117,220
EXPENDITURES				
Current:				
Public Safety:				
HCISSR LTD Capital	-	10,083,209	89,420	9,993,789
Debt Service:				
Principal	-	11,525,000	11,525,000	-
Interest and Fiscal Charges	-	5,791	5,791	-
Total Debt Service	-	11,530,791	11,530,791	-
Total Expenditures	-	21,614,000	11,620,211	9,993,789
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(21,614,000)	(11,502,991)	10,111,009
OTHER FINANCING SOURCES				
Issuance of Debt	-	21,614,000	21,614,000	-
NET CHANGE IN FUND BALANCE	-	-	10,111,009	10,111,009
Fund Balances - October 1, 2021	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,111,009</u>	<u>\$ 10,111,009</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS COUNTY PUBLIC IMPROVEMENT REVENUE
NOTE (HCPIRN CONSTRUCTION) FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 25,043	\$ 25,043
EXPENDITURES				
Current:				
Public Safety:				
Special Benefit District	2,773,950	3,046,933	564,612	2,482,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,773,950)	(3,046,933)	(539,569)	2,507,364
Fund Balances - October 1, 2021	2,773,950	3,046,933	3,145,612	98,679
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,606,043</u>	<u>\$ 2,606,043</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, 2022**

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,452,726	\$ 144,687	\$ 6,201,690	\$ 7,799,103
Accounts Receivable	6,785	173	3,963	10,921
Due from Other Funds	-	339	-	339
Total Assets	<u>1,459,511</u>	<u>145,199</u>	<u>6,205,653</u>	<u>7,810,363</u>
LIABILITIES				
Current Liabilities:				
Vouchers Payable	18,522	2,448	1,656	22,626
Claims Payable	819,427	-	-	819,427
Due to Others	-	1,053	-	1,053
Unearned Revenues	490,534	-	-	490,534
Total Current Liabilities	<u>1,328,483</u>	<u>3,501</u>	<u>1,656</u>	<u>1,333,640</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	6,203,997	6,203,997
Total Liabilities	<u>1,328,483</u>	<u>3,501</u>	<u>6,205,653</u>	<u>7,537,637</u>
NET POSITION				
Unrestricted	<u>131,028</u>	<u>141,698</u>	<u>-</u>	<u>272,726</u>
Total Net Position	<u>\$ 131,028</u>	<u>\$ 141,698</u>	<u>\$ -</u>	<u>\$ 272,726</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 12,347,303	\$ 1,551,774	\$ 6,168,632	\$ 20,067,709
Total Operating Revenues	12,347,303	1,551,774	6,168,632	20,067,709
OPERATING EXPENSES				
General and Administrative	1,306,223	-	6,224,625	7,530,848
Insurance and Claims	10,951,029	1,473,012	-	12,424,041
Total Operating Expenses	12,257,252	1,473,012	6,224,625	19,954,889
OPERATING INCOME (LOSS)	90,051	78,762	(55,993)	112,820
NONOPERATING REVENUES				
Net Change in Fair Value of Investments	11,930	401	55,993	68,324
CHANGE IN NET POSITION	101,981	79,163	-	181,144
Net Position - October 1, 2021	29,047	62,535	-	91,582
NET POSITION - SEPTEMBER 30, 2022	<u>\$ 131,028</u>	<u>\$ 141,698</u>	<u>\$ -</u>	<u>\$ 272,726</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Internal Customers	\$ 12,332,068	\$ 1,551,282	\$ 6,168,632	\$ 20,051,982
Cash Payments for Insurance Premiums and Claims	(12,147,965)	(1,470,971)	-	(13,618,936)
Cash Payments to Employees for Services	-	-	(6,094,006)	(6,094,006)
Net Cash Provided by Operating Activities	184,103	80,311	74,626	339,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment on Advance to Other Funds	-	-	(107)	(107)
Receipt on Advance from Other Funds	-	-	1,109	1,109
Net Cash Provided by Noncapital Financing Activities	-	-	1,002	1,002
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	-	-	867,397	867,397
Investment Income	11,039	401	57,986	69,426
Net Cash Provided by Investing Activities	11,039	401	925,383	936,823
NET INCREASE IN CASH AND CASH EQUIVALENTS	195,142	80,712	1,001,011	1,276,865
Cash and Cash Equivalents - October 1, 2021	1,257,584	63,975	5,200,679	6,522,238
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u>\$ 1,452,726</u>	<u>\$ 144,687</u>	<u>\$ 6,201,690</u>	<u>\$ 7,799,103</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 90,051	\$ 78,762	\$ (55,993)	\$ 112,820
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	26,732	(153)	-	26,579
Due from Other Funds	-	(339)	-	(339)
Prepaid Items	-	-	-	-
Increase (Decrease) in:				
Vouchers Payable	(7,250)	1,634	-	(5,616)
Claims Payable	128,530	407	-	128,937
Compensated Absences	-	-	130,619	130,619
Due from Other Governmental Units	(11,993)	-	-	(11,993)
Unearned Revenues	(41,967)	-	-	(41,967)
Total Adjustments	94,052	1,549	130,619	226,220
Net Cash Provided by Operating Activities	<u>\$ 184,103</u>	<u>\$ 80,311</u>	<u>\$ 74,626</u>	<u>\$ 339,040</u>

HIGHLANDS COUNTY, FLORIDA FIDUCIARY FUNDS DESCRIPTIONS

These funds account for assets held by the County in a fiduciary capacity for individuals, private organizations, and/or other governmental units.

The County maintains the following Fiduciary Funds:

Custodial 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 other governments. These funds are disbursed 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 Suspense - To account for fees and court ordered payments collected for various agencies. These funds are remitted to 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.

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
FIDUCIARY FUNDS - CUSTODIAL FUNDS
SEPTEMBER 30, 2022

	Sheriff's Inmates	Sheriff's Cash Bond	Sheriff's Unclaimed Evidence	Sheriff's Suspense	Tax Collector's Tag Agency	Tax Collector's Tax and License	Tax Collector's Tax Redemption	Clerk's Child Support	Clerk's Suspense	Board's Agency Escrow	Total
ASSETS											
Cash and Cash Equivalents	\$ 3,653	\$ -	\$ 1,206	\$ 12,529	\$ 121,024	\$ 558,361	\$ 88,739	\$ 337	\$ 4,000,522	\$ 208,917	\$ 4,995,288
Due from Others	-	-	-	-	4,148	10,811	-	2	7,471	809	23,241
Due from Other Governmental Units	-	-	-	660	-	-	-	-	1,508	-	2,168
Total Assets	3,653	-	1,206	13,189	125,172	569,172	88,739	339	4,009,501	209,726	5,020,697
LIABILITIES											
Due to Others	153	-	-	11,470	-	48,274	88,739	-	2,546	-	151,182
Due to Other Governmental Units	-	-	-	1,719	125,172	520,898	-	339	452,239	-	1,100,367
Total Liabilities	153	-	-	13,189	125,172	569,172	88,739	339	454,785	-	1,251,549
NET POSITION											
Restricted for Other Governments and Individuals	\$ 3,500	\$ -	\$ 1,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,554,716	\$ 209,726	\$ 3,769,148

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Sheriff's Inmates	Sheriff's Cash Bond	Sheriff's Unclaimed Evidence	Sheriff's Suspense	Tax Collector's Tag Agency	Tax Collector's Tax and License	Tax Collector's Tax Redemption	Clerk's Child Support	Clerk's Suspense	Board's Agency Escrow	Total
ADDITIONS											
Tax, License, Fines, and Fees Collected for Other Governments and Individuals	\$ 162,085	\$ 27,684	\$ 283,308	\$ 27,173	\$ 14,471,067	\$ 50,276,159	\$ 4,515,979	\$ 147,238	\$ 22,774,964	\$ 4,521	\$ 92,690,178
DEDUCTIONS											
Tax, License, Fines, and Fees Disbursed to Other Governments and Individuals	161,727	27,684	283,308	27,173	14,471,067	50,276,159	4,515,979	149,298	21,136,071	-	91,048,466
CHANGE IN NET POSITION	358	-	-	-	-	-	-	(2,060)	1,638,893	4,521	1,641,712
Net Position - October 1, 2021	3,142	-	1,206	-	-	-	-	2,060	1,915,823	205,205	2,127,436
NET POSITION - SEPTEMBER 30, 2022	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,554,716</u>	<u>\$ 209,726</u>	<u>\$ 3,769,148</u>



STATISTICAL SECTION

Highlands County, Florida

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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These schedules contain information to help the reader assess the County's most significant local revenue source, ad valorem taxes.	
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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.	
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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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 253,124	\$ 243,879	\$ 231,232	\$ 225,367	\$ 213,827	\$ 206,255	\$ 197,479	\$ 194,776	\$ 192,567	\$ 189,798
Restricted	42,753	36,721	34,914	40,883	42,707	40,820	47,025	56,267	40,172	41,035
Unrestricted	(16,450)	(34,850)	(49,770)	(41,387)	(44,686)	(30,211)	(25,408)	(33,080)	14,911	17,893
Total Governmental Activities										
Net Position	<u>\$ 279,427</u>	<u>\$ 245,750</u>	<u>\$ 216,376</u>	<u>\$ 224,863</u>	<u>\$ 211,848</u>	<u>\$ 216,864</u>	<u>\$ 219,096</u>	<u>\$ 217,963</u>	<u>\$ 247,650</u>	<u>\$ 248,726</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 10,021	\$ 9,072	\$ 8,684	\$ 8,758	\$ 9,369	\$ 9,153	\$ 9,393	\$ 9,369	\$ 9,728	\$ 10,068
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	13,147	11,858	10,935	10,118	9,002	7,650	5,609	5,378	5,069	3,260
Total Business-Type Activities										
Net Position	<u>\$ 23,168</u>	<u>\$ 20,930</u>	<u>\$ 19,619</u>	<u>\$ 18,876</u>	<u>\$ 18,371</u>	<u>\$ 16,803</u>	<u>\$ 15,002</u>	<u>\$ 14,747</u>	<u>\$ 14,797</u>	<u>\$ 13,328</u>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 263,145	\$ 252,951	\$ 239,916	\$ 234,125	\$ 223,196	\$ 215,408	\$ 206,872	\$ 204,145	\$ 202,295	\$ 199,866
Restricted	42,753	36,721	34,914	40,883	42,707	40,820	47,025	56,267	40,172	41,035
Unrestricted	(3,303)	(22,992)	(38,835)	(31,269)	(35,684)	(22,561)	(19,799)	(27,702)	19,980	21,153
Total Primary Government										
Net Position	<u>\$ 302,596</u>	<u>\$ 266,680</u>	<u>\$ 235,995</u>	<u>\$ 243,739</u>	<u>\$ 230,219</u>	<u>\$ 233,667</u>	<u>\$ 234,098</u>	<u>\$ 232,710</u>	<u>\$ 262,447</u>	<u>\$ 262,054</u>

*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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental Activities:										
General Government	\$ 21,865,689	\$ 21,188,678	\$ 20,865,488	\$ 20,874,168	\$ 18,519,219	\$ 17,632,374	\$ 15,875,786	\$ 13,531,358	\$ 14,797,429	\$ 14,026,292
Public Safety	55,919,431	43,208,028	59,515,863	56,939,713	59,326,852	48,236,789	41,971,815	37,704,396	38,955,726	37,050,892
Physical Environment	1,680,317	1,068,965	1,250,441	1,178,231	1,864,091	1,276,317	1,688,061	1,038,196	1,021,946	1,558,380
Transportation	16,212,205	14,905,826	18,631,875	14,508,911	13,459,205	13,339,901	13,152,319	13,178,891	13,308,009	12,405,754
Economic Environment	3,166,655	2,977,572	3,266,775	3,704,233	3,508,116	2,716,539	2,713,202	3,227,914	1,813,659	2,169,217
Human Services	4,955,460	18,607,574	7,664,991	3,639,034	3,682,396	3,844,649	3,838,641	4,803,440	5,103,604	4,056,257
Culture and Recreation	3,193,504	3,042,138	3,542,238	2,894,053	2,988,164	3,241,983	3,041,505	2,991,401	2,800,793	2,819,321
Court Related	5,312,924	4,822,945	5,387,500	5,215,689	4,782,597	4,508,844	4,286,136	4,325,815	4,175,685	4,232,528
Debt Service:										
Interest on Long-Term Debt	436,499	413,615	462,290	452,226	479,532	526,214	576,318	447,348	407,662	386,170
Total Governmental Activities Expenses	112,742,684	110,235,341	120,587,461	109,406,258	108,610,172	95,323,610	87,143,783	81,248,759	82,384,513	78,704,811
Business-Type Activities:										
Solid Waste	9,258,245	8,615,200	8,904,617	9,019,161	8,258,598	7,911,813	8,229,484	7,839,954	6,820,416	7,993,191
Energy Recovery	2,669,422	2,926,822	4,739,577	2,067,795	1,286,705	2,182,353	2,190,260	2,037,100	2,830,944	2,255,324
Total Business-Type Activities Expenses	11,927,667	11,542,022	13,644,194	11,086,956	9,545,303	10,094,166	10,419,744	9,877,054	9,651,360	10,248,515
Total Primary Government Expenses	<u>\$ 124,670,351</u>	<u>\$ 121,777,363</u>	<u>\$ 134,231,655</u>	<u>\$ 120,493,214</u>	<u>\$ 118,155,475</u>	<u>\$ 105,417,776</u>	<u>\$ 97,563,527</u>	<u>\$ 91,125,813</u>	<u>\$ 92,035,873</u>	<u>\$ 88,953,326</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 4,479,244	\$ 4,718,317	\$ 4,029,731	\$ 3,611,736	\$ 3,491,884	\$ 3,388,476	\$ 3,232,991	\$ 3,430,390	\$ 3,158,631	\$ 3,303,744
Public Safety	19,804,087	17,417,929	13,796,529	14,611,053	10,201,333	9,109,107	8,455,014	9,093,968	8,404,021	7,885,226
Physical Environment	259,002	306,658	286,800	223,291	209,208	203,253	190,111	188,619	200,061	196,423
Transportation	3,499,680	2,641,294	2,453,038	3,778,828	2,960,748	2,541,604	2,532,117	2,263,685	2,404,676	2,034,975
Economic Environment	429,466	345,273	192,294	218,340	234,972	190,647	133,273	91,339	-	-
Human Services	19,069	20,196	21,113	22,944	32,040	56,356	78,134	104,571	118,965	97,182
Culture and Recreation	224,642	190,729	160,345	198,047	205,665	205,127	231,252	255,352	236,647	249,848
Court Related	3,147,946	3,260,991	2,505,424	2,582,473	2,770,345	2,551,261	2,395,544	2,733,165	2,796,207	2,813,899
Operating Grants and Contributions:										
General Government	11,458,327	177,111	346,919	89,915	97,665	119,917	154,809	169,073	204,518	211,540
Public Safety	534,034	651,756	319,850	13,637,806	918,640	484,767	471,626	429,685	433,524	307,961
Physical Environment	332,200	366,376	320,161	269,695	320,313	322,895	442,290	234,827	206,295	869,464
Transportation	-	-	-	-	23,995	6,419	2,052	181,443	54,068	-
Economic Environment	1,068,257	756,005	454,711	1,363,228	738,802	408,358	826,494	1,103,227	1,064,101	650,825
Human Services	652,759	15,731,780	4,521,721	646,931	739,927	534,043	667,781	1,934,767	2,344,565	687,133
Culture and Recreation	205,424	217,880	207,999	194,621	241,801	193,493	207,941	258,164	239,627	177,843
Court Related	35,932	23,983	20,000	15,000	15,000	-	-	-	-	-

**HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES										
(CONTINUED)										
Governmental Activities (Continued):										
Capital Grants and Contributions:										
General Government	\$ -	\$ -	\$ 60,657	\$ 167,864	\$ 98,063	\$ 60,657	\$ 60,657	\$ -	\$ -	\$ -
Public Safety	303,268	156,012	481,644	446,895	38,756	86,077	400,886	21,466	154,816	832,757
Physical Environment	-	25,905	5,660,798	870,117	872,809	711,535	329,100	158,408	38,638	-
Transportation	5,593,047	8,134,378	454,091	809,475	2,151,471	2,899,663	696,326	795,084	1,178,687	2,002,772
Economic Environment	-	-	-	-	-	-	-	-	-	67,552
Human Services	-	-	39,871	956,079	606,301	-	-	-	-	-
Culture and Recreation	10,000	-	-	-	-	-	3,115	15,707	-	-
Court Related	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities										
Program Revenues	52,056,384	55,142,573	36,333,696	44,714,338	26,969,738	24,073,655	21,511,513	23,462,940	23,238,047	22,389,144
Business-Type Activities:										
Charges for Services:										
Solid Waste	11,327,521	9,670,526	9,342,369	9,043,194	9,704,626	9,282,253	8,245,581	8,026,002	8,112,624	8,120,527
Energy Recovery	2,536,351	2,921,291	4,998,541	2,093,557	1,236,046	2,377,919	2,223,189	2,151,518	2,883,567	2,589,128
Operating Grants and Contributions:										
Solid Waste	29,957	158,379	26,280	90,909	90,909	90,909	90,909	90,910	90,909	70,588
Energy Recovery	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Energy Recovery	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities										
Program Revenues	13,893,829	12,750,196	14,367,190	11,227,660	11,031,581	11,751,081	10,559,679	10,268,430	11,087,100	10,780,243
Total Primary Government										
Program Revenues	<u>\$ 65,950,213</u>	<u>\$ 67,892,769</u>	<u>\$ 50,700,886</u>	<u>\$ 55,941,998</u>	<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>
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (60,686,300)	\$ (55,092,768)	\$ (84,253,765)	\$ (64,691,920)	\$ (81,640,434)	\$ (71,249,955)	\$ (65,632,270)	\$ (57,785,819)	\$ (59,146,466)	\$ (56,315,667)
Business-Type Activities	1,966,162	1,208,174	722,996	140,704	1,486,278	1,656,915	139,935	391,376	1,435,740	531,728
Total Primary Governmental										
Net Expense	<u>\$ (58,720,138)</u>	<u>\$ (53,884,594)</u>	<u>\$ (83,530,769)</u>	<u>\$ (64,551,216)</u>	<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>

**HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 47,203,470	\$ 44,385,911	\$ 41,984,688	\$ 39,979,150	\$ 39,565,159	\$ 38,462,928	\$ 37,278,775	\$ 36,998,413	\$ 30,637,891	\$ 31,472,962
Fuel Taxes	4,814,901	4,697,783	4,296,818	4,554,036	4,662,245	4,544,584	4,587,791	4,571,124	4,442,566	4,375,972
Sales Tax	13,829,396	11,634,496	9,952,249	9,766,712	9,811,985	9,072,162	9,128,971	8,646,977	8,104,374	7,690,604
Services Taxes	542,369	535,916	557,115	574,650	623,216	724,573	675,705	702,695	711,348	731,353
Other Taxes	1,588,064	1,200,802	913,665	1,064,256	560,188	482,936	481,072	453,063	420,444	384,622
State Shared Revenues	18,633,100	16,520,077	15,003,122	15,434,257	15,205,276	14,506,012	13,810,350	13,389,606	12,809,474	12,317,628
Net Change in Fair Value of Investments	1,975,240	1,088,320	948,096	1,274,929	892,708	662,365	451,282	456,608	240,985	296,350
Gain on Sale of Capital Assets	5,103,450	3,322,823	826,358	952,383	145,545	77,368	43,112	230,677	500	-
Insurance Recoveries	252,951	269,543	74,416	752,218	-	-	-	-	-	-
Miscellaneous	313,754	705,410	915,547	3,261,481	1,993,965	485,539	308,519	360,970	335,215	354,041
Transfers	106,585	105,872	294,798	92,916	226,063	-	-	-	-	-
Total Governmental Activities	94,363,280	84,466,953	75,766,872	77,706,988	73,686,350	69,018,467	66,765,577	65,810,133	57,702,797	57,623,532
Business-Type Activities:										
Net Change in Fair Value of Investments	263,986	150,383	276,307	450,023	243,064	143,822	59,744	46,870	35,409	35,162
Gain (Loss) on Sale of Capital Assets	7,162	32,669	15,000	2,888	5	-	55,000	1,951	(2,694)	73,727
Insurance Recoveries	107,416	25,392	23,552	4,382	-	-	-	-	-	-
Transfers	(106,585)	(105,872)	(294,798)	(92,916)	(226,063)	-	-	-	-	-
Total Business-Type Activities	271,979	102,572	20,061	364,377	17,006	143,822	114,744	48,821	32,715	108,889
Total Primary Government	\$ 94,635,259	\$ 84,569,525	\$ 75,786,933	\$ 78,071,365	\$ 73,703,356	\$ 69,162,289	\$ 66,880,321	\$ 65,858,954	\$ 57,735,512	\$ 57,732,421
CHANGE IN NET POSITION										
Government Activities	\$ 33,676,980	\$ 29,374,185	\$ (8,486,893)	\$ 13,015,068	\$ (7,954,084)	\$ (2,231,488)	\$ 1,133,307	\$ 8,024,314	\$ (1,443,669)	\$ 1,307,865
Business-Type Activities	2,238,141	1,310,746	743,057	505,081	1,503,284	1,800,737	254,679	440,197	1,468,455	640,617
Total Primary Government	\$ 35,915,121	\$ 30,684,931	\$ (7,743,836)	\$ 13,520,149	\$ (6,450,800)	\$ (430,751)	\$ 1,387,986	\$ 8,464,511	\$ 24,786	\$ 1,948,482

**HIGHLANDS COUNTY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND										
Nonspendable	\$ 1,297,795	\$ 1,249,038	\$ 1,345,428	\$ 1,688,633	\$ 1,254,682	\$ 1,271,683	\$ 1,090,109	\$ 898,522	\$ 735,796	\$ 843,142
Assigned	3,387,198	468,434	518,151	357,689	392,559	5,395,581	478,468	536,116	1,051,976	728,198
Unassigned	41,553,938	25,909,864	17,524,589	17,133,264	4,946,829	11,207,433	17,965,879	18,007,274	15,424,223	16,816,083
Total General Fund	<u>\$ 46,238,931</u>	<u>\$ 27,627,336</u>	<u>\$ 19,388,168</u>	<u>\$ 19,179,586</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 583,052	\$ 1,386,989	\$ 1,743,945	\$ 138,111	\$ 43,171	\$ 129,818	\$ 58,043	\$ 78,576	\$ 55,560	\$ 9,863
Restricted	49,328,284	33,686,376	35,798,233	44,362,820	41,575,220	40,740,308	46,180,218	55,617,654	38,863,427	39,614,669
Assigned	1,108,725	1,108,725	1,131,596	1,131,596	1,131,596	1,131,596	1,131,596	1,209,272	1,131,596	4,136,848
Unassigned	(44,332)	(36,100)	(2,409)	(5,465,323)	(5,285,444)	(3,502,628)	(449,481)	(94,077)	(182,558)	(156,012)
Total All Other Governmental Funds	<u>\$ 50,975,729</u>	<u>\$ 36,145,990</u>	<u>\$ 38,671,365</u>	<u>\$ 40,167,204</u>	<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>

HIGHLANDS COUNTY, FLORIDA
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Taxes	\$ 67,928,829	\$ 62,404,912	\$ 57,650,705	\$ 55,887,727	\$ 55,172,719	\$ 53,234,947	\$ 52,101,154	\$ 51,319,790	\$ 44,263,651	\$ 44,593,603
Licenses and Permits	2,216,196	1,455,417	1,037,516	1,001,754	1,465,721	773,153	768,201	670,995	592,967	499,113
Intergovernmental	39,157,533	40,845,539	31,496,711	34,817,945	22,550,893	21,205,397	18,627,084	19,987,878	19,391,575	20,076,861
Charges for Services	15,208,670	14,299,662	11,369,540	11,944,323	10,893,391	10,219,318	9,464,472	10,046,027	9,628,330	8,938,804
Fines and Forfeitures	703,974	934,692	617,376	597,206	613,473	483,845	659,069	853,718	689,523	331,052
Assessments	6,992,757	6,492,597	5,910,454	5,432,424	2,222,840	2,236,688	2,151,722	2,167,235	2,071,734	2,038,077
Net Change in Fair Value of Investments	1,906,914	1,043,670	863,974	1,129,691	782,659	610,260	429,176	432,068	232,693	277,805
Miscellaneous	5,572,802	4,476,390	3,887,094	6,117,091	4,505,545	4,163,763	3,800,801	3,990,201	3,797,347	3,774,692
Total Revenues	139,687,675	131,952,879	112,833,370	116,928,161	98,207,241	92,927,371	88,001,679	89,467,912	80,667,820	80,530,007
EXPENDITURES										
Current:										
General Government	19,261,121	18,887,873	19,137,605	19,504,745	17,298,385	16,382,937	15,820,668	15,320,898	15,038,762	14,375,841
Public Safety	55,736,834	51,033,560	51,272,109	48,686,528	55,424,348	46,488,455	49,112,058	37,532,165	36,769,408	44,876,262
Physical Environment	1,665,981	1,220,904	1,662,450	3,256,902	3,807,540	5,951,756	1,652,101	1,419,943	1,030,244	1,542,732
Transportation	25,448,864	25,572,993	21,371,636	19,273,642	17,015,511	17,543,571	14,340,234	14,656,785	16,141,550	14,963,532
Economic Environment	3,113,222	2,998,436	3,091,151	3,548,911	3,413,605	2,663,981	2,646,019	3,058,180	1,763,053	2,119,215
Human Services	4,886,156	18,591,572	7,387,680	3,596,614	3,571,908	3,682,639	3,830,092	4,746,714	5,073,317	3,950,544
Culture and Recreation	2,889,392	2,826,716	3,057,918	2,770,798	2,661,198	2,915,249	2,719,949	2,576,017	2,536,456	2,436,329
Court Related	5,200,966	5,124,632	4,674,599	4,608,530	4,460,416	4,186,800	4,453,875	4,373,657	4,402,846	4,171,592
Debt Service:										
Principal Retirement	14,806,776	3,160,611	3,174,345	2,821,386	2,609,352	2,658,400	2,648,293	9,867,709	2,792,500	1,527,497
Interest	421,672	438,304	486,706	439,671	486,219	534,624	576,895	342,527	400,404	287,154
Total Expenditures	133,430,984	129,855,601	115,316,199	108,507,727	110,748,482	103,008,412	97,800,184	93,894,595	85,948,540	90,250,698
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,256,691	2,097,278	(2,482,829)	8,420,434	(12,541,241)	(10,081,041)	(9,798,505)	(4,426,683)	(5,280,720)	(9,720,691)
OTHER FINANCING SOURCES (USES)										
Transfers In	3,926,826	2,275,907	3,130,908	1,320,536	1,569,934	1,636,066	1,121,712	1,186,440	4,119,015	1,396,287
Transfers Out	(3,820,241)	(2,170,035)	(2,836,110)	(1,227,620)	(1,343,871)	(1,636,066)	(1,121,712)	(1,186,440)	(4,119,015)	(1,056,287)
Insurance Recoveries	252,951	261,580	74,416	752,217	-	-	-	-	-	-
Leases	107,657	-	-	-	-	-	-	-	-	-
Sale of Surplus Asset	5,103,450	-	-	-	-	-	-	-	-	-
Issuance of Debt	21,614,000	3,249,063	826,358	6,022,610	-	-	-	23,600,000	-	8,010,470
Total Other Financing Sources (Uses)	27,184,643	3,616,515	1,195,572	6,867,743	226,063	-	-	23,600,000	-	8,350,470
NET CHANGE IN FUND BALANCES	<u>\$ 33,441,334</u>	<u>\$ 5,713,793</u>	<u>\$ (1,287,257)</u>	<u>\$ 15,288,177</u>	<u>\$ (12,315,178)</u>	<u>\$ (10,081,041)</u>	<u>\$ (9,798,505)</u>	<u>\$ 19,173,317</u>	<u>\$ (5,280,720)</u>	<u>\$ (1,370,221)</u>
Debt Service as a Percentage of Noncapital Expenditures	13.01%	3.28%	3.53%	3.51%	3.19%	3.73%	4.01%	11.62%	4.08%	2.44%

**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				
2022	\$ 5,642,324,541	\$ 637,605,236	\$ 981,888,091	\$ 1,176,614,848	\$ 780,614,312	\$ 3,529,006,961	\$ 5,690,040,067	8.5500
2021	5,069,210,600	641,097,786	949,233,771	1,130,867,590	752,606,707	3,207,042,444	5,335,974,010	8.5500
2020	4,696,604,547	630,636,086	945,504,608	1,116,687,337	688,218,384	3,025,622,319	5,052,028,643	8.5500
2019	4,420,651,377	571,111,854	940,284,611	1,091,717,986	686,246,734	2,873,692,500	4,836,320,062	8.5500
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

Source: Highlands County Property Appraiser.

Notes:

^a Assessed 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.

^b Taxable values are based on the assessed value after deducting allowable statutory exemptions.

^c Per \$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		
2022	8.5500	8.5500	5.8790	0.2572	0.2535	2.2400	5.8184	3.2500	17.6981	26.2481
2021	8.5500	8.5500	6.0750	0.2675	0.2669	1.0000	5.3184	3.3250	16.2528	24.8028
2020	8.5500	8.5500	6.1200	0.2795	0.2801	0.3000	5.3184	3.5000	15.7980	24.3480
2019	8.5500	8.5500	6.3220	0.2936	0.2955	0.3000	5.3184	3.6500	16.1795	24.7295
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

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.

^a Overlapping 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 2022			Fiscal Year 2013		
		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	\$ 173,587,177	1	1.88 %	\$ 106,751,320	1	1.55 %
FLA Gas Transmission Co	Gas System	79,141,980	2	0.86	82,047,450	2	1.19
Tanglewood Investors Limited	Real Estate	57,924,667	3	0.63	35,473,057	7	0.52
Sebring Airport Authority	Industrial/Entertainment	53,898,352	4	0.58	60,432,391	3	0.88
Blue Head Land & Cattle Co LLC	Agriculture	51,905,770	5	0.56	-	-	-
Gulfstream Natural Gas Sys LLC	Gas System	49,819,375	6	0.54	54,143,740	4	0.79
Glades Electric Coop Inc	Electric Utility	46,620,313	7	0.51	37,349,090	6	0.54
Lykes Bros Inc	Cattle & Citrus	27,939,960	8	0.30	51,218,259	5	0.75
Sun Comm Acquisitions LLC	Real Estate	26,810,866	9	0.29	-	-	-
Highlands County Hospital	Hospital	24,836,841	10	0.27	26,464,045	9	0.39
Embarq-Florida Inc	Telephone Service	-	-	-	27,695,020	8	0.40
Wal Mart	Retail	-	-	-	24,956,889	10	0.36
Total Assessed Value of Ten Largest Taxpayers		592,485,301		6.42	506,531,261		7.37
Total Assessed Value of All Other Taxpayers		8,626,561,727		93.58	6,362,766,694		92.63
Total Assessed Value of All Taxpayers		<u>\$ 9,219,047,028</u>		<u>100.00 %</u>	<u>\$ 6,869,297,955</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
2022	\$ 48,651,459	N/A	N/A	N/A	N/A	N/A
2021	45,622,580	N/A	N/A	N/A	N/A	N/A
2020	43,194,901	N/A	N/A	N/A	N/A	N/A
2019	41,350,592	N/A	N/A	N/A	N/A	N/A
2018	40,713,868	N/A	N/A	N/A	N/A	N/A
2017	39,596,821	\$ 38,268,827	96.65%	\$ -	\$ 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%

Source: Highlands County Property Appraiser.

Notes:

^a Property 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 1% 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, 2022.

Information regarding the Original Levy was obtained from the Property Appraiser.

^b Information was obtained from the Tax Collector's Recapitulation of the Tax Roll report. Data for 2018, 2019, 2020, 2021 and 2022 was not available.

**HIGHLANDS COUNTY, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
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	Leases	Notes Payable	Leases ^a					
2022	\$ -	\$ 26,419,000	\$ -	\$ -	\$ 203,421	\$ -	\$ 4,930	\$ 26,627,351	N/A	N/A	N/A	N/A
2021	-	19,553,596	-	-	-	-	-	19,553,596	N/A	N/A	N/A	N/A
2020	-	22,714,207	-	-	-	-	-	22,714,207	17.44%	224	\$ 3,962,441	101,222
2019	-	25,042,643	-	-	845,909	-	-	25,888,552	14.08%	256	3,646,058	101,061
2018	-	21,008,750	-	-	1,678,578	-	-	22,687,328	15.21%	226	3,451,815	100,189
2017	-	22,404,315	-	-	2,892,365	60,596	-	25,357,276	13.50%	253	3,422,997	100,094
2016	-	23,768,018	15,000	-	4,172,062	296,472	97,790	28,349,342	11.52%	287	3,266,766	98,886
2015	-	25,085,303	30,000	-	5,488,070	522,271	192,879	31,318,523	10.14%	321	3,175,079	97,582
2014	-	9,996,456	45,000	-	6,829,624	738,423	285,343	17,894,846	16.94%	185	3,030,704	96,541
2013	-	11,526,895	60,000	-	8,076,685	945,342	375,254	20,984,176	13.96%	217	2,929,161	96,521

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

^a The County implemented GASB Statement 87, *Leases*, in fiscal year 2022.

**HIGHLANDS COUNTY, FLORIDA
OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2022**

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Direct Debt			
Notes Payable	\$ 26,419,000	100%	\$ 26,419,000
Leases (b)	208,351	100%	208,351
Total Direct Debt	<u>26,627,351</u>		<u>26,627,351</u>
Overlapping Debt			
Highlands County School Board:			
Bonds Payable	2,800,000	100%	2,800,000
Certificates of Participation	33,235,000	100%	33,235,000
City of Sebring:			
Loans and Notes Payable	6,059,863	13%	816,451
Leases (b)	35,707	13%	4,811
South Florida Water Management District:			
Certificates of Participation	<u>320,575,000</u>	15%	<u>48,086,250</u>
Total Overlapping Debt	<u>362,705,570</u>		<u>84,942,512</u>
Total Direct and Overlapping Debt	<u><u>\$ 389,332,921</u></u>		<u><u>\$ 111,569,863</u></u>

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.

^b The County implemented GASB Statement 87, *Leases*, in fiscal year 2022.

**HIGHLANDS COUNTY, FLORIDA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Infrastructure Sales Surtax Pledged Revenue Coverage				
	Infrastructure Sales Surtax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2022	\$ 13,829,396	\$ 2,740,000	\$ 143,363	\$ 2,883,363	4.80
2021	11,634,496	2,685,000	313,711	2,998,711	3.88
2020	9,952,249	2,200,744	361,928	2,562,672	3.88
2019	9,766,713	1,725,366	399,322	2,124,688	4.60
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

Notes:

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

The Infrastructure Sales Surtax Revenue Notes 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**

<u>Year</u>	<u>Population^a</u>	<u>Total Personal Income^a (in thousands)</u>	<u>Per Capita Personal Income^a</u>	<u>Public School Enrollment^b</u>	<u>Unemployment Rate^c</u>
2022	-	\$ -	\$ -	12,314	4.10 %
2021	103,296	4,296,843	41,568	12,119	5.70
2020	101,222	3,964,116	39,163	12,047	8.90
2019	101,061	3,669,412	36,309	11,993	4.50
2018	100,189	3,442,686	34,362	12,308	4.90
2017	100,094	3,416,070	34,129	12,513	6.00
2016	98,886	3,262,275	32,993	12,296	6.90
2015	97,582	3,169,640	32,482	12,481	7.50
2014	96,541	3,027,985	31,365	12,059	8.80
2013	96,521	2,929,161	30,347	12,202	10.50

Notes:

^a Information was provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

^b Information was provided by the Highlands County School Board.

^c Information was provided by the Florida Research and Economic Information Database.

**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Highlands County School Board	1,782	1	5.41 %	1,595	1	4.30 %
Advent Health (fka Florida Hospital)	1,633	2	4.96	1,500	2	4.05
Wal-Mart	834	3	2.53	796	3	2.15
Publix	509	4	1.55	-	-	-
Costa Farms	467	5	1.42	-	-	-
South Florida State College	445	6	1.35	-	-	-
The Results Company (fka Agero)	400	7	1.21	600	4	1.62
Highlands County Board of County Commissioners	388	8	1.18	364	6	0.98
Avon Park Correctional Institute	380	9	1.15			-
Highlands County Sheriff's Office	356	10	1.08	329	8	0.89
Alan Jay Automotive	-		-	250	10	0.67
DelRay Plants	-		-	350	7	0.94
Highlands Regional Medical Center	-		-	413	5	1.11
The Palms of Sebring	-		-	257	9	0.69
Total	<u>7,194</u>		<u>21.84 %</u>	<u>6,454</u>		<u>17.42%</u>
Labor Force Employed	32,943			37,054		

Source: Top Employee information was provided by the Highlands County Economic Development Commission.
Labor force employee 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL GOVERNMENT										
Legislative	5	5	5	5	5	5	5	5	5	5
Executive	3	4	5	5	4	4	5	6	5	4
Financial and Administrative	139	133	135	129	124	124	116	119	122	127
Comprehensive Planning	6	5	4	4	5	5	5	6	6	5
Other General Government	27	28	24	26	26	24	27	27	27	27
PUBLIC SAFETY										
Law Enforcement	228	237	243	243	244	232	220	216	216	205
Fire Control	40	36	29	32	16	13	14	16	13	19
Detention / Correction	105	107	112	111	110	106	108	104	99	111
Protective Inspection	18	18	17	18	16	13	16	15	15	16
Emergency and Disaster	6	6	9	7	4	5	4	6	6	6
Ambulance and Rescue	62	62	69	65	63	66	61	57	64	64
Other Public Safety	5	5	6	5	3	3	3	2	2	2
PHYSICAL ENVIRONMENT										
Water Utility Services	18	16	17	19	16	21	19	20	21	22
Conservation and Rescue	18	14	13	16	14	13	14	14	14	12
TRANSPORTATION										
Road and Street Facilities	114	120	107	120	120	112	113	107	112	111
ECONOMIC ENVIRONMENT										
Housing	2	1	1	1	1	1	1	1	1	1
Veteran Services	4	4	3	3	3	3	3	3	3	3
Other	3	3	3	3	3	3	2	1	2	2
HUMAN SERVICES										
Health	3	8	6	8	8	8	8	8	7	9
Welfare	1	1	1	1	1	1	7	9	10	10
Other Human Services	-	-	-	1	1	1	-	-	-	-
CULTURE AND RECREATION										
Libraries	20	20	19	16	16	14	16	18	17	18
Parks and Recreation	15	16	17	16	17	18	18	18	18	18
COURT RELATED										
Court General Administration	25	23	21	19	23	21	22	14	9	11
Circuit Court Criminal	6	5	4	4	5	5	6	6	7	8
Circuit Court Civil	4	4	4	4	3	3	4	4	4	4
Circuit Court Family	8	10	9	10	8	9	9	9	6	9
Circuit Court Juvenile	5	5	4	5	3	3	3	2	3	4
Court General Operations	7	6	6	9	9	8	7	16	11	11
County Court Traffic	4	6	4	6	6	6	7	7	7	7
Total	<u>901</u>	<u>908</u>	<u>897</u>	<u>911</u>	<u>877</u>	<u>850</u>	<u>843</u>	<u>836</u>	<u>832</u>	<u>851</u>

HIGHLANDS COUNTY, FLORIDA OPERATING INDICATORS BY FUNCTION

Function / Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL GOVERNMENT										
New Hires	93	68	52	89	66	46	46	50	54	48
Purchase Orders Issued	1,676	1,693	1,687	1,681	1,708	1,910	1,518	1,629	1,696	1,804
Comp Plan Amendments	14	19	10	7	5	7	15	13	2	3
IT Work Orders Completed	18,122	17,317	17,050	15,636	17,676	14,636	8,917	9,778	9,205	7,567
IT Users Served	689	689	650	650	650	650	650	650	650**	812
PUBLIC SAFETY										
Emergency Medical Services:										
Emergency 911 Call Volume:										
Fire/Rescue Calls	20,600	29,813	19,292	20,629	****	****	****	****	****	****
EMS Calls	****	****	****	****	17,089	17,365	16,546	15,696	14,814	14,645
Fire Department Calls	****	****	****	****	3,914	11,002	9,337	8,174	7,412	7,442
Average EMS Response Time (in Minutes)	9.16	7.54	7.20	7.23	7.02	7.06	8.04	7.99	7.15	6.80
Air Medical Service (Number of Flights)	3	143	188	212	135	116	104	108	106	88
Sheriff:										
Arrests Made	****	2,099	2,054	3,570	3,699	3,258	4,474	5,489	6,014	4,431
Traffic Citations Issued	3,986	4,376	2,466	3,888	2,040	2,116	2,349	3,244	3,188	4,534
Detentions and Correction:										
Jail Average Daily Population	462	453	397	460	417	423	379	387	399	399
Building Department:										
Permits Issued	13,847	9,080	7,014	6,820	11,339	5,598	5,407	4,745	4,185	3,651
Inspections Performed	27,793	17,585	13,216	14,431	19,685	9,430	7,527	7,527	6,210	5,390
Zoning Department:										
Code Enforcement Complaints Received	2,144	1,282	2,691	2,142	1,975	2,818	2,222	1,552	2,272	2,875
Code Enforcement Inspections Performed	3,824	5,617	5,329	3,623	3,347	4,219	4,106	4,050	4,664	5,618
PHYSICAL ENVIRONMENT										
Recycled Waste (Tons)	147	389	2,200	3,366	5,528	3,614	2,391	2,563	2,737	3,014
Landfill Waste:										
Residential Household Waste (Tons)	49,693	45,497	44,450	37,960	37,954	37,575	39,411	37,609	36,189	37,449
Commercial Waste (Tons)	44,667	42,158	39,285	36,506	38,443	30,975	28,238	26,856	28,763	28,014
TRANSPORTATION										
Miles of Road Constructed	0.08	0.29	4.31	-	-	0.10	-	0.31	2.12	0.18
Miles of Road Reconstructs	4.66	0.13	132.42	0.06	-	1.10	1.54	1.38	1.39	0.48
Miles of Road Resurfaced	24.78	35.01	67.00	22.39	8.09	30.81	31.30	34.95	31.30	31.39

**HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Function / Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ECONOMIC ENVIRONMENT										
Down Payment Assistance Loan Program	***	***	***	***	***	***	***	***	***	***
Veterans' Services:										
In Office Visits	2,222	1,600	1,400	4,905	5,043	5,291	***	5,032	4,717	5,986
Phone Calls Received	11,191	12,292	12,300	10,503	7,990	7,264	***	19,200	19,200	24,729
Home Visits	-	-	-	5	5	12	***	3	6	***
Transportation Trips	-	-	125	250	242	242	***	89	74	80
Presentations	27	25	40	52	29	30	***	110	104	289
HUMAN SERVICES										
Animal Services:										
Number of Complaints Received *	4,759	5,216	4,486	5,603	5,373	2,994	7,359	8,553	8,442	7,030
Number of Impoundments *	2,684	2,955	2,678	3,531	3,035	1,726	3,316	3,547	3,433	3,593
Animals Reclaimed *	395	292	243	268	285	118	340	412	371	229
Animals Adopted *	161	214	185	329	434	139	451	601	557	277
Animals Donated to Humane Society *	1,087	1,335	1,240	1,323	1,046	420	1,277	***	713	771
Animals Euthanized *	771	806	731	1,225	1,038	616	1,146	1,441	1,798	2,232
Wildlife Relocated	***	***	***	52	***	***	***	***	104	***
Transportation Trips for Disadvantaged Persons	62,396	52,560	64,316	74,525	72,219	78,334	92,039	100,123	126,472	74,172
CULTURE AND RECREATION										
Library Operations:										
Registered Borrowers in Highlands County	93,757	91,143	89,250	88,030	20,409	18,736	20,218	19,846	20,320	21,178
Library Visitors	149,740	118,467	136,564	233,161	248,481	269,095	284,480	287,573	284,785	278,277
Items Circulated:										
Adult	169,209	175,345	172,284	233,352	281,953	295,853	354,156	305,349	253,187	260,875
Children	90,936	77,895	68,059	111,532	104,319	122,681	123,069	119,176	94,354	89,103
Adult Programs:										
Number of Programs	3	17	95	159	247	510	414	392	237	189
Number of Attendees	17	150	1,198	2,202	2,263	4,187	2,766	3,259	1,821	1,385
Children's Programs:										
Number of Programs	244	109	117	229	205	226	287	195	319	197
Number of Attendees	4,774	1,980	3,262	3,124	2,681	3,242	3,736	3,120	2,875	3,734
Volunteer Hours	3,844	3,621	2,825	5,164	6,058	5,435	5,425	5,204	2,103	4,304
Library Webpage Visits	145,548	145,745	186,041	230,313	919,587	1,087,095	1,226,146	***	353,182	215,303
Public Internet Usage (Hours)	14,842	23,222	10,702	33,962	194,178	105,715	25,165	35,341	46,595	50,881
Park Rentals:										
H. L. Bishop	73	28	29	61	64	32	49	52	47	29
Boat Ramps Maintained	38	38	38	38	38	38	38	38	38	38

**HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Function / Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
COURT RELATED										
Cases in Court	21,336	13,864	15,948	26,955	27,557	26,840	26,967	29,806	30,953	29,831
Individuals thru Security	66,822	54,355	52,611	106,396	100,996	124,283	111,171	125,991	130,060	122,695

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.

**** As of January 1, 2019, all EMS and Fire calls became combined into Fire/Rescue calls

*****Information unavailable as a result of the May 27, 2022 Highlands County Sheriff's Office ransomware attack.

HIGHLANDS COUNTY, FLORIDA CAPITAL ASSETS BY FUNCTION

Function / Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL GOVERNMENT										
IT Networked Buildings	54	54	54	54	46	42	43	43	43	43
PUBLIC SAFETY										
EMS Vehicles:										
Ambulances	11	12	14	12	13	15	14	12	12	12
Jaws	14	17	17	2	2	1	2	2	2	2
Administrative	14	7	7	6	5	3	3	2	2	2
Paid/Volunteer Fire Stations:	17	17	17	17	17	17	17	*	*	*
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	3	3	3	3	3	4	4	3	5	5
Patrol Vehicles	167	165	144	144	129	110	97	103	104	104
Command Center	2	2	1	1	1	1	3	3	1	1
Special Operations Vehicle	2	2	3	3	2	4	4	3	3	3
Aircraft	-	-	1	1	1	1	1	1	1	1
Watercraft	3	3	3	3	3	3	3	3	4	4
Correction Facility Capacity	504	504	504	504	504	504	504	504	504	504
TRANSPORTATION										
Miles of County Road:										
Paved	938	938	1,003	999	998	998	998	1,010	1,010	1,007
Unpaved	189	189	194	198	200	197	197	217	215	213
Number of Airports	2	2	2	2	2	3	3	3	3	3
CULTURE AND RECREATION										
Number of County Libraries	3	3	3	3	3	3	3	3	3	3
Library Books	225,960	222,189	257,241	253,678	245,326	233,238	206,601	236,135	245,123	148,506
Library Audio Materials	7,224	7,451	9,888	9,652	*	9,252	17,941	18,284	12,261	7,967
Library Video Materials	23,482	23,129	32,537	28,380	12,519	26,637	20,886	22,555	31,378	19,799
Number of County Boat Ramps	38	38	38	38	38	38	38	38	38	38
Number of County Parks	45	45	45	45	45	45	45	45	45	45
Parks with Playgrounds	5	4	4	4	4	4	4	4	4	5
Parks with Baseball/Softball Fields	10	10	10	10	10	10	10	10	10	10
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

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2022

Federal / State Agency Federal Program / State Project	Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS				
Department of Justice				
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0104	\$ -	\$ 80,360
Pass-Through from Florida Network of Children's Advocacy Centers:				
Program Improvement - Meeting Accreditation Standards	16.758	SEBR-FL-PI22	-	1,878
JAG Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021-JAGC-HIGH-2-3B-023	-	50,648
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01351-JAGX	-	18,473
Total Edward Byrne Memorial Justice Assistance Grant Program			-	69,121
Pass-Through from Florida Attorney General:				
Crime Victim Assistance	16.575	VOCA-2021-HCSO-00785	-	117,243
Crime Victim Assistance	16.575	VOCA-2021-HCSO-00785	-	51,848
Total Crime Victim Assistance			-	169,091
Pass-Through from Florida Department of Law Enforcement:				
Residential Substance Abuse Treatment for State Prisoners	16.593	2022-RSAT-HIGH-1-6R-002	-	82,500
Total Department of Justice			-	402,950
Department of Transportation				
Highway Planning and Construction Cluster:				
Pass-Through from Florida Department of Transportation:				
Highway Planning and Construction	20.205	435067-1-3/58/68-01	-	41,251
Highway Planning and Construction	20.205	441739	-	9,440
Total Highway Planning and Construction Cluster			-	50,691
Total Department of Transportation			-	50,691
Department of Treasury				
Direct Programs:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	20,762	11,306,379
Pass-Through from Florida Division of Emergency Management:				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	G0252	-	13,926
Total COVID-19-Coronavirus State and Local Fiscal Recovery Funds			20,762	11,320,305
Total Department of Treasury			20,762	11,320,305
Election Assistance Commission				
Pass-Through from Florida Division of Elections:				
Help America Vote Act Requirements Payments	90.404	2022-001-HIG	-	47,911
Total Election Assistance Commission			-	47,911

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, 2022

Federal / State Agency Federal Program / State Project	Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS (CONTINUED)				
Department of Health and Human Services				
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:				
Promoting Safe and Stable Families	93.556	HF-20-22-42	\$ -	\$ 47,386
Promoting Safe and Stable Families	93.556	HF-22-23-42	-	11,735
Total Promoting Safe and Stable Families			-	59,121
TANF Cluster:				
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:				
Temporary Assistance for Needy Families	93.558	HF-20-22-42	-	63,973
CCDF Cluster:				
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:				
Child Care and Development Block Grant	93.575	HF-22-23-42	-	21,483
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	-	380,449
Total U.S. Department of Health and Human Services			-	525,026
Department of Homeland Security				
Pass-Through from Florida Division of Emergency Management:				
Emergency Management Performance Grants	97.042	G0271	-	59,803
Total Department of Homeland Security			-	59,803
Total Expenditures of Federal Awards			\$ -	\$ 12,406,686

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, 2022

Federal / State Agency Federal Program / State Project	CSFA Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
STATE FINANCIAL ASSISTANCE				
Florida Department of Economic Opportunity				
Enterprise Florida, Inc. - Rural Toolkit Site Preparedness Grant	40.003		\$ -	\$ 25,000
Florida Sports Foundation Grant	40.040	250000742	-	4,364
Florida Sports Foundation Grant	40.040	235990172	-	1,316
Total Florida Sports Foundation Grant			-	5,680
Total Florida Department of Economic Opportunity			-	30,680
Florida Department of Environmental Protection				
Small County Consolidated Waste Grants	37.012	SC215	-	29,957
Total Florida Department of Environmental Protection			-	29,957
Florida Department of State & Secretary of State				
State Aid to Libraries	45.030	18-ST-16	-	204,959
Total Florida Department of State & Secretary of State			-	204,959
Florida Executive Office of the Governor				
Emergency Management Programs	31.063	A0186	-	105,806
Emergency Management Programs	31.063	A0250	-	25,916
Total Emergency Management Programs			-	131,722
Emergency Management Projects	31.067	T0034	-	1,859
Total Florida Executive Office of the Governor			-	133,581
Florida Housing Finance Corporation				
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	-	405,789
Total Florida Housing Finance Corporation			-	405,789
Florida Department of Transportation				
County Incentive Grant Program	55.008	433553-1-54-01	-	2,554,768
Small County Outreach Program	55.009	436641-1-54-01	-	1,125,632
Small County Outreach Program	55.009	436644-1-54-01	-	578,310
Total Small County Outreach Program			-	1,703,942
Small County Road Assistance Program	55.016	440447-1-54-01	-	66,305
Small County Road Assistance Program	55.016	436642-1-54-01	-	185,485
Small County Road Assistance Program	55.016	436643-1-54-01	-	1,227,647
Total Small County Road Assistance Program			-	1,479,437
Total Florida Department of Transportation			-	5,738,147
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	21-22-DCF-CAC-23	-	3,920
Total Florida Department of Children and Families			-	3,920
Florida Department of Health				
County Grant Awards	64.005	C0028	-	14,471
Total Florida Department of Health			-	14,471

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, 2022

Federal / State Agency Federal Program / State Project	CSFA Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
STATE FINANCIAL ASSISTANCE (CONTINUED)				
Florida Department of Highway Safety and Motor Vehicles				
Child Abuse Prevention and Intervention License Plate Project	76.067		\$ -	\$ 28
Child Abuse Prevention and Intervention License Plate Project	76.067		-	77
Child Abuse Prevention and Intervention License Plate Project	76.067	19-20-LPVC-CAC-23	-	16
Child Abuse Prevention and Intervention License Plate Project	76.067	20-21-LPVC-CAC-23	-	501
Child Abuse Prevention and Intervention License Plate Project	76.067	21-22-LPVC-CAC-23	-	985
Total Child Abuse Prevention and Intervention License Plate Project			-	1,607
Total Florida Department of Highway Safety and Motor Vehicles			-	1,607
Florida Department of Legal Affairs and Attorney General				
FL Network of Children's Advocacy Centers	41.031	21/22-GR-CAC23	-	53,840
FL Network of Children's Advocacy Centers	41.031	22/23-GR-CAC23	-	19,100
Total Florida Department of Legal Affairs and Attorney General			-	72,940
Florida Department of Management Services				
911 State Grant Program	72.003	S21-22-05-09	-	71,178
Total Florida Department of Management Services			-	71,178
Total State Financial Assistance			\$ -	\$ 6,707,229

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, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal awards 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, 2022. 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 the cost principles contained in the Uniform Guidance for all awards, with the exception of assistance listing number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. 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.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 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 being denied 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 April 10, 2023, there were \$117,883 of overreported expenditures reported on the previous Schedule under Florida Department of Transportation County Incentive Grant Program 429841-1-54-01. Additionally, this grant contract had \$129,703 of expenditures that were determined not to be eligible for reimbursement after the close-out of the grant.

HIGHLANDS COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)
SEPTEMBER 30, 2022

NOTE 5 OUNCE OF PREVENTION MATCH

In addition to the amounts listed on the Schedule, the County received additional funding from the state of Florida as a match for certain federal programs. The amounts listed below represent the funding provided by the state of Florida as a match to the specified federal programs.

Federal Agency Federal Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
State Matching Monies			
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:			
Promoting Safe and Stable Families	93.556	HF-20-22-42	\$ 1,312
Promoting Safe and Stable Families	93.556	HF-22-23-42	<u>1,262</u>
Total Promoting Safe and Stable Families			2,574
Temporary Assistance for Needy Families	93.558	HF-20-22-42	123,747
Child Care and Development Block Grant	93.575	HF-22-23-42	<u>37,724</u>
Total State Matching Monies			<u><u>\$ 164,045</u></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**

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 (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

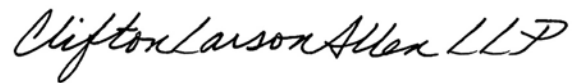
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
April 10, 2023



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

Opinion on Each Major Federal Program and State Project

We have audited Highlands County, Florida's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements identified as subject to audit 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, 2022. 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.

In our opinion, the County complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other 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
April 10, 2023

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2022**

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? _____ yes _____ x _____ 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? _____ x _____ yes _____ 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)? _____ x _____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ x _____ no

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over state projects:

- Material weakness(es) identified? _____ yes x 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 10.557, Rules of the Auditor General? _____ yes x no

Identification of Major State Projects

CSFA Number(s)

55.008
55.009

Name of State Project

County Incentive Grant Program
Small County Outreach Program

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 750,000

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing standards*.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022-001 – Period of Performance

Federal agency: Department of the Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Award Period: 03/03/21 – 12/31/2024

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Office of Management and Budget's (OMB) Compliance Supplement requires that grant funds be used to cover costs incurred during the period beginning on March 3, 2021, and ending on December 31, 2024.

Condition: The County originally included expenditures incurred prior to March 3, 2021, in their grant expenditures.

Questioned costs: None.

Context: The County elected to take the Standard Allowance of up to \$10,000,000 in revenue loss as allowed under the Treasury's final rule. Electing the Standard Allowance allows the County to spend up to that value on the provision of governmental services. The auditors reviewed the data export of payroll expenditures used to support costs allowable under expenditure Category 6.1, Provision of Government Services. In the total population there were nine payroll line items that required a direct replacement. After the replacement, the County still met the \$10,000,000 Standard Allowance total allowable under expenditure Category 6.1, Provision of Government Services. The auditors made a statistically valid sample from the updated population to test the underlying support and found no exceptions.

Cause: The County's budget office alerted all departments of the program requirements, including the start date of March 3, 2021. When the information for eligible wages and benefits was gathered, the data included expenditures with payroll report dates of March 3, 2021. However, a portion of the wages and benefits had actually been incurred in February 2021. Review of the data did not detect that the expenditures were incurred prior to March 3, 2021.

Effect: The County had to exchange claimed expenditures in order to comply with the period of performance requirement for the program.

Repeat Finding: No.

Recommendation: We recommend the County select a designated individual to perform a secondary review of program costs to verify that expenditures claimed meet all compliance requirements.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials: The covered costs were corrected and provided to the auditors. A designated individual will perform a secondary review before claimed expenses are submitted to ensure compliance in the future.

Section IV – Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Chapter 10.550, Rules of the Auditor General.



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, 2022 and have issued our report thereon dated April 10, 2023.

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 April 10, 2023, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and 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. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information (For a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district)

The information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, is included in Attachment A to this letter.

Specific Information (For an independent special district that imposes ad valorem special taxes)

There are no special districts included in the reporting entity that are imposing ad valorem taxes and are required to report under Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General.

Specific Information (For an independent special district that imposes non-ad valorem special assessments)

The information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, is included in Attachment A to this letter.

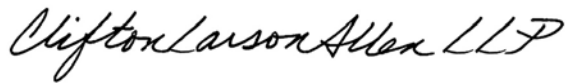
Additional Matters

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.

Board of County Commissioners
Highlands County, Florida

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.

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

CliftonLarsonAllen LLP

Sebring, Florida
April 10, 2023

Management Letter Special District Specific Information Attachment A

Special District	The total number of district employees compensated in the last pay period of the district's fiscal year as:	The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as:	All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as:	All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as:	Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as (provide list):	The rate or rates of non-ad valorem special assessments imposed by the District as:	The total amount of special assessments collected by or on behalf of the district as:	The total amount of outstanding bonds issued by the district and the terms of such bonds as:
Lake Placid Sun-N-Lake Estates Fire District	-	- \$	- \$	3,513 \$	-	N/A \$	13,958 \$	-
DeSoto City Special Benefit Fire District	-	- \$	- \$	- \$	-	N/A \$	- \$	-
Orange Villa Special Benefit District	-	- \$	- \$	- \$	-	\$48.00/Per home site \$	1,910 \$	-
Hickory Hills Special Benefit District	-	- \$	- \$	- \$	-	\$0.00/Lot \$	- \$	-
Placid Lakes Special Benefit District	1 FTE @ 33.75%	7 \$	16,887 \$	93,413 \$	-	\$20.00/lot or fraction thereof \$	168,653 \$	-
						\$18.00/Improved lot \$		
Sebring Country Estates Special Benefit District	-	- \$	- \$	- \$	-	\$6.00/Unimproved lot \$	20,474 \$	-
Avon Park Estates Special Benefit District	-	- \$	- \$	6,000 \$	-	\$40.00/Lot or fraction thereof \$	94,374 \$	-
Highlands Lakes Special Tax District	-	- \$	- \$	200 \$	-	N/A \$	1,847 \$	-
Highlands Park Special Benefit Fire District	-	- \$	- \$	2,426 \$	-	N/A \$	550 \$	-
Istokpoga Marsh Watershed Improvement District	-	7 \$	- \$	99,272 \$	-	\$8.00/Acre or fraction thereof \$	145,803 \$	-
Highlands Park Estates Improvement Trust	-	- \$	- \$	- \$	-	N/A \$	- \$	-
Leisure Lakes Special Benefit Fire District	-	- \$	- \$	1,498 \$	-	N/A \$	2,627 \$	-
						\$23.00/per home/or Business improved lot \$		
Sebring Hills Special Benefit District	-	1 \$	- \$	- \$	-	\$3.00/Vacant lot \$	20,149 \$	-
Red Hill Farms Improvement District	-	- \$	- \$	- \$	-	\$15.00/Lot or fraction thereof \$	6,245 \$	-
Orange Blossom Estates Special Benefit District	N/A	N/A	N/A	N/A	N/A	N/A N/A		N/A
Sun-N-Lakes of Lake Placid Recreation District	1 FTE @ 33.75%	14 \$	16,887 \$	59,591 \$	-	\$25.00/Per Parcel \$	96,956 \$	-
Sebring Acres Special Benefit District	-	- \$	- \$	- \$	-	\$50.00/Lot or fraction thereof \$	9,938 \$	-
Orange Blossom (Unit 12) Special Benefit District	N/A	N/A	N/A	N/A	N/A	N/A N/A		N/A
						\$20.00/Improved lot \$		
Lake Haven Estates Special Benefit District	-	- \$	- \$	- \$	-	\$5.00/Unimproved lot or fraction thereof \$	10,537 \$	-
Lorida Special Benefit Fire District	-	- \$	- \$	- \$	-	N/A \$	2,173 \$	-
Lake Placid Special Benefit Fire District	-	- \$	- \$	- \$	-	N/A \$	54 \$	-
						\$20.00/Improved lot or fraction thereof \$		
Highway Park Special Benefit District	-	- \$	- \$	- \$	-	\$5.00/Unimproved lot or fraction thereof \$	7,054 \$	-
Sun-N-Lakes 1-20 Improvement Trust	-	- \$	- \$	- \$	-	N/A \$	- \$	-
Highlands Park Estates Special Benefit District	1 FTE @ 22.50%	13 \$	11,258 \$	23,967 \$	-	\$10.00/Lot or fraction thereof \$	65,638 \$	-
West Sebring Special Benefit Fire District	-	2 \$	- \$	2,030 \$	485,228	N/A \$	5,762 \$	-
Venus Special Benefit Fire District	-	- \$	- \$	47,721 \$	-	N/A \$	- \$	-
Placid Lakes Special Benefit Fire District	-	- \$	- \$	- \$	-	N/A \$	528 \$	-
						\$1.4631/Per front foot of County maintained road frontage \$		
Oak Manor Avenue Road Paving District	-	- \$	- \$	- \$	-	\$6.448/Per front foot of non County maintained road frontage \$	4,416 \$	-
						\$40.00/Improved/Residential \$		
						\$20.00/Unimproved lot/tract or fraction thereof \$		
Thunderbird Hill Wastewater Special Benefit District	-	- \$	- \$	- \$	-	\$40.00/Rental MH Park \$		
						\$40.00/Commercial structure \$	17,154 \$	-
						\$0.05243/Dwelling s.f. \$		
						\$0.07864/Commercial s.f. \$		
						\$0.06738/Industrial/Warehouse s.f. \$		
						\$0.07864/Institutional s.f. \$		
Highlands County Fire Protection Special Benefit District	78 EE but 39.55 EE when considering salary splits with EMS dept (General Fd)	124 \$	2,063,412 \$	216,490 \$	-	\$26.95/Parcel \$	6,295,957 \$	4,805,000



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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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
April 10, 2023

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HIGHLANDS COUNTY BOARD OF COUNTY
COMMISSIONERS
BUSINESS SERVICES DEPARTMENT
600 S. Commerce Ave., Sebring, Florida 33870
Office (863) 402-6521 www.highlandsfl.gov

**HIGHLANDS COUNTY, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2022**

Department of Treasury

Highlands County, Florida respectfully submits the following corrective action plan for the year ended September 30, 2022.

Audit period: October 1, 2021 through September 30, 2022

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Treasury

2022-001 Coronavirus State and Local Fiscal Recovery Fund– Assistance Listing No.
21.027

Recommendation: The Office of Management and Budget (OMB) Compliance requires that funds granted through the COVID-19 Coronavirus State and Local Fiscal Recovery Fund may only be used to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024. We recommend the County select a designated individual to perform a secondary review of program costs to certify claimed expenses have met all compliance requirements.

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

Action taken in response to finding: The covered costs were corrected and provided to the auditors. A designated individual will perform a secondary review before claimed expenses are submitted to ensure compliance in the future.

Name(s) of the contact person(s) responsible for corrective action: Tanya Cannady

Planned completion date for corrective action plan: N/A



HIGHLANDS COUNTY BOARD OF COUNTY
COMMISSIONERS
BUSINESS SERVICES DEPARTMENT
600 S. Commerce Ave., Sebring, Florida 33870
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**HIGHLANDS COUNTY BOARD OF COUNTY COMMISSIONERS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022**

Department of the Treasury

Highlands County Board of County Commissioners respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2022.

Audit period: October 1, 2021-September 30, 2022

The finding from the prior audit's schedule of findings and questioned costs is discussed below.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021 – 001 Reporting

Condition: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires compliance with reporting provisions. The County should have internal controls in place to ensure compliance with those provisions. The County's funding agreement with the Florida Division of Emergency Management (FDEM) required submission of quarterly reports and a close-out report. These reports should have included the status and progress of the expenditure of funds, in addition to any other information requested by FDEM. Quarterly reports were due to FDEM no later than 15 days after the end of each quarter of the program year and were to be submitted each quarter until submission of the administrative close-out report. The County was unable to provide documentation that reports were submitted.

Reason why audit finding is no longer valid or does not warrant further action: The reports were submitted electronically through a portal maintained by Florida Division of Emergency Management (FDEM) known as the Florida Cares Act Management System. This portal was subsequently closed out when the grant ended. As the grant has ended there are no further reports to submit.

If the Department of Treasury has questions regarding this schedule, please call Tanya Cannady at (863) 402-6842.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2022



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**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
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**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Jerome Kaszubowski
Clerk of Courts
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clerk and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Clerk 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 financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of each major fund and the aggregate remaining fund information of Highlands County that is attributable to the transactions of the Clerk. They do not purport to, and do not, present fairly the financial position of Highlands County, Florida as of September 30, 2022, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Honorable Jerome Kaszubowski
Clerk of Courts
Highlands County, Florida

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 opinions on the basic financial statements are 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 Clerk's basic financial statements. The combining and individual nonmajor and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clerk's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
February 17, 2023

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General	Court	Public Records Modernization Trust	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 113,316	\$ 169,619	\$ 393,107	\$ 291,671	\$ 286,229	\$ 10,203	\$ 1,264,145
Accounts Receivable	63	3,071	695	454	1,385	25	5,693
Due from Constitutional Officers	458,501	-	-	-	-	-	458,501
Due from Other Governmental Units	1,387	67,204	-	-	50,776	-	119,367
Prepaid Items	111,251	-	-	-	-	-	111,251
Total Assets	<u>\$ 684,518</u>	<u>\$ 239,894</u>	<u>\$ 393,802</u>	<u>\$ 292,125</u>	<u>\$ 338,390</u>	<u>\$ 10,228</u>	<u>\$ 1,958,957</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers Payable	\$ 183,269	\$ 541	\$ -	\$ -	\$ 1,915	\$ 108	\$ 185,833
Due to Other Governmental Units	342	-	-	-	274,802	-	275,144
Due to Others	1,549	168,500	-	-	-	-	170,049
Due to Constitutional Officers	376,977	60,848	-	1,694	-	-	439,519
Accrued Payroll and Related Liabilities	122,381	10,005	-	3,875	61,673	630	198,564
Total Liabilities	<u>684,518</u>	<u>239,894</u>	<u>-</u>	<u>5,569</u>	<u>338,390</u>	<u>738</u>	<u>1,269,109</u>
FUND BALANCES							
Nonspendable	111,251	-	-	-	-	-	111,251
Restricted	-	-	393,802	286,556	-	9,490	689,848
Unassigned	(111,251)	-	-	-	-	-	(111,251)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>393,802</u>	<u>286,556</u>	<u>-</u>	<u>9,490</u>	<u>689,848</u>
Total Liabilities and Fund Balances	<u>\$ 684,518</u>	<u>\$ 239,894</u>	<u>\$ 393,802</u>	<u>\$ 292,125</u>	<u>\$ 338,390</u>	<u>\$ 10,228</u>	<u>\$ 1,958,957</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	General	Court	Public Records Modernization Trust	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Intergovernmental:							
Appropriation from Board of County Commissioners	\$ 4,432,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,432,977
Miscellaneous Revenues:							
Recording Fees	-	-	81,076	225,503	-	-	306,579
Intergovernmental	-	380,449	-	-	433,388	-	813,837
Court Related Service Charge	-	-	-	-	1,188,697	19,974	1,208,671
Fines and Forfeitures	-	-	-	-	612,804	-	612,804
Interest Earnings	-	2,264	7,344	4,402	14,087	225	28,322
Other Miscellaneous Revenues	344,939	-	3,000	7,850	2,457	-	358,246
Total Revenues	4,777,916	382,713	91,420	237,755	2,251,433	20,199	7,761,436
EXPENDITURES							
General Government:							
Personal Services	3,376,746	-	-	-	-	-	3,376,746
Operating Expenditures	842,149	-	17,916	-	-	-	860,065
Total General Government	4,218,895	-	17,916	-	-	-	4,236,811
Court Related:							
Personal Services	190,896	302,728	-	66,549	1,993,847	18,910	2,572,930
Operating Expenditures	6,350	19,457	-	51,319	101,333	523	178,982
Total Court Related	197,246	322,185	-	117,868	2,095,180	19,433	2,751,912
Capital Outlay	73,626	-	-	-	-	-	73,626
Debt Service:							
Principal	15,674	-	-	-	2,250	-	17,924
Interest	1,283	-	-	-	52	-	1,335
Total Debt Service	16,957	-	-	-	2,302	-	19,259
Total Expenditures	4,506,724	322,185	17,916	117,868	2,097,482	19,433	7,081,608
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	271,192	60,528	73,504	119,887	153,951	766	679,828
OTHER FINANCING USES							
Unexpended Budget Balance Reverting to Board of County Commissioners	(277,215)	(60,528)	-	-	-	-	(337,743)
Distribution of Excess Fees to State of Florida	-	-	-	-	(153,951)	-	(153,951)
Leases	6,023	-	-	-	-	-	6,023
Total Other Financing Uses	(271,192)	(60,528)	-	-	(153,951)	-	(485,671)
NET CHANGE IN FUND BALANCE	-	-	73,504	119,887	-	766	194,157
Fund Balance - October 1, 2021	-	-	320,298	166,669	-	8,724	495,691
FUND BALANCE - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,802</u>	<u>\$ 286,556</u>	<u>\$ -</u>	<u>\$ 9,490</u>	<u>\$ 689,848</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, 2022**

	Budget			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 4,432,977	\$ 4,432,977	\$ 4,432,977	\$ -
Miscellaneous Revenues:				
Other Miscellaneous Revenues	-	344,942	344,939	(3)
Total Revenues	4,432,977	4,777,919	4,777,916	(3)
EXPENDITURES				
General Government:				
Personal Services	3,314,840	3,650,901	3,376,746	274,155
Operating Expenditures	827,982	845,195	842,149	3,046
Total General Government	4,142,822	4,496,096	4,218,895	277,201
Court Related:				
Personal Services	216,910	190,904	190,896	8
Operating Expenditures	10,385	6,353	6,350	3
Total Court Related	227,295	197,257	197,246	11
Capital Outlay	62,860	138,469	73,626	64,843
Debt Service:				
Principal Payments	-	15,677	15,674	3
Interest Payments	-	1,285	1,283	2
Total Debt Service	-	16,962	16,957	5
Total Expenditures	4,432,977	4,848,784	4,506,724	342,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(70,865)	271,192	342,057
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(277,215)	(277,215)
Leases	-	70,865	6,023	(64,842)
Total Other Financing Uses	-	70,865	(271,192)	(342,057)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2021	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2022	\$ -	\$ -	\$ -	\$ -

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, 2022**

	Budget			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenues:				
Intergovernmental	\$ 227,533	\$ 380,409	\$ 433,388	\$ 52,979
Court Related Service Charge	1,119,243	1,119,243	1,188,697	69,454
Fines and Forfeitures	606,165	606,165	612,804	6,639
Interest Earnings	10,920	10,920	14,087	3,167
Other Miscellaneous Revenue	-	-	2,457	2,457
Total Revenues	1,963,861	2,116,737	2,251,433	134,696
EXPENDITURES				
Court Related:				
Personal Services	1,930,873	2,013,076	1,993,847	19,229
Operating Expenditures	32,988	101,359	101,333	26
Total Court Related	1,963,861	2,114,435	2,095,180	19,255
Capital Outlay	-	3,346	-	3,346
Debt Service				
Principal	-	2,250	2,250	-
Interest	-	52	52	-
Total Debt Service	-	2,302	2,302	-
Total Expenditures	1,963,861	2,120,083	2,097,482	22,601
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,346)	153,951	157,297
OTHER FINANCING USES				
Distribution of Excess Fees to				
State of Florida	-	-	(153,951)	(153,951)
Leases	-	3,346	-	(3,346)
Total Other Financing Sources (Uses)	-	3,346	(153,951)	(157,297)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2021	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2022	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Internal Service Fund
	<u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 433,387
Accounts Receivable	<u>643</u>
Total Assets	<u>434,030</u>
LIABILITIES	
Due to BOCC	1,487
Accrued Compensated Absences Payable	<u>432,543</u>
Total Liabilities	<u>434,030</u>
NET POSITION	
Unrestricted	<u><u>\$ -</u></u>

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, 2022**

	Internal Service Fund Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 478,678
OPERATING EXPENSES	
Compensated Absences Expense	481,826
OPERATING LOSS	(3,148)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	3,148
CHANGE IN NET POSITION	-
Net Position - October 1, 2021	-
NET POSITION - SEPTEMBER 30, 2022	\$ -

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Charges for Services	\$ 478,678
Cash Paid to Employees for Services	<u>(456,800)</u>
Net Cash Provided by Operating Activities	21,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt from Other Constitutional Officers	1,109
Net Cash Provided by Noncapital Financing Activities	<u>1,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,102
Net Cash Provided by Investing Activities	<u>3,102</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,089
Cash and Cash Equivalents - October 1, 2021	<u>407,298</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u><u>\$ 433,387</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (3,148)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	25,026
Net Cash Provided by Operating Activities	<u><u>\$ 21,878</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 4,000,859
Due from Others	7,473
Due from Other Governmental Units	1,508
Total Assets	<u>4,009,840</u>
LIABILITIES	
Due to Others	2,546
Due to Other Governmental Units	452,578
Total Liabilities	<u>455,124</u>
NET POSITION	
Restricted for Other Governments and Individuals	<u>\$ 3,554,716</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Fines/Fees Collected for Other Governments and Individuals	<u>\$ 22,922,202</u>
Total Additions	<u>22,922,202</u>
DEDUCTIONS	
Fines/Fees Disbursed to Other Governments and Individuals	<u>21,285,369</u>
Total Deductions	<u>21,285,369</u>
CHANGE IN NET POSITION	1,636,833
Net Position - Beginning of Year	<u>1,917,883</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,554,716</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022**

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.

Homeowner's Foreclosure Education Fund – The Homeowner's Foreclosure Education Fund is a special revenue fund used to account for funds for the purpose of educating the public as to the rights of homeowners regarding foreclosure proceedings.

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Fiduciary Funds

Custodial Funds – Custodial Funds are used to account for assets held by a government in a fiduciary capacity for individuals, private organizations or other governments.

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.

Custodial Funds – The custodial funds use the economic resources measurement focus.

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, 2022**

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, 2022**

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, Teen Court Fund, and Homeowner's Foreclosure Education 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.

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, 2022**

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, Teen Court Fund, and Homeowner's Foreclosure Education 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment 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.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Clerk adopted the requirements of the guidance effective October 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2022, the bank balance of the Clerk's deposits consisted of the following:

Deposits	\$ 5,100,370

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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 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, 2022, 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 34.70% of Florida PRIME's portfolio at September 30, 2022.

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 dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 was 72 days.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 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, 2022, 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, and the Investment 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, 2022, 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

A reconciliation to amounts shown on the balance sheet, statement of net position, and statement of fiduciary net position is as follows:

Deposits	\$ 4,790,591
Petty Cash and Change in Funds	7,900
Florida PRIME	899,900
Total	<u>\$ 5,698,391</u>
Balance Sheet - Governmental Funds:	
Cash and Cash Equivalents	\$ 1,264,145
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	433,387
Statement of Fiduciary Net Position - Custodial Funds:	
Cash and Cash Equivalents	4,000,859
Total Cash, Cash Equivalents, and Investments	<u>\$ 5,698,391</u>

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, 2022:

Accrued Compensated Absences - September 30, 2021	\$ 407,517
Leave Earned by Employees	481,826
Payments to Employees	(456,800)
Accrued Compensated Absences - September 30, 2022	<u>\$ 432,543</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 annual comprehensive 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2022, 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 Annual Comprehensive Financial Report.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (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. 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, 2022, 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, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (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, 2022, 2021, and 2020 were \$657,735, \$592,759, and \$516,530, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's annual comprehensive financial report.

NOTE 5 LEASES

The Clerk leases assets for various terms under certain agreements that meet the definition of a lease under GASB Statement No. 87 – *Leases*. Detailed information about the Clerk's leases can be found in the Highlands County Annual Comprehensive Financial Report.

Leases entered into by the Clerk are included as other financing sources and capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the year of inception. Payments made in accordance with the lease terms are reported as debt service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance as they are incurred.

During the year ended September 30, 2022, the Clerk entered into leases in the amount of \$6,023. During the year ended September 30, 2022, the Clerk's principal and interest payments on leases totaled \$19,259.

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Board and the Constitutional Officers of Highlands County, Florida, for the year ended September 30, 2022 were as follows:

Budget Appropriation

The General Fund of the Clerk received payments from the Board in the amount of \$4,432,977 for the year ended September 30, 2022. The amounts payable to the Board at September 30, 2022 for excess fees and other items were \$376,977.

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. The amounts payable to the Board at September 30, 2022 for excess fees were \$60,848.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

Various Services

The Board provides various services to the Clerk. The charges for these services for the fiscal year ended September 30, 2022 amounted to \$820,094.

The Clerk provides information technology support, communication and freight services, and other miscellaneous services to the Board. The Clerk received \$345,623 for these services for the fiscal year ended September 30, 2022.

NOTE 7 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 8 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 to 20
Software - Internally Generated	3 to 10
Software - Purchased	3 to 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, 2022**

NOTE 8 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Clerk is custodian during fiscal year 2022:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Being Depreciated/Amortized:				
Software Conversion in Process	\$ 133,600	\$ -	\$ (133,600)	\$ -
IT Equipment in Development	3,736,227	358,911	(2,557,788)	1,537,350
Building in Development	-	24,569	-	24,569
Total Capital Assets Not Being Depreciated/Amortized	3,869,827	383,480	(2,691,388)	1,561,919
Capital Assets, Being Depreciated/Amortized:				
Equipment	3,115,899	2,644,965	(7,350)	5,753,514
Computer Software	1,443,320	-	-	1,443,320
Right-to-Use Lease Equipment	68,187	6,023	-	74,210
Total Capital Assets Being Depreciated/Amortized	4,627,406	2,650,988	(7,350)	7,271,044
Less: Accumulated Depreciation/Amortization:				
Equipment	(1,872,694)	(355,373)	4,900	(2,223,167)
Computer Software	(1,263,646)	(93,698)	-	(1,357,344)
Right-to-Use Lease Equipment	(18,243)	(136)	-	(18,379)
Total Accumulated Depreciation/Amortization	(3,154,583)	(449,207)	4,900	(3,598,890)
Total Capital Assets, Being Depreciated/Amortized, Net	1,472,823	2,201,781	(2,450)	3,672,154
Total Capital Assets, Net	<u>\$ 5,342,650</u>	<u>\$ 2,585,261</u>	<u>\$ (2,693,838)</u>	<u>\$ 5,234,073</u>

Beginning balances were restated due to the implementation of GASB 87, *Leases*.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Teen Court	Homeowner's Foreclosure Education	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 9,514	\$ 689	\$ 10,203
Accounts Receivable	<u>24</u>	<u>1</u>	<u>25</u>
Total Assets	<u><u>\$ 9,538</u></u>	<u><u>\$ 690</u></u>	<u><u>\$ 10,228</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers Payable	\$ 108	\$ -	\$ 108
Accrued Payroll and Related Liabilities	<u>630</u>	<u>-</u>	<u>630</u>
Total Liabilities	738	-	738
FUND BALANCES			
Restricted	<u>8,800</u>	<u>690</u>	<u>9,490</u>
Total Liabilities and Fund Balances	<u><u>\$ 9,538</u></u>	<u><u>\$ 690</u></u>	<u><u>\$ 10,228</u></u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	Teen Court	Homeowner's Foreclosure Education	Total Nonmajor Governmental Funds
REVENUES			
Miscellaneous Revenues:			
Court Related Service Charge	\$ 19,638	\$ 336	\$ 19,974
Interest Earnings	213	12	225
Total Revenues	<u>19,851</u>	<u>348</u>	<u>20,199</u>
EXPENDITURES			
Court Related:			
Personal Services	18,910	-	18,910
Operating Expenditures	523	-	523
Total Expenditures	<u>19,433</u>	<u>-</u>	<u>19,433</u>
NET CHANGE IN FUND BALANCE	418	348	766
Fund Balance - October 1, 2021	<u>8,382</u>	<u>342</u>	<u>8,724</u>
FUND BALANCES - SEPTEMBER 30, 2022	<u><u>\$ 8,800</u></u>	<u><u>\$ 690</u></u>	<u><u>\$ 9,490</u></u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
FIDUCIARY FUND DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2022**

The Clerk maintains the following Custodial 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 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
FIDUCIARY FUNDS – CUSTODIAL FUNDS
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>		
	<u>Child Support</u>	<u>Suspense</u>	<u>Total Custodial Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 337	\$ 4,000,522	\$ 4,000,859
Due from Others	2	7,471	7,473
Due from Other Governmental Units	-	1,508	1,508
Total Assets	<u>339</u>	<u>4,009,501</u>	<u>4,009,840</u>
LIABILITIES			
Due to Others	-	2,546	2,546
Due to Other Governmental Units	339	452,239	452,578
Total Liabilities	<u>339</u>	<u>454,785</u>	<u>455,124</u>
NET POSITION			
Restricted for Other Governments and Individuals	<u>\$ -</u>	<u>\$ 3,554,716</u>	<u>\$ 3,554,716</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>		<u>Total Custodial Funds</u>
	<u>Child Support</u>	<u>Suspense</u>	
ADDITIONS			
Fines/Fees Collected for Other Governments and Individuals	\$ 147,238	\$ 22,774,964	\$ 22,922,202
Total Additions	<u>147,238</u>	<u>22,774,964</u>	<u>22,922,202</u>
DEDUCTIONS			
Fines/Fees Disbursed to Other Governments and Individuals	149,298	21,136,071	21,285,369
Total Deductions	<u>149,298</u>	<u>21,136,071</u>	<u>21,285,369</u>
CHANGE IN NET POSITION	(2,060)	1,638,893	1,636,833
Net Position - Beginning of Year	<u>2,060</u>	<u>1,915,823</u>	<u>1,917,883</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 3,554,716</u>	<u>\$ 3,554,716</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 Jerome Kaszubowski
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 Highlands County, Florida (the Clerk), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated February 17, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

The Honorable Jerome Kaszubowski
Clerk of Courts
Highlands County, Florida

Report on Compliance and Other Matters

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

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

CliftonLarsonAllen LLP

Sebring, Florida
February 17, 2023



MANAGEMENT LETTER

The Honorable Jerome Kaszubowski
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, 2022 and have issued our report thereon dated February 17, 2023.

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 February 17, 2023, 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 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 Jerome Kaszubowski
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

CliftonLarsonAllen LLP

Sebring, Florida
February 17, 2023



INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Jerome Kaszubowski, 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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

The Honorable Jerome Kaszubowski, Clerk of Courts
and the Florida Auditor General
Highlands County, Florida

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
February 17, 2023

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2022



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**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Property Appraiser and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Property Appraiser 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 financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of each major fund and the aggregate remaining fund information of Highlands County that is attributable to the transactions of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

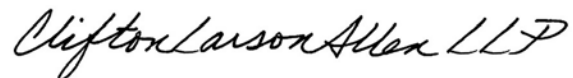
Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

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 opinions on the basic financial statement are 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 December 14, 2022, 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 results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sebring, Florida
December 14, 2022

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2022**

ASSETS

Cash and Cash Equivalents	\$ 274,460
Accounts Receivable	126
Prepaid Items	<u>675</u>
Total Assets	<u><u>\$ 275,261</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers Payable	\$ 45,152
Accrued Wages Payable	61,937
Due to Other Governmental Units	2,725
Due to Board of County Commissioners	<u>165,447</u>
Total Liabilities	275,261

FUND BALANCE

Nonspendable	675
Unassigned	<u>(675)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 275,261</u></u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Budget			Variance -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental:				
Appropriations from Board of County Commissioners	\$ 3,383,171	\$ 3,383,171	\$ 3,383,171	\$ -
South Florida Water Management District	7,823	7,823	7,823	-
Southwest Florida Water Management District	47,310	47,310	47,310	-
Total Intergovernmental Revenues	3,438,304	3,438,304	3,438,304	-
Miscellaneous Revenues:				
Interest Earnings	-	-	105	105
Other Miscellaneous Revenues	-	-	1,536	1,536
Total Miscellaneous Revenues	-	-	1,641	1,641
Total Revenues	3,438,304	3,438,304	3,439,945	1,641
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	2,534,497	2,611,906	2,593,466	18,440
Operating Expenditures	841,807	757,365	678,788	78,577
Capital Outlay	62,000	62,000	151,440	(89,440)
Debt Service:				
Principal	-	6,420	6,420	-
Interest	-	613	613	-
Total Expenditures	3,438,304	3,438,304	3,430,727	7,577
EXCESS OF REVENUES OVER EXPENDITURES	-	-	9,218	9,218
OTHER FINANCING SOURCES (USES)				
Leases	-	-	115,841	115,841
Transfer of Excess Fees	-	-	(125,059)	(125,059)
Total Other Financing Uses	-	-	(9,218)	(9,218)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2021	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2022	<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, 2022**

	Internal Service Fund
	<u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 423,121
LIABILITIES	
Accrued Compensated Absences Payable	<u>423,121</u>
NET POSITION	
Unrestricted	<u><u>\$ -</u></u>

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, 2022**

	Internal Service Fund <u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 292,136
OPERATING EXPENSES	
Compensated Absences Expense	<u>292,528</u>
OPERATING LOSS	(392)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	<u>392</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2021	<u>-</u>
NET POSITION - SEPTEMBER 30, 2022	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 292,136
Cash Paid to Employees for Services	<u>(264,781)</u>
Net Cash Provided by Operating Activities	27,355
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>392</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,747
Cash and Cash Equivalents - October 1, 2021	<u>395,374</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u><u>\$ 423,121</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (392)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	27,747
Net Cash Provided by Operating Activities	<u><u>\$ 27,355</u></u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 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 (the 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.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus (Continued)

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 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The operating revenues of the Property Appraiser consist of charges to other funds for compensated absences. Operating expenses include compensated absences earned. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 (the 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.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 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.

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 for 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.

The vested liability for accrued compensated absences has been budgeted for and fully funded by the General Fund.

Fund Balance

The classifications of fund balances are described as follows:

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 Governmental Accounting Standards Board (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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Property Appraiser adopted the requirements of the guidance effective October 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2022, the bank balance of the Property Appraiser's deposits were \$685,062. 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.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (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 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, 2022, 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 34.7% of Florida Prime's portfolio at September 30, 2022.

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 dollar weighted-average days to maturity (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 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, 2022, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

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, and the Investment 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, 2022, 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	\$ 685,062
Petty Cash and Change Funds	100
Florida PRIME	12,419
Total	<u>\$ 697,581</u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 274,460
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	423,121
Total Cash and Cash Equivalents	<u>\$ 697,581</u>

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022:

Compensated Absences - September 30, 2021	\$ 395,374
Leave Earned by Employees	292,528
Payments to Employees	<u>(264,781)</u>
Compensated Absences - September 30, 2022	<u><u>\$ 423,121</u></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. An annual comprehensive 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, 2022**

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.

Benefits Provided

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, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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, 2022, 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, 2022**

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 Annual Comprehensive 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, 2022, 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, 2022**

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, 2022, 2021, and 2020 were \$333,911, \$313,549, and \$276,705, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the county's annual comprehensive 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, 2022, were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$3,383,171 for the year ended September 30, 2022. Excess fees and other amounts payable to the Board at September 30, 2022 were \$165,447.

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, 2022 amounted to \$411,329.

Amounts paid to the Clerk for the fiscal year ended September 30, 2022, for other services were \$7,376.

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 workers' 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, 2022**

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:

Machinery and Equipment	4 to 20 Years
Software - Internally Generated	3 to 10 Years
Software - Purchased/Leased	3 to 10 Years

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 2022:

	Beginning Balance	Additions	Deletions	Ending Balances
Capital Assets, Being				
Depreciated/Amortized:				
Equipment	\$ 605,006	\$ 24,940	\$ -	\$ 629,946
Computer Software	2,791,399	-	-	2,791,399
Right-to-Use Lease Equipment	-	115,841	-	115,841
Total Capital Assets Being				
Depreciated/Amortized	3,396,405	140,781	-	3,537,186
Less: Accumulated				
Depreciation/Amortization:				
Equipment	(548,891)	(18,959)	-	(567,850)
Computer Software	(2,791,399)	-	-	(2,791,399)
Right-to-Use Lease Equipment	-	(6,692)	-	(6,692)
Total Accumulated				
Depreciation/Amortization	(3,340,290)	(25,651)	-	(3,365,941)
Total Capital Assets, Net	<u>\$ 56,115</u>	<u>\$ 115,130</u>	<u>\$ -</u>	<u>\$ 171,245</u>

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 LEASES

The Property Appraiser leases assets for various terms under certain agreements that meet the definition of a lease under GASB Statement No. 87 – *Leases*. Detailed information about the Property Appraiser's leases can be found in the Highlands County Annual Comprehensive Financial Report.

Leases entered into by the Property Appraiser are included as other financing sources and capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the year of inception. Payments made in accordance with the lease terms are reported as debt service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance as they are incurred.

During the year ended September 30, 2022, the Property Appraiser entered into leases in the amount of \$115,841. During the year ended September 30, 2022, the Property Appraiser's principal and interest payments on leases totaled \$7,033.



**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, 2022, 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 December 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that were not identified.

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Report on Compliance and Other Matters

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

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 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
December 14, 2022



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, 2022, and have issued our report thereon dated December 14, 2022.

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 December 14, 2022, 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 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
December 14, 2022



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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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

Sebring, Florida
December 14, 2022

**SHERIFF
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2022



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**SHERIFF
HIGHLANDS COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each 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, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

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 Sheriff, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Sheriff 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 financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of each major fund and the aggregate remaining fund information of Highlands County that is attributable to the transactions of the Sheriff. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 opinions on the basic financial statements are not affected by this missing information.

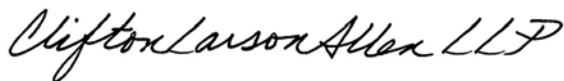
The Honorable Paul Blackman
Sheriff
Highlands County, Florida

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sebring, Florida
December 9, 2022

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Inmate Welfare Fund	Nonmajor Community Donation Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,286,806	\$ 1,546,491	\$ 128,316	\$ 4,961,613
Accounts Receivable	10,200	17,237	-	27,437
Prepaid Items	260,177	-	-	260,177
Total Assets	<u>\$ 3,557,183</u>	<u>\$ 1,563,728</u>	<u>\$ 128,316</u>	<u>\$ 5,249,227</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Vouchers Payable	\$ 826,784	\$ 16,235	\$ -	\$ 843,019
Accrued Wages Payable	755,589	611	-	756,200
Due to Board of County Commissioners	1,974,810	-	-	1,974,810
Total Liabilities	<u>3,557,183</u>	<u>16,846</u>	<u>-</u>	<u>3,574,029</u>
FUND BALANCE				
Nonspendable	260,177	-	-	260,177
Restricted for Inmate Welfare	-	1,546,882	-	-
Restricted for Law Enforcement Programs	-	-	128,316	128,316
Unassigned	(260,177)	-	-	(260,177)
Total Fund Balance	<u>-</u>	<u>1,546,882</u>	<u>128,316</u>	<u>128,316</u>
Total Liabilities and Fund Balance	<u>\$ 3,557,183</u>	<u>\$ 1,563,728</u>	<u>\$ 128,316</u>	<u>\$ 3,702,345</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, 2022**

	General Fund	Inmate Welfare Fund	Nonmajor Community Donation Fund	Total Governmental Funds
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 40,004,655	\$ -	\$ -	\$ 40,004,655
Miscellaneous Revenues:				
Commissary Sales	-	121,005	-	121,005
Miscellaneous Revenues	-	727,568	47,171	774,739
Total Revenues	40,004,655	848,573	47,171	40,900,399
EXPENDITURES				
Court Related:				
Courthouse Security:				
Personal Services	1,294,706	-	-	1,294,706
Operating Expenditures	17,523	-	-	17,523
Total Court Related	1,312,229	-	-	1,312,229
Public Safety:				
Law Enforcement:				
Personal Services	19,908,798	-	-	19,908,798
Operating Expenditures	3,580,025	-	36,332	3,616,357
Capital Outlay	1,284,853	-	-	1,284,853
Total Law Enforcement	24,773,676	-	36,332	24,810,008
Corrections and Detention:				
Personal Services	9,455,551	26,586	-	9,482,137
Operating Expenditures	2,494,535	185,472	-	2,680,007
Capital Outlay	33,538	-	-	33,538
Total Corrections and Detention	11,983,624	212,058	-	12,195,682
Total Expenditures	38,069,529	212,058	36,332	38,317,919
EXCESS OF REVENUES OVER EXPENDITURES	1,935,126	636,515	10,839	2,582,480
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	(1,935,126)	-	-	(1,935,126)
NET CHANGE IN FUND BALANCE	-	636,515	10,839	647,354
Fund Balance - October 1, 2021	-	910,367	117,477	1,027,844
FUND BALANCE - SEPTEMBER 30, 2022	<u>\$ -</u>	<u>\$ 1,546,882</u>	<u>\$ 128,316</u>	<u>\$ 1,675,198</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, 2022**

	General Fund			
	Budget			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 32,263,516	\$ 40,029,655	\$ 40,004,655	\$ (25,000)
Total Revenues	32,263,516	40,029,655	40,004,655	(25,000)
EXPENDITURES				
Court Related:				
Courthouse Security:				
Personal Services	1,265,539	1,294,706	1,294,706	-
Operating Expenditures	9,749	17,523	17,523	-
Total Court Related	1,275,288	1,312,229	1,312,229	-
Public Safety:				
Law Enforcement:				
Personal Services	17,588,846	20,740,854	19,908,798	832,056
Operating Expenditures	2,713,263	3,988,625	3,580,025	408,600
Capital Outlay	25,000	1,341,135	1,284,853	56,282
Total Law Enforcement	20,327,109	26,070,614	24,773,676	1,296,938
Corrections and Detention:				
Personal Services	9,975,114	9,942,512	9,455,551	486,961
Operating Expenditures	686,005	2,643,864	2,494,535	149,329
Capital Outlay	-	60,436	33,538	26,898
Total Corrections and Detention	10,661,119	12,646,812	11,983,624	663,188
Total Expenditures	32,263,516	40,029,655	38,069,529	1,960,126
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,935,126	1,935,126
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(1,935,126)	(1,935,126)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2021	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2022	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022

	Internal Service Fund Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 3,550,229
LIABILITIES	
Accrued Compensated Absences Payable	3,550,229
NET POSITION	
Unrestricted	\$ -

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, 2022

	Internal Service Fund <u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 3,263,326
OPERATING EXPENSES	
Compensated Absences Expense	<u>3,284,279</u>
OPERATING LOSS	(20,953)
NONOPERATING REVENUES	
Investment Earnings	<u>20,953</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2021	<u>-</u>
NET POSITION - SEPTEMBER 30, 2022	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Internal Service Fund Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 3,263,326
Cash Paid to Employees for Services	<u>(2,933,113)</u>
Net Cash Provided by Operating Activities	330,213
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>20,953</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	351,166
Cash and Cash Equivalents - October 1, 2021	<u>3,199,063</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u><u>\$ 3,550,229</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (20,953)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Compensated Absences	<u>351,166</u>
Net Cash Provided by Operating Activities	<u><u>\$ 330,213</u></u>

See accompanying Notes to Financial Statements.

SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 17,388
Due from Other Governmental Units	660
Total Assets	<u>18,048</u>
LIABILITIES	
Due to Others	11,623
Due to Other Governmental Units	1,719
Total Liabilities	<u>13,342</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$ 4,706</u></u>

See accompanying Notes to Financial Statements.

SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds
ADDITIONS	
Collections from Individuals	\$ 500,250
DEDUCTIONS	
Payments to Other Governments, Entities, and Individuals	<u>499,892</u>
CHANGE IN NET POSITION	358
Net Position - Beginning of Year	<u>4,348</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,706</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 (the 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, except for 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Sheriff's various funds is as follows:

Major Governmental Funds

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.

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.

Nonmajor Governmental Fund

Community Donations Fund – The Community Donations Fund is a special revenue fund used to account for public donations received by the Sheriff's office for specific purposes.

Proprietary Fund

Internal Service Fund – The Internal Service Fund is used to account for the accumulation of funded compensated absences.

Fiduciary Funds

Custodial Funds – Custodial Funds are used to account for assets held by a government in a fiduciary capacity for individuals, private organizations or other governments.

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, 2022**

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.

The Custodial funds use the economic resources measurement focus.

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The operating revenues of the internal service fund consist of charges to other funds for compensated absences. Operating expenses include compensated absences earned. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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 the General Fund. A budget is not legally adopted for the Inmate Welfare Fund.
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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Annual and sick leave credits for the Sheriff's Office employees have been fully funded and are recorded as an expense 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 expenditure 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, 2022**

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 Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

Adoption of New Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective October 1, 2021 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Implementation of this standard did not have an impact on the Sheriff's financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2022, the bank balance of the Sheriff's deposits were \$6,711,345. 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 Depositary 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.

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, 2022, 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 34.7% of Florida PRIME's portfolio at September 30, 2022.

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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (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 Sheriff has no policy on interest rate risk.

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 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 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, 2022, 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, and the Investment 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, 2022, 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, 2022**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk (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	\$ 6,046,504
Petty Cash and Change Fund	775
Florida PRIME	2,481,951
Total	<u>\$ 8,529,230</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 4,961,613
Statement of Net Position:	
Cash and Cash Equivalents	3,550,229
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	17,388
Total Cash and Cash Equivalents	<u>\$ 8,529,230</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, 2022:

Compensated Absences - September 30, 2021	\$ 3,199,063
Leave Earned by Employees	3,284,279
Payments to Employees	<u>(2,933,113)</u>
Compensated Absences - September 30, 2022	<u>\$ 3,550,229</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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. An annual comprehensive 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, 2022**

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, 2022**

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, 2022, 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 Annual Comprehensive Financial Report.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022, 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, 2022, 2021, and 2020 were \$4,542,013, \$4,242,848 and \$4,025,392, respectively, equal to the actuarially determined contribution requirements for each year.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Contributions (Continued)

Additional information about pension plans can be found in the County's annual comprehensive 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, 2022 was 3%. There were no employee contributions to the plan. Contributions to the plan for fiscal years ended September 30, 2022, 2021, and 2020 were \$41,610, \$42,625, and \$42,832, 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, 2022 were as follows:

Budget Appropriation

The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$40,004,655 for the year ended September 30, 2022. Amounts payable to the Board at September 30, 2022 for excess fees was \$1,935,126. Additionally, the Sheriff received other miscellaneous fees of \$39,684 which were payable to the Board of County Commissioners at September 30, 2022.

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, 2022 amounted to \$3,667,112.

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, 2022 amounted to \$30,212.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 workers' compensation. The Sheriff is liable for deductibles on certain coverage. There have been no settlements which have exceeded insurance coverage in the past three years.

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 to 40
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 statement of the County.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 2022:

	Beginning Balance	Additions	Deletions	Ending Balances
Capital Assets, Being				
Depreciated/Amortized:				
Equipment	\$ 12,846,095	\$ 1,473,222	\$ (351,331)	\$ 13,967,986
Leasehold Improvements	7,366	-	-	7,366
Computer Software	657,943	-	-	657,943
Total Capital Assets Being				
Depreciated/Amortized	13,511,404	1,473,222	(351,331)	14,633,295
Less: Accumulated Depreciation/ Amortization:				
Equipment	(9,557,448)	(1,089,195)	349,440	(10,297,203)
Leasehold Improvements	(1,473)	(1,473)	-	(2,946)
Computer Software	(322,838)	(46,222)	-	(369,060)
Total Accumulated				
Depreciation/Amortization	(9,881,759)	(1,136,890)	349,440	(10,669,209)
Total Capital Assets, Net	<u>\$ 3,629,645</u>	<u>\$ 336,332</u>	<u>\$ (1,891)</u>	<u>\$ 3,964,086</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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
CUSTODIAL FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2022**

These funds are used to account for assets held by the Sheriff as a custodian for individuals, other governmental units, and/or other funds.

Custodial 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 other governments. These funds are disbursed weekly.

Unclaimed Evidence – To account for monies seized by law enforcement. These funds are maintained until final determination by Florida Statute or the court.

Suspense – To account for fees and court ordered payments collected for various agencies. These funds are remitted to other governmental agencies.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
SEPTEMBER 30, 2022**

	Custodial Funds				Total Custodial Funds
	Inmates	Cash Bond	Unclaimed Evidence	Suspense	
ASSETS					
Cash and Cash Equivalents	\$ 3,653	\$ -	\$ 1,206	\$ 12,529	\$ 17,388
Due from Other Governmental Units	-	-	-	660	660
Total Assets	<u>3,653</u>	<u>-</u>	<u>1,206</u>	<u>13,189</u>	<u>18,048</u>
LIABILITIES					
Due to Others	153	-	-	11,470	11,623
Due to Other Governmental Units	-	-	-	1,719	1,719
Total Liabilities	<u>153</u>	<u>-</u>	<u>-</u>	<u>13,189</u>	<u>13,342</u>
NET POSITION					
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ -</u>	<u>\$ 4,706</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	Custodial Funds				Total Custodial Funds
	Inmates	Cash Bond	Unclaimed Evidence	Suspense	
ADDITIONS					
Collections from Individuals	\$ 162,085	\$ 27,684	\$ 283,308	\$ 27,173	\$ 500,250
DEDUCTIONS					
Payments to Other Governments, Entities, and Individuals	161,727	27,684	283,308	27,173	499,892
CHANGE IN NET POSITION	358	-	-	-	358
Net Position - Beginning of Year	3,142	-	1,206	-	4,348
NET POSITION - END OF YEAR	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ -</u>	<u>\$ 4,706</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 each major fund and the aggregate remaining fund information of the Sheriff of Highlands County, Florida (the Sheriff), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

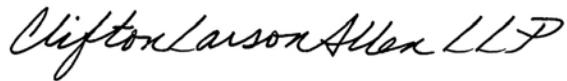
The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
December 9, 2022



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 (the Sheriff), as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated December 9, 2022.

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 December 9, 2022, 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

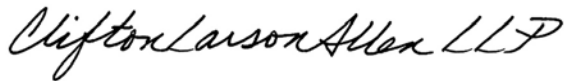
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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.

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

CliftonLarsonAllen LLP

Sebring, Florida
December 9, 2022



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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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

Sebring, Florida
December 9, 2022

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2022



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**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

The Honorable Karen Healy
Supervisor of Elections
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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 Supervisor of Elections as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Supervisor of Elections and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Supervisor of Elections 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 financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of each major fund and the aggregate remaining fund information of Highlands County that is attributable to the transactions of the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 opinions on the basic financial statements are not affected by this missing information.

The Honorable Karen Healy
Supervisor of Elections
Highlands County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Supervisor of Election'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 Supervisor of Election'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 Supervisor of Election's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2022

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 84,181
Accounts Receivable	<u>272</u>
Total Assets	<u><u>\$ 84,453</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 3,092
Due to Other Constitutional Officers	76,755
Accrued Wages	<u>4,606</u>
Total Liabilities	<u>84,453</u>
FUND BALANCE	
Unassigned	<u>-</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 84,453</u></u>

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, 2022**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 1,229,976	\$ 1,229,976	\$ 1,223,476	\$ (6,500)
Intergovernmental	-	68,544	68,544	-
Total Revenues	<u>1,229,976</u>	<u>1,298,520</u>	<u>1,292,020</u>	<u>(6,500)</u>
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	851,381	761,030	748,406	12,624
Operating Expenditures	378,595	464,721	434,492	30,229
Capital Outlay	-	72,769	72,769	-
Total Expenditures	<u>1,229,976</u>	<u>1,298,520</u>	<u>1,255,667</u>	<u>42,853</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	36,353	36,353
OTHER FINANCING USES				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(36,353)	(36,353)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2021	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2022	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<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, 2022**

	Internal Service Fund <u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 16,860
LIABILITIES	
Accrued Compensated Absences Payable	16,693
Due to Other Constitutional Officers	<u>167</u>
Total Liabilities	16,860
NET POSITION	
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

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, 2022

	Internal Service Fund
	<u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 37,488
OPERATING EXPENSES	
Compensated Absences Expense	<u>37,488</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2021	<u>-</u>
NET POSITION - SEPTEMBER 30, 2022	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Internal Service Fund Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 37,488
Cash Paid to Employees for Services	(63,988)
Net Cash Used by Operating Activities	<u>(26,500)</u>
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES	
Transfer to Other Constitutional Officers	(107)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of Interest	<u>167</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,440)
Cash and Cash Equivalents - October 1, 2021	<u>43,300</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u><u>\$ 16,860</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Compensated Absences	<u>\$ (26,500)</u>
Net Cash Used by Operating Activities	<u><u>\$ (26,500)</u></u>

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a noncharter 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 (the 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Supervisor of Elections' various funds are as follows:

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, 2022**

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. For this purpose, revenues are 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The operating revenues of the internal service fund consist of charges to other funds for compensated absences. Operating expenses include compensated absences earned. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

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.

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.

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.

Annual and sick leave credits for the Supervisor of Elections employees have been fully funded and are recorded as an expense in the Internal Service 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, 2022**

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 Governmental Accounting Standards Board (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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Supervisor of Elections adopted the requirements of the guidance effective October 1, 2021 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Implementation of this standard did not have an impact on the Supervisor of Elections' financial statements.

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2022, the bank balance of the Supervisor of Elections' deposits were \$103,702. 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 Depositary 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (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 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, 2022, 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 34.7% of Florida PRIME's portfolio at September 30, 2022.

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 dollar weighted-average days to maturity (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 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, 2022, Standard and Poor's Ratings Services assigned the Florida PRIME an AAAm principal stability funding rating.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (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, and the Investment 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, 2022, 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	\$ 81,464
Petty Cash and Change Funds	150
Florida PRIME	19,427
Total	<u>\$ 101,041</u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 84,181
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	16,860
Total Cash and Cash Equivalents	<u>\$ 101,041</u>

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022:

Compensated Absences - September 30, 2021	\$ 43,193
Leave Earned by Employees	37,488
Payments to Employees	<u>(63,988)</u>
Compensated Absences - September 30, 2022	<u><u>\$ 16,693</u></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.

NOTE 4 PENSION PLAN

Background

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

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. An annual comprehensive 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).

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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'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, 2022, 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 Annual Comprehensive 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.

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, 2022, 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

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, 2022, 2021, and 2020 were \$107,931, \$94,729, and \$94,953, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the county's annual comprehensive 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, 2022 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 \$1,223,476 for the fiscal year ended September 30, 2022. Excess fees and other amounts payable to the Board at September 30, 2022 were \$37,262.

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, 2022 amounted to \$79,030.

The Clerk of Courts provides various services to the Supervisor of Elections. The charges for these services for the fiscal year ended September 30, 2022 amounted to \$134,910. Amounts payable to the Clerk at September 30, 2022 were \$39,493.

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 workers' 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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:

Machinery and Equipment	4 to 20 Years
Software – Internally Generated	3 to 10 Years
Software – Purchased/Leased	3 to 10 Years

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 Supervisor of Elections is custodian during the fiscal year 2022:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Being Depreciated/ Amortized:				
Equipment	\$ 598,092	\$ 72,769	\$ -	\$ 670,861
Computer Software	31,914	-	-	31,914
Total Capital Assets, Being Depreciated/Amortized	630,006	72,769	-	702,775
Less: Accumulated Depreciation/ Amortization:				
Equipment	(371,691)	(53,637)	-	(425,328)
Computer Software	(31,914)	-	-	(31,914)
Total Accumulated Depreciation/Amortization	(403,605)	(53,637)	-	(457,242)
Total Capital Assets, Net	<u>\$ 226,401</u>	<u>\$ 19,132</u>	<u>\$ -</u>	<u>\$ 245,533</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 Karen Healy
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, 2022, 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 December 19, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

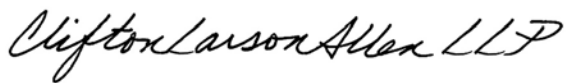
The Honorable Karen Healy
Supervisor of Elections
Highlands County, Florida

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2022



MANAGEMENT LETTER

The Honorable Karen Healy
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, 2022, and have issued our report thereon dated December 19, 2022.

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 December 19, 2022, 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 Karen Healy
Supervisor of Elections
Highlands County, Florida

Financial Management

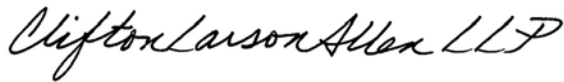
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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.

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

CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2022



INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Karen Healy, Supervisor of Elections
and the Florida Auditor General
Highlands County, Florida

We have examined the Supervisor of Elections of Highlands County, Florida's (Supervisor of Elections) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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

Sebring, Florida
December 19, 2022

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2022



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

Honorable Eric T. Zwayer
Tax Collector
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

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 (the Tax Collector), as of and for the year ended September 30, 2022, 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.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tax Collector and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Tax Collector 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 financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion that is attributable to the transactions of the Tax Collector. They do not purport to, and do not, present fairly the financial position as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 opinions on the basic financial statements are not affected by this missing information.

Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2023

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,479,518
Accounts Receivable, Net	2,665
Inventory	2,764
Prepaid Items	<u>10,091</u>
Total Assets	<u><u>\$ 1,495,038</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 10,874
Due to Other Governmental Units	19,743
Due to Board of County Commissioners	1,392,198
Due to Others	4,935
Accrued Wages Payable	<u>67,288</u>
Total Liabilities	1,495,038
FUND BALANCE	
Nonspendable	12,855
Unassigned	<u>(12,855)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,495,038</u></u>

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, 2022**

	Budget		Actual	Variance with Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services:				
Commissions from:				
Board of County Commissioners	\$ 1,861,625	\$ 1,861,625	\$ 1,978,269	\$ 116,644
South Florida Water Management District	3,974	3,974	4,105	131
Southwest Florida Water Management District	23,131	23,131	24,367	1,236
Other Taxing Districts	249,338	249,338	281,035	31,697
Other Fees	1,327,960	1,327,960	1,352,444	24,484
Total Charges for Services	3,466,028	3,466,028	3,640,220	174,192
Miscellaneous Revenues:				
Investment Earnings	1,200	1,200	8,999	7,799
Other Miscellaneous Revenues	37,045	37,045	40,647	3,602
Total Miscellaneous Revenues	38,245	38,245	49,646	11,401
Total Revenues	3,504,273	3,504,273	3,689,866	185,593
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	2,937,658	2,937,658	2,638,448	299,210
Operating Expenditures	531,733	531,733	322,059	209,674
Debt Service:				
Principal	-	-	1,398	(1,398)
Interest	-	-	42	(42)
Total Expenditures	3,469,391	3,469,391	2,961,947	507,444
EXCESS OF REVENUES OVER EXPENDITURES	34,882	34,882	727,919	693,037
OTHER FINANCING SOURCES (USES)				
Transfer of Excess Fees	-	-	(730,738)	(730,738)
Unbudgeted Excess Fees	(34,882)	(34,882)	-	34,882
Lease Proceeds	-	-	2,819	2,819
Total Other Financing Uses	(34,882)	(34,882)	(727,919)	(693,037)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Internal Service Fund
	<u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 66,236
LIABILITIES	
Accrued Compensated Absences Payable	<u>66,236</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, 2022**

	Internal Service Fund <u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 211,638
OPERATING EXPENSES	
Compensated Absence Expense	<u>212,452</u>
OPERATING LOSS	(814)
NONOPERATING REVENUES	
Investment Earnings	<u>814</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 211,638
Cash Paid to Employees for Services	<u>(255,453)</u>
Net Cash Used by Operating Activities	(43,815)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>814</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,001)
Cash and Cash Equivalents - Beginning of Year	<u>109,237</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 66,236</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (814)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Compensated Absences	<u>(43,001)</u>
Net Cash Used by Operating Activities	<u><u>\$ (43,815)</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 768,124
Due from Others	<u>14,959</u>
Total Assets	<u>783,083</u>
LIABILITIES	
Due to Other Governmental Units	646,070
Due to Others	<u>137,013</u>
Total Liabilities	<u>783,083</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Tax, License, and Fee Collections	\$ 69,263,205
DEDUCTIONS	
Payments to State Agencies	14,471,067
Payments to Other Governments	50,276,159
Payments to Others	<u>4,515,979</u>
Total Deductions	<u>69,263,205</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 Highlands County Tax Collector (the 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. 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, 2022**

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

Custodial Funds – Custodial Funds are used to account for assets held by a government in a fiduciary capacity for individuals, private organizations or other governments.

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, 2022**

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.

The Custodial funds use the economic resources measurement focus.

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 Tax Collector 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 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:

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

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.
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.

Cash and Cash Equivalents

Cash and cash equivalents is cash on hand as well as demand deposits and investments in local government investment pools 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 expenditure 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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Tax Collector adopted the requirements of the guidance effective October 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the Tax Collector's deposits were \$476,036. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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.

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 the following local government investment pools:

Florida PRIME

Florida PRIME is 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, 2022, 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 34.7% of Florida PRIME's portfolio at September 30, 2022.

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 is the risk that changes in interest rates will adversely affect the fair value of an investment.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

The dollar weighted average days to maturing (WAM) of Florida PRIME as of September 30, 2022 was 21 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, 2022 was 72 days.

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, 2022, 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, and the Investment 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, 2022, 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.

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 for as a stable NAV investment pool and operates like a money market fund with each share valued at \$1. At September 30, 2022, the WAM in days was 26 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Florida Cooperative Liquid Assets Securities System (Continued)

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

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 FLCLASS carry an "AAAm" rating from Standard and Poor's.

A reconciliation to amounts shown on the balance sheet, statement of net position, and statement of fiduciary net position is as follows:

Demand Deposits	\$ 553,940
Petty Cash and Change Funds	12,750
Florida PRIME	1,065,222
Florida Cooperative Liquid Assets Securities System (FLCLASS)	681,966
Total	<u><u>\$ 2,313,878</u></u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 1,479,518
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	66,236
Statement of Fiduciary Net Position - Custodial Funds:	
Cash and Cash Equivalents	768,124
Total Cash and Cash Equivalents	<u><u>\$ 2,313,878</u></u>

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, 2022:

Compensated Absences - September 30, 2021	\$ 109,237
Increase in Leave Earned by Employees	212,452
Payments to Employees	(255,453)
Compensated Absences - September 30, 2022	<u><u>\$ 66,236</u></u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

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

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

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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. 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.

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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2022, 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 Annual Comprehensive Financial Report.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 PENSION PLANS (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. 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, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

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

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2022, 2021, and 2020 were \$297,432, \$301,730, and \$302,470, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County's annual comprehensive financial report.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022 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 \$1,978,269 for the year ended September 30, 2022. Excess fees payable to the Board at September 30, 2022 was \$710,995. Additionally, taxes and fees payable to the Board at September 30, 2022 were \$681,203.

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, 2022 amounted to \$471,875.

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, 2022 amounted to \$63,961.

NOTE 6 RISK MANAGMENT

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.

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:

Machinery and Equipment	4 to 20 Years
Software – Internally Generated	3 to10 Years
Software – Purchase	3 to 10 Years

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 CAPITAL ASSETS (CONTINUED)

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 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated/ Amortized:				
Equipment	\$ 261,878	\$ -	\$ -	\$ 261,878
Right-to-use Lease Equipment	-	2,819	-	2,819
Total Capital Assets Being Depreciated/Amortized	261,878	2,819	-	264,697
Less Accumulated Depreciation/ Amortization:				
Equipment	(244,857)	(4,750)	-	(249,607)
Right-to-use Lease Equipment	-	(1,409)	-	(1,409)
Total Accumulated Depreciation/Amortization	(244,857)	(6,159)	-	(251,016)
Total Capital Assets, Net	<u>\$ 17,021</u>	<u>\$ (3,340)</u>	<u>\$ -</u>	<u>\$ 13,681</u>

NOTE 8 LEASES

The Tax Collector leases assets for various terms under certain agreements that meet the definition of a lease under GASB Statement No. 87 – *Leases*. Detailed information about the Property Appraiser's leases can be found in the Highlands County Annual Comprehensive Financial Report.

Leases entered into by the Tax Collector are included as other financing sources and capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the year of inception. Payments made in accordance with the lease terms are reported as debt service expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance as they are incurred.

During the year ended September 30, 2022, the Tax Collector entered into leases in the amount of \$2,819. During the year ended September 30, 2022, the Property Appraiser's principal and interest payments on leases totaled \$1,440.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Tax Collector is named as a defendant in several lawsuits concerning assessment and collection of prior years' ad valorem taxes on real and personal property located in Highlands County, Florida. The outcome of these matters turns upon disputed questions of property classifications and tax values. As of September 30, 2022, based on management's opinion, it does not appear the Tax Collector's assets will be affected and, consequently, no provision has been made for any liability that might arise from these claims.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
CUSTODIAL FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2022**

The Tax Collector maintains the following Custodial Funds:

Custodial Funds

Tag – 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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	Custodial Funds			Total Custodial Funds
	Tag	Tax and License	Tax Redemption	
ASSETS				
Cash and Cash Equivalents	\$ 121,024	\$ 558,361	\$ 88,739	\$ 768,124
Due from Others	4,148	10,811	-	14,959
Total Assets	125,172	569,172	88,739	783,083
LIABILITIES				
Due to Other Governmental Units	125,172	520,898	-	646,070
Due to Others	-	48,274	88,739	137,013
Total Liabilities	125,172	569,172	88,739	783,083
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	Custodial Funds			Total Custodial Funds
	Tag	Tax and License	Tax Redemption	
ADDITIONS				
Tax, License, and Fee Collections	\$ 14,471,067	\$ 50,276,159	\$ 4,515,979	\$ 69,263,205
DEDUCTIONS				
Payments to State Agencies	14,471,067	-	-	14,471,067
Payments to Other Governments	-	50,276,159	-	50,276,159
Payments to Others	-	-	4,515,979	4,515,979
Total Deductions	<u>14,471,067</u>	<u>50,276,159</u>	<u>4,515,979</u>	<u>69,263,205</u>
CHANGE IN NET POSITION	-	-	-	-
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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***

Honorable Eric T. Zwyer
Tax Collector
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 Tax Collector of Highlands County, Florida (the Tax Collector), as of and for the year ended September 30, 2022, 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, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

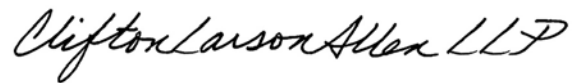
Honorable Eric T. Zwayer
Highlands County Tax Collector

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2023



MANAGEMENT LETTER

Honorable Eric T. Zwayer
Highlands County Tax Collector
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Tax Collector of Highlands County, Florida (the Tax Collector), as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated January 31, 2023.

Auditor's 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, 2023, 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 in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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.

Honorable Eric T. Zwyer
Highlands County Tax Collector

Financial Management

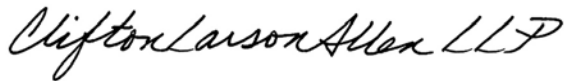
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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.

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

CliftonLarsonAllen LLP

Sebring, Florida
January 31, 2023



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Eric T. Zwayer
Highlands County Tax Collector
Highlands County, Florida

We have examined the Tax Collector of Highlands County, Florida (the Tax Collector)'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2022.

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, 2023