

HIGHLANDS COUNTY, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED SEPTEMBER 30, 2025

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

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

**HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INTRODUCTORY SECTION

Principal Officials	1
Letter of Transmittal	2
Certificate of Achievement for Excellence in Financial Reporting	8
Organizational Chart	9

FINANCIAL SECTION

Independent Auditors' Report	10
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities – Governmental Funds	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	32
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – County Transportation Trust Fund	33
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Government Infrastructure Surtax Fund	34
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	41
Notes to Financial Statements	42

**HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information	
Modified Approach for Infrastructure Assets	101
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	102
Schedule of the County's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	105
Schedule of the County's Contributions – Florida Retirement System Pension Plan	106
Schedule of the County's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	107
Schedule of the County's Contributions – Health Insurance Subsidy Pension Plan	108
Combining and Individual Fund Statements and Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	109
Nonmajor Governmental Funds Descriptions	112
Combining Balance Sheet – Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	122
Budgetary Comparison Schedules:	
Orange Villa Special Benefit District Fund	128
Placid Lakes Special Benefit District Fund	129
Sebring Country Estates Special Benefit District Fund	130
Avon Park Estates Special Benefit District Fund	131
Istokpoga Marsh Watershed Improvement District Fund	132
Sebring Hills Special Benefit District Fund	133
Red Hill Farms Improvement District Fund	134
E911 Emergency Operations Fund	135
Hospital District Fund	136
Orange Blossom Estates Special Benefit District Fund	137
Sun-N-Lakes of Lake Placid Recreation District Fund	138
Conservation Trust Fund	139
Intergovernmental Radio Communications Fund	140
Sebring Acres Special Benefit District Fund	141
Orange Blossom (Unit 12) Special Benefit District Fund	142

**HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued)

Budgetary Comparison Schedules (Continued):

Lake Haven Estates Special Benefit District Fund	143
Lake Placid Special Benefit Fire District Fund	144
Law Enforcement Education Fund	145
Building Code Enforcement	146
Florida Boating Improvement Fund	147
Special Law Enforcement Trust Fund	148
Highway Park Special Benefit District Fund	149
Affordable Housing Assistance Trust Fund	150
Highlands Park Estates Special Benefit District Fund	151
Driver Education Safety Trust Fund	152
Tourist Development Fund	153
Industrial Development Agency Fund	154
Domestic Violence Training Fund	155
Fire Inspection and Safety Fund	156
Sebring Parkway Maintenance Fund	157
State Court Facilities Trust Fund	158
Innovations and Supplemental Courts Funding Trust Fund	159
Crime Prevention Fund	160
Court Tech 28.24(12)(e)1 Fund	161
Home Initiatives Partnership Fund	162
Oak Manor Avenue Road Paving Fund	163
Court Services Fund	164
Thunderbird Hill Waste Water Special Benefit District	165
Highlands County Fire Protection Special Benefit District	166
Highlands County Infrastructure Sales Surtax Revenue Refunding Revenue Note (HCISSR Construction) Fund	167
Highlands County Public Improvement Revenue Note (HCPIRN Construction) Fund	168
Public Improvement Revenue Note Fund	169
ISSR Revenue Note Fund	170
Internal Service Funds Descriptions	171

**HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued)	
Combining Statement of Net Position – Internal Service Funds	172
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	173
Combining Statement of Cash Flows – Internal Service Funds	174
Fiduciary Fund Descriptions	175
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds	176
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds	177

STATISTICAL SECTION

Statistical Section	178
Net Position by Components	179
Changes in Net Position	180
Fund Balances, Governmental Funds	183
Change in Fund Balances, Governmental Funds	184
Taxable Value and Actual Value of Property	185
Direct and Overlapping Property Tax Rates	186
Principal Property Tax Payers	187
Property Tax Levies and Collections	188
Ratios of General Bonded Debt Outstanding	189
Overlapping Governmental Activities Debt	190
Pledged-Revenue Coverage	191
Demographic and Economic Statistics	192
Principal Employers	193
Full-Time Equivalent County Government Employees by Function	194
Operating Indicators by Function	195
Capital Assets by Function	198

**HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards and State Financial Assistance	199
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	204
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 <i>Government Auditing Standards</i>	207
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	209
Schedule of Findings and Questioned Costs	212
Management Letter	218
Independent Accountants' Report	224

The Florida Medal of Honor Memorial

Introductory Section

Their Mission

To honor and preserve the legacy of Florida Medal of Honor recipients through education, leadership, and inspiring displays, ensuring their courage and sacrifice are never forgotten.

Their Vision

To inspire all generations to embody the six character traits of Medal of Honor recipients, fostering a deeper appreciation and commitment to the values of courage, sacrifice, and patriotism.



Highlands County carries a deep and enduring history, woven through generations of sacrifice, courage, and unwavering service. This memorial stands in honor of all who bravely answered the call—across World War I, World War II, and the Vietnam War—individuals who defended our nation and protected the freedoms we cherish. Their commitment to both country and community lives on in our shared memory, reminding us of the price of peace and the strength found in unity.

"THEY FOUGHT, THEY ENDURED, THEY INSPIRE."



**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2025**

BOARD OF COUNTY COMMISSIONERS

Chris Campbell
Chairperson
(District 5)

Kevin Roberts
(District 1)

Arlene Tuck
(District 4)

Scott Kirouac
(District 3)

Don Elwell
(District 2)

COUNTY ADMINISTRATOR

Laurie Hurner

**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

May 13, 2026

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, 2025.

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. The County encompasses 1,018 square miles of the state's heartland. The resident population served is estimated to be approximately 109,778, 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, continue to serve as foundational components of Highlands County's economy. The County remains one of Florida's leading citrus-producing regions, and its expansive rural landscape supports a strong and sustained agricultural presence. Agricultural activities contribute meaningfully to the local economy through production, land use, and related industries, reinforcing Highlands County's identity as a key agricultural hub within the State.

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 73 years of racing in 2025.

The local economy continued expanding in 2025. For the eleventh consecutive year, overall property values improved, up 13.88% for the year. Building permits issued totaled 10,079, a 7.08% increase for the fiscal year. Foreclosure cases were 204, an increase of 43.66% from last fiscal year. The unemployment rate in Highlands County was 6.30% at fiscal-year end, an increase of 1.10% from the prior year.

Major Initiatives

During the 2024-2025 fiscal year, asset and infrastructure project expenditures were as follows:

<u>Description</u>	<u>Amount</u>
Animal Services Building	\$ 1,276,364
Avon Park Tax Collector Office Remodel	509,786
Beacon Avenue Widening	121,843
Catfish Creek Road Bridge Rehabilitation	276,300
County Information Technology, Equipment and Software	473,472
County Jail Facility Expansion	6,069,430
Countywide Broadband	450,000
Cumberland Street Construction	297,313
Emergency Operations Building Remodel	1,581,823
Engineering Vehicles	95,121
Fire Rescue Stations	302,631
Gloria Boulevard Construction	224,578
Landfill Equipment	1,211,290
Landfill Expansion	13,132,791
Landfill Operations Building	440,428
Markland Lane Construction	239,436
McRoy Road Construction	204,795
Orange Street Construction	295,270
Public Safety Equipment	6,677,001
Public Safety Vehicles	1,764,844
Road and Bridge Building Expansion	2,539,225
Road and Bridge Heavy Machinery	717,595
Road and Bridge Vehicles	152,924
Sebring Health Department Roof	529,979
Traffic Operations Building	793,237
Water Quality and Drainage Study	525,647
West Lake Drive Construction	321,833
Total	\$ <u><u>41,224,956</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 Projects Scheduled for the Future

- **County Jail Expansion** – On April 16, 2024, the Board approved an Agreement between Ajax Building Company, LLC and Highlands County for design, pre-construction, and construction management services for the Highlands County Jail Expansion. On November 7, 2024, the Guaranteed Maximum Price for the project was set at \$14,962,124. The expansion includes a secure corridor connected to the main jail building and controlled entryway. There will be 104 inmate beds and 2 small recreation yard spaces within the space. There are 21 rooms that include a control room, secure communications room, mechanical and electrical rooms, laundry room, storage areas, staff bathrooms, medical triage and inmate/attorney visitation area. The project is expected to be completed by November 2026.
- **Countywide Broadband** – On July 16, 2024, the Board allocated \$4.5 million from American Rescue Plan Act (ARPA) funds to expand and improve internet services for residents and businesses. A feasibility study identified areas needing service enhancements, leading to the selection of IBT Group USA, partnered with PCS Fiber, as the main contractor. The project is expected to be completed by December 2026.
- **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. This project has gone through several revisions of the design due to funding and site constraints. The project is expected to be completed by June 2027.
- **Beacon Avenue Widening** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) Small County Outreach Program (SCOP) grant in the amount of \$1,496,161 for roadway improvements on Beacon Avenue from State Road 17 to Sebring Parkway (Phase III). The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the widening and resurfacing of Beacon Avenue, approximately 1 mile. The project is expected to be completed by June 2028.
- **County Road 64 Resurfacing** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) Small County Road Assistance Program (SCRAP) grant in the amount of \$1,182,628 for roadway improvements on County Road 64 from S. Angelo Lake Rd to E. Butler Rd. The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the resurfacing of County Road 64, approximately 3.265 miles. The project is expected to be completed by June 2028.
- **Sebring Parkway Phase I Improvements (U.S. 27 to Scenic Highway)** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) County Incentive Grant Program (CIGP) grant in the amount of \$694,725, for roadway improvements on Sebring Parkway from SR 25 (US 27) to Scenic Highway. The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the milling and resurfacing of Sebring Parkway from U.S. 27 to Scenic Highway, approximately 6,811 feet. The project is expected to be completed by June 2028.
- **Sebring Parkway Phase I Improvements (Scenic Highway to Roundabout)** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) County Incentive Grant Program (CIGP) grant in the amount of \$829,789, for roadway improvements on Sebring Parkway

from Scenic Highway to the 90-degree curve. The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the milling and resurfacing of Sebring Parkway from Scenic Highway to the 90-degree curve, approximately 0.93 miles. The project is expected to be completed by June 2029.

- **Sebring Parkway Phase I Improvements (Roundabout to North Ridgewood Drive)** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) County Incentive Grant Program (CIGP) grant in the amount of \$1,332,378, for roadway improvements on Sebring Parkway from 90-degree curve to North Ridgewood Drive. The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the milling and resurfacing of Sebring Parkway from 90-degree curve to North Ridgewood Drive, approximately 9,230 feet. The project is expected to be completed by June 2028.
- **College Drive Phase I Improvements (Memorial Drive to South Florida State College Entrances)** – Highlands County was awarded a State of Florida Department of Transportation (FDOT) County Incentive Grant Program (CIGP) grant in the amount of \$3,032,385, for roadway improvements on College Drive from Memorial Drive to South Florida State College Entrances. The improvements include, but are not limited to, the design, construction, and construction engineering inspection (CEI) of the milling and resurfacing of College Drive from Memorial Drive to South Florida State College Entrances, approximately 0.65 miles. The project is expected to be completed by December 2029.

Financial Information

The County operates on a fiscal year from October 1st to September 30th. The fiscal year 2024-2025 budget was adopted with a millage rate of 7.60, a 0.25 reduction from the fiscal year 2023-2024 millage rate.

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, 2025, 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 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, 2024. This was the 41st 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 satisfies 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, 2025.

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

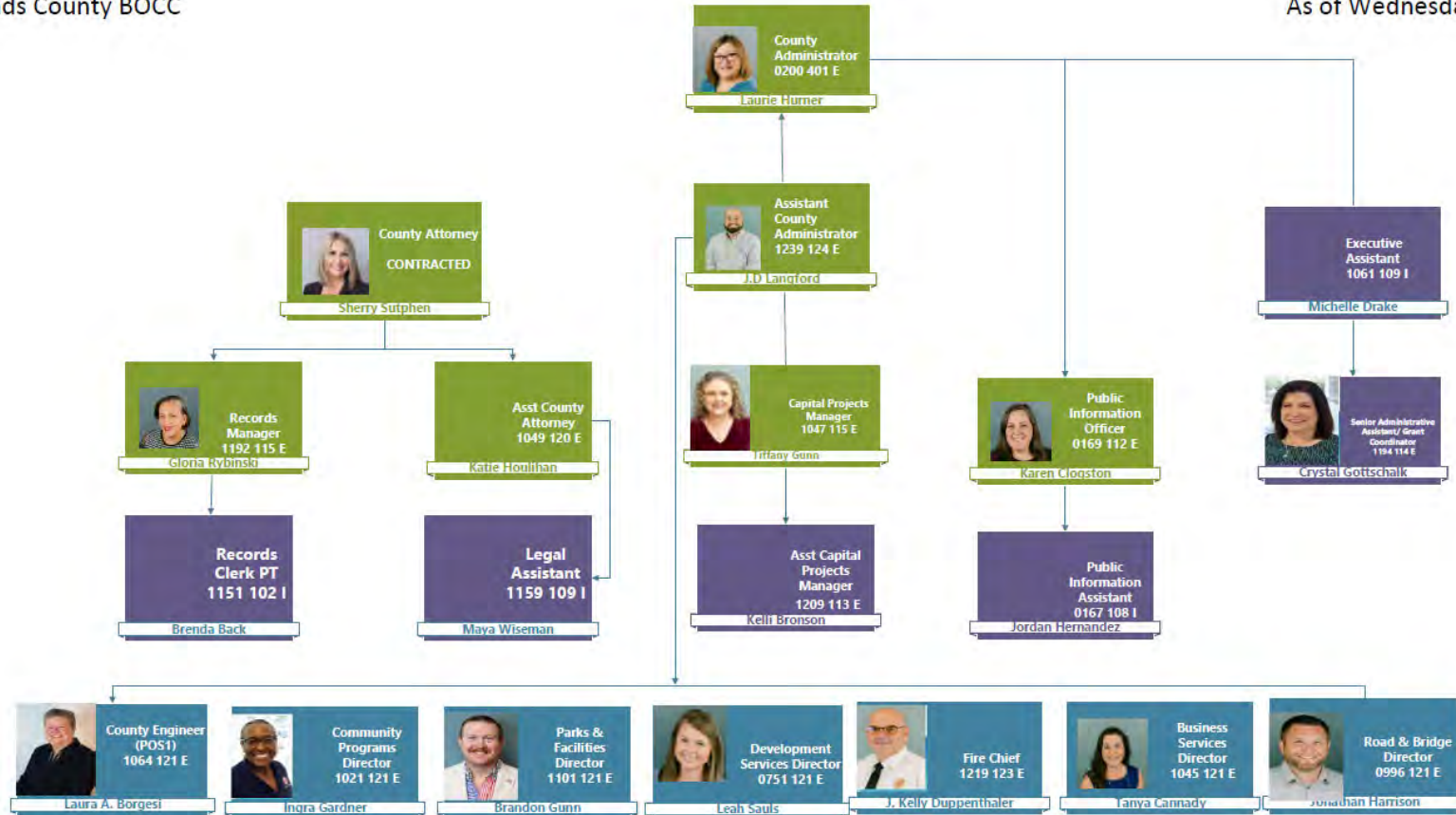
September 30, 2024

Executive Director/CEO

HIGHLANDS COUNTY, FLORIDA ORGANIZATIONAL CHART YEAR ENDED SEPTEMBER 30, 2025

Highlands County BOCC

As of Wednesday October 1, 2025





Did You Know?

Tommy McGuire Jr. was a proud member of Sebring High School's Class of 1938.

Military Service Record

U.S. Army Air Corps, Major
World War II

Born: August 1, 1920 – Ridgewood, Bergen County, New Jersey

Died: January 7, 1945 – Over Los Negros Island, Admiralty Islands

Interred: Arlington National Cemetery (MH) (11-426-SH), Arlington, Virginia



Items recovered from Mr. McGuire's plane crash site.



The article about Mr. McGuire's plane crash.

Financial Section



Florida Medal of Honor Memorial
online donations



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, 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 accompanying 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, 2025, 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 22, the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates, and is more likely than not to be used or otherwise paid or settled. 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.

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 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 May 13, 2026, 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

Lakeland, Florida
May 13, 2026

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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, 2025. 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 \$372.9 million (net position). Of this amount, \$304.5 million was invested in capital assets and \$50.3 million was restricted by laws, grant agreements, debt covenants or for capital projects. The County had an unrestricted net position of \$18.0 million.
- Total net position increased by \$26.8 million or 7.8%. The net position of governmental activities increased \$24.4 million and business-type activities increased \$2.5 million.
- The fund balance in the General Fund was \$59.7 million, a decrease of \$1.5 million from the previous year. The unassigned fund balance for the General Fund, which is available for use at the County's discretion, was \$51.1 million or 47.8% of total general fund expenditures.
- The governmental funds, in total, reported combined fund balances of \$142.2 million, an increase of \$11.9 million from the previous year. Of this amount, \$51.1 million was unassigned fund balance. The increase in fund balance was due in part to Tax and Assessment revenue increases as well as Net Change in Fair Value of Investments in the current year.
- Total assets increased by \$36.2 million or 7.5% and total liabilities increased by \$1.3 million or 0.9%. 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 notes payable, compensated absences, leases, SBITA, 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.

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.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Government-Wide Financial Statements (Continued)

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 maintains 53 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 50 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.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Fund Financial Statements (Continued)

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, 2025**

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 \$372.8 million (total net position) as of September 30, 2025. The County recognized an increase in its total net position of \$26.8 million, or 7.7%, from \$346.1 million in 2024 to \$372.8 million in 2025.

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$ 159,701,217	\$ 173,061,082	\$ 28,237,177	\$ 17,774,429	\$ 187,938,394	\$ 190,835,511
Capital Assets	284,660,297	304,057,348	11,850,677	25,738,040	296,510,974	329,795,388
Total Assets	444,361,514	477,118,430	40,087,854	43,512,469	484,449,368	520,630,899
Deferred Outflows of Resources	21,714,176	17,825,252	240,073	204,571	21,954,249	18,029,823
Long-Term Debt Outstanding	116,850,673	118,450,441	11,660,410	12,265,477	128,511,083	130,715,918
Other Liabilities	18,166,780	17,012,909	1,214,646	1,461,360	19,381,426	18,474,269
Total Liabilities	135,017,453	135,463,350	12,875,056	13,726,837	147,892,509	149,190,187
Deferred Inflows of Resources	12,296,486	16,351,982	181,148	231,815	12,477,634	16,583,797
Net Position:						
Net Investment in Capital Assets	272,625,981	278,402,475	11,847,832	25,091,587	284,473,813	303,494,062
Restricted	56,793,850	50,720,018	-	-	56,793,850	50,720,018
Unrestricted	(10,658,080)	14,005,857	15,423,891	4,666,801	4,765,811	18,672,658
Total Net Position	\$ 318,761,751	\$ 343,128,350	\$ 27,271,723	\$ 29,758,388	\$ 346,033,474	\$ 372,886,738

The largest portion of the County's net position, \$303.5 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, \$50.7 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, 2025, the County's unrestricted net position was \$18.7 million. The change in the total unrestricted net position from \$4.8 million at September 30, 2024, to \$18.6 million at September 30, 2025, 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, 2025**

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program Revenues:						
Charges for Services	\$ 34,772,505	\$ 40,053,132	\$ 13,608,547	\$ 14,269,467	\$ 48,381,052	\$ 54,322,599
Operating Grants and Contributions	6,736,388	10,321,196	93,750	93,750	6,830,138	10,414,946
Capital Grants and Contributions	624,633	1,804,956	-	-	624,633	1,804,956
General Revenues:						
Property Taxes	55,682,657	59,336,664	-	-	55,682,657	59,336,664
Other Taxes	22,238,618	23,277,545	-	-	22,238,618	23,277,545
Other	32,754,164	31,739,096	1,439,541	1,171,156	34,193,705	32,910,252
Total Revenues	152,808,965	166,532,589	15,141,838	15,534,373	167,950,803	182,066,962
Expenses:						
General Government	25,376,757	24,606,027	-	-	25,376,757	24,606,027
Public Safety	65,175,642	77,271,233	-	-	65,175,642	77,271,233
Physical Environment	2,242,954	2,409,134	-	-	2,242,954	2,409,134
Transportation	17,578,300	13,339,974	-	-	17,578,300	13,339,974
Economic Environment	3,250,887	4,608,659	-	-	3,250,887	4,608,659
Human Services	4,380,732	7,395,317	-	-	4,380,732	7,395,317
Culture and Recreation	3,168,479	3,455,189	-	-	3,168,479	3,455,189
Court Related	6,071,097	6,020,049	-	-	6,071,097	6,020,049
Interest on Long-Term Debt	441,876	739,900	-	-	441,876	739,900
Solid Waste	-	-	10,796,924	11,313,966	10,796,924	11,313,966
Energy Recovery	-	-	1,540,169	1,543,859	1,540,169	1,543,859
Total Expenses	127,686,724	139,845,482	12,337,093	12,857,825	140,023,817	152,703,307
Change in Net Position Before Transfers	25,122,241	26,687,107	2,804,745	2,676,548	27,926,986	29,363,655
Transfers	113,318	112,486	(113,318)	(112,486)	-	-
Change in Net Position	25,235,559	26,799,593	2,691,427	2,564,062	27,926,986	29,363,655
Net Position - Beginning	293,526,192	318,761,751	24,580,296	27,271,723	318,106,488	346,033,474
Prior Period Adjustment as Restated	-	(2,432,994)	-	(77,397)	-	(2,510,391)
Net Position - Ending	\$ 318,761,751	\$ 343,128,350	\$ 27,271,723	\$ 29,758,388	\$ 346,033,474	\$ 372,886,738

Governmental Activities

The net position of governmental activities increased \$26.8 million.

- Overall, revenues related to governmental activities increased \$13.7 million, or 9.0%.
- Charges for Services increased \$5.3 million, or 15.2%. Public Safety charges increased a net \$2.2 million due to increases in Fire Assessment (\$3.1 million), Law Enforcement Services (\$315,149), and Building Permits (\$245,052). Ambulance Service decreased \$1.0 million. General Government increased \$559 thousand; Human Services increased \$877 thousand due to increase in other Human Service charges; Transportation increased \$350 thousand due to Service Assessments, Intergovernmental Reimbursements, and Reimbursements for Other Funds; and Court Related increased a net \$292 thousand. Economic Environment decreased \$93 thousand.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Governmental Activities (Continued)

- Operating Grants and Contributions increased by \$3.6 million, or 53.2%. General Government funding increased \$2.2 million due to American Rescue Plan Act funds (\$2.2 million), Public Safety funding increased \$1.1 million due to Disaster Relief funding from FEMA (\$871,337) and FDLE Grant (\$379,729), Human Services increased \$959,254, and Economic Environment decreased \$393 thousand due to decreased SHIP funding.
- Capital Grants and Contributions increased by \$1.2 million, or 189%. Transportation funding increased \$864 thousand, Culture and Recreation increased \$216 thousand, and Public Safety funding increased \$114 thousand.
- Property Taxes increased \$3.7 million, or 6.6% due to a 8.1% increase in property tax values driven by increased local real estate market values.
- Other Taxes increased \$1.0 million, or 4.7%. The County recognized a \$686 thousand increase in local option sales tax, along with a \$162 thousand increase in fuel taxes, and \$172 thousand increase in tourist development tax collections.
- Other general revenues decreased \$1.0 million, or 3.1%. State shared revenues decreased \$563 thousand, interest and investment earnings decreased \$529 thousand, insurance recoveries decreased \$271 thousand, while gain on sale of capital assets increased \$257 thousand.
- Overall, expenses related to governmental activities increased \$12.2 million, or 9.5%. Public Safety expenses increased \$12.1 million, Economic Environment increased \$1.4 million and Human Services increased \$3.0 million, while General Government expenses decreased \$771 thousand, and Transportation decreased \$4.2 million.
- Public Safety expenses increased \$12.1 million, or 18.6%. The increase is due to increases in operating expenses, an increase of \$3.9 million for FRS/net pension liability expenditures, and a \$200 thousand increase of OPEB charges as compared to the prior year.
- Human Services increased \$3.0 million, or 68.8% due to increased operating expenses over the prior year.
- Transportation expenses decreased by \$4.2 million, or 24.1%. The majority of the decrease is due to the amount of project expenditures recognized as in the prior year.

Business-Type Activities

The net position of business-type activities increased \$2.6 million.

- Overall, revenues related to business-type activities increased \$393 thousand, or 2.6%, and expenses increased \$521 thousand, or 4.2%.
- Charges for Services increased \$661 thousand, or 4.9%. Collections of the solid waste non-ad valorem assessment increased \$437 thousand due to an assessment increase as well as a \$309 thousand increase for landfill tipping fees from the waste hauler and the public. The sale of asphalt decreased total operating revenues by \$83 thousand as well as a \$15 thousand decrease of miscellaneous revenues for the Energy Recovery facility.
- Solid Waste expenses increased \$517 thousand, or 4.8%. Personal Services increased \$113 thousand, General & Administrative Expenditures increased \$425 thousand, but Depreciation decreased \$86 thousand.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Business-Type Activities (Continued)

- Energy Recovery expenses increased \$3,690, or 0.2%. The decrease in Road Materials and Supplies of \$133 thousand was a direct result of the decrease in asphalt production which was offset by \$127 thousand increase in the repair and maintenance project and personnel increase of \$8 thousand.

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 \$142.2 million. Approximately \$51.1 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 (\$3.0 million), restricted (\$62.3 million) or assigned (\$25.8 million). Significant restrictions include: restrictions for infrastructure and land acquisitions (\$26.7 million), restrictions for transportation related (\$5.1 million), restrictions for building department (\$5.9 million), restrictions for Tourist Development (\$5.4 million), and restrictions for Public Safety (\$1.3 million).

The General Fund is the chief operating fund of the County. In 2025 the County maintained the same millage rate of 7.60 mils as in the prior year and continued to provide quality services to its citizens and minimize the need to dip into its fund balance for operational needs. At September 30, 2025, the General Fund's total fund balance was \$59.7 million of which \$51.1 million (85.7%) was unassigned fund balance. The unassigned fund balance decreased by \$7.9 million. Ad Valorem Taxes increased \$3.7 million due to an 8.1% increase in property tax values driven by increased local real estate market values; State Shared Revenues, received as a result of the county being a fiscally constrained county decreased \$668 thousand; and Interest and Investment Earnings decreased \$529 thousand as fund balances declined. As a measure of the General Fund's liquidity, the total fund balance represents 55.8% 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. Gas Tax revenues increased minimally (\$164,208) due to more vehicle traffic as a result of lower fuel prices, and Other Miscellaneous revenues increased \$79,958 due to additional reimbursements from other funds. As of September 30, 2025, the total fund balance was \$2.0 million, compared to \$1.8 million (restated) in 2024. The increase in fund balance was due to financial assistance from the General 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, 2025, the total fund balance was \$31.4 million, compared to \$27.3 million in 2024. The increase in fund balance was mainly due to a decrease in Debt Service expenditures (\$2.4 million). In addition, there was a 4.6% increase in the infrastructure sales tax collected.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Proprietary Funds

The Solid Waste Fund reported a net position of \$27.1 million, which is an increase of \$2.7 million over prior year. Unrestricted net position totaled \$3.4 million, an \$10.7 million decrease over prior year, and net investments in capital assets totaled \$23.7 million, a \$13.3 million increase over prior year. Operating Revenues increased \$759 thousand, or 6.2% and Operating Expenses increased \$549 thousand or 5.1%. The change in revenues was primarily due to an increase in Special Assessments of \$437 thousand and Landfill Fees increased \$309 thousand. Miscellaneous revenues and sale of recyclable materials change was insignificant. The change in expenses was primarily due to an increase in General & Administrative Expenses of \$595 thousand while Depreciation decreased \$84,095.

The Energy Recovery Fund reported a net position of \$2.6 million, which is a decrease of \$215 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.

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 \$23.4 million.
- General Fund revenues were \$7.0 million more than the final budget amounts. Intergovernmental revenues were \$4.0 million more than budget due to grant revenue exceeding anticipated receipts, and Taxes exceeded budget by \$1.5 million.
- Actual expenditures in the General Fund were \$15.9 million less than the final budget. Significant variations are summarized below:

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

<u>General Fund Department</u>	<u>Positive Variance</u>	<u>Reason for Variance</u>
Ambulance Services	1,284,520	Repair & Maintenance, Attractive Property Unexpended
Tax Collector	617,910	Unexpended Appropriations
Sheriff	355,161	Unexpended Appropriations
County Planning & Devel.	363,790	Project appropriations not expended
Clerk to Board	297,008	Unexpended Appropriations
Procurement	135,057	Unexpended Appropriations
Facilities Management	232,613	Project appropriations not expended
Supervisor of Election	429,076	Unexpended Appropriations
Local Emergency Management Agency	1,250,042	Project appropriations not expended.
Children's Advocacy Center	285,688	Project appropriations not expended in personal services and operating expenses.
Property Appraiser	96,232	Unexpended Appropriations
Detention and Correction	118,492	Unexpended Appropriations
Community Prog. Housing	200,000	Appropriations for project not expended
Central Services	567,433	Unexpended Appropriations
Office Economic Dev	99,947	Appropriations for project not expended

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, 2025, amounted to \$329.8 million (net of accumulated depreciation) compared to \$296.5 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:

- Emergency Operations Center Building Expansion
- Fire/EMS Ambulance / Equipment
- IT Infrastructure Upgrades
- Road & Bridge Office Construction
- Road & Bridge Equipment / Vehicles
- Road Construction / Improvements

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

	Governmental Activities		Business-Type Activities		Entity Total	
	2024	2025	2024	2025	2024	2025
Land	\$ 45,143,183	\$ 45,107,245	\$ 1,839,228	\$ 1,839,228	\$ 46,982,411	\$ 46,946,473
Infrastructure - Roads and Bridges	144,423,972	147,489,648	-	-	144,423,972	147,489,648
Land Use Rights	2,571,167	2,571,167	-	-	2,571,167	2,571,167
Infrastructure - Water Control Structures	9,514,420	11,056,128	-	-	9,514,420	11,056,128
Buildings	35,549,547	37,311,576	57,101	138,010	35,606,648	37,449,586
Improvements	5,567,504	5,240,804	2,349,013	2,256,216	7,916,517	7,497,020
Equipment	26,222,665	33,283,759	6,146,339	6,576,821	32,369,004	39,860,580
Computer Software	198,618	150,218	28,405	21,153	227,023	171,371
Construction in Progress	11,819,744	18,140,050	1,423,662	14,902,154	13,243,406	33,042,204
Right-to-Use Assets	309,035	229,224	-	-	309,035	229,224
Right-to-Use Software	3,340,442	3,477,529	6,929	4,458	3,347,371	3,481,987
Total	<u>\$ 284,660,297</u>	<u>\$ 304,057,348</u>	<u>\$ 11,850,677</u>	<u>\$ 25,738,040</u>	<u>\$ 296,510,974</u>	<u>\$ 329,795,388</u>

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

Infrastructure

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

- Road System - The County has established an overall minimum average condition level of "fair" which carries a rating between 51 and 75. The overall average condition of the County road system for fiscal year 2025 was 58.96, compared to 58.58 in 2024.
- 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 2025 was 77.52, which was the same rating (77.52) in 2024.

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 \$839,750 for maintenance/preservation of its road system and expended \$1,035,350.
- Bridge System – The County budgeted \$150,000 for maintenance/preservation of its bridge system and expended \$50,230.

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.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Long-Term Debt

At September 30, 2025, the County had total debt outstanding of \$33.8 million compared to \$20.0 million in the prior year. Of this amount, all \$33.8 million represents governmental activities loans payable and other obligations. The increase in total outstanding debt is attributed to \$16.9 million of issuance of new debt within fiscal year 2025.

	Governmental Activities	
	2024	2025
Direct Borrowings and Direct Placements	<u>\$ 19,999,000</u>	<u>\$ 33,783,354</u>
Total	<u>\$ 19,999,000</u>	<u>\$ 33,783,354</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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the County's budget for the 2026 fiscal year. More information on economic factors is provided in the Statistical Section and the Transmittal Letter.

- Highlands County's population increased in 2025 by 1.76%, from 106,087 in 2024 to an estimated 107,956 in 2025 and is projected to see an increase in 2026. 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 5.4%, which was higher than the average for the State of Florida (3.7%) and the nation (4.2%).
- Highlands County has a diverse property tax base. The ten largest taxpayers in the County represent 3.79% of the assessed property values of all taxpayers.
- In 2024, the total taxable value of property increased 8.1% over prior year. This was the eleventh increase in total taxable value that has been recognized since 2008.

**HIGHLANDS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 74,908,220	\$ 7,021,281	\$ 81,929,501
Investments	83,014,501	416,968	83,431,469
Accounts Receivable - Net	2,925,962	112,777	3,038,739
Lease Receivable	410,967	18,097	429,064
Internal Balances	(95,725)	95,725	-
Due from Other Governmental Units	8,280,181	496	8,280,677
Inventory	465,477	606,302	1,071,779
Other Assets	540,180	-	540,180
Prepaid Items	2,549,450	35,765	2,585,215
Restricted Assets:			
Cash and Cash Equivalents	61,869	9,467,018	9,528,887
Capital Assets not Being Depreciated/Amortized	213,308,110	16,741,382	230,049,492
Capital Assets - Net of Accumulated Depreciation/Amortization	90,749,238	8,996,658	99,745,896
Total Assets	<u>477,118,430</u>	<u>43,512,469</u>	<u>520,630,899</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	17,166,257	186,511	17,352,768
OPEB Related Items	658,995	18,060	677,055
Total Deferred Outflows of Resources	<u>17,825,252</u>	<u>204,571</u>	<u>18,029,823</u>
LIABILITIES			
Vouchers Payable	4,260,785	616,500	4,877,285
Claims Payable	762,495	-	762,495
Contracts Payable - Retained Percentage	490,914	645,000	1,135,914
Due to Other Governmental Units	1,107,607	-	1,107,607
Due to Others	287,195	-	287,195
Accrued Interest Payable	219,321	-	219,321
Accrued Wages Payable	2,603,916	43,592	2,647,508
Deposits	239,398	156,268	395,666
Unearned Revenue	7,041,278	-	7,041,278
Noncurrent Liabilities:			
Due Within One Year:			
Notes Payable, Compensated Absences, Leases, SBITA, and Landfill Closure	6,450,515	114,349	6,564,864
Total OPEB Liability	120,882	-	120,882
Due in More than One Year:			
Notes Payable, Compensated Absences, Leases, SBITA, and Landfill Closure	40,163,114	11,229,999	51,393,113
Net Pension Liability	70,009,791	871,061	70,880,852
Total OPEB Liability	1,706,139	50,068	1,756,207
Total Liabilities	<u>135,463,350</u>	<u>13,726,837</u>	<u>149,190,187</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	15,745,086	206,858	15,951,944
OPEB Related Items	216,866	5,943	222,809
Lease Related Items	390,030	19,014	409,044
Total Deferred Inflows of Resources	<u>16,351,982</u>	<u>231,815</u>	<u>16,583,797</u>
NET POSITION			
Net Investment in Capital Assets	278,402,475	25,091,587	303,494,062
Restricted for:			
General Government	1,589,420	-	1,589,420
Public Safety	7,902,797	-	7,902,797
Infrastructure and Land Acquisition	25,641,664	-	25,641,664
Transportation	5,135,163	-	5,135,163
Economic Environment	409,184	-	409,184
Physical Environment	145,487	-	145,487
Community Programs	3,146,726	-	3,146,726
Conservation	699,288	-	699,288
Tourist Development	5,414,815	-	5,414,815
Istokpoga Marsh Watershed Maintenance	14,396	-	14,396
Culture and Recreation	621,078	-	621,078
Unrestricted	14,005,857	4,666,801	18,672,658
Total Net Position	<u>\$ 343,128,350</u>	<u>\$ 29,758,388</u>	<u>\$ 372,886,738</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA STATEMENT OF ACTIVITIES YEAR ENDED SEPTEMBER 30, 2025

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	\$ 24,606,027	\$ 5,287,083	\$ 2,502,646	\$ -	\$ (16,816,298)	\$ -	\$ (16,816,298)
Public Safety	77,271,233	25,116,058	5,350,925	463,535	(46,340,715)	-	(46,340,715)
Physical Environment	2,409,134	171,300	296,494	-	(1,941,340)	-	(1,941,340)
Transportation	13,339,974	3,843,497	-	1,125,876	(8,370,601)	-	(8,370,601)
Economic Environment	4,608,659	174,583	541,335	-	(3,892,741)	-	(3,892,741)
Human Services	7,395,317	976,837	1,362,698	-	(5,055,782)	-	(5,055,782)
Culture and Recreation	3,455,189	409,961	237,098	215,545	(2,592,585)	-	(2,592,585)
Court Related	6,020,049	4,073,813	30,000	-	(1,916,236)	-	(1,916,236)
Debt Service:	-	-	-	-	-	-	-
Interest on Long-Term Debt	739,900	-	-	-	(739,900)	-	(739,900)
Total Governmental Activities	139,845,482	40,053,132	10,321,196	1,804,956	(87,666,198)	-	(87,666,198)
Business-Type Activities:							
Solid Waste	11,313,966	12,959,087	93,750	-	-	1,738,871	1,738,871
Energy Recovery	1,543,859	1,310,380	-	-	-	(233,479)	(233,479)
Total Business-Type Activities	12,857,825	14,269,467	93,750	-	-	1,505,392	1,505,392
Total Primary Government	\$ 152,703,307	\$ 54,322,599	\$ 10,414,946	\$ 1,804,956	(87,666,198)	1,505,392	(86,160,806)
GENERAL REVENUES							
Taxes:							
Property Taxes					59,336,664	-	59,336,664
Fuel Taxes					4,934,865	-	4,934,865
Sales Tax					15,658,154	-	15,658,154
Services Taxes					559,451	-	559,451
Other Taxes					2,125,075	-	2,125,075
Unrestricted State Shared Revenues					24,154,009	-	24,154,009
Net Change in Fair Value of Investments					6,086,243	1,157,564	7,243,807
Gain on Sale of Capital Assets					679,136	8,878	688,014
Insurance Recoveries					114,256	4,714	118,970
Miscellaneous					705,452	-	705,452
Transfers					112,486	(112,486)	-
Total General Revenues					114,465,791	1,058,670	115,524,461
CHANGE IN NET POSITION					26,799,593	2,564,062	29,363,655
Net Position - As Previously Reported					318,761,751	27,271,723	346,033,474
Restatement (See Note 22)					(2,432,994)	(77,397)	(2,510,391)
Net Position, Beginning, as Restated					316,328,757	27,194,326	343,523,083
NET POSITION - SEPTEMBER 30, 2025					\$ 343,128,350	\$ 29,758,388	\$ 372,886,738

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	County Transportation Trust	Local Government Infrastructure Surtax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 14,359,510	\$ 1,391,201	\$ 13,750,718	\$ 35,171,760	\$ 64,673,189
Cash and Cash Equivalents - Restricted	61,869	-	-	-	61,869
Investments	50,547,431	-	16,024,751	15,178,384	81,750,566
Accounts Receivable - Net	2,287,108	-	22,403	608,656	2,918,167
Due from Other Funds	519,069	9,375	-	429,702	958,146
Due from Other Governmental Units	2,585,408	1,146,320	3,221,290	1,269,375	8,222,393
Lease Receivable	353,443	-	-	57,524	410,967
Other Assets	540,180	-	-	-	540,180
Advances to Other Funds	-	18,737	-	-	18,737
Prepaid Items	1,277,995	29,104	947,384	294,967	2,549,450
Inventory	465,477	-	-	-	465,477
Total Assets	<u>\$ 72,997,490</u>	<u>\$ 2,594,737</u>	<u>\$ 33,966,546</u>	<u>\$ 53,010,368</u>	<u>\$ 162,569,141</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Vouchers Payable	\$ 1,500,055	\$ 209,781	\$ 1,101,566	\$ 1,428,278	\$ 4,239,680
Accrued Wages Payable	2,179,704	232,537	-	191,675	2,603,916
Contracts Payable-Retained Percentage	73,003	-	23,279	394,632	490,914
Customer Deposits	61,869	165,477	-	12,052	239,398
Due to Other Governmental Units	90,189	598	509,763	507,057	1,107,607
Due to Other Funds	469,616	293	347,729	184,416	1,002,054
Due to Others	8,446	-	-	278,749	287,195
Advances from Other Funds	-	-	-	18,737	18,737
Unearned Revenue	6,397,948	300	-	4,154	6,402,402
Total Liabilities	<u>10,780,830</u>	<u>608,986</u>	<u>1,982,337</u>	<u>3,019,750</u>	<u>16,391,903</u>
Deferred Inflows of Resources:					
Unavailable Revenue:					
Intergovernmental	1,085,562	-	549,577	39,223	1,674,362
Charges for Services	1,133,078	-	-	783,285	1,916,363
Leases Related Items	336,047	-	-	53,983	390,030
Total Deferred Inflows of Resources	<u>2,554,687</u>	<u>-</u>	<u>549,577</u>	<u>876,491</u>	<u>3,980,755</u>
Fund Balances:					
Nonspendable	1,743,472	29,104	947,384	294,967	3,014,927
Restricted	-	679,215	24,085,727	37,517,898	62,282,840
Assigned	6,787,783	1,277,432	6,401,521	11,324,698	25,791,434
Unassigned	51,130,718	-	-	(23,436)	51,107,282
Total Fund Balances	<u>59,661,973</u>	<u>1,985,751</u>	<u>31,434,632</u>	<u>49,114,127</u>	<u>142,196,483</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 72,997,490</u>	<u>\$ 2,594,737</u>	<u>\$ 33,966,546</u>	<u>\$ 53,010,368</u>	<u>\$ 162,569,141</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, 2025**

Fund Balances - Total Governmental Funds	\$ 142,196,483
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.	304,057,348
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	3,590,725
Long-term liabilities consisting of notes payable, leases, and SBITAs are not due and payable in the current period and, therefore, are not reported in the funds.	(36,636,464)
Accrued general long-term debt interest expense is not a financial use and, therefore, is not reported in the funds.	(219,321)
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.	(68,588,620)
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.	(1,384,892)
The assets and liabilities of the internal service funds, used by management to charge the costs of certain activities to individual funds, are included in governmental activities in the statement of net position.	<u>113,091</u>
Net Position of Governmental Activities	<u><u>\$ 343,128,350</u></u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General	County Transportation Trust	Local Government Infrastructure Surtax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 59,823,386	\$ 5,007,594	\$ 15,658,154	\$ 2,063,553	\$ 82,552,687
Licenses and Permits	130	182,980	-	1,782,647	1,965,757
Intergovernmental	31,678,335	3,554,792	295,226	1,986,410	37,514,763
Charges for Services	13,515,556	258,436	-	3,554,587	17,328,579
Fines and Forfeitures	212,729	-	-	634,775	847,504
Assessments	-	-	-	11,588,984	11,588,984
Net Change in Fair Value of Investments	3,124,782	13,261	1,060,743	1,623,874	5,822,660
Miscellaneous	3,066,291	2,206,304	551,982	463,856	6,288,433
Total Revenues	111,421,209	11,223,367	17,566,105	23,698,686	163,909,367
EXPENDITURES					
Current:					
General Government	24,026,938	-	-	67,417	24,094,355
Public Safety	57,682,330	-	-	12,073,880	69,756,210
Physical Environment	1,734,166	-	-	94,272	1,828,438
Transportation	255,778	13,942,135	1,352,875	739,802	16,290,590
Economic Environment	2,643,557	-	-	2,178,980	4,822,537
Human Services	7,300,691	-	-	363,117	7,663,808
Culture and Recreation	2,909,508	-	-	167,718	3,077,226
Court Related	2,279,786	-	-	3,895,520	6,175,306
Capital Outlay	5,881,860	373,920	9,924,364	15,222,927	31,403,071
Debt Service:					
Principal Retirement	2,109,021	203,886	553,309	3,524,952	6,391,168
Interest and Fiscal Charges	75,097	12,951	225,772	321,762	635,582
Total Expenditures	106,898,732	14,532,892	12,056,320	38,650,347	172,138,291
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,522,477	(3,309,525)	5,509,785	(14,951,661)	(8,228,924)
OTHER FINANCING SOURCES (USES)					
Transfers In	199,473	3,391,090	-	12,426,014	16,016,577
Transfers Out	(8,840,099)	(80,000)	(6,365,825)	(618,167)	(15,904,091)
Leases	52,902	-	-	-	52,902
SBITA	1,929,642	134,671	-	181,900	2,246,213
Insurance Recoveries	63,302	12,453	38,501	-	114,256
Issuance of Debt	-	-	4,970,193	12,000,000	16,970,193
Sale of Surplus Assets	581,523	1,763	-	95,850	679,136
Total Other Financing Sources (Uses)	(6,013,257)	3,459,977	(1,357,131)	24,085,597	20,175,186
NET CHANGE IN FUND BALANCES	(1,490,780)	150,452	4,152,654	9,133,936	11,946,262
Fund Balances - October 1, 2024	62,370,645	2,156,074	27,281,978	40,123,378	131,932,075
Restatement for GASB 101	(1,217,892)	(320,775)	-	(143,187)	(1,681,854)
Fund Balance - October 1, 2024, As Restated	61,152,753	1,835,299	27,281,978	39,980,191	130,250,221
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ 59,661,973</u>	<u>\$ 1,985,751</u>	<u>\$ 31,434,632</u>	<u>\$ 49,114,127</u>	<u>\$ 142,196,483</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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 11,946,262

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. 19,934,588

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. (537,537)

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. (12,878,140)

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. 1,566,231

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. (104,318)

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. 6,698,185

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. 200,853

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. (26,531)

Change in Net Position of Governmental Activities \$ 26,799,593

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 58,348,052	\$ 58,348,052	\$ 59,823,386	\$ 1,475,334
Licenses and Permits	1,000	1,000	130	(870)
Intergovernmental	22,568,180	27,687,211	31,678,335	3,991,124
Charges for Services	12,745,252	12,985,874	13,515,556	529,682
Fines and Forfeitures	175,000	175,000	212,729	37,729
Net Change in Fair Value of Investments	2,865,000	2,865,000	3,124,782	259,782
Miscellaneous	2,241,083	2,358,171	3,066,291	708,120
Total Revenues	98,943,567	104,420,308	111,421,209	7,000,901
EXPENDITURES				
Current:				
General Government	26,102,028	26,936,267	24,026,938	2,909,329
Public Safety	58,004,431	61,083,318	57,682,330	3,400,988
Physical Environment	1,822,957	1,941,864	1,734,166	207,698
Transportation	264,193	264,193	255,778	8,415
Economic Environment	2,926,001	3,036,127	2,643,557	392,570
Human Services	4,505,059	7,415,623	7,300,691	114,932
Culture and Recreation	3,104,822	3,121,213	2,909,508	211,705
Court Related	2,451,555	2,497,301	2,279,786	217,515
Capital Outlay	1,305,690	14,876,046	5,881,860	8,994,186
Debt Service:				
Principal Retirement	-	1,537,316	2,109,021	(571,705)
Interest and Fiscal Charges	-	124,327	75,097	49,230
Total Expenditures	100,486,736	122,833,595	106,898,732	15,934,863
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,543,169)	(18,413,287)	4,522,477	22,935,764
OTHER FINANCING SOURCES (USES)				
Transfers In	32,000	172,036	199,473	27,437
Transfers Out	(7,233,549)	(10,760,828)	(8,840,099)	1,920,729
Leases	-	94,430	52,902	(41,528)
SBITAs	-	181,093	1,929,642	1,748,549
Insurance Recoveries	-	50,269	63,302	13,033
Sale of Surplus Assets	3,500,000	3,800,235	581,523	(3,218,712)
Total Other Financing Sources (Uses)	(3,701,549)	(6,462,765)	(6,013,257)	449,508
NET CHANGE IN FUND BALANCE	(5,244,718)	(24,876,052)	(1,490,780)	23,385,272
Fund Balances - October 1, 2024	5,244,718	24,876,052	62,370,645	37,494,593
Restatement for GASB 101	-	-	(1,217,892)	(1,217,892)
Fund Balance - October 1, 2024, As Restated	5,244,718	24,876,052	61,152,753	36,276,701
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 59,661,973	\$ 59,661,973

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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,448,702	\$ 4,448,702	\$ 5,007,594	\$ 558,892
Licenses and Permits	205,000	205,000	182,980	(22,020)
Intergovernmental	3,581,071	3,607,897	3,554,792	(53,105)
Charges for Services	235,000	235,000	258,436	23,436
Net Change in Fair Value of Investments	1,500	1,500	13,261	11,761
Miscellaneous	2,585,470	2,585,470	2,206,304	(379,166)
Total Revenues	11,056,743	11,083,569	11,223,367	139,798
EXPENDITURES				
Current:				
Transportation	15,594,306	15,335,841	13,942,135	1,393,706
Capital Outlay	97,266	529,440	373,920	155,520
Debt Service:				
Principal	-	130,503	203,886	(73,383)
Interest	-	5,664	12,951	(7,287)
Total Expenditures	15,691,572	16,001,448	14,532,892	1,468,556
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,634,829)	(4,917,879)	(3,309,525)	1,608,354
OTHER FINANCING SOURCES (USES)				
Transfers In	4,337,179	4,358,743	3,391,090	(967,653)
Transfers Out	(80,000)	(102,001)	(80,000)	22,001
SBITAs	-	-	134,671	134,671
Insurance Recoveries	-	-	12,453	12,453
Sale of Surplus Assets	-	-	1,763	1,763
Total Other Financing Sources (Uses)	4,257,179	4,256,742	3,459,977	(796,765)
NET CHANGE IN FUND BALANCE	(377,650)	(661,137)	150,452	811,589
Fund Balances - October 1, 2024	377,650	661,137	2,156,074	1,494,937
Restatement for GASB 101	-	-	(320,775)	(320,775)
Fund Balance - October 1, 2024, As Restated	377,650	661,137	1,835,299	1,174,162
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 1,985,751	\$ 1,985,751

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, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 14,731,377	\$ 14,731,377	\$ 15,658,154	\$ 926,777
Intergovernmental	15,276,490	17,470,515	295,226	(17,175,289)
Net Change in Fair Value of Investments	535,000	535,000	1,060,743	525,743
Miscellaneous	300,000	300,000	551,982	251,982
Total Revenues	30,842,867	33,036,892	17,566,105	(15,470,787)
EXPENDITURES				
Current:				
Public Safety	164,950	-	-	-
Transportation	640,000	843,111	1,352,875	(509,764)
Culture and Recreation	-	740,570	-	740,570
Capital Outlay	42,222,729	60,518,385	9,924,364	50,594,021
Debt Service:				
Principal Retirement	2,915,000	553,309	553,309	-
Interest and Fiscal Charges	219,740	225,772	225,772	-
Total Expenditures	46,162,419	62,881,147	12,056,320	50,824,827
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,319,552)	(29,844,255)	5,509,785	35,354,040
OTHER FINANCING SOURCES (USES)				
Transfers In	1,428,446	1,895,373	-	(1,895,373)
Transfers Out	(81,474)	(6,349,195)	(6,365,825)	(16,630)
Insurance Recoveries	-	38,501	38,501	-
Issuance of Debt	-	93,898	4,970,193	4,876,295
Total Other Financing Sources (Uses)	1,346,972	(4,321,423)	(1,357,131)	2,964,292
NET CHANGE IN FUND BALANCE	(13,972,580)	(34,165,678)	4,152,654	38,318,332
Fund Balances - October 1, 2024	13,972,580	34,165,678	27,281,978	(6,883,700)
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,434,632</u>	<u>\$ 31,434,632</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 6,810,831	\$ 210,450	\$ 7,021,281	\$ 10,235,031
Investments	-	416,968	416,968	1,263,935
Accounts Receivable - Net	112,395	382	112,777	7,795
Leases Receivable - Net	18,097	-	18,097	-
Due from Other Funds	45,743	-	45,743	727
Due from Other Governmental Units	-	496	496	57,788
Prepaid Items	35,765	-	35,765	-
Inventory	-	606,302	606,302	-
Total Current Assets	7,022,831	1,234,598	8,257,429	11,565,276
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	9,467,018	-	9,467,018	-
Capital Assets:				
(Net of \$15,867,057 Accumulated Amortization and Depreciation)	24,357,540	1,380,500	25,738,040	-
Total Noncurrent Assets	33,824,558	1,380,500	35,205,058	-
Total Assets	40,847,389	2,615,098	43,462,487	11,565,276
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	186,511	-	186,511	-
OPEB Related Items	17,413	647	18,060	-
Total Deferred Outflows of Resources	203,924	647	204,571	-
LIABILITIES				
Current Liabilities:				
Vouchers Payable	614,998	1,502	616,500	21,105
Contracts Payable	645,000	-	645,000	-
Due to Other Funds	2,562	-	2,562	-
Accrued Wages Payable	42,212	1,380	43,592	-
Unearned Revenue	-	-	-	638,876
Compensated Absences - Current Portion	23,657	183	23,840	997,717
Landfill Closure Liability - Current Portion	89,056	-	89,056	-
SBITAs Liability - Current Portion	1,453	-	1,453	-
Claims Payable	-	-	-	762,495
Total Current Liabilities	1,418,938	3,065	1,422,003	2,420,193

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	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	\$ 156,268	\$ -	\$ 156,268	\$ -
Landfill Closure Liability	9,310,750	-	9,310,750	-
Compensated Absences Payable	212,912	1,645	214,557	8,979,449
Total OPEB Liability	48,273	1,795	50,068	-
Landfill Closure Liability	1,704,692	-	1,704,692	-
Net Pension Liability	871,061	-	871,061	-
Total Long-Term Liabilities	<u>12,303,956</u>	<u>3,440</u>	<u>12,307,396</u>	<u>8,979,449</u>
Total Liabilities	13,722,894	6,505	13,729,399	11,399,641
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	206,858	-	206,858	-
OPEB Related Items	5,730	213	5,943	-
Leases	19,014	-	19,014	-
Total Deferred Inflows of Resources	<u>231,602</u>	<u>213</u>	<u>231,815</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	23,711,087	1,380,500	25,091,587	-
Unrestricted	<u>3,385,730</u>	<u>1,228,527</u>	<u>4,614,257</u>	<u>165,635</u>
Total Net Position	<u>\$ 27,096,817</u>	<u>\$ 2,609,027</u>	29,705,844	<u>\$ 165,635</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>52,544</u>	
Net Position of Business-Type Activities			<u>\$ 29,758,388</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, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Energy Recovery	Total	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 3,833,848	\$ 1,308,743	\$ 5,142,591	\$ 22,670,290
Special Assessments	9,098,384	-	9,098,384	-
Sale of Recyclable Materials	20,494	-	20,494	-
Miscellaneous	6,361	1,637	7,998	-
Total Operating Revenues	12,959,087	1,310,380	14,269,467	22,670,290
OPERATING EXPENSES				
Personal Services	1,673,993	63,846	1,737,839	-
General and Administrative	8,731,169	1,357,419	10,088,588	7,126,452
Insurance and Claims	-	-	-	15,837,562
Depreciation and Amortization	905,220	122,477	1,027,697	-
Total Operating Expenses	11,310,382	1,543,742	12,854,124	22,964,014
OPERATING INCOME (LOSS)	1,648,705	(233,362)	1,415,343	(293,724)
NONOPERATING REVENUES (EXPENSES)				
Operating Grants	93,750	-	93,750	-
Net Change in Fair Value of Investments	1,138,897	18,667	1,157,564	263,599
Interest Expense	(107)	-	(107)	-
Insurance Recoveries	4,714	-	4,714	-
Gain (Loss) on Disposal of Capital Assets	8,878	-	8,878	-
Total Nonoperating Revenues (Expenses)	1,246,132	18,667	1,264,799	263,599
INCOME (LOSS) BEFORE TRANSFERS	2,894,837	(214,695)	2,680,142	(30,125)
Transfer Out	(112,486)	-	(112,486)	-
CHANGE IN NET POSITION	2,782,351	(214,695)	2,567,656	(30,125)
Net Position - October 1, 2024	24,391,170	2,824,415	27,215,585	195,760
Restatement for GASB 101	(76,704)	(693)	(77,397)	-
Net Position - October 1, 2024, as Restated	24,314,466	2,823,722	27,138,188	195,760
NET POSITION - SEPTEMBER 30, 2025	<u>\$ 27,096,817</u>	<u>\$ 2,609,027</u>	29,705,844	<u>\$ 165,635</u>
Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(3,594)	
Change in Net Position of Business-Type Activities			<u>\$ 2,564,062</u>	

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	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	\$ 12,959,634	\$ 1,308,579	\$ 14,268,213	\$ -
Cash Received from Internal Customers	-	-	-	22,709,944
Cash Payments for Personal Services	(1,742,255)	(63,806)	(1,806,061)	-
Cash Payments to Vendors	(7,756,663)	(1,503,980)	(9,260,643)	-
Cash Payments for Insurance Premiums and Claims	-	-	-	(17,405,790)
Cash Payments to Employees for Services	-	-	-	(2,464,562)
Customer Deposits	8,220	-	8,220	-
Insurance Recoveries	4,714	-	4,714	-
Other Miscellaneous Cash Received	20,494	1,637	22,131	-
Net Cash Provided (Used) by Operating Activities	3,494,144	(257,570)	3,236,574	2,839,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant Funds Received	93,750	-	93,750	-
Payments Received on Advance to Other Funds	14,768	-	14,768	745
Repayment on Advance to Other Funds	-	-	-	(881)
Transfers to Other Funds	(112,486)	-	(112,486)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,968)	-	(3,968)	(136)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	138,475	-	138,475	-
Acquisition of Capital Assets	(15,044,656)	-	(15,044,656)	-
Principal Payments on Borrowings	(1,392)	-	(1,392)	-
Interest Payments on Borrowings	(107)	-	(107)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,907,680)	-	(14,907,680)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	-	(416,969)	(416,969)	(1,230,000)
Sale of Investments	3,000,000	-	3,000,000	-
Investment Income	1,157,626	18,667	1,176,293	231,087
Net Cash Provided (Used) by Investing Activities	4,157,626	(398,302)	3,759,324	(998,913)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,259,878)	(655,872)	(7,915,750)	1,840,543
Cash and Cash Equivalents - October 1, 2024	23,537,727	866,322	24,404,049	8,394,488
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2025	<u>\$ 16,277,849</u>	<u>\$ 210,450</u>	<u>\$ 16,488,299</u>	<u>\$ 10,235,031</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	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)	\$ 1,648,705	\$ (233,362)	\$ 1,415,343	\$ (293,724)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	905,220	122,477	1,027,697	-
Insurance Recoveries	4,714	-	4,714	-
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in:				
Accounts Receivable	21,041	332	21,373	22,575
Inventory	-	(142,807)	(142,807)	-
Due from Other Funds	7,276	-	7,276	(727)
Due from Other Governmental Units	-	(496)	(496)	(57,788)
Prepaid Items	38,970	-	38,970	-
Deferred Outflows Related to Pensions	39,238	-	39,238	-
Deferred Outflows Related to OPEB	(3,676)	(60)	(3,736)	-
Increase (Decrease) in:				
Vouchers Payable	229,854	(3,754)	226,100	(5,020)
Accrued Wages Payable	12,024	370	12,394	-
Due to Other Funds	2,559	-	2,559	-
Claims Payable	-	-	-	53,869
Compensated Absences	2,034	25	2,059	3,044,813
Landfill Closure Liability	695,847	-	695,847	-
Unearned Revenues	-	-	-	75,594
Customer Deposits	8,220	-	8,220	-
Total OPEB Liability	8,176	81	8,257	-
Net Pension Liability	(177,101)	-	(177,101)	-
Deferred Inflows Related to Pensions	59,084	-	59,084	-
Deferred Inflows Related to OPEB	(8,041)	(376)	(8,417)	-
Total Adjustments	<u>1,845,439</u>	<u>(24,208)</u>	<u>1,821,231</u>	<u>3,133,316</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,494,144</u>	<u>\$ (257,570)</u>	<u>\$ 3,236,574</u>	<u>\$ 2,839,592</u>
NONCASH CAPITAL AND INVESTING ACTIVITIES				
Change in Fair Value of Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION CASH AND CASH EQUIVALENTS				
Total Cash and Cash Equivalents	\$ 16,277,849	\$ 210,450	\$ 16,488,299	\$ 10,235,031
Less: Restricted Cash and Investments	<u>9,467,018</u>	<u>-</u>	<u>9,467,018</u>	<u>-</u>
Total Unrestricted Cash and Cash Equivalents	<u>\$ 6,810,831</u>	<u>\$ 210,450</u>	<u>\$ 7,021,281</u>	<u>\$ 10,235,031</u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 7,334,573
Investments	156,363
Due from Others	7,857
Due from Other Governmental Units	<u>9,816</u>
Total Assets	7,508,609
LIABILITIES	
Due to Others	413,416
Due to Other Governmental Units	<u>1,858,591</u>
Total Liabilities	<u>2,272,007</u>
NET POSITION	
Restricted for Other Governments and Individuals	<u><u>\$ 5,236,602</u></u>

See accompanying Notes to Financial Statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Tax, License, Fines, and Fees Collected for Other Governments and Individuals	\$ 108,545,544
DEDUCTIONS	
Tax, License, Fines, and Fees Disbursed to Other Governments and Individuals	<u>109,192,790</u>
CHANGE IN NET POSITION	(647,246)
Net Position - October 1, 2024	<u>5,883,848</u>
NET POSITION - SEPTEMBER 30, 2025	<u><u>\$ 5,236,602</u></u>

See accompanying Notes to Financial Statements.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

<u>Note</u>	<u>Page</u>
1. Summary of Significant Accounting Policies	42-66
2. Cash, Cash Equivalents, and Investments	66-72
3. Accounts Receivable	72
4. Capital Assets	73-75
5. Interfund Balances	75
6. Restricted Assets	76
7. Long-Term Liabilities.....	76-79
8. Leases	79-80
9. Subscription Based Information Technology Arrangements (SBITAs)	80
10. Governmental Fund Balances	81
11. Personnel Commitments.....	82
12. Other Postemployment Health Care Benefits	82-85
13. Landfill Closure and Post-Closure Care Cost	85
14. Miscellaneous Revenue	86
15. Major Customers.....	86
16. Commitments and Contingencies	87
17. Risk Management	88
18. Defined Benefit Pension Plans	89-97
19. Defined Contribution Plan	97-98
20. Fund Balance Deficit.....	99
21. Interfund Transfers.....	99
22. Change in Accounting Principle	100

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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:

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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.

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.

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, 2025**

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.

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 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

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 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

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

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

Fund Financial Statements

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the 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.

Governmental Funds

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

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

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds (Continued)

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

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

Proprietary Funds

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

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

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

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

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Presentation

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

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

Governmental Major Funds

General Fund

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

County Transportation Trust

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

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets and Budgetary Accounting (Continued)

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, 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, Domestic Violence Training Fund and the Inmate Welfare Fund, which do not have legally adopted budgets.
8. Annual appropriated budgets for the General, Special Revenue, Capital Projects, and Proprietary Funds are legally adopted on a basis consistent with GAAP. However, the only funds required to report budgets are the General and Special Revenue Funds.
9. It is the Board's policy to amend the budget when unanticipated revenues and expenditures occur.
10. All appropriations lapse at the close of the fiscal year.
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, 2025, \$305,555 of revenue over expenditures returned to the state of Florida is included in total expenditures.

C. 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, \$142,196,483, differs from "net position" of governmental activities, \$343,128,350, 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	\$ 427,480,194
Accumulated Depreciation/Amortization	(123,422,846)
Total Capital Assets	<u>\$ 304,057,348</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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)

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, 2025, were:

Deferred Inflows of Resources	<u>\$ 3,590,725</u>

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, 2025, were:

Notes Payable	\$ (33,783,354)
Leases	(122,686)
SBITAs	<u>(2,730,424)</u>
Total Long-Term Liabilities	<u>\$ (36,636,464)</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>\$ (219,321)</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. Balances as of September 30, 2025, were:

Net Pension Liability	\$ (70,009,791)
Deferred Outflows of Resources - Pension Related	17,166,257
Deferred Inflows of Resources - Pension Related	<u>(15,745,086)</u>
Total	<u>\$ (68,588,620)</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025 were:

Total OPEB Liability	\$ (1,827,021)
Deferred Outflows of Resources - OPEB Related	658,995
Deferred Inflows of Resources - OPEB Related	<u>(216,866)</u>
Total	<u><u>\$ (1,384,892)</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>\$ 113,091</u></u>

Elimination of Interfund Receivables/Payables

Interfund receivables, payables, and advances in the amount of \$977,610 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, \$11,946,262 differs from the "change in net position" for governmental activities, \$26,799,593 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, 2025**

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	\$ 31,691,441
Depreciation/Amortization Expense	<u>(11,756,853)</u>
Difference	<u><u>\$ 19,934,588</u></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><u>\$ (537,537)</u></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, Leases and SBITA	\$ (19,269,308)
Principal Repayments of Notes Payable and Leases	<u>6,391,168</u>
Net Adjustment	<u><u>\$ (12,878,140)</u></u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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	\$ 1,010,089
Charges for Services	556,142
Total Adjustment	<u>\$ 1,566,231</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>\$ (104,318)</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>\$ 6,698,185</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>\$ 200,853</u>

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	\$ (30,125)
Internal Service Funds Operating Loss	
Allocated to Business-Type Activities	3,594
Net Adjustment	<u>\$ (26,531)</u>

Transfers in and transfers out in the amount of \$15,904,091 between governmental funds were eliminated from the statement of activities.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

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

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

F. Investments

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

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).

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

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

H. Interfund Transactions

Interfund transactions are accounted for in the following manner:

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

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

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

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

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

K. Property Tax

The County's property tax roll is as follows:

Valuation Date	January 1, 2025

Property Appraiser prepares the assessment roll with values as of January 1, 2025, submits this preliminary roll for approval by the Department of Revenue and notifies each taxing authority of their respective valuations.	July 1, 2025

Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rates for the coming year.	September 1, 2025

Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 1, 2025

Tax Collector mails a notice of taxes to each property owner on the assessment roll. Taxes may be paid November 2025 through March 2026, 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, 2026

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May 2026

Tax certificates are sold on all real estate parcels with unpaid real property taxes (lien date).	June 1, 2026

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, 2026

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025
Second	25% of Estimated Tax	4.50	September 30, 2025
Third	25% of Estimated Tax Plus 50% Adjustment to Actual Tax	3.00	December 31, 2025
Fourth	25% of Estimated Tax Plus 50% Adjustment to Actual Tax	0.00	March 31, 2026

No accrual for the property tax levy becoming due in November 2025, 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, 2025**

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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Compensated absences consist of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Board of County Commissioners record all activity related to Governmental Compensated Absences within the Internal Service Fund.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Landfill Closure Costs

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

S. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. Encumbrances are not the equivalent of expenditures; but rather represent a future commitment to purchase goods or services. Although encumbrances lapse at fiscal year-end, it is the County's intention to honor these encumbrances under authority provided in the subsequent year's budget. Encumbrances outstanding as of September 30, 2025, totaled \$25,294,797 made up of \$6,787,783 in the General Fund, \$168,712 within County Transportation Trust, \$6,401,521 within Local Government Infrastructure Surtax, and \$11,936,481 within Nonmajor Governmental Funds.

T. Operating Subsidies and Grants

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

U. Self-Insurance

Employee health and dental insurances are provided under externally 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.

V. Eliminations

Eliminating entries were made between departments in the General Fund.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Fund Balance

The classifications of fund balances are described as follows:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. 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. All other net position is reported as unrestricted.

Y. 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.

Z. Subscription-Based Information Technology Arrangements (SBITAs)

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

SBITA assets represent the County's control of the right to use an underlying asset for the SBITA term, as specified in the contract, in an exchange or exchange-like transaction. SBITA assets are recognized at the commencement date based on the initial measurement of the SBITA liability, plus any payments made at or before the commencement of the SBITA term and certain direct costs. SBITA assets are amortized in a systematic and rational manner over the shorter of the SBITA term or the useful life of the underlying asset. SBITA liabilities represent the County's obligation to make SBITA payments arising from the SBITA. SBITA liabilities are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA incentives. Interest expense is recognized ratably over the contract term.

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

The County recognized payments for short-term SBITAs with a subscription term of 12 months or less as expenses are incurred, and these subscriptions are not included as SBITA liabilities or SBITA assets on the statements of net position.

Significant SBITA terms are disclosed in Note 9.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2025, the bank balances of the County's deposits totaled \$38,429,743.

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, 2025**

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	\$ 54,236,593
Petty Cash and Change Funds	29,111
Investments	128,115,089
Total	<u><u>\$ 182,380,793</u></u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 81,929,501
Investments	83,431,469
Restricted Cash and Cash Equivalents	9,528,887
Statement of Fiduciary Net Position - Custodial Funds:	
Cash and Cash Equivalents	7,334,573
Investments	156,363
Total	<u><u>\$ 182,380,793</u></u>

Investments

The County invested funds throughout the year with local government investment pools. At September 30, 2025, 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	\$ 26,879,630
Florida Local Government Investment Trust -	
Day To Day Fund	17,335,284
Total Measured at Amortized Cost	<u>44,214,914</u>
Measured at NAV:	
Florida Local Government Investment Trust -	
Short-Term Bond Fund	11,365,244
Florida Surplus Asset Fund Trust - Stable NAV Fund	203,577
Florida Surplus Asset Fund Trust - Variable NAV Fund	4,137,811
Florida Cooperative Liquid Assets Securities System	9,471,543
Florida Public Assets for Liquidity Management	
Portfolio	876,142
Florida Public Assets for Liquidity Management	
Term Fund	26,500,000
Florida Fixed Income Trust	31,345,858
Total Measured at NAV	<u>83,900,175</u>
Total	<u><u>\$ 128,115,089</u></u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025, Florida PRIME contained certain floating and adjustable-rate securities. These investments represented 18.2% of the Florida PRIME's portfolio at September 30, 2025.

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, 2025, was 47 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, 2025, was 73 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, 2025, 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, 2025**

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, 2025, 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, 2025, the average maturity in days was 31.80 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, 2025, the average maturity in years was 2.10 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, 2025, the County was invested in the Stable NAV Fund and the Variable NAV Fund.

FL SAFE Stable NAV Fund

At September 30, 2025, the average maturity is not to exceed 30.02 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

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, 2025**

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, 2025, the WAM in days was 42.34 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, 2025, 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, 2025, FL PALM Portfolio's WAM in days was 51 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, 2025, FL-FIT's WAM in days was 85 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, 2025**

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, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Funds:				
FLGIT Short-Term Bond Fund	\$ 11,365,244	\$ -	Daily	1-3 Days
FL SAFE Stable NAV Fund	203,577	-	Daily	1 Day
FL SAFE Variable NAV Fund	4,137,811	-	Daily	1 Day
FLCLASS	9,471,543	-	Daily	1 Day
FL PALM Portfolio	876,142	-	Daily	1 Day
FL PALM Term	26,500,000	-	Daily	1 Day
FL-FIT	31,345,858	-	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, 2025, 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, 2025**

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, 2025, 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, 2025:

	General	Local Government Infrastructure Surtax	Solid Waste	Nonmajor and Other Funds	Total
Emergency Medical Services	\$ 1,893,715	\$ -	\$ -	\$ -	\$ 1,893,715
Landfill Charges	-	-	112,224	-	112,224
Interest	466,479	22,403	171	192,648	681,701
Miscellaneous	53,461	-	-	424,185	477,646
Accounts Receivable, Gross	2,413,655	22,403	112,395	616,833	3,165,286
Allowance for Doubtful Accounts	(126,547)	-	-	-	(126,547)
Accounts Receivable, Net	<u>\$ 2,287,108</u>	<u>\$ 22,403</u>	<u>\$ 112,395</u>	<u>\$ 616,833</u>	<u>\$ 3,038,739</u>

Activity in Emergency Medical Services accounts receivable was as follows:

Balance - September 30, 2024	\$ 1,711,886
Billings	9,399,542
Less:	
Cash Receipts	(5,617,769)
Medical/Medicaid Adjustments	(2,301,086)
Sent to Collection	(1,298,858)
Balance - September 30, 2025	<u>\$ 1,893,715</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 45,143,183	\$ 39,247	\$ (75,185)	\$ -	\$ 45,107,245
Construction in Progress	11,819,744	14,390,473	(1,911,692)	(6,158,475)	18,140,050
Infrastructure	144,423,972	2,153,427	-	912,249	147,489,648
Land Use Rights, Permanent	2,571,167	-	-	-	2,571,167
Total Capital Assets, Not Being Depreciated/Amortized	203,958,066	16,583,147	(1,986,877)	(5,246,226)	213,308,110
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	10,800,512	13,147	-	1,786,403	12,600,062
Buildings	76,856,648	1,969,801	-	1,897,609	80,724,058
Improvements Other Than Buildings	13,728,722	27,225	(15,300)	87,330	13,827,977
Machinery and Equipment	81,614,876	12,698,839	(2,112,893)	1,474,884	93,675,706
Computer Software	6,466,104	-	-	-	6,466,104
Total Capital Assets Being Depreciated/Amortized	189,466,862	14,709,012	(2,128,193)	5,246,226	207,293,907
Less: Accumulated Depreciation/Amortization for:					
Infrastructure	(1,286,092)	(257,842)	-	-	(1,543,934)
Buildings	(41,307,101)	(2,105,381)	-	-	(43,412,482)
Improvements Other Than Buildings	(8,161,218)	(439,980)	14,025	-	(8,587,173)
Machinery and Equipment	(55,392,211)	(6,803,458)	1,803,722	-	(60,391,947)
Computer Software	(6,267,486)	(48,400)	-	-	(6,315,886)
Total Accumulated Depreciation/Amortization	(112,414,108)	(9,655,061)	1,817,747	-	(120,251,422)
Total Capital Assets, Being Depreciated/ Amortized, Net	77,052,754	5,053,951	(310,446)	5,246,226	87,042,485
Right-to-Use Assets Being Depreciated/Amortized:					
Right-to-Use Assets: Equipment	424,712	52,901	(6,021)	-	471,592
Less Accumulated Depreciation/Amortization for:					
Right-to-Use Assets: Equipment	(115,677)	(132,575)	5,884	-	(242,368)
Total Right-to-Use Assets Being Depreciated/Amortized, Net	309,035	(79,674)	(137)	-	229,224
Subscription-Based Information Technology Arrangements Being Depreciated/Amortized:					
Subscription-Based Information Technology Arrangements	5,025,879	2,258,073	(877,367)	-	6,406,585
Less Accumulated Depreciation/Amortization for:					
Subscription-Based Information Technology Arrangements	(1,685,437)	(1,969,217)	725,598	-	(2,929,056)
Total Subscription-Based Information Technology Arrangements Being Depreciated/Amortized, Net	3,340,442	288,856	(151,769)	-	3,477,529
Governmental Activities Capital Assets, Net	\$ 284,660,297	\$ 21,846,280	\$ (2,449,229)	\$ -	\$ 304,057,348

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 1,839,228	\$ -	\$ -	\$ -	\$ 1,839,228
Construction in Progress	1,423,662	13,573,219	(94,727)	-	14,902,154
Total Capital Assets, Not Being Depreciated/Amortized	3,262,890	13,573,219	(94,727)	-	16,741,382
Capital Assets, Being Depreciated/Amortized:					
Buildings and Systems	696,881	96,492	-	-	793,373
Improvements Other Than Buildings	10,448,530	-	-	-	10,448,530
Machinery and Equipment	14,011,526	1,469,673	(1,903,068)	-	13,578,131
Computer Software	36,260	-	-	-	36,260
Total Capital Assets Being Depreciated/Amortized	25,193,197	1,566,165	(1,903,068)	-	24,856,294
Less: Accumulated Depreciation/Amortization for:					
Buildings and Systems	(639,780)	(15,583)	-	-	(655,363)
Improvements Other Than Buildings	(8,099,517)	(92,797)	-	-	(8,192,314)
Machinery and Equipment	(7,865,187)	(909,594)	1,773,471	-	(7,001,310)
Computer Software	(7,855)	(7,252)	-	-	(15,107)
Total Accumulated Depreciation/Amortization	(16,612,339)	(1,025,226)	1,773,471	-	(15,864,094)
Total Capital Assets, Being Depreciated/ Amortized, Net	8,580,858	540,939	(129,597)	-	8,992,200
Subscription-Based Information Technology Arrangements Being Depreciated/Amortized:					
Subscription-Based Information Technology Arrangements	7,421	-	-	-	7,421
Less Accumulated Depreciation/Amortization for:					
Subscription-Based Information Technology Arrangements	(492)	(2,471)	-	-	(2,963)
Total Subscription-Based Information Technology Arrangements Being Depreciated/Amortized, Net	6,929	(2,471)	-	-	4,458
Business-Type Activities Capital Assets, Net	<u>\$ 11,850,677</u>	<u>\$ 14,111,687</u>	<u>\$ (224,324)</u>	<u>\$ -</u>	<u>\$ 25,738,040</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 2,336,633
Public Safety	6,421,096
Physical Environment	288,000
Transportation	1,858,860
Economic Environment	61,761
Human Services	117,921
Culture and Recreation	510,649
Court Related	161,933
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 11,756,853</u></u>

Business-Type Activities:

Solid Waste	\$ 905,220
Energy Recovery	122,477
Total Depreciation/Amortization Expense - Business-Type Activities	<u><u>\$ 1,027,697</u></u>

NOTE 5 INTERFUND BALANCES

Interfund balances at September 30, 2025, 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	\$ 519,069	\$ 469,616
County Transportation Trust	9,375	293
Local Government Infrastructure Surtax	-	347,729
Solid Waste Fund	45,743	2,562
Nonmajor Governmental Funds	429,702	184,416
Internal Service Funds	727	-
Total	<u><u>\$ 1,004,616</u></u>	<u><u>\$ 1,004,616</u></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 2021, the County Transportation Trust Fund advanced a nonmajor governmental fund money for improvements to a road. The outstanding balance as of September 30, 2025, was \$18,737.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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, 2025, were as follows:

	<u>Cash and Cash Equivalents</u>
Governmental Funds:	
General Fund:	
Customer Deposits	<u>\$ 61,869</u>
Enterprise Funds:	
Solid Waste:	
Customer Deposits	\$ 156,268
Landfill Closure	<u>9,310,750</u>
Total Enterprise Funds	<u>\$ 9,467,018</u>

NOTE 7 LONG-TERM LIABILITIES

The summary of changes in long-term debt for the fiscal year ended September 30, 2025, is as follows:

	Balance September 30, 2024	Additions	Reductions	Balance September 30, 2025	Due Within One Year
Governmental Activities:					
Notes Payable:					
Direct Placements	\$ 19,999,000	\$ 12,000,000	\$ (3,285,000)	\$ 28,714,000	\$ 3,340,000
Direct Borrowings	961,106	4,970,193	(861,945)	5,069,354	625,655
Total Notes Payable	<u>20,960,106</u>	<u>16,970,193</u>	<u>(4,146,945)</u>	<u>33,783,354</u>	<u>3,965,655</u>
Leases	138,032	52,902	(68,248)	122,686	56,658
SBITAs	2,660,186	2,246,213	(2,175,975)	2,730,424	1,430,486
Compensated Absences*	<u>8,613,433</u>	<u>1,363,732</u>	<u>-</u>	<u>9,977,165</u>	<u>997,716</u>
Governmental Activity Long-Term Liabilities	<u>\$ 32,371,757</u>	<u>\$ 20,633,040</u>	<u>\$ (6,391,168)</u>	<u>\$ 46,613,629</u>	<u>\$ 6,450,515</u>
Business-Type Activities:					
Landfill Closure Liability	\$ 10,408,651	\$ 695,847	\$ -	\$ 11,104,498	\$ 89,056
SBITAs	2,845	-	(1,392)	1,453	1,453
Compensated Absences*	<u>236,388</u>	<u>2,009</u>	<u>-</u>	<u>238,397</u>	<u>23,840</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 10,647,884</u>	<u>\$ 697,856</u>	<u>\$ (1,392)</u>	<u>\$ 11,344,348</u>	<u>\$ 114,349</u>

*Restated for the adoption of GASB 101, *Compensated Absences*

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

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. Additionally, the compensated absences activity is reported as a net change pursuant to GASB 101.

The following notes payable were outstanding at September 30, 2025:

	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.	\$ 3,715,000
<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.	12,999,000

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

	<u>Remaining Principal Amount</u>
<u>Direct Placement</u>	
\$12,000,000 with a fixed interest rate equal to 3.92% dated June 25, 2025, with final payment due November 1, 2033. Interest and principal payments beginning May 1, 2026, with principal payments ranging from \$1,164,000 to \$1,732,000 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 to finance and/or reimburse the costs of the construction, acquisition, design, renovation, and equipping of various capital improvements to governmental facilities of the County, including administrative and jail facilities, and to pay costs of issuance.	\$ 12,000,000
<u>Direct Borrowing</u>	
State Revolving Fund (SRF) loan issued in the amount of \$1,750,000, of which \$1,116,244 has been drawn as of September 30, 2025. Principal and interest will be payable in equal semi-annual installments of \$89,250 until all amounts due have been fully repaid with the first repayment starting August 15, 2026, and an interest rate is 0.00%. The principal and interest is secured by pledged revenues. In the event of default, the repayment schedules may be accelerated or the financing rate may be increased on the unpaid principal to as much as 1.667 times the financing rate.	1,116,244
<u>Direct Borrowing</u>	
Direct borrowing from a financial institution for purchase of radios, with annual payments of \$779,071, including principal and interest at 5.010%, with a final payment due in August 2031.	<u>3,953,110</u>
Total Governmental Activities Notes Payable	<u><u>\$ 33,783,354</u></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, 2025**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to amortize all debts outstanding as of September 30, 2025, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Direct Borrowings and</u>	
	<u>Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,965,655	\$ 894,901
2027	3,438,390	860,983
2028	3,707,958	741,102
2029	3,822,057	627,604
2030	3,935,765	509,860
2031-2035	14,645,160	900,966
2036-2037	268,369	-
Total	<u>\$ 33,783,354</u>	<u>\$ 4,535,416</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 2029.

During the year ended September 30, 2025, the County entered into new Lessee Arrangements in the amount of \$52,902. During the year ended September 30, 2025, the County's principal payments on Leases totaled \$68,248.

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 56,658	\$ 3,085
2027	44,215	1,447
2028	14,609	488
2029	5,591	124
2030	1,613	14
Total Minimum Lease Payments	<u>\$ 122,686</u>	<u>\$ 5,158</u>

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 2035 and provide for renewal options ranging from three months to six years. During the year ended September 30, 2025, the County recognized \$222,167 and \$16,209 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 8 LEASES (CONTINUED)

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

<u>Year Ending September 30,</u>	<u>Governmental and Business Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 169,616	\$ 10,239	\$ 179,855
2027	138,350	5,780	144,130
2028	110,147	1,919	112,066
2029	2,577	423	3,000
2030	2,681	319	3,000
2031-2035	5,693	309	6,002
Total Minimum Lease Payments	<u>\$ 429,064</u>	<u>\$ 18,989</u>	<u>\$ 448,053</u>

NOTE 9 SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

SBITAs entered into by the County 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 SBITA 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, 2025, the County entered into SBITAs in the amount of \$2,246,213. During the year ended September 30, 2025, the County's principal payments on SBITAs totaled \$2,175,975.

Total future minimum SBITA payments under subscription agreements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,431,939	\$ 58,728	\$ 1,490,667
2027	810,017	22,218	832,235
2028	319,428	11,211	330,639
2029	170,493	1,072	171,565
Total Minimum Subscription Payments	<u>\$ 2,731,877</u>	<u>\$ 93,229</u>	<u>\$ 2,825,106</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 10 GOVERNMENTAL FUND BALANCES

At September 30, 2025, 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:					
Prepaid Items	\$ 1,277,995	\$ 29,104	\$ 947,384	\$ 294,967	\$ 2,549,450
Inventories	465,477	-	-	-	465,477
Total Nonspendable	<u>1,743,472</u>	<u>29,104</u>	<u>947,384</u>	<u>294,967</u>	<u>3,014,927</u>
Restricted:					
General Government	-	-	-	703,475	703,475
Public Safety	-	-	-	1,284,048	1,284,048
Fire Districts	-	-	-	6,257,904	6,257,904
Inmate Welfare	-	-	-	2,254,716	2,254,716
Building Department	-	-	-	5,947,431	5,947,431
Istokpoga Marsh					
Watershed Maintenance	-	-	-	14,396	14,396
Physical Environment	-	-	-	72,484	72,484
Conservation	-	-	-	699,288	699,288
Tourist Development	-	-	-	5,414,815	5,414,815
Transportation	-	679,215	-	4,424,839	5,104,054
Housing Programs	-	-	-	2,979,666	2,979,666
Human Services	-	-	-	153,986	153,986
Culture and Recreation	-	-	-	621,078	621,078
Court Related	-	-	-	815,615	815,615
Court Facilities	-	-	-	23,480	23,480
Infrastructure and					
Land Acquisition	-	-	24,085,727	2,636,440	26,722,167
Debt Service	-	-	-	3,214,237	3,214,237
Total Restricted	<u>-</u>	<u>679,215</u>	<u>24,085,727</u>	<u>37,517,898</u>	<u>62,282,840</u>
Assigned:					
Subsequent Year					
Expenditures	6,787,783	168,712	6,401,521	11,324,698	24,682,714
Transportation	-	1,108,720	-	-	1,108,720
Total Assigned	<u>6,787,783</u>	<u>1,277,432</u>	<u>6,401,521</u>	<u>11,324,698</u>	<u>25,791,434</u>
Unassigned	<u>51,130,718</u>	<u>-</u>	<u>-</u>	<u>(23,436)</u>	<u>51,107,282</u>
Total Fund Balances	<u>\$ 59,661,973</u>	<u>\$ 1,985,751</u>	<u>\$ 31,434,632</u>	<u>\$ 49,114,127</u>	<u>\$ 142,196,483</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 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 12 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, 2025**

NOTE 12 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At September 30, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	15
Active Plan Members	785
Total	<u>800</u>

Total OPEB Liability

The County's Total OPEB liability was measured as of September 30, 2025, and was determined by an actuarial valuation as of November 1, 2024. The following table shows the County's total OPEB liability for the year ended September 30, 2025.

	Total OPEB Liability
Balances - October 1, 2024	\$ 1,626,141
Changes for the Year:	
Service Cost	126,310
Interest	65,586
Changes in Assumptions	183,250
Benefit Payments	(124,198)
Net Changes	<u>250,948</u>
Balances - September 30, 2025	<u>\$ 1,877,089</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	3.50 %	4.50 %	5.50 %
Total OPEB Liability	\$ 1,553,907	\$ 1,877,089	\$ 2,075,710

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 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	2.92 %	3.92 %	4.92 %

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

For the year ended September 30, 2025, the County recognized OPEB expense of (\$80,546). 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	\$ 491,603	\$ 167,045
Changes of Assumptions	185,452	55,764
Total	<u>\$ 677,055</u>	<u>\$ 222,809</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>
2026	\$ (46,926)
2027	(50,207)
2028	57,515
2029	59,970
2030	59,970
2031 and Thereafter	373,924

Actuarial Assumptions

The total OPEB liability in the November 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Healthcare Cost Trend Rates	3.92%

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, 2025**

NOTE 12 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

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

The discount rate used to measure the total OPEB liability 4.50%.

The following changes have been made since the prior valuation:

- The discount rate was changed from 3.88% to 4.50%

NOTE 13 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 \$11,104,498 at September 30, 2025, represents the cumulative amount reported to date based on an average use of 60% of the total estimated capacity. The portion of the liability related to 2025 usage is an increase of \$695,847. It is estimated that an additional liability totaling \$7,270,175 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, 2026, 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, 2025, with cash and investments of \$11,104,498 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, 2025**

NOTE 14 MISCELLANEOUS REVENUE

Miscellaneous revenue included in the Governmental Funds for the fiscal year ended September 30, 2025, consists of the following:

	General	County Transportation Trust	Local Government Infrastructure Surtax	Other Governmental Funds
Interfund Services Rendered	\$ 1,366,756	\$ 2,168,762	\$ -	\$ 4,001
Commissions on Inmate Phone Calls and Commissary Sales Profits	-	-	-	182,807
Other	1,699,535	37,542	551,982	277,048
Total	<u>\$ 3,066,291</u>	<u>\$ 2,206,304</u>	<u>\$ 551,982</u>	<u>\$ 463,856</u>

NOTE 15 MAJOR CUSTOMERS

A significant amount of the Solid Waste Fund revenue for 2025 is derived from one major customer as follows:

	Percentage of Total Revenue
Waste Connections, Inc.	<u>5.44%</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 \$229.47 per property owner.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 16 COMMITMENTS AND CONTINGENCIES

The County has entered into various contracts for design, construction, and other services as of September 30, 2025:

	Commitment
Affordable Housing Avon Park Apartments	\$ 68,000
Beacon Avenue Widening	176,404
Catfish Creek Road Bridge Rehabilitation	15,153
Clerk of Courts Remodel	13,000
Comprehensive Plan Evaluation and Appraisal	35,000
Countywide Broadband	4,050,000
County Jail Facility Expansion	11,548,042
Countywide Generator Services	431,899
Economic Development Marketing Services	140,330
Emergency Operations Center Building Remodel	1,546,513
Emergency Operations Center Warehouse Building	325,019
Enterprise Resource Planning (ERP) Software Upgrade	426,453
Fire Rescue Station 23, Spring Lake	130,574
Florida Department of Environmental Protection Stormwater Permitting	22,010
Geographic Information Systems Software Upgrade	31,650
Hammock Road Trail	82,410
Highlands County Comprehensive Funding Study	267,931
Highlands County Comprehensive Vulnerability Assessment	310,000
Highlands County Conservation Planning Study	36,825
Highlands County Drainage Study	414,329
Highlands County Lake Grassy Boat Ramp and Dock Enhancements	86,649
Highlands County Solid Waste System Evaluation and Reporting	194,537
Highlands County Strategic Plan	13,069
Highlands County Tourism Consulting Services	5,400
Lake June-in-Winter Catfish Creek Best Management Practices	366,376
Lake June-in-Winter Catfish Creek BMPs	28,132
Landfill Class I Expansion	982,186
Landfill Office Building	40,917
New Animal Control Operation Building	514,653
New Sebring Fuel Station	68,306
Next Generation E911 Services	638,452
Public Safety Radio and Communications Upgrade	5,393,066
Regional 911 GIS Database Management System Implementation	124,254
Road and Bridge Building Expansion (Unit 2)	31,835
Road and Bridge Main Building Expansion	865,667
Sebring Fuel Station	3,650,126
Sebring Parkway Resurfacing from US 27 to Scenic Hwy	97,906
Sebring Watershed Study	29,437
Sports Marketing and Sales Services Consultant	168,750
Total	<u>\$ 33,371,260</u>

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, management is not aware of any resolution that would have a material adverse effect of the County's financial condition.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 17 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, 2025.

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

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2024	\$ 668,457	\$ 12,161,504	\$ 12,123,440	\$ 706,521
2025	706,521	13,127,509	13,071,535	762,495

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 18 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).

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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested 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 55, if vested or at any age after 25 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 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<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.

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, 2024, were applied to employee salaries as follows: regular employees 11.57%, special risk 30.73%, county elected officials 56.62%, senior management 32.46%, and DROP participants 19.13%. The County's contributions to the FRS Plan were \$10,817,283 for the year ended September 30, 2025.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2025, the County reported a liability of \$54,655,581 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2025, the County's proportion was 0.176108747%, which was an increase of 0.000558363% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$4,818,637 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	\$ 5,837,791	\$ -
Changes of Assumptions	6,346,933	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(9,125,301)
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,069,709	(2,092,720)
County Contributions Subsequent to the Measurement Date	2,799,972	-
Total	<u>\$ 16,054,405</u>	<u>\$ (11,218,021)</u>

\$2,799,972 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 ending September 30, 2026. 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>	Amount
2026	\$ 8,011,926
2027	(1,649,933)
2028	(2,438,788)
2029	(1,886,793)

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.50%, 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-2021. The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return assumption of 6.70% used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.40% as adopted in October 2025 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks using the formula $(1 + .024) \times (1 + .042) - 1$ generates an expected nominal return of 6.70%. In the opinion of the FRS consulting actuary, both building block 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 2024 FRS Actuarial Assumption Conference for funding policy purposes.

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 %	3.2 %	3.2 %	1.1 %
Fixed Income	29.0	5.5	5.4	4.0
Global Equity	45.0	8.5	6.9	18.3
Real Estate (Property)	12.0	8.4	7.1	16.8
Private Equity	11.0	12.4	8.8	28.4
Strategic Investments	2.0	6.5	6.1	8.7
Total	100.0 %			
Assumed Inflation - Mean				2.4 %
				1.5 %

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

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	\$ 107,260,734	\$ 54,655,581	\$ 10,552,181

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

Eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

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, 2025, the contribution rate was 2.0% 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 \$1,155,621 for the year ended September 30, 2025.

Pension Costs

At September 30, 2025, the County reported a liability of \$16,225,271 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2024 through June 30, 2025, relative to the total employer contributions received from all participating employers. At June 30, 2025, the County's proportion was 0.126587416% which was a decrease of 0.003578112% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the County recognized pension expense of \$380,596 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	\$ 96,854	\$ (25,738)
Changes in Actuarial Assumptions	143,612	(3,924,477)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(13,504)
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	768,504	(770,204)
County Contributions Subsequent to the Measurement Date	289,393	-
Total	<u>\$ 1,298,363</u>	<u>\$ (4,733,923)</u>

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

\$289,393 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 ending September 30, 2026. 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>
2026	\$ (804,101)
2027	(1,005,219)
2028	(856,293)
2029	(679,643)
2030	(379,697)

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.50%, Average, Including Inflation
Municipal Bond Rate	5.20%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the July 1, 2024 valuation, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 5.20% in the current year and 3.93% 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.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 18 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

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	4.20%	5.20%	6.20%
County's Proportionate Share of the HIS Plan Net Pension Liability	\$ 18,296,605	\$ 16,225,271	\$ 14,488,080

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>.

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	\$ 54,655,581	\$ 16,225,271	\$ 70,880,852
Deferred Outflows of Resources			
Related to Pensions	16,054,405	1,298,363	17,352,768
Deferred Inflows of Resources			
Related to Pensions	11,218,021	4,733,923	15,951,944
Pension Expense	4,818,637	380,596	5,199,233

NOTE 19 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 19 DEFINED CONTRIBUTION PLAN (CONTINUED)

FRS Investment Plan (Continued)

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. 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, 2025, 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 \$2,381,546 for the year ended September 30, 2025. Employee contributions to the Investment Plan totaled \$354,356 for the year ended September 30, 2025.

**HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 20 FUND BALANCE DEFICIT

Special Revenue Funds

Oak Manor Avenue Road Paving Fund

The fund balance deficit of \$18,353 is a result of road paving costs. The \$34,900 advance from the Transportation Trust Fund in October 2020 is being paid back with the assessments collected from this district

Intergovernmental Radio Communications.

The fund balance deficit of \$5,065 is a result of expenditures in excess of revenues. The General fund will provide funding to cover the deficit in FY 2026.

NOTE 21 INTERFUND TRANSFERS

Transfers for the year ended September 30, 2025, consisted of the following:

Transfers to the General Fund from:

Nonmajor Governmental Funds	\$ 86,987
Solid Waste Fund	<u>112,486</u>
Total	<u>199,473</u>

Transfers to the County Transportation Trust Fund from:

General Fund	<u>3,391,090</u>
Total	<u>3,391,090</u>

Transfers to Nonmajor Governmental Funds from:

General Fund	5,449,009
County Transportation Trust	80,000
Local Government Infrastructure Surtax Fund	6,365,825
Other Nonmajor Governmental Funds	<u>531,180</u>
Total	<u>12,426,014</u>

Total Interfund Transfers	<u><u>\$ 16,016,577</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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 22 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the County implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the County's General Fund, County Transportation Trust Fund, Solid Waste, Nonmajor Governmental Funds, Nonmajor Business Type Fund was restated to reflect the adoption of GASB Statement No. 101. The restatement recognizes the change in amounts that would have been paid by the governmental and business type funds due to changes in payments to the internal service fund.

	October 1, 2024 As Previously Reported	Implementation of GASB Statement No. 101	October 1, 2024 Restated
Government-Wide:			
Governmental Activities	\$ 318,761,751	\$ (2,432,994)	\$ 316,328,757
Business-Type Activities	27,271,723	(77,397)	27,194,326
Total Primary Government	<u>\$ 346,033,474</u>	<u>\$ (2,510,391)</u>	<u>\$ 343,523,083</u>
Governmental Funds:			
Major Funds:			
General Fund	\$ 62,370,645	\$ (1,217,892)	\$ 61,152,753
County Transportation Trust	2,156,074	(320,775)	1,835,299
Nonmajor Funds	40,123,378	(143,187)	39,980,191
Total Governmental Funds	<u>\$ 104,650,097</u>	<u>\$ (1,681,854)</u>	<u>\$ 102,968,243</u>
Enterprise Fund:			
Solid Waste	\$ 24,391,170	\$ (76,704)	\$ 24,314,466
Nonmajor - Energy Recovery	2,824,415	(693)	2,823,722
Total Proprietary Funds	<u>\$ 27,215,585</u>	<u>\$ (77,397)</u>	<u>\$ 27,138,188</u>

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS
SEPTEMBER 30, 2025**

**Condition Rating of Highlands County
Roadway System**

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

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Road System	58.15	58.34	58.97

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Budgeted	\$ 2,809,287	\$ 2,994,877	\$ 1,875,665	\$ 1,279,925	\$ 839,758
Actual	2,274,131	2,585,458	1,752,761	1,267,127	1,035,357

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 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Bridge System	77.52	77.52	77.52

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Budgeted	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Actual	67,617	30,108	24,558	41,980	50,234

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 126,310	\$ 47,501	\$ 47,318	\$ 86,748	\$ 80,827	\$ 140,238	\$ 113,559	\$ 115,422
Interest	65,586	40,919	37,591	31,728	33,784	74,630	91,062	82,736
Changes of Benefit Terms	-	132,475	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	580,985	-	(501,137)	-	(1,202,118)	-	-
Changes of Assumptions	183,250	15,380	(14,725)	(145,206)	19,707	(414,877)	196,258	(58,668)
Benefit Payments	(124,198)	(94,721)	(41,841)	(91,249)	(83,562)	131,938	(129,355)	(122,205)
Net Change in Total OPEB Liability	250,948	722,539	28,343	(619,116)	50,756	(1,270,189)	271,524	17,285
Total OPEB Liability - Beginning	1,626,141	903,602	875,258	1,494,368	1,443,612	2,713,801	2,442,277	2,424,992
Total OPEB Liability - Ending	<u>\$ 1,877,089</u>	<u>\$ 1,626,141</u>	<u>\$ 903,601</u>	<u>\$ 875,252</u>	<u>\$ 1,494,368</u>	<u>\$ 1,443,612</u>	<u>\$ 2,713,801</u>	<u>\$ 2,442,277</u>
Covered Employee Payroll	\$ 48,316,791	\$ 46,211,879	\$ 42,824,463	\$ 47,773,230	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348
Total OPEB Liability as a percentage of the Covered Employee Payroll	3.88%	3.52%	2.11%	1.83%	3.25%	3.22%	6.28%	6.11%

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, 2025, the amount reported as changes in assumptions resulted from the following:

- The discount rate was changed from 3.88% to 4.50%.

For the measurement date September 30, 2024, 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 discount rate was changed from 4.63% to 3.88%.

For the measurement date September 30, 2023, 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 4.40% to 4.63%.

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.

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)
LAST TEN FISCAL YEARS**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's Proportion of the Net Pension Liability	0.176108747%	0.175550385%	0.178015120%	0.176378059%	0.178540495%	0.197170451%	0.191369337%	0.185889216%	0.188036873%	0.183000953%
County's Proportionate Share of the Net Pension Liability	\$ 54,655,581	\$ 67,911,144	\$ 70,933,286	\$ 65,626,811	\$ 13,486,705	\$ 85,456,581	\$ 65,904,936	\$ 55,990,794	\$ 55,620,044	\$ 46,207,883
County's Covered Payroll	49,461,634	\$ 45,625,408	\$ 43,045,573	\$ 47,036,514	\$ 44,552,783	\$ 44,798,121	\$ 42,283,674	\$ 39,890,912	\$ 39,037,082	\$ 36,239,309
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	110.50%	148.85%	164.79%	139.52%	30.27%	190.76%	155.86%	140.36%	142.48%	127.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 10,817,283	\$ 10,079,445	\$ 8,820,977	\$ 7,704,869	\$ 7,025,442	\$ 6,583,862	\$ 6,157,860	\$ 5,451,120	\$ 4,824,979	\$ 4,743,244
Contributions in Relation to the Contractually Required Contribution	<u>(10,817,283)</u>	<u>(10,079,445)</u>	<u>(8,820,977)</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u></u>	<u></u>	<u></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 48,316,791	\$ 46,211,879	\$ 42,824,463	\$ 47,773,270	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348	\$ 39,019,305	\$ 37,331,763
Contributions as a Percentage of Covered Payroll	22.39%	21.81%	20.60%	16.13%	15.26%	14.70%	14.25%	13.63%	12.37%	12.71%

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

**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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's Proportion of the Net Pension Liability	0.126587416%	0.123009304%	0.127240136%	0.128278686%	0.128158209%	0.128544136%	0.125879122%	0.121886584%	0.122329734%	0.117095796%
County's Proportionate Share of the Net Pension Liability	\$ 16,225,271	\$ 18,452,597	\$ 20,207,431	\$ 13,586,762	\$ 15,720,531	\$ 15,695,030	\$ 14,084,614	\$ 12,900,612	\$ 13,080,059	\$ 13,647,029
County's Covered Payroll	\$ 49,461,634	\$ 45,625,408	\$ 43,045,573	\$ 47,036,514	\$ 45,552,783	\$ 44,798,121	\$ 42,283,674	\$ 39,890,912	\$ 39,037,082	\$ 36,239,309
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	32.80%	40.44%	46.94%	28.89%	34.51%	35.04%	33.31%	32.34%	33.51%	37.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.12%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

**HIGHLANDS COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,155,621	\$ 1,058,668	\$ 879,980	\$ 786,903	\$ 762,194	\$ 740,270	\$ 715,780	\$ 660,671	\$ 646,964	\$ 622,318
Contributions in Relation to the Contractually Required Contribution	<u>(1,155,621)</u>	<u>(1,058,668)</u>	<u>(879,980)</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 48,316,791	\$ 46,211,879	\$ 42,824,463	\$ 47,773,270	\$ 46,048,436	\$ 44,799,904	\$ 43,213,012	\$ 39,987,348	\$ 39,019,305	\$ 37,331,763
Contributions as a Percentage of Covered Payroll	2.39%	2.29%	2.05%	1.65%	1.66%	1.65%	1.66%	1.65%	1.66%	1.67%

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

**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, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 58,348,052	\$ 58,348,052	\$ 59,823,386	\$ 1,475,334
Licenses and Permits	1,000	1,000	130	(870)
Intergovernmental	22,568,180	27,687,211	31,678,335	3,991,124
Charges for Services	12,745,252	12,985,874	13,515,556	529,682
Fines and Forfeitures	175,000	175,000	212,729	37,729
Net Change in Fair Value of Investments	2,865,000	2,865,000	3,124,782	259,782
Miscellaneous	2,241,083	2,358,171	3,066,291	708,120
Total Revenues	98,943,567	104,420,308	111,421,209	7,000,901
EXPENDITURES				
Current:				
General Government:				
Board of County Commissioners	605,657	604,677	598,922	5,755
County Administrator	937,618	1,032,017	1,010,555	21,462
Business Services	285,520	297,793	290,028	7,765
Clerk to Board-Financial and Administration	4,163,665	4,246,108	4,046,120	199,988
County Audits-CPA	218,235	218,235	207,874	10,361
Office of Management and Budget	358,242	353,019	317,413	35,606
Human Resources	515,526	508,359	491,752	16,607
Non-Ad Valorem Assessments	149,829	150,154	130,639	19,515
Public Information	178,728	222,856	187,988	34,868
Central Services	2,515,700	2,592,877	2,025,444	567,433
Property Appraiser	3,846,407	3,821,142	3,724,910	96,232
Tax Collector	4,780,758	4,595,881	3,977,971	617,910
Supervisor of Elections	1,761,003	1,801,246	1,372,170	429,076
Purchasing	475,899	470,422	335,365	135,057
County Attorney	599,639	697,254	681,334	15,920
County Planning and Development	804,546	1,190,182	826,392	363,790
Development Services	207,061	209,275	206,924	2,351
Clerk to Board - Other General Government Services	1,131,172	1,195,938	1,098,918	97,020
Facilities Management	2,566,823	2,728,832	2,496,219	232,613
Total General Government	26,102,028	26,936,267	24,026,938	2,909,329
Public Safety:				
Sheriff	24,678,276	30,807,113	30,451,952	355,161
Division of Forestry	34,580	34,580	34,579	1
County Jail Maintenance	884,163	-	-	-
Detention and Correction	13,271,070	15,546,245	15,427,753	118,492
Detention Medical	1,122,824	-	-	-
Detention and Corrections Other	153,312	-	-	-
Law Enforcement Maintenance	335,045	-	-	-
Law Enforcement Other	5,171,461	-	-	-
Zoning Department	632,185	614,347	558,497	55,850
Local Emergency Management Agency	878,418	1,833,214	583,172	1,250,042
Communications Program	179,439	182,534	120,035	62,499
Information Technology	99,847	99,847	99,847	-
Community Safety	121,036	442,653	457,718	(15,065)
Ambulance Services	9,446,144	10,267,484	8,982,964	1,284,520

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Public Safety (Continued):				
Medical Examiner	\$ 514,377	\$ 514,377	\$ 510,577	\$ 3,800
Children's Advocacy Center	482,254	740,924	455,236	285,688
Total Public Safety	58,004,431	61,083,318	57,682,330	3,400,988
Physical Environment:				
County Extension	408,353	399,163	394,169	4,994
Natural Resources	522,667	544,712	480,695	64,017
Aquatic Plant Program	775,437	768,909	685,415	83,494
Nuisance Abatement	116,500	194,900	173,887	21,013
Critical Infrastructure	-	34,180	-	34,180
Total Physical Environment	1,822,957	1,941,864	1,734,166	207,698
Transportation:				
Avon Park Airport	22,415	22,415	21,701	714
Avon Park Southside	241,778	241,778	234,077	7,701
Total Transportation	264,193	264,193	255,778	8,415
Economic Environment:				
Office of Economic Development	458,759	587,338	487,391	99,947
Community Redevelopment - Sebring	800,600	800,600	775,103	25,497
Community Redevelopment - Avon Park	492,054	492,054	476,384	15,670
Community Redevelopment - Lake Placid	206,850	206,850	200,262	6,588
Sebring Regional Airport/Industrial Park	448,672	448,672	434,383	14,289
Veteran Service Office	319,066	300,613	270,034	30,579
Community Housing Program	200,000	200,000	-	200,000
Total Economic Environment	2,926,001	3,036,127	2,643,557	392,570
Human Services:				
Health Care Responsibility Act	100,000	44,700	4,341	40,359
Health Unit	256,535	256,535	256,535	-
Mental Health	826,122	626,507	626,507	-
Public Assistance Programs	95,238	95,414	52,678	42,736
State County Assistance Program	2,251,393	2,311,793	2,311,773	20
Human Services - Project Hope	50,000	50,000	50,000	-
Children's Services Council	30,000	30,000	30,000	-
Transportation for Disadvantaged	202,834	202,834	201,968	866
Community Program Services	18,461	53,946	38,838	15,108
Community Programs	173,681	176,150	170,690	5,460
Healthy Families Grant	500,795	506,410	409,956	96,454
Emergency/Disaster Relief	-	3,061,334	3,147,405	(86,071)
Total Human Services	4,505,059	7,415,623	7,300,691	114,932
Culture and Recreation:				
Library - Avon Park	231,465	234,941	227,031	7,910
Library - Sebring	512,995	513,678	504,732	8,946
Library - Lake Placid	261,578	265,054	216,127	48,927
Libraries - Countywide	134,959	137,566	120,348	17,218
Recreation Department	475,000	475,000	475,000	-

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation (Continued):				
Parks Department	\$ 1,069,444	\$ 1,082,846	\$ 1,017,597	\$ 65,249
Sports Complex	265,914	257,540	246,590	10,950
Historic District Site Survey	3,491	3,491	1,860	1,631
Heartland Library Cooperative	149,976	151,097	100,223	50,874
Total Culture and Recreation	3,104,822	3,121,213	2,909,508	211,705
Court Related:				
Court General Administration:				
Circuit Court Administration	5,088	8,588	7,335	1,253
State Attorney	20,200	20,200	15,611	4,589
Public Defender	8,700	8,700	1,982	6,718
Law Library	6,717	65,226	35,685	29,541
Misdemeanor Probation	213,970	247,763	238,188	9,575
Circuit Court Criminal:				
Pre-Trial Release	234,700	197,145	197,134	11
Circuit Court Family:				
Pro Se Services	87,790	75,283	75,274	9
Circuit Court Juvenile:				
Circuit Court Juvenile Guardian Ad Litem	11,348	11,354	5,535	5,819
Court General Operations:				
General Operations Courthouse Security	1,601,943	1,601,943	1,492,018	109,925
General Operations Courthouse Facilities	261,099	261,099	211,024	50,075
Total Court Related	2,451,555	2,497,301	2,279,786	217,515
Capital Outlay	1,305,690	14,876,046	5,881,860	8,994,186
Debt Service:				
Principal Retirement	-	1,537,316	2,109,021	(571,705)
Interest and Fiscal Charges	-	124,327	75,097	49,230
Total Expenditures	100,486,736	122,833,595	106,898,732	15,934,863
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(1,543,169)	(18,413,287)	4,522,477	22,935,764
OTHER FINANCING SOURCES (USES)				
Transfers In	32,000	172,036	199,473	27,437
Transfers Out	(7,233,549)	(10,760,828)	(8,840,099)	1,920,729
Leases	-	94,430	52,902	(41,528)
SBITAs	-	181,093	1,929,642	1,748,549
Insurance Recoveries	-	50,269	63,302	13,033
Sale of Surplus Properties	3,500,000	3,800,235	581,523	(3,218,712)
Total Other Financing Sources (Uses)	(3,701,549)	(6,462,765)	(6,013,257)	449,508
NET CHANGE IN FUND BALANCE	(5,244,718)	(24,876,052)	(1,490,780)	23,385,272
Fund Balances - October 1, 2024	5,244,718	24,876,052	62,370,645	37,494,593
Restatement for GASB 101	-	-	(1,217,892)	(1,217,892)
Fund Balance - October 1, 2024, As Restated	5,244,718	24,876,052	61,152,753	36,276,701
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 59,661,973	\$ 59,661,973

**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:

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

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.

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.

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

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

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

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.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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.

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.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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.

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

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.

**HIGHLANDS COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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).

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for and payment of the County's long-term debt other than those payable from the operations of enterprise funds.

Public Improvement Revenue Note – This fund accumulates monies for the payment of the \$5,500,000 in Public Improvement Revenue Note, Series 2019 due in installments of \$1,164,000 to \$1,732,000 starting November 11, 2026, through November 11, 2033.

ISSR Revenue Note – This fund accumulates monies for the payment of the \$12,000,000 in Infrastructure Sales Surtax Revenue Note due in installments of \$345,000 to \$450,000 between February 1, 2021, through August 1, 2034.

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Special Revenue Funds								
	Orange Villa Special Benefit District	Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Avon Park Estates Special Benefit District	Istokpoga Marsh Watershed Improve- ment District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District	E911 Emergency Operations	Hospital District
ASSETS									
Cash and Cash Equivalents	\$ 1,407	\$ 142,927	\$ 17,886	\$ 98,851	\$ 22,335	\$ 20,741	\$ 10,319	\$ -	\$ 54,668
Investments	-	418,966	20,848	1,320,239	-	17,721	156,363	-	104,242
Accounts Receivable - Net	2	97	23	-	22	27	11	-	76
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	13	1,687	109	1,533	-	104	71	53,902	-
Due from Other Governmental Units	-	-	-	-	-	-	-	120,849	-
Prepaid Items	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,422</u>	<u>\$ 563,677</u>	<u>\$ 38,866</u>	<u>\$ 1,420,623</u>	<u>\$ 22,357</u>	<u>\$ 38,593</u>	<u>\$ 166,764</u>	<u>\$ 174,751</u>	<u>\$ 158,986</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ 239	\$ 13,335	\$ -	\$ 562	\$ 7,963	\$ -	\$ -	\$ -	\$ 5,000
Accrued Wages Payable	-	-	-	-	-	-	-	-	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-
Customer Deposits	-	1,700	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	120,690	-
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>239</u>	<u>15,035</u>	<u>-</u>	<u>562</u>	<u>7,963</u>	<u>-</u>	<u>-</u>	<u>120,690</u>	<u>5,000</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	44,527	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,527</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1,183	548,642	38,866	1,420,061	14,394	38,593	166,764	9,534	153,986
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>1,183</u>	<u>548,642</u>	<u>38,866</u>	<u>1,420,061</u>	<u>14,394</u>	<u>38,593</u>	<u>166,764</u>	<u>9,534</u>	<u>153,986</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,422</u>	<u>\$ 563,677</u>	<u>\$ 38,866</u>	<u>\$ 1,420,623</u>	<u>\$ 22,357</u>	<u>\$ 38,593</u>	<u>\$ 166,764</u>	<u>\$ 174,751</u>	<u>\$ 158,986</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue Funds										
	Orange Blossom Estates Special Benefit District	Sun-N-Lakes of Lake Placid Recreation District	Conservation Trust	Intergovernmental Radio Communications	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District	Lake Placid Special Benefit Fire District	Law Enforcement Education	Building Code Enforcement	Florida Boating Improvement
ASSETS											
Cash and Cash Equivalents	\$ -	\$ 113,028	\$ 171,413	\$ -	\$ 24,668	\$ -	\$ 32,060	\$ 34,147	\$ 81,570	\$ 2,048,041	\$ 79,961
Investments	-	135,514	528,293	-	135,514	-	-	406,183	312,726	3,950,921	312,726
Accounts Receivable - Net	-	54	163	-	26	-	33	-	80	76,625	81
Lease Receivable	-	-	-	57,524	-	-	-	-	-	-	-
Due from Other Funds	-	1,960	-	4,192	50	-	55	-	1,710	15,332	2,385
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-	266,171	-
Total Assets	<u>\$ -</u>	<u>\$ 250,556</u>	<u>\$ 699,869</u>	<u>\$ 61,716</u>	<u>\$ 160,258</u>	<u>\$ -</u>	<u>\$ 32,148</u>	<u>\$ 440,330</u>	<u>\$ 396,086</u>	<u>\$ 6,357,090</u>	<u>\$ 395,153</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Vouchers Payable	\$ -	\$ 16,839	\$ 581	\$ 4,513	\$ 248	\$ -	\$ 1,552	\$ -	\$ -	\$ 8,543	\$ 461
Accrued Wages Payable	-	-	-	-	-	-	-	-	-	28,157	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-	-	-
Customer Deposits	-	7,331	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	12,667	-
Due to Other Funds	-	-	-	8,286	-	-	-	-	-	60	-
Due to Others	-	-	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	4,154	-
Total Liabilities	-	24,170	581	12,799	248	-	1,552	-	-	53,581	461
Deferred Inflows of Resources:											
Unavailable Revenue:											
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	53,983	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	53,983	-	-	-	-	-	-	-
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	266,171	-
Restricted	-	226,386	699,288	-	160,010	-	30,596	440,330	396,086	5,884,408	394,692
Assigned	-	-	-	-	-	-	-	-	-	152,930	-
Unassigned	-	-	-	(5,066)	-	-	-	-	-	-	-
Total Fund Balances	-	226,386	699,288	(5,066)	160,010	-	30,596	440,330	396,086	6,303,509	394,692
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 250,556</u>	<u>\$ 699,869</u>	<u>\$ 61,716</u>	<u>\$ 160,258</u>	<u>\$ -</u>	<u>\$ 32,148</u>	<u>\$ 440,330</u>	<u>\$ 396,086</u>	<u>\$ 6,357,090</u>	<u>\$ 395,153</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue Funds								
	Special Law Enforcement Trust	Highway Park Special Benefit District	Affordable Housing Assistance Trust	Highlands Park Estates Special Benefit District	Driver Education Safety Trust	Tourist Development Trust	Industrial Development Agency	Domestic Violence Training	Fire Inspection and Safety
ASSETS									
Cash and Cash Equivalents	\$ 87,988	\$ 15,258	\$ 690,978	\$ 213,896	\$ 17,434	\$ 4,300,834	\$ 1,110	\$ 52,282	\$ 4,446
Investments	312,726	20,848	2,014,077	-	83,394	1,042,419	-	104,242	-
Accounts Receivable - Net	75	16	45	73	15	786	1	52	-
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	3,043	39	-	962	2,174	-	-	1,065	-
Due from Other Governmental Units	-	-	745,235	-	-	235,815	-	-	-
Prepaid Items	-	-	-	-	-	13,949	-	-	-
Total Assets	\$ 403,832	\$ 36,161	\$ 3,450,335	\$ 214,931	\$ 103,017	\$ 5,593,803	\$ 1,111	\$ 157,641	\$ 4,446
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ -	\$ 533	\$ 53	\$ 3,280	\$ -	\$ 112,195	\$ -	\$ -	\$ -
Accrued Wages Payable	-	-	4,528	-	-	2,059	-	-	4,437
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	3,021	-	-	-	-	-
Due to Other Governmental Units	-	-	2,894	-	-	-	-	-	-
Due to Other Funds	-	-	1,108	-	-	1,486	-	-	9
Due to Others	-	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	-	533	8,583	6,301	-	115,740	-	-	4,446
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	395,235	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	395,235	-	-	-	-	-	-
Fund Balances:									
Nonspendable	-	-	-	-	-	13,949	-	-	-
Restricted	403,832	35,628	2,978,517	208,630	103,017	5,419,114	1,111	157,641	-
Assigned	-	-	68,000	-	-	45,000	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	403,832	35,628	3,046,517	208,630	103,017	5,478,063	1,111	157,641	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 403,832	\$ 36,161	\$ 3,450,335	\$ 214,931	\$ 103,017	\$ 5,593,803	\$ 1,111	\$ 157,641	\$ 4,446

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue Funds								
	Sebring Parkway Maintenance	State Court Facilities Trust	Innovations and Supplemental Courts Funding Trust	Crime Prevention	Court Tech 28.24(12)(e)1	Child Support Enforcement Grant	Home Initiatives Partnership	Oak Manor Avenue Road Paving District	Public Records Modernization Trust
ASSETS									
Cash and Cash Equivalents	\$ 1,303,088	\$ 19,523	\$ 19,205	\$ 146,817	\$ 137,563	\$ 74,179	\$ 544	\$ 362	\$ 702,701
Investments	416,968	-	-	-	145,939	-	-	-	-
Accounts Receivable - Net	125	-	60	144	91	377	1	-	899
Lease Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	30,344	8,672	14,025	29,012	199,792	-	22	-
Due from Other Governmental Units	56,336	-	-	-	25	92,507	-	-	-
Prepaid Items	2,005	3,421	-	-	4,067	17	-	-	-
Total Assets	<u>\$ 1,778,522</u>	<u>\$ 53,288</u>	<u>\$ 27,937</u>	<u>\$ 160,986</u>	<u>\$ 316,697</u>	<u>\$ 366,872</u>	<u>\$ 545</u>	<u>\$ 384</u>	<u>\$ 703,600</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Vouchers Payable	\$ 631	\$ 25,317	\$ 5,228	\$ -	\$ 15,749	\$ 884	\$ -	\$ -	\$ 125
Accrued Wages Payable	-	1,691	-	-	6,036	1,585	-	-	-
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	22	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	46,431	-	-	-
Due to Others	-	-	-	-	-	278,749	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	18,737	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>653</u>	<u>27,008</u>	<u>5,228</u>	<u>-</u>	<u>21,785</u>	<u>327,649</u>	<u>-</u>	<u>18,737</u>	<u>125</u>
Deferred Inflows of Resources:									
Unavailable Revenue:									
Intergovernmental	-	-	-	-	-	39,223	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,223</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	2,005	3,421	-	-	4,067	17	-	-	-
Restricted	1,775,864	22,859	12,252	160,986	290,845	-	545	-	703,475
Assigned	-	-	10,457	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(17)	-	(18,353)	-
Total Fund Balances	<u>1,777,869</u>	<u>26,280</u>	<u>22,709</u>	<u>160,986</u>	<u>294,912</u>	<u>-</u>	<u>545</u>	<u>(18,353)</u>	<u>703,475</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,778,522</u>	<u>\$ 53,288</u>	<u>\$ 27,937</u>	<u>\$ 160,986</u>	<u>\$ 316,697</u>	<u>\$ 366,872</u>	<u>\$ 545</u>	<u>\$ 384</u>	<u>\$ 703,600</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

	Special Revenue Funds						Thunderbird Hill Waste Water Special Benefit District	Highlands County Fire Protection Special Benefit District
	Teen Court Operations	Court Related Technology Modernization Trust	Court Services	Homeowner's Foreclosure Education	Community Donations	Inmate Welfare		
ASSETS								
Cash and Cash Equivalents	\$ 5,801	\$ 507,008	\$ 499,517	\$ 1,412	\$ 189,833	\$ 2,199,734	\$ 66,291	\$ 7,014,256
Investments	-	-	-	-	-	-	-	636,236
Accounts Receivable - Net	8	596	798	2	-	400,000	66	15,725
Lease Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	57,449
Due from Other Governmental Units	50	-	18,558	-	-	-	-	-
Prepaid Items	1	121	-	-	-	-	-	5,215
Total Assets	<u>\$ 5,860</u>	<u>\$ 507,725</u>	<u>\$ 518,873</u>	<u>\$ 1,414</u>	<u>\$ 189,833</u>	<u>\$ 2,599,734</u>	<u>\$ 66,357</u>	<u>\$ 7,728,881</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Vouchers Payable	\$ 326	\$ 604	\$ 14,001	\$ -	\$ -	\$ 10,401	\$ -	\$ 67,899
Accrued Wages Payable	103	1,033	13,738	-	-	1,283	-	127,025
Contracts Payable-Retained Percentage	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	491,134	-	-	-	-	340
Due to Other Funds	-	15	-	-	-	-	-	6,331
Due to Others	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total Liabilities	<u>429</u>	<u>1,652</u>	<u>518,873</u>	<u>-</u>	<u>-</u>	<u>11,684</u>	<u>-</u>	<u>201,595</u>
Deferred Inflows of Resources:								
Unavailable Revenue:								
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	333,334	-	10,189
Leases	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,334</u>	<u>-</u>	<u>10,189</u>
Fund Balances:								
Nonspendable	1	121	-	-	-	-	-	5,215
Restricted	5,430	505,952	-	1,414	189,833	2,254,716	66,357	5,742,384
Assigned	-	-	-	-	-	-	-	1,769,498
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>5,431</u>	<u>506,073</u>	<u>-</u>	<u>1,414</u>	<u>189,833</u>	<u>2,254,716</u>	<u>66,357</u>	<u>7,517,097</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,860</u>	<u>\$ 507,725</u>	<u>\$ 518,873</u>	<u>\$ 1,414</u>	<u>\$ 189,833</u>	<u>\$ 2,599,734</u>	<u>\$ 66,357</u>	<u>\$ 7,728,881</u>

**HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2025**

	Capital Projects Fund		Debt Service Funds		
	HCISSR Construction	HCPIRN Construction	Public Improvement Revenue Note	ISSR Revenue Note	Total All Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 10,596,248	\$ 135,002	\$ 76,610	\$ 3,137,818	\$ 35,171,760
Investments	-	2,581,279	-	-	15,178,384
Accounts Receivable - Net	57,840	50,732	39	2,770	608,656
Lease Receivable	-	-	-	-	57,524
Due from Other Funds	-	-	-	-	429,702
Due from Other Governmental Units	-	-	-	-	1,269,375
Prepaid Items	-	-	-	-	294,967
Total Assets	<u>\$ 10,654,088</u>	<u>\$ 2,767,013</u>	<u>\$ 76,649</u>	<u>\$ 3,140,588</u>	<u>\$ 53,010,368</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Vouchers Payable	\$ 1,106,557	\$ 4,659	\$ -	\$ -	\$ 1,428,278
Accrued Wages Payable	-	-	-	-	191,675
Contracts Payable-Retained Percentage	394,632	-	-	-	394,632
Customer Deposits	-	-	-	-	12,052
Due to Other Governmental Units	-	-	-	-	507,057
Due to Other Funds	-	-	-	-	184,416
Due to Others	-	-	-	-	278,749
Advances from Other Funds	-	-	-	-	18,737
Unearned Revenue	-	-	-	-	4,154
Total Liabilities	<u>1,501,189</u>	<u>4,659</u>	<u>-</u>	<u>-</u>	<u>3,019,750</u>
Deferred Inflows of Resources:					
Unavailable Revenue:					
Intergovernmental	-	-	-	-	39,223
Charges for Services	-	-	-	-	783,285
Leases	-	-	-	-	53,983
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,491</u>
Fund Balances:					
Nonspendable	-	-	-	-	294,967
Restricted	1	2,636,439	76,649	3,140,588	37,517,898
Assigned	9,152,898	125,915	-	-	11,324,698
Unassigned	-	-	-	-	(23,436)
Total Fund Balances	<u>9,152,899</u>	<u>2,762,354</u>	<u>76,649</u>	<u>3,140,588</u>	<u>49,114,127</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,654,088</u>	<u>\$ 2,767,013</u>	<u>\$ 76,649</u>	<u>\$ 3,140,588</u>	<u>\$ 53,010,368</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds								
	Orange Villa Special Benefit District	Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Avon Park Estates Special Benefit District	Istokpoga Marsh Watershed Improve- ment District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District	E911 Emergency Operations	Hospital District
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	151,968	343,997
Charges for Services	-	500	-	-	-	-	-	482,475	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-
Assessments	2,571	335,161	21,629	102,006	-	20,488	6,213	-	-
Net Change in Fair Value of Investments	17	17,169	1,155	64,498	(49,540)	1,040	6,720	-	5,423
Miscellaneous	-	680	-	-	25,000	-	-	-	-
Total Revenues	2,588	353,510	22,784	166,504	(24,540)	21,528	12,933	634,443	349,420
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	1,715,907	-
Physical Environment	-	-	-	-	48,158	-	-	-	-
Transportation	1,646	271,029	25,436	136,259	-	20,499	28,601	-	-
Economic Environment	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	363,117
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-
Capital Outlay	-	17,674	-	625	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	-	49,851	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	6,349	-
Total Expenditures	1,646	288,703	25,436	136,884	48,158	20,499	28,601	1,772,107	363,117
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	942	64,807	(2,652)	29,620	(72,698)	1,029	(15,668)	(1,137,664)	(13,697)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	926,305	-
Transfers Out	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
SBITA	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	94,000	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	94,000	-	-	-	-	-	926,305	-
NET CHANGE IN FUND BALANCE	942	158,807	(2,652)	29,620	(72,698)	1,029	(15,668)	(211,359)	(13,697)
Fund Balances - October 1, 2024	241	389,835	41,518	1,390,441	87,092	37,564	182,432	220,893	167,683
Restatement for GASB 101	-	-	-	-	-	-	-	-	-
Fund Balance - October 1, 2024, As Restated	241	389,835	41,518	1,390,441	87,092	37,564	182,432	220,893	167,683
FUND BALANCES - SEPTEMBER 30, 2025	\$ 1,183	\$ 548,642	\$ 38,866	\$ 1,420,061	\$ 14,394	\$ 38,593	\$ 166,764	\$ 9,534	\$ 153,986

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds							
	Orange Blossom Estates Special Benefit District	Sun-N-Lakes of Lake Placid Recreation District	Conserva- tion Trust	Intergov- ernmental Radio Communi- cations	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District	Lake Placid Special Benefit Fire District
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	1,250	171,300	46,715	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Assessments	-	296,750	-	-	9,959	-	10,924	-
Net Change in Fair Value of Investments	11	7,801	24,200	2,016	5,856	5	370	6,183
Miscellaneous	-	330	-	49,806	-	-	-	-
Total Revenues	11	306,131	195,500	98,537	15,815	5	11,294	6,183
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	410,652	-	-	-	-
Physical Environment	-	-	46,114	-	-	-	-	-
Transportation	160	-	-	-	4,319	194	10,336	-
Economic Environment	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Culture and Recreation	-	152,013	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-
Capital Outlay	-	65,999	-	-	-	-	-	-
Debt Service:								
Principal Retirement	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	160	218,012	46,114	410,652	4,319	194	10,336	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(149)	88,119	149,386	(312,115)	11,496	(189)	958	6,183
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	306,726	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-
SBITA	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	306,726	-	-	-	-
NET CHANGE IN FUND BALANCE	(149)	88,119	149,386	(5,389)	11,496	(189)	958	6,183
Fund Balances - October 1, 2024	149	138,267	549,902	323	148,514	189	29,638	434,147
Restatement for GASB 101	-	-	-	-	-	-	-	-
Fund Balance - October 1, 2024, As Restated	149	138,267	549,902	323	148,514	189	29,638	434,147
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ 226,386	\$ 699,288	\$ (5,066)	\$ 160,010	\$ -	\$ 30,596	\$ 440,330

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds								
	Building Code Enforce- ment	Florida Boating Improve- ment	Special Law Enforce- ment Trust	Highway Park Special Benefit District	Affordable Housing Assistance Trust	Highlands Park Estates Special Benefit District	Driver Education Safety Trust	Tourist Development Trust	Industrial Development Agency
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063,553	\$ -
Licenses and Permits	1,781,257	-	-	-	-	-	-	-	-
Intergovernmental	-	33,441	31,499	-	373,335	-	-	27,567	-
Charges for Services	319,691	-	-	-	147,625	2,900	24,081	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-
Assessments	-	-	-	6,952	-	137,390	-	-	-
Net Change in Fair Value of Investments	253,285	13,641	13,598	1,035	133,144	3,548	3,651	204,148	12
Miscellaneous	8,037	-	-	-	-	-	-	-	-
Total Revenues	2,362,270	47,082	45,097	7,987	654,104	143,838	27,732	2,295,268	12
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	1,559,761	-	-	-	-	-	16,582	-	-
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	7,323	-	58,137	-	-	-
Economic Environment	-	-	-	-	855,291	-	-	1,323,669	-
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	15,705	-	-	-	-	-	-	-
Court Related	-	-	-	-	-	-	-	-	-
Capital Outlay	255,698	-	-	-	2,958	5,062	-	140,422	-
Debt Service:									
Principal Retirement	34,139	-	-	-	3,741	-	-	2,955	-
Interest and Fiscal Charges	1,921	-	-	-	234	-	-	146	-
Total Expenditures	1,851,519	15,705	-	7,323	862,224	63,199	16,582	1,467,192	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	510,751	31,377	45,097	664	(208,120)	80,639	11,150	828,076	12
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	108,652	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
SBITA	22,005	-	-	-	2,958	-	-	4,234	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	789	-	-	-	-	-	-	778	-
Total Other Financing Sources (Uses)	22,794	-	-	-	111,610	-	-	5,012	-
NET CHANGE IN FUND BALANCE	533,545	31,377	45,097	664	(96,510)	80,639	11,150	833,088	12
Fund Balances - October 1, 2024	5,832,986	363,315	358,735	34,964	3,143,632	127,991	91,867	4,645,692	1,099
Restatement for GASB 101	(63,022)	-	-	-	(605)	-	-	(717)	-
Fund Balance - October 1, 2024, As Restated	5,769,964	363,315	358,735	34,964	3,143,027	127,991	91,867	4,644,975	1,099
FUND BALANCES - SEPTEMBER 30, 2025	\$ 6,303,509	\$ 394,692	\$ 403,832	\$ 35,628	\$ 3,046,517	\$ 208,630	\$ 103,017	\$ 5,478,063	\$ 1,111

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds								
	Domestic Violence Training	Fire Inspection and Safety	Sebring Parkway Maintenance	State Court Facilities Trust	Innovations and Supplemental Courts Funding Trust	Crime Prevention	Court Tech 28.24(12)(e)1	Child Support Enforcement Grant	Home Initiatives Partnership
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	1,390	-	-	-	-	-	-	-
Intergovernmental	-	-	87,444	-	-	-	30,000	328,239	-
Charges for Services	9,195	46,231	-	149,696	90,375	39,842	226,345	-	-
Fines and Forfeitures	-	-	-	-	-	194	-	-	-
Assessments	-	-	-	-	-	-	-	-	-
Net Change in Fair Value of Investments	4,803	243	66,986	91	618	1,400	7,207	4,123	6
Miscellaneous	-	-	-	-	-	-	25	-	-
Total Revenues	13,998	47,864	154,430	149,787	90,993	41,436	263,577	332,362	6
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	124,032	-	-	-	60,761	-	-	-
Physical Environment	-	-	-	-	-	-	-	-	-
Transportation	-	-	175,443	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	20
Human Services	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Court Related	-	-	-	265,963	47,426	-	557,768	284,541	-
Capital Outlay	-	33	-	20,554	37,500	-	72,856	257	-
Debt Service:									
Principal Retirement	-	-	-	4,450	-	-	11,695	1,217	-
Interest and Fiscal Charges	-	-	-	47	-	-	219	89	-
Total Expenditures	-	124,065	175,443	291,014	84,926	60,761	642,538	286,104	20
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,998	(76,201)	(21,013)	(141,227)	6,067	(19,325)	(378,961)	46,258	(14)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	41,128	178,106	135,850	22,052	-	338,065	-	-
Transfers Out	-	-	-	(14,979)	(25,562)	-	-	(46,431)	-
Leases	-	-	-	-	-	-	-	-	-
SBITA	-	-	-	20,554	-	-	44,824	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	41,128	178,106	141,425	(3,510)	-	382,889	(46,431)	-
NET CHANGE IN FUND BALANCE	13,998	(35,073)	157,093	198	2,557	(19,325)	3,928	(173)	(14)
Fund Balances - October 1, 2024	143,643	35,171	1,620,776	26,704	20,152	180,311	290,697	-	559
Restatement for GASB 101	-	(98)	-	(622)	-	-	287	173	-
Fund Balance - October 1, 2024, As Restated	143,643	35,073	1,620,776	26,082	20,152	180,311	290,984	173	559
FUND BALANCES - SEPTEMBER 30, 2025	\$ 157,641	\$ -	\$ 1,777,869	\$ 26,280	\$ 22,709	\$ 160,986	\$ 294,912	\$ -	\$ 545

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	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	Inmate Welfare
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	532,324	-	-
Charges for Services	-	75,759	18,005	241,440	1,442,025	169	-
Fines and Forfeitures	-	-	-	-	634,581	-	-
Assessments	4,428	-	-	-	-	-	-
Net Change in Fair Value of Investments	-	10,780	83	5,539	18,500	19	-
Miscellaneous	-	24,560	-	8,997	108	-	249,473
Total Revenues	4,428	111,099	18,088	255,976	2,627,538	188	249,473
EXPENDITURES							
Current:							
General Government	-	1,800	-	-	-	-	-
Public Safety	-	-	-	-	-	49,082	229,984
Physical Environment	-	-	-	-	-	-	-
Transportation	420	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Court Related	-	-	20,386	113,636	2,605,800	-	-
Capital Outlay	-	-	105	-	10,924	-	-
Debt Service:							
Principal Retirement	-	-	-	-	10,349	-	-
Interest and Fiscal Charges	665	-	-	-	465	-	-
Total Expenditures	1,085	1,800	20,491	113,636	2,627,538	49,082	229,984
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,343	109,299	(2,403)	142,340	-	188	19,489
OTHER FINANCING SOURCES (USES)							
Transfers In	5,000	-	50	-	749	-	-
Transfers Out	-	-	-	(15)	-	-	-
Leases	-	-	-	-	-	-	-
SBITA	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	5,000	-	50	(15)	749	-	-
NET CHANGE IN FUND BALANCE	8,343	109,299	(2,353)	142,325	749	188	19,489
Fund Balances - October 1, 2024	(26,696)	594,176	7,834	363,733	-	1,226	2,237,833
Restatement for GASB 101	-	-	(50)	15	(749)	-	(2,606)
Fund Balance - October 1, 2024, As Restated	(26,696)	594,176	7,784	363,748	(749)	1,226	2,235,227
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ (18,353)</u>	<u>\$ 703,475</u>	<u>\$ 5,431</u>	<u>\$ 506,073</u>	<u>\$ -</u>	<u>\$ 1,414</u>	<u>\$ 2,254,716</u>

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		
	Thunderbird Hill Waste Water Special Benefit District	Highlands County Fire Protection Special Benefit District	HCISSR Construction	HCPINR Construction	Public Improvement Revenue Note	ISSR Revenue Note	Total All Nonmajor Governmental Funds
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063,553
Licenses and Permits	-	-	-	-	-	-	1,782,647
Intergovernmental	-	46,596	-	-	-	-	1,986,410
Charges for Services	-	-	-	-	-	-	3,554,587
Fines and Forfeitures	-	-	-	-	-	-	634,775
Assessments	-	10,634,513	-	-	-	-	11,588,984
Net Change in Fair Value of Investments	778	191,810	456,683	113,541	437	7,608	1,623,874
Miscellaneous	-	26,068	-	-	-	-	463,856
Total Revenues	778	10,898,987	456,683	113,541	437	7,608	23,698,686
EXPENDITURES							
Current:							
General Government	-	-	65,617	-	-	-	67,417
Public Safety	-	7,907,119	-	-	-	-	12,073,880
Physical Environment	-	-	-	-	-	-	94,272
Transportation	-	-	-	-	-	-	739,802
Economic Environment	-	-	-	-	-	-	2,178,980
Human Services	-	-	-	-	-	-	363,117
Culture and Recreation	-	-	-	-	-	-	167,718
Court Related	-	-	-	-	-	-	3,895,520
Capital Outlay	-	1,012,833	13,377,921	201,506	-	-	15,222,927
Debt Service:							
Principal Retirement	-	121,555	-	-	370,000	2,915,000	3,524,952
Interest and Fiscal Charges	296	6,624	-	-	84,968	219,739	321,762
Total Expenditures	296	9,048,131	13,443,538	201,506	454,968	3,134,739	38,650,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	482	1,850,856	(12,986,855)	(87,965)	(454,531)	(3,127,131)	(14,951,661)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	3,564,432	-	-	531,180	6,267,719	12,426,014
Transfers Out	-	(531,180)	-	-	-	-	(618,167)
Leases	-	-	-	-	-	-	-
SBITA	-	87,325	-	-	-	-	181,900
Issuance of Debt	-	-	12,000,000	-	-	-	12,000,000
Sale of Surplus Assets	-	283	-	-	-	-	95,850
Total Other Financing Sources (Uses)	-	3,120,860	12,000,000	-	531,180	6,267,719	24,085,597
NET CHANGE IN FUND BALANCE	482	4,971,716	(986,855)	(87,965)	76,649	3,140,588	9,133,936
Fund Balances - October 1, 2024	65,875	2,620,574	10,139,754	2,850,319	-	-	40,123,378
Restatement for GASB 101	-	(75,193)	-	-	-	-	(143,187)
Fund Balance - October 1, 2024, As Restated	65,875	2,545,381	10,139,754	2,850,319	-	-	39,980,191
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ 66,357</u>	<u>\$ 7,517,097</u>	<u>\$ 9,152,899</u>	<u>\$ 2,762,354</u>	<u>\$ 76,649</u>	<u>\$ 3,140,588</u>	<u>\$ 49,114,127</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 2,300	\$ 2,300	\$ 2,571	\$ 271
Net Change in Fair Value of Investments	-	-	17	17
Total Revenues	2,300	2,300	2,588	288
EXPENDITURES				
Current:				
Transportation	2,440	2,440	1,646	794
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(140)	(140)	942	1,082
Fund Balances - October 1, 2024	140	140	241	101
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183</u>	<u>\$ 1,183</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 500	\$ 500	\$ 500	\$ -
Assessments	325,000	335,161	335,161	-
Net Change in Fair Value of Investments	7,200	14,804	17,169	2,365
Miscellaneous	600	600	680	80
Total Revenues	333,300	351,065	353,510	2,445
EXPENDITURES				
Current:				
Transportation	256,135	271,822	271,029	793
Capital Outlay	97,000	99,830	17,674	82,156
Total Expenditures	353,135	371,652	288,703	82,949
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,835)	(20,587)	64,807	85,394
OTHER FINANCING SOURCES				
SBITAs	-	-	-	-
Sale of Surplus Assets	-	-	94,000	94,000
Total Other Financing Sources	-	-	94,000	94,000
NET CHANGE IN FUND BALANCE	(19,835)	(20,587)	158,807	179,394
Fund Balances - October 1, 2024	19,835	20,587	389,835	369,248
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 548,642	\$ 548,642

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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 20,822	\$ 20,822	\$ 21,629	\$ 807
Net Change in Fair Value of Investments	600	600	1,155	555
Total Revenues	21,422	21,422	22,784	1,362
EXPENDITURES				
Current:				
Transportation	30,827	30,827	25,436	5,391
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,405)	(9,405)	(2,652)	6,753
Fund Balances - October 1, 2024	9,405	9,405	41,518	32,113
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,866</u>	<u>\$ 38,866</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 86,716	\$ 86,716	\$ 102,006	\$ 15,290
Net Change in Fair Value of Investments	20,000	20,000	64,498	44,498
Total Revenues	106,716	106,716	166,504	59,788
EXPENDITURES				
Current:				
Transportation	278,862	278,862	136,259	142,603
Capital Outlay	50,000	550,000	625	549,375
Total Expenditures	328,862	828,862	136,884	691,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(222,146)	(722,146)	29,620	751,766
Fund Balances - October 1, 2024	222,146	722,146	1,390,441	668,295
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,420,061</u>	<u>\$ 1,420,061</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 33,000	\$ 33,000	\$ (49,540)	\$ (82,540)
Miscellaneous	-	25,000	25,000	-
Total Revenues	33,000	58,000	(24,540)	(82,540)
EXPENDITURES				
Current:				
Physical Environment	33,000	59,001	48,158	10,843
Capital Outlay	-	4,748	-	4,748
Total Expenditures	33,000	63,749	48,158	15,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(5,749)	(72,698)	(66,949)
Fund Balances - October 1, 2024	-	5,749	87,092	81,343
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,394</u>	<u>\$ 14,394</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 20,000	\$ 20,000	\$ 20,488	\$ 488
Net Change in Fair Value of Investments	750	750	1,040	290
Total Revenues	20,750	20,750	21,528	778
EXPENDITURES				
Current:				
Transportation	28,025	28,025	20,499	7,526
Total Expenditures	28,025	28,025	20,499	7,526
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,275)	(7,275)	1,029	8,304
Fund Balances - October 1, 2024	7,275	7,275	37,564	30,289
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,593</u>	<u>\$ 38,593</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 6,350	\$ 6,350	\$ 6,213	\$ (137)
Net Change in Fair Value of Investments	2,500	2,500	6,720	4,220
Total Revenues	8,850	8,850	12,933	4,083
EXPENDITURES				
Current:				
Transportation	8,850	191,282	28,601	162,681
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(182,432)	(15,668)	166,764
Fund Balances - October 1, 2024	-	182,432	182,432	-
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,764</u>	<u>\$ 166,764</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E911 EMERGENCY OPERATIONS FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 706,960	\$ 151,968	\$ (554,992)
Charges for Services	474,000	474,000	482,475	8,475
Total Revenues	474,000	1,180,960	634,443	(546,517)
EXPENDITURES				
Current:				
Public Safety	1,626,609	2,543,041	1,715,907	827,134
Debt Service				
Principal	-	49,851	49,851	-
Interest	-	6,349	6,349	-
Total Expenditures	1,626,609	2,599,241	1,772,107	827,134
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,152,609)	(1,418,281)	(1,137,664)	280,617
OTHER FINANCING SOURCES				
Transfers In	1,152,609	1,152,609	926,305	(226,304)
Total Other Financing Sources	1,152,609	1,152,609	926,305	(226,304)
NET CHANGE IN FUND BALANCE	-	(265,672)	(211,359)	54,313
Fund Balances - October 1, 2024	-	265,672	220,893	(44,779)
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 9,534	\$ 9,534

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOSPITAL DISTRICT FUND
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 343,997	\$ 343,997	\$ 343,997	\$ -
Net Change in Fair Value of Investments	-	-	5,423	5,423
Total Revenues	343,997	343,997	349,420	5,423
EXPENDITURES				
Current:				
Human Services	343,997	395,260	363,117	32,143
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(51,263)	(13,697)	37,566
Fund Balances - October 1, 2024	-	51,263	167,683	116,420
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,986</u>	<u>\$ 153,986</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 300	\$ 300	\$ 11	\$ (289)
EXPENDITURES				
Current:				
Transportation	23,800	23,800	160	23,640
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,500)	(23,500)	(149)	23,351
Fund Balances - October 1, 2024	23,500	23,500	149	(23,351)
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 500	\$ 500	\$ 1,250	\$ 750
Assessments	245,285	275,160	296,750	21,590
Net Change in Fair Value of Investments	2,200	2,200	7,801	5,601
Miscellaneous	500	500	330	(170)
Total Revenues	248,485	278,360	306,131	27,771
EXPENDITURES				
Current:				
Culture and Recreation	160,837	161,316	152,013	9,303
Capital Outlay	150,000	179,875	65,999	113,876
Total Expenditures	310,837	341,191	218,012	123,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,352)	(62,831)	88,119	150,950
Fund Balances - October 1, 2024	62,352	62,831	138,267	75,436
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,386</u>	<u>\$ 226,386</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CONSERVATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 92,205	\$ 28,465	\$ 171,300	\$ 142,835
Net Change in Fair Value of Investments	6,500	6,500	24,200	17,700
Total Revenues	98,705	34,965	195,500	160,535
EXPENDITURES				
Current:				
Physical Environment	110,705	179,214	46,114	133,100
Capital Outlay	-	4,583	-	(4,583)
Total Expenditures	110,705	183,797	46,114	128,517
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,000)	(148,832)	149,386	298,218
Fund Balances - October 1, 2024	12,000	148,832	549,902	401,070
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,288</u>	<u>\$ 699,288</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERGOVERNMENTAL RADIO COMMUNICATIONS FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 48,500	\$ 48,500	\$ 46,715	\$ (1,785)
Net Change in Fair Value of Investments	-	-	2,016	2,016
Miscellaneous	50,000	50,000	49,806	(194)
Total Revenues	98,500	98,500	98,537	37
EXPENDITURES				
Current:				
Public Safety	410,652	410,652	410,652	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(312,152)	(312,152)	(312,115)	37
OTHER FINANCING SOURCES				
Transfers In	312,152	312,152	306,726	(5,426)
NET CHANGE IN FUND BALANCE	-	-	(5,389)	(5,389)
Fund Balances - October 1, 2024	-	-	323	323
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ (5,066)	\$ (5,066)

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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 9,595	\$ 9,595	\$ 9,959	\$ 364
Net Change in Fair Value of Investments	1,500	1,500	5,856	4,356
Total Revenues	11,095	11,095	15,815	4,720
EXPENDITURES:				
Current:				
Transportation	80,620	80,620	4,319	76,301
Total Expenditures	80,620	80,620	4,319	76,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(69,525)	(69,525)	11,496	81,021
Fund Balances - October 1, 2024	69,525	69,525	148,514	78,989
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,010</u>	<u>\$ 160,010</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 100	\$ 100	\$ 5	\$ (95)
EXPENDITURES				
Current:				
Transportation	9,000	9,000	194	8,806
Total Expenditures	9,000	9,000	194	8,806
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,900)	(8,900)	(189)	8,711
Fund Balances - October 1, 2024	8,900	8,900	189	(8,711)
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 10,464	\$ 10,464	\$ 10,924	\$ 460
Net Change in Fair Value of Investments	500	500	370	(130)
Total Revenues	10,964	10,964	11,294	330
EXPENDITURES				
Current:				
Transportation	15,190	15,190	10,336	4,854
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,226)	(4,226)	958	5,184
Fund Balances - October 1, 2024	4,226	4,226	29,638	25,412
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,596</u>	<u>\$ 30,596</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 6,183	\$ 6,183
Total Revenues	-	-	6,183	6,183
EXPENDITURES				
Capital Outlay	402,777	402,777	-	402,777
Total Expenditures	402,777	402,777	-	402,777
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(402,777)	(402,777)	6,183	408,960
Fund Balances - October 1, 2024	402,777	402,777	434,147	31,370
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,330</u>	<u>\$ 440,330</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT EDUCATION FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 18,968	\$ 18,968
Net Change in Fair Value of Investments	-	-	13,633	13,633
Total Revenues	-	-	32,601	32,601
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	32,601	32,601
Fund Balances - October 1, 2024	-	-	363,485	363,485
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,086</u>	<u>\$ 396,086</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CODE ENFORCEMENT
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 1,206,000	\$ 1,206,000	\$ 1,781,257	\$ 575,257
Charges for Services	200,750	200,750	319,691	118,941
Net Change in Fair Value of Investments	150,000	150,000	253,285	103,285
Miscellaneous	5,000	5,000	8,037	3,037
Total Revenues	1,561,750	1,561,750	2,362,270	800,520
EXPENDITURES				
Current:				
Public Safety:	1,926,050	1,911,153	1,559,761	351,392
Capital Outlay	95,804	2,757,321	255,698	2,501,623
Debt Service:				
Principal Retirement	-	19,168	34,139	(14,971)
Interest	-	443	1,921	(1,478)
Total Expenditures	2,021,854	4,688,085	1,851,519	2,836,566
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(460,104)	(3,126,335)	510,751	3,637,086
OTHER FINANCING SOURCES				
SBITAs	-	-	22,005	22,005
Sale of Surplus Assets	-	-	789	789
Total Other Financing Sources	-	-	22,794	22,794
NET CHANGE IN FUND BALANCE	(460,104)	(3,126,335)	533,545	3,659,880
Fund Balances - October 1, 2024	460,104	3,126,335	5,832,986	2,706,651
Restatement for GASB 101	-	-	(63,022)	(63,022)
Fund Balance - October 1, 2024, As Restated	460,104	3,126,335	5,769,964	2,643,629
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,303,509</u>	<u>\$ 6,303,509</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FLORIDA BOATING IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 33,441	\$ (1,559)
Net Change in Fair Value of Investments	4,800	4,800	13,641	8,841
Total Revenues	39,800	39,800	47,082	7,282
EXPENDITURES				
Current:				
Culture and Recreation	-	66,394	15,705	50,689
Capital Outlay	48,000	-	-	-
Total Expenditures	48,000	66,394	15,705	50,689
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,200)	(26,594)	31,377	57,971
Fund Balances - October 1, 2024	8,200	26,594	363,315	336,721
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,692</u>	<u>\$ 394,692</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 31,499	\$ 31,499
Net Change in Fair Value of Investments	-	-	13,598	13,598
Total Revenues	-	-	45,097	45,097
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	45,097	45,097
Fund Balances - October 1, 2024	-	-	358,735	358,735
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,832</u>	<u>\$ 403,832</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 6,192	\$ 6,192	\$ 6,952	\$ 760
Net Change in Fair Value of Investments	700	700	1,035	335
Total Revenues	6,892	6,892	7,987	1,095
EXPENDITURES				
Current:				
Transportation	12,125	12,125	7,323	4,802
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,233)	(5,233)	664	5,897
Fund Balances - October 1, 2024	5,233	5,233	34,964	29,731
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,628</u>	<u>\$ 35,628</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 26,229	\$ 373,335	\$ 347,106
Charges for Services	-	84,497	147,625	63,128
Net Change in Fair Value of Investments	-	46,711	133,144	86,433
Total Revenues	-	157,437	654,104	496,667
EXPENDITURES				
Current:				
Economic Environment	646,053	3,382,161	855,291	2,526,870
Capital Outlay	-	4,558	2,958	1,600
Debt Service:				
Principal Retirement	-	1,498	3,741	(2,243)
Interest	-	9	234	(225)
Total Expenditures	646,053	3,388,226	862,224	2,526,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(646,053)	(3,230,789)	(208,120)	3,022,669
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	108,652	108,652	-
SBITA	-	4,558	2,958	1,600
Total Other Financing Sources (Uses)	100,000	113,210	111,610	1,600
NET CHANGE IN FUND BALANCE	(546,053)	(3,117,579)	(96,510)	3,024,269
Fund Balances - October 1, 2024	546,053	3,117,579	3,143,632	26,053
Restatement for GASB 101	-	-	(605)	(605)
Fund Balance - October 1, 2024, As Restated	546,053	3,117,579	3,143,027	25,448
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,046,517</u>	<u>\$ 3,046,517</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1,000	\$ 1,000	\$ 2,900	\$ 1,900
Assessments	122,380	122,380	137,390	15,010
Net Change in Fair Value of Investments	2,000	2,000	3,548	1,548
Total Revenues	125,380	125,380	143,838	18,458
EXPENDITURES				
Current:				
Transportation:	80,532	80,532	58,137	22,395
Capital Outlay	70,000	70,000	5,062	64,938
Total Expenditures	150,532	150,532	63,199	87,333
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,152)	(25,152)	80,639	105,791
Fund Balances - October 1, 2024	25,152	25,152	127,991	102,839
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,630</u>	<u>\$ 208,630</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRIVER EDUCATION SAFETY TRUST FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 25,000	\$ 25,000	\$ 24,081	\$ (919)
Net Change in Fair Value of Investments	1,250	1,250	3,651	2,401
Total Revenues	26,250	26,250	27,732	1,482
EXPENDITURES				
Current:				
Public Safety:	30,000	30,000	16,582	13,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,750)	(3,750)	11,150	14,900
Fund Balances - October 1, 2024	3,750	3,750	91,867	88,117
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,017</u>	<u>\$ 103,017</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURIST DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,790,182	\$ 1,790,182	\$ 2,063,553	\$ 273,371
Intergovernmental	-	33,549	27,567	(5,982)
Net Change in Fair Value of Investments	-	-	204,148	204,148
Total Revenues	1,790,182	1,823,731	2,295,268	471,537
EXPENDITURES				
Current:				
Economic Environment:	1,994,873	2,264,859	1,323,669	941,190
Capital Outlay	770,000	824,645	140,422	684,223
Debt Service:				
Principal	-	1,547	2,955	(1,408)
Interest	-	10	146	(136)
Total Expenditures	2,764,873	3,091,061	1,467,192	1,623,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(974,691)	(1,267,330)	828,076	2,095,406
OTHER FINANCING SOURCES				
Sale of Surplus Asset	-	-	778	778
SBITA	-	-	4,234	4,234
Total Other Financing Sources	-	-	5,012	5,012
NET CHANGE IN FUND BALANCE	(974,691)	(1,267,330)	833,088	2,100,418
Fund Balances - October 1, 2024	974,691	1,267,330	4,645,692	3,378,362
Restatement for GASB 101	-	-	(717)	(717)
Fund Balance - October 1, 2024, As Restated	974,691	1,267,330	4,644,975	3,377,645
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 5,478,063	\$ 5,478,063

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT AGENCY FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 12	\$ 12
EXPENDITURES				
Current:				
Economic Environment:	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	12	12
Fund Balances - October 1, 2024	-	-	1,099	1,099
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111</u>	<u>\$ 1,111</u>

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOMESTIC VIOLENCE TRAINING FUND
YEAR ENDED SEPTEMBER 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 9,195	\$ 9,195
Net Change in Fair Value of Investments	-	-	4,803	4,803
Total Revenues	-	-	13,998	13,998
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	13,998	13,998
Fund Balances - October 1, 2024	-	-	143,643	143,643
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,641</u>	<u>\$ 157,641</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 1,200	\$ 1,200	\$ 1,390	\$ 190
Charges for Services	10,700	10,700	46,231	35,531
Net Change in Fair Value of Investments	1,750	1,750	243	(1,507)
Total Revenues	13,650	13,650	47,864	34,214
EXPENDITURES				
Current:				
Public Safety	165,630	165,597	124,032	41,565
Capital Outlay	-	33	33	-
Total Expenditures	165,630	165,630	124,065	41,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(151,980)	(151,980)	(76,201)	75,779
OTHER FINANCING SOURCES				
Transfer In	-	-	41,128	41,128
Total Other Financing Sources	-	-	41,128	41,128
NET CHANGE IN FUND BALANCE	(151,980)	(151,980)	(35,073)	116,907
Fund Balances - October 1, 2024	151,980	151,980	35,171	(116,809)
Restatement for GASB 101	-	-	(98)	(98)
Fund Balance - October 1, 2024, As Restated	151,980	151,980	35,073	(116,907)
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING PARKWAY MAINTENANCE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 80,678	\$ 80,678	\$ 87,444	\$ 6,766
Net Change in Fair Value of Investments	-	-	66,986	66,986
Total Revenues	80,678	80,678	154,430	73,752
EXPENDITURES				
Current:				
Transportation	259,463	307,491	175,443	132,048
Total Expenditures	259,463	307,491	175,443	132,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(178,785)	(226,813)	(21,013)	205,800
OTHER FINANCING SOURCES				
Transfers In	178,785	178,785	178,106	(679)
Total Other Financing Sources	178,785	178,785	178,106	(679)
NET CHANGE IN FUND BALANCE	-	(48,028)	157,093	205,121
Fund Balances - October 1, 2024	-	48,028	1,620,776	1,572,748
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,777,869</u>	<u>\$ 1,777,869</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 165,100	\$ 165,100	\$ 149,696	\$ (15,404)
Net Change in Fair Value of Investments	-	-	91	91
Total Revenues	165,100	165,100	149,787	(15,313)
EXPENDITURES				
Current:				
Court Related	295,423	310,175	265,963	44,212
Capital Outlay	-	20,554	20,554	-
Debt Service:				
Principal	-	4,451	4,450	1
Interest	-	47	47	-
Total Expenditures	295,423	335,227	291,014	44,213
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(130,323)	(170,127)	(141,227)	28,900
OTHER FINANCING SOURCES (USES)				
Transfers In	155,430	190,430	135,850	(54,580)
Transfers Out	(32,000)	(32,000)	(14,979)	17,021
SBITA	-	-	20,554	20,554
Total Other Financing Sources (Uses)	123,430	158,430	141,425	(17,005)
NET CHANGE IN FUND BALANCE	(6,893)	(11,697)	198	11,895
Fund Balances - October 1, 2024	6,893	11,697	26,704	15,007
Restatement for GASB 101	-	-	(622)	(622)
Fund Balance - October 1, 2024, As Restated	6,893	11,697	26,082	14,385
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,280</u>	<u>\$ 26,280</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 73,600	\$ 77,794	\$ 90,375	\$ 12,581
Net Change in Fair Value of Investments	400	416	618	202
Total Revenues	74,000	78,210	90,993	12,783
EXPENDITURES				
Current:				
Court Related	88,705	72,205	47,426	24,779
Capital Outlay	21,000	37,500	37,500	-
Total Expenditures	109,705	109,705	84,926	24,779
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,705)	(31,495)	6,067	37,562
OTHER FINANCING SOURCES (USES)				
Transfers In	62,505	62,505	22,052	(40,453)
Transfers Out	(36,800)	(41,010)	(25,562)	15,448
Total Other Financing Sources (Uses)	25,705	21,495	(3,510)	(25,005)
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	2,557	12,557
Fund Balances - October 1, 2024	10,000	10,000	20,152	10,152
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 22,709	\$ 22,709

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CRIME PREVENTION FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 32,000	\$ 32,000	\$ 39,842	\$ 7,842
Fines and Forfeitures	-	-	194	194
Net Change in Fair Value of Investments	1,750	1,750	1,400	(350)
Total Revenues	33,750	33,750	41,436	7,686
EXPENDITURES				
Current:				
Public Safety	70,289	71,097	60,761	10,336
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,539)	(37,347)	(19,325)	18,022
Fund Balances - October 1, 2024	36,539	37,347	180,311	142,964
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,986</u>	<u>\$ 160,986</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Charges for Services	205,000	205,000	226,345	21,345
Net Change in Fair Value of Investments	250	250	7,207	6,957
Miscellaneous	-	-	25	25
Total Revenues	235,250	235,250	263,577	28,327
EXPENDITURES				
Current:				
Court Related	841,868	801,716	557,768	243,948
Capital Outlay	64,978	95,357	72,856	22,501
Debt Service:				
Principal Retirement	-	9,663	11,695	(2,032)
Interest	-	110	219	(109)
Total Expenditures	906,846	906,846	642,538	264,308
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(671,596)	(671,596)	(378,961)	292,635
OTHER FINANCING SOURCES (USES)				
Transfers In	593,431	593,431	338,065	(255,366)
SBITA	-	-	44,824	44,824
Total Other Financing Sources (Uses)	593,431	593,431	382,889	(210,542)
NET CHANGE IN FUND BALANCE	(78,165)	(78,165)	3,928	82,093
Fund Balances - October 1, 2024	78,165	78,165	290,697	212,532
Restatement for GASB 101	-	-	287	287
Fund Balance - October 1, 2024, As Restated	78,165	78,165	290,984	212,819
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 294,912	\$ 294,912

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOME INITIATIVES PARTNERSHIP FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 6	\$ 6
EXPENDITURES				
Current:				
Economic Environment	482	482	20	462
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(482)	(482)	(14)	468
Fund Balances - October 1, 2024	482	482	559	77
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 545</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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 4,275	\$ 4,291	\$ 4,428	\$ 137
EXPENDITURES				
Current:				
Transportation	427	443	420	23
Debt Service:				
Principal Retirement	3,427	3,427	-	3,427
Interest	665	665	665	-
Total Expenditures	<u>4,519</u>	<u>4,535</u>	<u>1,085</u>	<u>3,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(244)	(244)	3,343	3,587
OTHER FINANCING SOURCES				
Transfers In	-	-	5,000	5,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	-	-	8,343	8,587
Fund Balances - October 1, 2024	<u>244</u>	<u>244</u>	<u>(26,696)</u>	<u>(26,940)</u>
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,353)</u>	<u>\$ (18,353)</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SERVICES FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 354,987	\$ 423,281	\$ 532,324	\$ 109,043
Charges for Services	1,251,480	1,251,480	1,442,025	190,545
Fines and Forfeitures	663,060	663,060	634,581	(28,479)
Net Change in Fair Value of Investments	18,120	18,120	18,500	380
Miscellaneous	-	-	108	108
Total Revenues	2,287,647	2,355,941	2,627,538	271,597
EXPENDITURES				
Current:				
Court Related	2,287,647	2,334,197	2,605,800	(271,603)
Capital Outlay	-	10,929	10,924	5
Debt Service				
Principal	-	10,349	10,349	-
Interest	-	466	465	1
Total Expenditures	2,287,647	2,355,941	2,627,538	(271,597)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES				
Transfers In	-	-	749	749
Total Other Financing Sources	-	-	749	749
NET CHANGE IN FUND BALANCE	-	-	749	749
Fund Balances - October 1, 2024	-	-	-	-
Restatement for GASB 101	-	-	(749)	(749)
Fund Balance - October 1, 2024, As Restated	-	-	(749)	(749)
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ -	\$ -

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, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ 1,200	\$ 1,200	\$ 778	\$ (422)
Total Revenues	1,200	1,200	778	(422)
EXPENDITURES				
Current:				
Physical Environment	1,710	1,710	-	1,710
Debt Service:				
Principal Retirement	14,770	14,770	-	14,770
Interest	296	296	296	-
Total Expenditures	16,776	16,776	296	16,480
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,576)	(15,576)	482	16,058
Fund Balances - October 1, 2024	15,576	15,576	65,875	50,299
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,357</u>	<u>\$ 66,357</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, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 3,042,356	\$ 46,596	\$ (2,995,760)
Assessments	9,668,203	9,668,203	10,634,513	966,310
Net Change in Fair Value of Investments	165,000	165,000	191,810	26,810
Miscellaneous Revenue	-	23,875	26,068	2,193
Total Revenues	9,833,203	12,899,434	10,898,987	(2,000,447)
EXPENDITURES				
Current:				
Public Safety	8,516,659	8,524,958	7,907,119	617,839
Capital Outlay	2,550,414	10,814,753	1,012,833	9,801,920
Debt Service:				
Principal Retirement	370,000	40,924	121,555	(80,631)
Interest	84,970	302	6,624	(6,322)
Total Expenditures	11,522,043	19,380,937	9,048,131	10,332,806
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,688,840)	(6,481,503)	1,850,856	8,332,359
OTHER FINANCING SOURCES (USES)				
Transfer In	538,643	3,564,432	3,564,432	-
Transfer Out	-	(531,183)	(531,180)	3
Sale of Surplus Assets	-	-	283	283
SBITA	-	-	87,325	87,325
Total Other Financing Sources (Uses)	538,643	3,033,249	3,120,860	87,611
NET CHANGE IN FUND BALANCE	(1,150,197)	(3,448,254)	4,971,716	8,419,970
Fund Balances - October 1, 2024	1,150,197	3,448,254	2,620,574	(827,680)
Restatement for GASB 101	-	-	(75,193)	(75,193)
Fund Balance - October 1, 2024, As Restated	1,150,197	3,448,254	2,545,381	(902,873)
FUND BALANCES - SEPTEMBER 30, 2025	\$ -	\$ -	\$ 7,517,097	\$ 7,517,097

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, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ 2,315	\$ 456,683	\$ 454,368
EXPENDITURES				
Current:				
General Government	-	77,315	65,617	11,698
Capital Outlay	-	22,217,243	13,377,921	8,839,322
Total Expenditures	-	22,294,558	13,443,538	8,851,020
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(22,292,243)	(12,986,855)	9,305,388
OTHER FINANCING SOURCES				
Issuance of Debt	-	12,000,000	12,000,000	-
Total Other Financing Sources	-	12,000,000	12,000,000	-
NET CHANGE IN FUND BALANCE	-	(10,292,243)	(986,855)	9,305,388
Fund Balances - October 1, 2024	-	10,292,243	10,139,754	(152,489)
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,152,899</u>	<u>\$ 9,152,899</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, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 113,541	\$ 113,541
Total Revenues	-	-	113,541	113,541
EXPENDITURES				
Capital Outlay	-	2,329,304	201,506	2,127,798
Total Expenditures	-	2,329,304	201,506	2,127,798
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,329,304)	(87,965)	2,241,339
Fund Balances - October 1, 2024	-	2,329,304	2,850,319	521,015
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,762,354</u>	<u>\$ 2,762,354</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL – PUBLIC IMPROVEMENT REVENUE NOTE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 437	\$ 437
Total Revenues	-	-	437	437
EXPENDITURES				
Debt Service:				
Principal Retirement	-	433,335	370,000	63,335
Interest	-	97,848	84,968	12,880
Total Expenditures	-	531,183	454,968	76,215
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(531,183)	(454,531)	76,652
OTHER FINANCING SOURCES (USES)				
Transfer In	-	531,183	531,180	3
NET CHANGE IN FUND BALANCE	-	-	76,649	76,649
Fund Balances - October 1, 2024	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,649</u>	<u>\$ 76,649</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL – ISSR REVENUE NOTE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 7,608	\$ 7,608
Total Revenues	-	-	7,608	7,608
EXPENDITURES				
Debt Service:				
Principal Retirement	-	5,846,584	2,915,000	2,931,584
Interest	-	421,137	219,739	201,398
Total Expenditures	-	6,267,721	3,134,739	3,132,982
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,267,721)	(3,127,131)	3,140,590
OTHER FINANCING SOURCES (USES)				
Transfer In	-	6,267,721	6,267,719	2
NET CHANGE IN FUND BALANCE	-	-	3,140,588	3,140,588
Fund Balances - October 1, 2024	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,140,588</u>	<u>\$ 3,140,588</u>

**HIGHLANDS COUNTY, FLORIDA
INTERNAL SERVICE FUNDS DESCRIPTIONS**

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, 2025

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,467,301	\$ 50,469	\$ 8,717,261	\$ 10,235,031
Investments	-	-	1,263,935	1,263,935
Accounts Receivable	7,243	4	548	7,795
Due from Other Governmental Units	57,788	-	-	57,788
Due from Other Funds	128	599	-	727
Total Assets	1,532,460	51,072	9,981,744	11,565,276
LIABILITIES				
Current Liabilities:				
Vouchers Payable	16,526	-	4,579	21,105
Claims Payable	762,495	-	-	762,495
Due to Others	-	-	-	-
Unearned Revenues	638,876	-	-	638,876
Compensated Absences	-	-	997,717	997,717
Total Current Liabilities	1,417,897	-	1,002,296	2,420,193
Noncurrent Liabilities:				
Compensated Absences	-	-	8,979,449	8,979,449
Total Liabilities	1,417,897	-	9,981,744	11,399,641
NET POSITION				
Unrestricted	114,563	51,072	-	165,635
Total Net Position	\$ 114,563	\$ 51,072	\$ -	\$ 165,635

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 14,687,402	\$ 2,698,310	\$ 5,284,578	\$ 22,670,290
Total Operating Revenues	14,687,402	2,698,310	5,284,578	22,670,290
OPERATING EXPENSES				
General and Administrative	1,617,077	-	5,509,375	7,126,452
Insurance and Claims	13,127,509	2,710,053	-	15,837,562
Total Operating Expenses	14,744,586	2,710,053	5,509,375	22,964,014
OPERATING INCOME (LOSS)	(57,184)	(11,743)	(224,797)	(293,724)
NONOPERATING REVENUES				
Net Change in Fair Value of Investments	38,797	5	224,797	263,599
CHANGE IN NET POSITION	(18,387)	(11,738)	-	(30,125)
Net Position - October 1, 2024	132,950	62,810	-	195,760
NET POSITION - SEPTEMBER 30, 2025	\$ 114,563	\$ 51,072	\$ -	\$ 165,635

**HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Internal Customers	\$ 14,727,649	\$ 2,697,717	\$ 5,284,578	\$ 22,709,944
Cash Payments for Insurance Premiums and Claims	(14,693,632)	(2,712,158)	-	(17,405,790)
Cash Payments to Employees for Services	-	-	(2,464,562)	(2,464,562)
Net Cash Provided (Used) by Operating Activities	34,017	(14,441)	2,820,016	2,839,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance to Other Funds	-	-	-	-
Repayment on Advance to Other Funds	-	-	(881)	(881)
Receipt on Advance from Other Funds	-	-	745	745
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	(136)	(136)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	-	-	(1,230,000)	(1,230,000)
Sale of Investments	-	-	-	-
Investment Income	38,797	5	192,285	231,087
Net Cash Provided (Used) by Investing Activities	38,797	5	(1,037,715)	(998,913)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,814	(14,436)	1,782,165	1,840,543
Cash and Cash Equivalents - October 1, 2024	1,394,487	64,905	6,935,096	8,394,488
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2025	<u>\$ 1,467,301</u>	<u>\$ 50,469</u>	<u>\$ 8,717,261</u>	<u>\$ 10,235,031</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (57,184)	\$ (11,743)	\$ (224,797)	\$ (293,724)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	22,569	6	-	22,575
Due from Other Funds	(128)	(599)	-	(727)
Due from Other Governmental Units	(57,788)	-	-	(57,788)
Interest Receivable	-	-	-	-
Increase (Decrease) in:				
Vouchers Payable	(5,020)	-	-	(5,020)
Claims Payable	55,974	(2,105)	-	53,869
Compensated Absences	-	-	3,044,813	3,044,813
Unearned Revenues	75,594	-	-	75,594
Total Adjustments	91,201	(2,698)	3,044,813	3,133,316
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,017</u>	<u>\$ (14,441)</u>	<u>\$ 2,820,016</u>	<u>\$ 2,839,592</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 Individual Depositor - To account for fees charged to serve civil process. Fees are collected and held until service is completed and then remitted to other entities or individuals.

Sheriff's Suspense - To account for fees and court ordered payments collected for various agencies. These funds are remitted to 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, 2025

	Sheriff's Inmates	Sheriff's Cash Bond	Sheriff's Unclaimed Evidence	Sheriff's Individual Depositors	Sheriff's Suspense	Tax Collector's Tag Agency	Tax Collector's Tax and License	Tax Collector's Tax Redemption	Clerk's Child Support	Clerk's Suspense	Board's Agency Escrow	Total
ASSETS												
Cash and Cash Equivalents	\$ 14,769	\$ -	\$ 1,206	\$ 2,815	\$ 19,046	\$ 156,722	\$ 1,358,097	\$ 266,411	\$ -	\$ 5,449,960	\$ 65,547	\$ 7,334,573
Investments	-	-	-	-	-	-	-	-	-	-	156,363	156,363
Due from Others	730	-	-	-	-	10	-	-	354	6,697	66	7,857
Due from Other Governmental Units	-	-	-	-	1,032	-	-	-	-	8,784	-	9,816
Total Assets	15,499	-	1,206	2,815	20,078	156,732	1,358,097	266,411	354	5,465,441	221,976	7,508,609
LIABILITIES												
Due to Others	13,766	-	-	2,815	-	-	116,472	266,411	-	13,952	-	413,416
Due to Other Governmental Units	-	-	-	-	18,585	156,732	1,241,625	-	354	441,295	-	1,858,591
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Tax Deed Surplus	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	13,766	-	-	2,815	18,585	156,732	1,358,097	266,411	354	455,247	-	2,272,007
NET POSITION												
Restricted for Other Governments and Individuals	\$ 1,733	\$ -	\$ 1,206	\$ -	\$ 1,493	\$ -	\$ -	\$ -	\$ -	\$ 5,010,194	\$ 221,976	\$ 5,236,602

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Sheriff's Inmates	Sheriff's Cash Bond	Sheriff's Unclaimed Evidence	Sheriff's Individual Depositors	Sheriff's Suspense	Tax Collector's Tag Agency	Tax Collector's Tax and License	Tax Collector's Tax Redemption	Clerk's Child Support	Clerk's Suspense	Board's Agency Escrow	Total
ADDITIONS												
Tax, License, Fines, and Fees Collected for Other Governments and Individuals	\$ 257,091	\$ 22,810	\$ 33,129	\$ 30,785	\$ 44,629	\$ 13,805,395	\$ 65,963,190	\$ 7,257,484	\$ 104,749	\$ 21,019,854	\$ 6,428	\$ 108,545,544
DEDUCTIONS												
Tax, License, Fines, and Fees Disbursed to Other Governments and Individuals	<u>257,712</u>	<u>22,810</u>	<u>33,129</u>	<u>30,785</u>	<u>43,136</u>	<u>13,805,395</u>	<u>65,963,190</u>	<u>7,257,484</u>	<u>104,749</u>	<u>21,674,400</u>	<u>-</u>	<u>109,192,790</u>
CHANGE IN NET POSITION	(621)	-	-	-	1,493	-	-	-	-	(654,546)	6,428	(647,246)
Net Position - October 1, 2024	<u>2,354</u>	<u>-</u>	<u>1,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,664,740</u>	<u>215,548</u>	<u>5,883,848</u>
NET POSITION - SEPTEMBER 30, 2025	<u><u>\$ 1,733</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,206</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,493</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,010,194</u></u>	<u><u>\$ 221,976</u></u>	<u><u>\$ 5,236,602</u></u>

THE MEDAL OF HONOR

"HONOR THEIR COURAGE. REMEMBER THEIR SACRIFICE."



The Medal of Honor (MOH) is the highest military award for valor granted by the United States Armed Forces. It stands as the oldest continuously awarded combat decoration in the nation, symbolizing exceptional bravery and sacrifice. First introduced for the Naval Service in 1861, and followed by the Army in 1862, the Medal of Honor has long recognized those whose actions reflect the highest ideals of courage and service.



There are three distinct versions of the Medal of Honor, each representing a different branch of service:

1. The Army Medal of Honor
2. The Navy Medal of Honor
3. The Air Force Medal of Honor

Statistical Section

Statistical Fact

The Metal of Honor (MOH) have been awarded to 3,528 individuals, 24 of that is from Florida.



Did you know?

In 1990, Congress designated March 25 annually as "National Medal of Honor Day."



HIGHLANDS COUNTY, FLORIDA STATISTICAL SECTION

This section of the County's Annual Comprehensive 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.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Net Position by Components, Last Ten Fiscal Years	179
Changes in Net Position, Last Ten Fiscal Years	180
Fund Balances, Governmental Funds, Last Ten Fiscal Years	183
Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years	184

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, ad valorem taxes.

Taxable Value and Actual Value of Property, Last Ten Fiscal Years	185
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	186
Principal Property Tax Payers, Current Fiscal Year and Nine Years Prior	187
Property Tax Levies and Collections, Last Ten Fiscal Years	188

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Ratios of General Bonded Debt Outstanding by Type, Last Ten Fiscal Years	189
Overlapping Governmental Activities Debt, As of September 30, 2025	190
Pledged-Revenue Coverage, Last Ten Fiscal Years	191

The table which concerns computation of legal debt margins is omitted because the Constitution of the State of Florida, Section 200.181, Florida Statutes, and Highlands County set no legal debt limit.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment which the County's financial activities take place.

Demographic and Economic Statistics, Last Ten Fiscal Years	192
Principal Employers, Current Fiscal Year and Nine Years Prior	193

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.

Full-Time Equivalent County Government Employees by Function, Last Ten Fiscal Years	194
Operating Indicators by Function	195
Capital Assets by Function	198

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 278,403	\$ 272,626	\$ 264,190	\$ 253,124	\$ 243,879	\$ 231,232	\$ 225,367	\$ 213,827	\$ 206,255	\$ 197,479
Restricted	50,720	56,794	49,094	42,753	36,721	34,914	40,883	42,707	40,820	47,025
Unrestricted	14,006	(10,658)	(19,758)	(16,450)	(34,850)	(49,770)	(41,387)	(44,686)	(30,211)	(25,408)
Total Governmental Activities										
Net Position	<u>\$ 343,128</u>	<u>\$ 318,762</u>	<u>\$ 293,526</u>	<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>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 25,092	\$ 11,848	\$ 11,045	\$ 10,021	\$ 9,072	\$ 8,684	\$ 8,758	\$ 9,369	\$ 9,153	\$ 9,393
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,667	15,424	13,536	13,147	11,858	10,935	10,118	9,002	7,650	5,609
Total Business-Type Activities										
Net Position	<u>\$ 29,758</u>	<u>\$ 27,272</u>	<u>\$ 24,581</u>	<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>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 303,494	\$ 284,474	\$ 275,234	\$ 263,145	\$ 252,951	\$ 239,916	\$ 234,125	\$ 223,196	\$ 215,408	\$ 206,872
Restricted	50,720	56,794	49,094	42,753	36,721	34,914	40,883	42,707	40,820	47,025
Unrestricted	18,673	4,766	(6,222)	(3,303)	(22,992)	(38,835)	(31,269)	(35,684)	(22,561)	(19,799)
Total Primary Government										
Net Position	<u>\$ 372,887</u>	<u>\$ 346,034</u>	<u>\$ 318,106</u>	<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>

HIGHLANDS COUNTY, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 24,606,027	\$ 25,376,757	\$ 22,599,038	\$ 21,865,689	\$ 21,188,678	\$ 20,865,488	\$ 20,874,168	\$ 18,519,219	\$ 17,632,374	\$ 15,875,786
Public Safety	77,271,233	65,175,642	68,119,772	55,919,431	43,208,028	59,515,863	56,939,713	59,326,852	48,236,789	41,971,815
Physical Environment	2,409,134	2,242,954	2,030,825	1,680,317	1,068,965	1,250,441	1,178,231	1,864,091	1,276,317	1,688,061
Transportation	13,339,974	17,578,300	17,604,650	16,212,205	14,905,826	18,631,875	14,508,911	13,459,205	13,339,901	13,152,319
Economic Environment	4,608,659	3,250,887	4,213,158	3,166,655	2,977,572	3,266,775	3,704,233	3,508,116	2,716,539	2,713,202
Human Services	7,395,317	4,380,732	14,147,925	4,955,460	18,607,574	7,664,991	3,639,034	3,682,396	3,844,649	3,838,641
Culture and Recreation	3,455,189	3,168,479	3,980,638	3,193,504	3,042,138	3,542,238	2,894,053	2,988,164	3,241,983	3,041,505
Court Related	6,020,049	6,071,097	5,945,120	5,312,924	4,822,945	5,387,500	5,215,689	4,782,597	4,508,844	4,286,136
Debt Service:										
Interest on Long-Term Debt	739,900	441,876	428,000	436,499	413,615	462,290	452,226	479,532	526,214	576,318
Total Governmental Activities Expenses	139,845,482	127,686,724	139,069,126	112,742,684	110,235,341	120,587,461	109,406,258	108,610,172	95,323,610	87,143,783
Business-Type Activities:										
Solid Waste	11,313,966	10,796,924	11,792,374	9,258,245	8,615,200	8,904,617	9,019,161	8,258,598	7,911,813	8,229,484
Energy Recovery	1,543,859	1,540,169	1,563,769	2,669,422	2,926,822	4,739,577	2,067,795	1,286,705	2,182,353	2,190,260
Total Business-Type Activities Expenses	12,857,825	12,337,093	13,356,143	11,927,667	11,542,022	13,644,194	11,086,956	9,545,303	10,094,166	10,419,744
Total Primary Government Expenses	<u>\$ 152,703,307</u>	<u>\$ 140,023,817</u>	<u>\$ 152,425,269</u>	<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>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 5,287,083	\$ 4,716,395	\$ 4,560,840	\$ 4,479,244	\$ 4,718,317	\$ 4,029,731	\$ 3,611,736	\$ 3,491,884	\$ 3,388,476	\$ 3,232,991
Public Safety	25,116,058	22,074,436	20,805,949	19,804,087	17,417,929	13,796,529	14,611,053	10,201,333	9,109,107	8,455,014
Physical Environment	171,300	176,607	251,108	259,002	306,658	286,800	223,291	209,208	203,253	190,111
Transportation	3,843,497	3,473,653	3,551,401	3,499,680	2,641,294	2,453,038	3,778,828	2,960,748	2,541,604	2,532,117
Economic Environment	174,583	267,678	336,687	429,466	345,273	192,294	218,340	234,972	190,647	133,273
Human Services	976,837	15,238	1,066,771	19,069	20,196	21,113	22,944	32,040	56,356	78,134
Culture and Recreation	409,961	344,050	311,139	224,642	190,729	160,345	198,047	205,665	205,127	231,252
Court Related	4,073,813	3,704,448	3,285,687	3,147,946	3,260,991	2,505,424	2,582,473	2,770,345	2,551,261	2,395,544
Operating Grants and Contributions:										
General Government	2,502,646	304,697	2,227,097	11,458,327	177,111	346,919	89,915	97,665	119,917	154,809
Public Safety	5,350,925	4,227,499	8,440,730	534,034	651,756	319,850	13,637,806	918,640	484,767	471,626
Physical Environment	296,494	333,084	285,499	332,200	366,376	320,161	269,695	320,313	322,895	442,290
Transportation	-	-	-	-	-	-	-	23,995	6,419	2,052
Economic Environment	541,335	934,977	1,778,911	1,068,257	756,005	454,711	1,363,228	738,802	408,358	826,494
Human Services	1,362,698	719,300	755,921	652,759	15,731,780	4,521,721	646,931	739,927	534,043	667,781
Culture and Recreation	237,098	191,831	288,501	205,424	217,880	207,999	194,621	241,801	193,493	207,941
Court Related	30,000	25,000	36,949	35,932	23,983	20,000	15,000	15,000	-	-

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PROGRAM REVENUES										
(CONTINUED)										
Governmental Activities (Continued):										
Capital Grants and Contributions:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,657	\$ 167,864	\$ 98,063	\$ 60,657	\$ 60,657
Public Safety	463,535	350,027	1,160,006	303,268	156,012	481,644	446,895	38,756	86,077	400,886
Physical Environment	-	12,652	17,348	-	25,905	5,660,798	870,117	872,809	711,535	329,100
Transportation	1,125,876	261,954	2,948,968	5,593,047	8,134,378	454,091	809,475	2,151,471	2,899,663	696,326
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	39,871	956,079	606,301	-	-
Culture and Recreation	215,545	-	-	10,000	-	-	-	-	-	3,115
Court Related	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities										
Program Revenues	52,179,284	42,133,526	52,109,512	52,056,384	55,142,573	36,333,696	44,714,338	26,969,738	24,073,655	21,511,513
Business-Type Activities:										
Charges for Services:										
Solid Waste	12,959,087	12,200,588	11,960,861	11,327,521	9,670,526	9,342,369	9,043,194	9,704,626	9,282,253	8,245,581
Energy Recovery	1,310,380	1,407,959	1,568,190	2,536,351	2,921,291	4,998,541	2,093,557	1,236,046	2,377,919	2,223,189
Operating Grants and Contributions:										
Solid Waste	93,750	93,750	157,543	29,957	158,379	26,280	90,909	90,909	90,909	90,909
Energy Recovery	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Energy Recovery	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities										
Program Revenues	14,363,217	13,702,297	13,686,594	13,893,829	12,750,196	14,367,190	11,227,660	11,031,581	11,751,081	10,559,679
Total Primary Government										
Program Revenues	<u>\$ 66,542,501</u>	<u>\$ 55,835,823</u>	<u>\$ 65,796,106</u>	<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>
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (87,666,198)	\$ (85,553,198)	\$ (86,959,614)	\$ (60,686,300)	\$ (55,092,768)	\$ (84,253,765)	\$ (64,691,920)	\$ (81,640,434)	\$ (71,249,955)	\$ (65,632,270)
Business-Type Activities	1,505,392	1,365,204	330,451	1,966,162	1,208,174	722,996	140,704	1,486,278	1,656,915	139,935
Total Primary Governmental										
Net Expense	<u>\$ (86,160,806)</u>	<u>\$ (84,187,994)</u>	<u>\$ (86,629,163)</u>	<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>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 59,336,664	\$ 55,682,657	\$ 50,578,777	\$ 47,203,470	\$ 44,385,911	\$ 41,984,688	\$ 39,979,150	\$ 39,565,159	\$ 38,462,928	\$ 37,278,775
Fuel Taxes	4,934,865	4,772,924	4,934,488	4,814,901	4,697,783	4,296,818	4,554,036	4,662,245	4,544,584	4,587,791
Sales Tax	15,658,154	14,972,541	15,044,472	13,829,396	11,634,496	9,952,249	9,766,712	9,811,985	9,072,162	9,128,971
Services Taxes	559,451	542,016	549,756	542,369	535,916	557,115	574,650	623,216	724,573	675,705
Other Taxes	2,125,075	1,951,137	1,895,965	1,588,064	1,200,802	913,665	1,064,256	560,188	482,936	481,072
State Shared Revenues	24,154,009	24,706,034	22,637,741	18,633,100	16,520,077	15,003,122	15,434,257	15,205,276	14,506,012	13,810,350
Net Change in Fair Value of Investments	6,086,243	6,674,827	4,611,006	1,975,240	1,088,320	948,096	1,274,929	892,708	662,365	451,282
Gain on Sale of Capital Assets	679,136	422,327	354,024	5,103,450	3,322,823	826,358	952,383	145,545	77,368	43,112
Insurance Recoveries	114,256	384,984	275,918	252,951	269,543	74,416	752,218	-	-	-
Miscellaneous	705,452	565,992	71,435	313,754	705,410	915,547	3,261,481	1,993,965	485,539	308,519
Transfers	112,486	113,318	105,010	106,585	105,872	294,798	92,916	226,063	-	-
Total Governmental Activities	<u>114,465,791</u>	<u>110,788,757</u>	<u>101,058,592</u>	<u>94,363,280</u>	<u>84,466,953</u>	<u>75,766,872</u>	<u>77,706,988</u>	<u>73,686,350</u>	<u>69,018,467</u>	<u>66,765,577</u>
Business-Type Activities:										
Net Change in Fair Value of Investments	1,157,564	1,428,716	1,171,982	263,986	150,383	276,307	450,023	243,064	143,822	59,744
Gain (Loss) on Sale of Capital Assets	8,878	10,825	-	7,162	32,669	15,000	2,888	5	-	55,000
Insurance Recoveries	4,714	-	14,625	107,416	25,392	23,552	4,382	-	-	-
Transfers	(112,486)	(113,318)	(105,010)	(106,585)	(105,872)	(294,798)	(92,916)	(226,063)	-	-
Total Business-Type Activities	<u>1,058,670</u>	<u>1,326,223</u>	<u>1,081,597</u>	<u>271,979</u>	<u>102,572</u>	<u>20,061</u>	<u>364,377</u>	<u>17,006</u>	<u>143,822</u>	<u>114,744</u>
Total Primary Government	<u>\$ 115,524,461</u>	<u>\$ 112,114,980</u>	<u>\$ 102,140,189</u>	<u>\$ 94,635,259</u>	<u>\$ 84,569,525</u>	<u>\$ 75,786,933</u>	<u>\$ 78,071,365</u>	<u>\$ 73,703,356</u>	<u>\$ 69,162,289</u>	<u>\$ 66,880,321</u>
CHANGE IN NET POSITION										
Government Activities	\$ 26,799,593	\$ 25,235,559	\$ 14,098,978	\$ 33,676,980	\$ 29,374,185	\$ (8,486,893)	\$ 13,015,068	\$ (7,954,084)	\$ (2,231,488)	\$ 1,133,307
Business-Type Activities	2,564,062	2,691,427	1,412,048	2,238,141	1,310,746	743,057	505,081	1,503,284	1,800,737	254,679
Total Primary Government	<u>\$ 29,363,655</u>	<u>\$ 27,926,986</u>	<u>\$ 15,511,026</u>	<u>\$ 35,915,121</u>	<u>\$ 30,684,931</u>	<u>\$ (7,743,836)</u>	<u>\$ 13,520,149</u>	<u>\$ (6,450,800)</u>	<u>\$ (430,751)</u>	<u>\$ 1,387,986</u>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL FUND										
Nonspendable	\$ 1,743,472	\$ 1,463,394	\$ 1,388,489	\$ 1,297,795	\$ 1,249,038	\$ 1,345,428	\$ 1,688,633	\$ 1,254,682	\$ 1,271,683	\$ 1,090,109
Assigned	6,787,783	2,414,929	1,809,332	3,387,198	468,434	518,151	357,689	392,559	5,395,581	478,468
Unassigned	51,130,718	58,492,322	50,566,292	41,553,938	25,909,864	17,524,589	17,133,264	4,946,829	11,207,433	17,965,879
	<u>51,130,718</u>	<u>58,492,322</u>	<u>50,566,292</u>	<u>41,553,938</u>	<u>25,909,864</u>	<u>17,524,589</u>	<u>17,133,264</u>	<u>4,946,829</u>	<u>11,207,433</u>	<u>17,965,879</u>
Total General Fund	<u>\$ 59,661,973</u>	<u>\$ 62,370,645</u>	<u>\$ 53,764,113</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 1,271,455	\$ 80,661	\$ 1,414,339	\$ 583,052	\$ 1,386,989	\$ 1,743,945	\$ 138,111	\$ 43,171	\$ 129,818	\$ 58,043
Restricted	62,282,840	68,398,741	56,640,777	49,328,284	33,686,376	35,798,233	44,362,820	41,575,220	40,740,308	46,180,218
Assigned	19,003,651	1,108,724	1,108,724	1,108,725	1,108,725	1,131,596	1,131,596	1,131,596	1,131,596	1,131,596
Unassigned	(23,436)	(26,696)	(745,798)	(44,332)	(36,100)	(2,409)	(5,465,323)	(5,285,444)	(3,502,628)	(449,481)
	<u>(23,436)</u>	<u>(26,696)</u>	<u>(745,798)</u>	<u>(44,332)</u>	<u>(36,100)</u>	<u>(2,409)</u>	<u>(5,465,323)</u>	<u>(5,285,444)</u>	<u>(3,502,628)</u>	<u>(449,481)</u>
Total All Other Governmental Funds	<u>\$ 82,534,510</u>	<u>\$ 69,561,430</u>	<u>\$ 58,418,042</u>	<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>

HIGHLANDS COUNTY, FLORIDA

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Taxes	\$ 82,552,687	\$ 77,861,958	\$ 72,946,323	\$ 67,928,829	\$ 62,404,912	\$ 57,650,705	\$ 55,887,727	\$ 55,172,719	\$ 53,234,947	\$ 52,101,154
Licenses and Permits	1,965,757	1,759,722	2,145,403	2,216,196	1,455,417	1,037,516	1,001,754	1,465,721	773,153	768,201
Intergovernmental	37,514,763	36,859,752	42,736,434	39,157,533	40,845,539	31,496,711	34,817,945	22,550,893	21,205,397	18,627,084
Charges for Services	17,328,579	17,520,115	16,502,686	15,208,670	14,299,662	11,369,540	11,944,323	10,893,391	10,219,318	9,464,472
Fines and Forfeitures	847,504	859,870	737,638	703,974	934,692	617,376	597,206	613,473	483,845	659,069
Assessments	11,588,984	8,266,459	7,715,846	6,992,757	6,492,597	5,910,454	5,432,424	2,222,840	2,236,688	2,151,722
Net Change in Fair Value of Investments	5,822,660	6,348,792	4,366,745	1,906,914	1,043,670	863,974	1,129,691	782,659	610,260	429,176
Miscellaneous	6,288,433	5,668,943	5,372,076	5,572,802	4,476,390	3,887,094	6,117,091	4,505,545	4,163,763	3,800,801
Total Revenues	163,909,367	155,145,611	152,523,151	139,687,675	131,952,879	112,833,370	116,928,161	98,207,241	92,927,371	88,001,679
EXPENDITURES										
Current:										
General Government	24,094,355	22,454,067	21,594,420	19,261,121	18,887,873	19,137,605	19,504,745	17,298,385	16,382,937	15,820,668
Public Safety	69,756,210	61,019,673	63,602,577	55,736,834	51,033,560	51,272,109	48,686,528	55,424,348	46,488,455	49,112,058
Physical Environment	1,828,438	1,926,460	1,822,263	1,665,981	1,220,904	1,662,450	3,256,902	3,807,540	5,951,756	1,652,101
Transportation	16,290,590	14,631,606	21,606,390	25,448,864	25,572,993	21,371,636	19,273,642	17,015,511	17,543,571	14,340,234
Economic Environment	4,822,537	4,430,252	4,074,817	3,113,222	2,998,436	3,091,151	3,548,911	3,413,605	2,663,981	2,646,019
Human Services	7,663,808	4,033,493	14,052,410	4,886,156	18,591,572	7,387,680	3,596,614	3,571,908	3,682,639	3,830,092
Culture and Recreation	3,077,226	2,575,057	3,480,792	2,889,392	2,826,716	3,057,918	2,770,798	2,661,198	2,915,249	2,719,949
Court Related	6,175,306	5,922,696	5,369,781	5,200,966	5,124,632	4,674,599	4,608,530	4,460,416	4,186,800	4,453,875
Capital Outlay	31,403,071	17,456,118								
Debt Service:										
Principal Retirement	6,391,168	4,804,048	4,527,661	14,806,776	3,160,611	3,174,345	2,821,386	2,609,352	2,658,400	2,648,293
Interest	635,582	459,882	446,984	421,672	438,304	486,706	439,671	486,219	534,624	576,895
Total Expenditures	172,138,291	139,713,352	140,578,095	133,430,984	129,855,601	115,316,199	108,507,727	110,748,482	103,008,412	97,800,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,228,924)	15,432,259	11,945,056	6,256,691	2,097,278	(2,482,829)	8,420,434	(12,541,241)	(10,081,041)	(9,798,505)
OTHER FINANCING SOURCES (USES)										
Transfers In	16,016,577	9,014,294	2,481,770	3,926,826	2,275,907	3,130,908	1,320,536	1,569,934	1,636,066	1,121,712
Transfers Out	(15,904,091)	(8,900,976)	(2,376,760)	(3,820,241)	(2,170,035)	(2,836,110)	(1,227,620)	(1,343,871)	(1,636,066)	(1,121,712)
Insurance Recoveries	114,256	384,984	275,918	252,951	261,580	74,416	752,217	-	-	-
Leases	52,902	230,323	22,619	107,657	-	-	-	-	-	-
SBITAs	2,246,213	2,514,236	1,750,458	-	-	-	-	-	-	-
Finance Purchase Agreement	-	-	514,410	-	-	-	-	-	-	-
Sale of Surplus Asset	679,136	422,327	354,024	5,103,450	-	-	-	-	-	-
Issuance of Debt	16,970,193	652,473	-	21,614,000	3,249,063	826,358	6,022,610	-	-	-
Total Other Financing Sources (Uses)	20,175,186	4,317,661	3,022,439	27,184,643	3,616,515	1,195,572	6,867,743	226,063	-	-
NET CHANGE IN FUND BALANCES	\$ 11,946,262	\$ 19,749,920	\$ 14,967,495	\$ 33,441,334	\$ 5,713,793	\$ (1,287,257)	\$ 15,288,177	\$ (12,315,178)	\$ (10,081,041)	\$ (9,798,505)
Debt Service as a Percentage of Noncapital Expenditures	5.00%	4.40%	3.28%	3.28%	3.53%	3.51%	3.19%	3.73%	4.01%	3.51%

**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				
2025	\$ 9,580,480,563	\$ 3,312,042,387	\$ 1,737,504,414	\$ 1,486,401,894	\$ 893,194,071	\$ 8,692,315,262	\$ 8,317,308,067	7.6000
2024	8,921,952,797	3,324,284,852	1,393,519,370	1,489,116,473	871,608,941	8,696,910,086	7,303,572,347	7.8500
2023	7,378,784,648	726,210,696	1,154,010,560	1,375,364,329	786,993,610	4,995,742,593	6,425,621,250	8.1000
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

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. In fiscal year 2024, the Property Appraiser's office transitioned from a factorial valuation of agriculture property to one more accurate of fair market value. The updated methodology does not impact agriculture's taxable value.

^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		
2025	7.6000	7.6000	5.3440	0.1909	0.2301	5.0000	6.3184	3.1000	20.1834	27.7834
2024	7.8500	7.8500	5.4370	0.2301	0.2043	4.3681	6.3184	3.1000	19.6579	27.5079
2023	8.1000	8.1000	5.5510	0.2301	0.2260	4.3681	5.8184	3.1500	19.3436	27.4436
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

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 2025			Fiscal Year 2016		
		Assessed Value ^a	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	\$ 218,884,647	1	1.29%	\$ 127,619,168	1	1.87%
Tanglewood Investors Limited	Real Estate	75,743,911	2	0.45%	43,865,797	4	0.64%
FLA Gas Transmission Co	Gas System	65,490,380	3	0.39%	77,393,474	2	1.13%
Sebring Airport Authority	Industrial/Entertainment	60,041,745	4	0.35%	55,786,254	3	0.82%
Glades Electric Coop Inc	Electric Utility	56,053,105	5	0.33%	40,629,284	6	0.59%
Gulfstream Natural Gas Sys LLC	Gas System	39,933,943	6	0.23%	43,096,205	5	0.63%
Sun Comm Acquisitions LLC	Real Estate	35,205,202	7	0.21%	-	-	0.00%
Comcast of West FL, Inc.	Communications	32,144,322	8	0.19%	-	-	0.00%
Lykes Bros Inc	Cattle & Citrus	30,643,283	9	0.18%	37,575,166	7	0.55%
RCG-Sebring PM	Retail	28,798,364	10	0.17%	-	-	0.00%
ARC - Sebring LLC	Retail	-	-	0.00%	25,838,171	8	0.38%
Embarq-Florida Inc.	Telephone Services	-	-	0.00%	23,576,120	9	0.35%
Highlands County Hospital	Hospital	-	-	0.00%	21,434,322	10	0.31%
Total Assessed Value of Ten Largest Taxpayers		642,938,902		3.79%	496,813,961		7.27%
Total Assessed Value of All Other Taxpayers		16,366,684,427		96.21%	6,336,080,600		92.73%
Total Assessed Value of All Taxpayers		<u>\$ 17,009,623,329</u>		<u>100.00%</u>	<u>\$ 6,832,894,561</u>		<u>100.00%</u>

Source: Highlands County Property Appraiser

**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
2025	\$ 60,931,646	N/A	N/A	N/A	N/A	N/A
2024	\$ 57,333,132	N/A	N/A	N/A	N/A	N/A
2023	52,047,603	N/A	N/A	N/A	N/A	N/A
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%

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, 2018.

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 not available since 2017.

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	SBITAs	Leases	Notes Payable	Leases ^a	SBITAs ^b					
2025	\$ -	\$ 33,783,354	\$ -	\$ 2,730,424	\$ 122,686	\$ -	\$ -	\$ 2,845	\$ 36,639,309	N/A	N/A	N/A	N/A
2024	-	20,960,109	-	2,660,186	138,032	-	-	2,845	23,761,172	N/A	N/A	N/A	N/A
2023	-	23,643,543	-	1,375,107	143,454	-	384		25,162,488	18.89%	234	4,754,078	107,614
2022	-	26,419,000	-	-	203,421	-	4,930		26,627,351	22.02%	252	4,419,585	105,618
2021	-	19,553,596	-	-	-	-	-		19,553,596	17.44%	189	4,306,675	103,296
2020	-	22,714,207	-	-	-	-	-		22,714,207	14.08%	224	3,962,441	101,222
2019	-	25,042,643	-	-	845,909	-	-		25,888,551	15.21%	256	3,646,058	101,061
2018	-	21,008,750	-	-	1,678,578	-	-		22,687,328	13.50%	226	3,451,815	100,189
2017	-	22,404,315	-	-	2,892,365	60,596	-		25,357,276	11.52%	253	3,422,997	100,094
2016	-	23,768,018	15,000	-	4,172,062	296,472	97,790		28,349,342	10.14%	287	3,266,766	98,886

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

^a The County implemented GASB Statement 96, *Leases*, in fiscal year 2022.

^b The County implemented GASB Statement 96, *SBITAs*, in fiscal year 2023.

**HIGHLANDS COUNTY, FLORIDA
OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2025**

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Direct Debt			
Notes Payable	\$ 33,783,354	100%	\$ 33,783,354
SBITA/Leases (b)	2,853,110	100%	2,853,110
Total Direct Debt	<u>36,636,464</u>		<u>36,636,464</u>
Overlapping Debt			
Highlands County School Board:			
Bonds Payable	2,495,000	100%	2,495,000
Certificates of Participation	36,694,717	100%	36,694,717
City of Sebring:			
Loans and Notes Payable	6,850,766	12%	805,887
Leases (b)	9,373	12%	1,103
South Florida Water Management District:			
Certificates of Participation	<u>273,400,000</u>	12%	<u>32,161,310</u>
Total Overlapping Debt	<u>319,449,856</u>		<u>72,158,017</u>
Total Direct and Overlapping Debt	<u><u>\$ 356,086,320</u></u>		<u><u>\$ 108,794,481</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 Prior Year 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) In FY 2022, the County implemented GASB Statement 87 for Leases

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

Fiscal Year	Infrastructure Sales Surtax Pledged Revenue Coverage					Coverage
	Infrastructure Sales Surtax Revenue	Debt Service Requirements				
		Principal	Interest	Total		
2025	\$ 15,658,154	\$ 2,915,000	\$ 219,739	\$ 3,134,739	5.00	
2024	14,972,541	2,868,000	263,690	3,131,690	4.78	
2023	15,044,472	2,832,000	307,010	3,139,010	4.79	
2022	13,829,396	2,740,000	299,416	3,039,416	4.55	
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	

Notes:

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

The 2025, 2021, 2010, and 2005 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>
2025	-	\$ -	\$ -	11,685	6.30%
2024	109,778	\$ 5,104,616	46,499	12,037	5.20%
2023	107,614	4,754,078	44,177	12,127	4.70%
2022	105,618	4,419,585	41,845	12,314	4.10%
2021	103,296	4,296,843	41,568	12,119	5.40%
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	3,262,575	32,993	12,296	6.90%

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	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Highlands County School Board	1,879	1	5.49%	1,622	2	4.57%
Advent Health (fka Florida Hospital)	1,798	2	5.25%	1,688	1	4.76%
Wal-Mart	797	3	2.33%	751	3	2.12%
Publix	533	4	1.56%	-	-	0.00%
South Florida State College	450	5	1.31%	455	5	1.28%
HCA Healthcare (fka Highlands Regional Medical Center)	416	6	1.21%	380	6	1.07%
Highlands County Board of County Commissioners	403	7	1.18%	376	7	1.06%
Avon Park Correctional Institute	380	8	1.11%	-	-	0.00%
Highlands County Sheriff's Office	353	9	1.03%	350	9	0.99%
Central Florida Healthcare	263	10	0.77%	-	-	0.00%
Agero f/d/a Cross Country Automotive Services	-	-	0.00%	580	4	1.63%
Alan Jay Automotive	-	-	0.00%	365	8	1.03%
The Palms of Sebring	-	-	0.00%	326	10	0.92%
Total	<u>7,272</u>		<u>21.24%</u>	<u>6,893</u>		<u>20.89%</u>
Labor Force Employed	35,129			32,997		

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.									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL GOVERNMENT										
Legislative	5	5	5	5	5	5	5	5	5	5
Executive	6	6	3	3	4	5	5	4	4	5
Financial and Administrative	133	133	139	139	133	135	129	124	124	116
Comprehensive Planning	10	11	6	6	5	4	4	5	5	5
Other General Government	34	33	24	27	28	24	26	26	24	27
PUBLIC SAFETY										
Law Enforcement	232	234	238	228	237	243	243	244	232	220
Fire Control	44	6	42	40	36	29	32	16	13	14
Detention / Correction	102	103	98	105	107	112	111	110	106	108
Protective Inspection	21	20	20	18	18	17	18	16	13	16
Emergency and Disaster	5	4	6	6	6	9	7	4	5	4
Ambulance and Rescue	54	15	57	62	62	69	65	63	66	61
Other Public Safety	6	7	5	5	5	6	5	3	3	3
PHYSICAL ENVIRONMENT										
Water Utility Services	25	22	22	18	16	17	19	16	21	19
Conservation and Rescue	11	10	11	18	14	13	16	14	13	14
Flood Control/ Stormwater	-	1	1	-	-	-	-	-	-	-
Other Physical Environment	1	1	1	-	-	-	-	-	-	-
TRANSPORTATION										
Road and Street Facilities	128	119	119	114	120	107	120	120	112	113
Other Transportation	3	2	2	-	-	-	-	-	-	-
ECONOMIC ENVIRONMENT										
Housing	3	3	2	2	1	1	1	1	1	1
Veteran Services	4	4	3	4	4	3	3	3	3	3
Other	4	4	4	3	3	3	3	3	3	2
HUMAN SERVICES										
Health	-	-	-	3	8	6	8	8	8	8
Welfare	8	7	7	1	1	1	1	1	1	7
Other Human Services	1	1	1	-	-	-	1	1	1	-
CULTURE AND RECREATION										
Libraries	21	20	19	20	20	19	16	16	14	16
Parks and Recreation	14	13	15	15	16	17	16	17	18	18
COURT RELATED										
Court General Administration	21	18	25	25	23	21	19	23	21	22
Circuit Court Criminal	14	16	9	6	5	4	4	5	5	6
Circuit Court Civil	3	3	2	4	4	4	4	3	3	4
Circuit Court Family	9	8	8	8	10	9	10	8	9	9
Circuit Court Juvenile	2	3	3	5	5	4	5	3	3	3
Court General Operations	4	5	6	7	6	6	9	9	8	7
County Court Traffic	5	5	5	4	6	4	6	6	6	7
Total	933	842	908	901	908	897	911	877	850	843

HIGHLANDS COUNTY, FLORIDA OPERATING INDICATORS BY FUNCTION

Function / Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL GOVERNMENT										
New Hires	103	122	117	93	68	52	89	66	46	46
Purchase Orders Issued	1,455	1,516	1,578	1,676	1,693	1,687	1,681	1,708	1,910	1,518
Comp Plan Amendments	3	13	16	14	19	10	7	5	7	15
IT Work Orders Completed	9,547	14,000	15,011	18,122	17,317	17,050	15,636	17,676	14,636	8,917
IT Users Served	690	700	689	689	689	650	650	650	650	650
PUBLIC SAFETY										
Emergency Medical Services:										
Emergency 911 Call Volume:										
Fire/Rescue Calls	22,478	22,741	24,406	20,600	29,813	19,292	20,629	****	****	****
EMS Calls	****	****	****	****	****	****	****	17,089	17,365	16,546
Fire Department Calls	****	****	****	****	****	****	****	3,914	11,002	9,337
Average EMS Response Time (in Minutes)	8	8	8	9	8	7	7	7	7	8
Air Medical Service (Number of Flights)	94	113	139	3	143	188	212	135	116	104
Sheriff:										
Arrests Made	3,035	1,986	2,111	****	2,099	2,054	3,570	3,699	3,258	4,474
Traffic Citations Issued	3,413 (a)	2,894	3,988	3,986	4,376	2,466	3,888	2,040	2,116	2,349
Detentions and Correction:										
Jail Average Daily Population	510	531	472	462	453	397	460	417	423	379
Building Department:										
Permits Issued	10,079	9,413	13,001	13,847	9,080	7,014	6,820	11,339	5,598	5,407
Inspections Performed	25,260	24,102	30,840	27,793	17,585	13,216	14,431	19,685	9,430	7,527
Zoning Department:										
Code Enforcement Complaints Received	2,399	1,520	1,423	2,144	1,282	2,691	2,142	1,975	2,818	2,222
Code Enforcement Inspections Performed	4,576	2,786	3,125	3,824	5,617	5,329	3,623	3,347	4,219	4,106
PHYSICAL ENVIRONMENT										
Recycled Waste (Tons)	52	510	462	147	389	2,200	3,366	5,528	3,614	2,391
Landfill Waste:										
Residential Household Waste (Tons)	52,125	51,422	51,908	49,693	45,497	44,450	37,960	37,954	37,575	39,411
Commercial Waste (Tons)	57,110	51,797	48,786	44,667	42,158	39,285	36,506	38,443	30,975	28,238
TRANSPORTATION										
Miles of Road Constructed	0.07	0.05	4.87	0.08	0.29	4.31	-	-	0.10	-
Miles of Road Reconstructs	5.73	7.90	2.64	4.66	0.13	132.42	0.06	-	1.10	1.54
Miles of Road Resurfaced	8.97	4.80	14.53	24.78	35.01	67.00	22.39	8.09	30.81	31.30

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

Function / Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ECONOMIC ENVIRONMENT										
Down Payment Assistance Loan Program	***	***	***	***	***	***	***	***	***	***
Veterans' Services:										
In Office Visits	5,401	4,677	2,676	2,222	1,600	1,400	4,905	5,043	5,291	***
Phone Calls Received	14,733	14,031	8,994	11,191	12,292	12,300	10,503	7,990	7,264	***
Home Visits	10	3	-	-	-	-	5	5	12	***
Transportation Trips	-	-	-	-	-	125	250	242	242	***
Presentations	24	44	33	27	25	40	52	29	30	***
HUMAN SERVICES										
Animal Services:										
Number of Complaints Received *	2,874	5,039	5,794	4,759	5,216	4,486	5,603	5,373	2,994	7,359
Number of Impoundments *	2,124	2,710	3,053	2,684	2,955	2,678	3,531	3,035	1,726	3,316
Animals Reclaimed *	264	276	296	395	292	243	268	285	118	340
Animals Adopted *	244	246	210	161	214	185	329	434	139	451
Animals Donated to Humane Society *	1,188	1,505	1,448	1,087	1,335	1,240	1,323	1,046	420	1,277
Animals Euthanized *	251	633	542	771	806	731	1,225	1,038	616	1,146
Wildlife Relocated	***	***	***	***	***	***	52	***	***	***
Transportation Trips for Disadvantaged Persons	60,128	61,657	60,936	62,396	52,560	64,316	74,525	72,219	78,334	92,039
CULTURE AND RECREATION										
Library Operations:										
Registered Borrowers in Highlands County	101,767	99,376	93,273	93,757	91,143	89,250	88,030	20,409	18,736	20,218
Library Visitors	189,118	187,716	176,460	149,740	118,467	136,564	233,161	248,481	269,095	284,480
Items Circulated:										
Adult	150,722	226,661	163,468	169,209	175,345	172,284	233,352	281,953	295,853	354,156
Children	117,560	120,864	104,178	90,936	77,895	68,059	111,532	104,319	122,681	123,069
Adult Programs:										
Number of Programs	179	214	119	3	17	95	159	247	510	414
Number of Attendees	1,104	1,190	669	17	150	1,198	2,202	2,263	4,187	2,766
Children's Programs:										
Number of Programs	460	487	402	244	109	117	229	205	226	287
Number of Attendees	15,121	19,806	11,963	4,774	1,980	3,262	3,124	2,681	3,242	3,736
Volunteer Hours	3,921	4,064	4,835	3,844	3,621	2,825	5,164	6,058	5,435	5,425
Library Webpage Visits	379,450	145,530	148,532	145,548	145,745	186,041	230,313	919,587	1,087,095	1,226,146
Public Internet Usage (Hours)	14,939	15,146	14,969	14,842	23,222	10,702	33,962	194,178	105,715	25,165
Park Rentals:										
H. L. Bishop	80	96	51	73	28	29	61	64	32	49
Boat Ramps Maintained	36	37	37	38	38	38	38	38	38	38

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

Function / Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COURT RELATED										
Cases in Court	21,767	24,903	30,629	21,336	13,864	15,948	26,955	27,557	26,840	26,967
Individuals thru Security	76,664	93,036	93,713	66,822	54,355	52,611	106,396	100,996	124,283	111,171

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL GOVERNMENT										
IT Networked Buildings	60	60	58	54	54	54	54	46	42	43
PUBLIC SAFETY										
EMS Vehicles:										
Ambulances	10	12	9	11	12	14	12	13	15	14
Jaws	10	16	18	14	17	17	2	2	1	2
Administrative	9	9	5	14	7	7	6	5	3	3
Paid/Volunteer Fire Stations:	17	19	15	17	17	17	17	17	17	17
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	2	2	3	3	3	3	3	3	4	4
Patrol Vehicles	168	161	154	167	165	144	144	129	110	97
Command Center	2	2	2	2	2	1	1	1	1	3
Special Operations Vehicle	2	2	2	2	2	3	3	2	4	4
Aircraft	-	-	-	-	-	1	1	1	1	1
Watercraft	3	3	3	3	3	3	3	3	3	3
Correction Facility Capacity	504	504	504	504	504	504	504	504	504	504
TRANSPORTATION										
Miles of County Road:										
Paved	950.28	945	341	938	938	1,003	999	998	998	998
Unpaved	171.18	177	184	189	189	194	198	200	197	197
Number of Airports	2	2	2	2	2	2	2	2	3	3
CULTURE AND RECREATION										
Number of County Libraries	3	3	3	3	3	3	3	3	3	3
Library Books	234,132	242,894	230,668	225,960	222,189	257,241	253,678	245,326	233,238	206,601
Library Audio Materials	6,857	16,682	7,598	7,224	7,451	9,888	9,652	*	9,252	17,941
Library Video Materials	21,826	23,695	24,405	23,482	23,129	32,537	28,380	12,519	26,637	20,886
Number of County Boat Ramps	36	37	37	38	38	38	38	38	38	38
Number of County Parks	46	45	45	45	45	45	45	45	45	45
Parks with Playgrounds	5	5	5	5	4	4	4	4	4	4
Parks with Baseball/Softball Fields	10	10	10	10	10	10	10	10	10	10
Park Acreage (Estimated):										
Developed	195	31	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
Undeveloped	1,466.06	1,466.23	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

At the Florida Medal of Honor Memorial

Compliance Section



The entire garden was thoughtfully designed to follow the Nine Principles of the Florida-Friendly Landscaping Program, ensuring sustainable and environmentally responsible practices. Every element was planned in accordance with the guidelines established by the University of Florida IFAS Extension Office.



The gardens here were designed by Maria Milia.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025**

Federal / State Agency Federal Program / State Project	Assistance Listing Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
FEDERAL AWARDS				
U.S. Department of Justice				
Pass-Through from Florida Department of Law Enforcement:				
JAG Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-04579-JAGX	\$ 17,223	\$ 17,223
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N119	-	66,064
Total Edward Byrne Memorial Justice Assistance Grant Program			17,223	83,287
Residential Substance Abuse Treatment Program	16.593	2N002	174,984	174,984
Total Residential Substance Abuse Treatment Program			174,984	174,984
Total Pass-Through from Florida Department of Law Enforcement			192,207	258,271
Pass-Through from Florida Attorney General:				
Crime Victim Assistance	16.575	VOCA-C-2024-HCSO-00225	-	85,800
Crime Victim Assistance	16.575	VOCA-C-2024-HCSO-00225	-	8,951
Total Crime Victim Assistance			-	94,751
Total Pass-Through From Florida Attorney General			-	94,751
Total U.S. Department of Justice			192,207	353,022
U.S. Department of Treasury				
Direct Programs				
Local Assistance and Tribal Consistency Fund	21.032		-	24,321
Pass-Through from Florida Division of Emergency Management:				
COVID-19: American Rescue Plan Act	21.027		-	2,329,059
Total American Rescue Plan Act			-	2,329,059
Pass-Through from Florida Housing Finance Corporation:				
COVID-19: Coronavirus Relief Fund (CRF)	21.019	061-2020	-	(2,894)
Total Coronavirus Relief Fund			-	(2,894)
Total U.S. Department of Treasury			-	2,350,486
U.S. Department of Transportation				
Pass-Through from Florida Department of Transportation:				
Highway Planning and Construction	20.205	435067-1-3/58/68-01	-	3,516
Highway Planning and Construction	20.205	441923-1-38-01	-	22,595
Highway Planning and Construction	20.205	446306-1-38-01	-	5,495
Total Highway Planning and Construction			-	31,606
Total U.S. Department of Transportation			-	31,606

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, 2025

Federal / State Agency Federal Program / State Project	Assistance Listing Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:				
Promoting Safe and Stable Families	93.556	20-25-42	\$ -	\$ 23,083
Total Promoting Safe and Stable Families			-	23,083
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:				
Temporary Assistance for Needy Families	93.558	20-25-42	-	63,657
Temporary Assistance for Needy Families	93.558	20-25-42	-	25,681
Total Temporary Assistance for Needy Families			-	89,338
Community-Based Child Abuse Prevention Grants	93.590	20-25-42	-	24,419
Community-Based Child Abuse Prevention Grants	93.590	20-25-42	-	9,832
Total Community-Based Child Abuse Prevention Grants			-	34,251
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	-	368,769
Total Child Support Enforcement			-	368,769
Total U.S. Department of Health and Human Services			-	515,441
Department of Homeland Security				
Pass-Through from Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z2891	-	382,107
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0581	-	133,351
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z4745	-	2,829,845
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z4858	-	89,398
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	3,434,701
Emergency Management Performance Grants	97.042	G0565	-	59,368
Total Department of Homeland Security			-	3,494,069
Election Assistance Commission				
HAVA Election Security Grants	90.404		-	10,825
Total Election Assistance Commission			-	10,825
Total Expenditures of Federal Awards			\$ 192,207	\$ 6,755,449

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, 2025

Federal / State Agency Federal Program / State Project	CSFA Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
STATE FINANCIAL ASSISTANCE				
Florida Department of Commerce				
Community Planning Technical Assistance	40.024	P0524	\$ -	\$ 75,000
Economic Development Partnerships	40.040	G-2024-02019	-	18,926
Community Division of Strategic Business Development	40.040	G-1776	-	1,250
Community Division of Strategic Business Development	40.040	G-1794	-	3,542
Community Division of Strategic Business Development	40.040	G-2024-01959	-	1,732
Community Division of Strategic Business Development	40.040	G-2024-01978	-	1,538
Community Division of Strategic Business Development	40.040	G-2024-01979	-	57
Community Division of Strategic Business Development	40.040	G-2024-02013	-	522
Total Community Division of Strategic Business Development			-	8,641
Total Florida Department of Commerce			-	102,567
Florida Department of Environmental Protection				
Small County Consolidated Grants	37.012	SC515	-	93,750
Wastewater Treatment Facility Construction	37.077	Y1566	-	463,773
Florida Recreation Development Assistance Program	37.017	A3032	-	195,545
Total Florida Department of Environmental Protection			-	753,068
Florida Department of State & Secretary of State				
State Aid to Libraries	45.030	5L031	-	235,526
Total Florida Department of State & Secretary of State			-	235,526
Florida Executive Office of the Governor				
Emergency Management Programs	31.063	A0433	-	58,073
Emergency Management Programs	31.063	A0554	-	26,452
Total Emergency Management Programs			-	84,525
Emergency Management Projects	31.067	T0360	-	2,077
Total Florida Executive Office of the Governor			-	86,602
Florida Housing Finance Corporation				
State Housing Initiatives Partnership (SHIP)	40.901	N/A	-	491,420
State Housing Initiatives Partnership (SHIP)	40.901	N/A	-	309,681
State Housing Initiatives Partnership (SHIP)	40.901	N/A	-	55,474
Total State Housing Initiatives Partnership (SHIP)			-	856,575
Total Florida Housing Finance Corporation			-	856,575

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, 2025

Federal / State Agency Federal Program / State Project	CSFA Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
Florida Department of Transportation				
County Incentive Grant Program	55.008	G2Y63	\$ -	\$ 63,302
County Incentive Grant Program	55.008	G3139	-	5,975
County Incentive Grant Program	55.008	G2Y64	-	7,557
County Incentive Grant Program (CIGP)	55.008	G3F19	-	3,319
County Incentive Grant Program (CIGP)	55.008	G3F18	-	5,707
Total County Incentive Grant Program			-	85,860
Small County Outreach Program	55.009	G2K09	-	121,843
Small County Outreach Program	55.009	G2M45	-	4,486
Small County Outreach Program	55.009	G2X24	-	21,030
Small County Outreach Program	55.009	G3E88	-	13,255
Small County Outreach Program	55.009	G2L78	323,763	323,763
Total Small County Outreach Program			323,763	484,377
Small County Road Assistance Program	55.016	G2K03	-	16,995
Small County Road Assistance Program	55.016	G2X23	-	30,419
Total Small County Road Assistance Program			-	47,414
Total Florida Department of Transportation			323,763	617,651
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	24-25-DCF-CAC-23	-	4,512
Florida Network Children's Advocacy Center	60.124	25-26-DCF-TF-CAC-CAC23	-	4,903
Total Florida Network Children's Advocacy Center			-	9,415
Total Florida Department of Children and Families			-	9,415
Florida Department of Health				
County Grant Awards	64.005	C2427	-	6,648
Total Florida Department of Health			-	6,648
Florida Department of Law Enforcement				
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	ME015	-	932,988
Law Enforcement Salary Assistance for Fiscally Constrained Counties	71.067	LG015	-	425,830
Total Law Enforcement Salary Assistance			-	1,358,818
FDLE Drone Replacement Program	71.092	3X150	-	47,767
FDLE Drone Replacement Program	71.092	3X153	-	150,000
Total FDLE Drone Replacement Program			-	197,767
Total Florida Department of Law Enforcement			-	1,556,585

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, 2025

Federal / State Agency Federal Program / State Project	CSFA Number	Grant Contract Number	Amounts Passed Through To Subrecipients	Expenditures
Florida Department of Highway Safety and Motor Vehicles				
Child Abuse Prevention and Intervention License Plate Project	76.067	21-22-LPVC-CAC-23	\$ -	\$ 250
Child Abuse Prevention and Intervention License Plate Project	76.067	22-23-LPVC-CAC-23	-	858
Child Abuse Prevention and Intervention License Plate Project	76.067	24-25-LPVC-CAC-23	-	1,394
Total Child Abuse Prevention and Intervention License Plate Project			-	2,502
Florida Network of Children's Advocacy Center Voluntary Contribution	76.123	20-21-LPVC-CAC-23	-	105
Florida Network of Children's Advocacy Center Voluntary Contribution	76.123	21-22-LPVC-CAC-23	-	857
Florida Network of Children's Advocacy Center Voluntary Contribution	76.123	22-23-LPVC-CAC-23	-	130
Florida Network of Children's Advocacy Center Voluntary Contribution	76.123	23-24-LPVC-CAC-23	-	1
Florida Network of Children's Advocacy Center Voluntary Contribution	76.123	24-25-LPVC-CAC-23	-	902
Total Florida Network of Children's Advocacy Center Voluntary Contribution			-	1,995
Total Florida Department of Highway Safety and Motor Vehicles			-	4,497
Florida Department of Financial Services				
Fire Decontamination Equipment Grant Project	43.013	FM981	-	15,611
Volunteer Firefighter Grant Assistance Program	43.006	D2467	-	26,745
Total Florida Department of Financial Services			-	42,356
Florida Fish and Wildlife Conservation Commission				
Florida Boating Improvement Program	77.006	20126	-	(36,000)
Total Florida Fish and Wildlife Conservation Commission			-	(36,000)
Florida Department of Management Services				
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	TC545	-	41,418
Local Government Cybersecurity Grant Program	72.009	DMS-24/25-452	-	22,729
Public Safety Answering Point Upgrades	72.021	DMS-P1-24-07-05	-	68,508
Total Florida Department of Management Services			-	132,655
Florida Department of Legal Affairs and Attorney General				
FL Network of Children's Advocacy Centers	41.031	24/25-BTG-CAC23	-	55,413
FL Network of Children's Advocacy Centers	41.031	24/25-GR-CAC23	-	74,979
FL Network of Children's Advocacy Centers	41.031	DCF GR CAC 25/26-CAC23	-	15,223
FL Network of Children's Advocacy Centers	41.031	OAG BTG 25/26-CAC23	-	5,777
Total FL Network of Children's Advocacy Centers			-	151,392
Total Florida Department of Legal Affairs and Attorney General			-	151,392
Florida Department of Education				
The Chris Hixon, Coach Aaron Feis, and Coach Scott Beigel Guardian Program	48.140	N1409	-	67,128
Total Florida Department of Education			-	67,128
Total State Financial Assistance			\$ 323,763	\$ 4,586,665

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, 2025

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, 2025. 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. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)
SEPTEMBER 30, 2025

NOTE 4 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 / State Agency Federal Program / State Project	Assistance Listing Number	Grant Contract Number	Expenditures
U.S. Department of Health and Human Services			
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:			
Promoting Safe and Stable Families	93.556	20-25-42	\$ 18,399
Promoting Safe and Stable Families	93.556	20-25-42	4,684
Total Promoting Safe and Stable Families			<u>23,083</u>
Pass-Through from Ounce of Prevention Fund of Florida, Inc.:			
Temporary Assistance for Needy Families	93.558	20-25-42	63,657
Temporary Assistance for Needy Families	93.558	20-25-42	25,681
Total Temporary Assistance for Needy Families			<u>89,338</u>
Community-Based Child Abuse Prevention Grants	93.590	20-25-42	24,419
Community-Based Child Abuse Prevention Grants	93.590	20-25-42	9,832
Total Community-Based Child Abuse Prevention Grants			<u>34,251</u>
Total State Matching Monies			<u><u>\$ 57,334</u></u>

NOTE 5 LOANS OUTSTANDING

The county has the following loan balance outstanding at September 30, 2025.

Program Title	CSFA Number	Amount Outstanding
Florida Department of Environmental Protection		
Wastewater Treatment Facility Construction	37.077	\$ 1,116,244

HIGHLANDS COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)
SEPTEMBER 30, 2025

NOTE 6 DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) (97.036)

After a presidentially declared disaster, FEMA provides Disaster Grants — Public Assistance (Presidentially Declared Disasters) (Assistance Listing 97.036) to reimburse eligible costs associated with debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed. Reimbursements are provided in the form of cost-shared grants. Hurricane Irma (FEMA-4337-DR) made landfall in Highlands County on September 10, 2017. All the \$133,351 reported on the Schedule for grant Z0581 was incurred in fiscal years 2023 through 2024. Hurricane Ian (FEMA4673-DR) made landfall in Highlands County on September 28, 2022. All the \$382,107 reported on the Schedule for grant Z2891 was incurred in fiscal year 2023. Hurricane Milton made landfall in Highlands County on October 9, 2024. The County reported \$2,829,845 on the Schedule for grant Z4745 which was incurred throughout fiscal year 2025. The Sheriff's office reported \$89,398 on the Schedule for grant Z4858 which was incurred throughout fiscal year 2025.

NOTE 7 NEGATIVE FEDERAL AND STATE EXPENDITURES

Negative amounts primarily relate to repayments of prior-year advances, program income in excess of current-year eligible expenditures, or other grant revenue adjustments recorded during the fiscal year. These amounts do not represent questioned costs or indications of noncompliance with federal or state award requirements.

Program Title	CSFA Number	Negative Amount
Coronavirus Relief Fund (CRF)	21.019	\$ (2,894)
Florida Boating Improvement Program	77.006	(36,000)



**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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2026.

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.

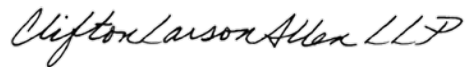
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
May 13, 2026



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, 2025. 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, 2025.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance 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.

Report on Internal Control Over Compliance

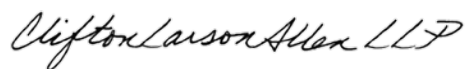
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 to be material weaknesses.

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

Lakeland, Florida
May 13, 2026

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2025**

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? x yes _____ no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

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

\$ 1,000,000

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, 2025**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over state projects:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported

2. Type of auditors’ report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General? x yes no

Identification of Major State Projects

CSFA Number(s)

37.077
55.009
71.067

Name of State Project

Wastewater Treatment Facility Construction
Small County Outreach Program
Law Enforcement Salary Assistance for Fiscally
Constrained Counties

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, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025-001 – Allowable Cost

Federal Agency: Department of Homeland Security

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Assistance Listing Number: 97.036

Pass-Through Agency: Florida Division of Emergency Management

Pass-Through Numbers: Z2891 and Z4745

Award Period: September 23, 2022 to March 29, 2024 and October 5, 2024 to April 11, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Per 2 CFR §200.303(a), the County must establish and maintain effective internal controls over federal awards that provide reasonable assurance of compliance with federal statutes, regulations, and award terms. Internal controls should ensure that employees' hours worked and documented on Activity Logs are accurately reflected in the amounts submitted to the grantor for reimbursement.

Condition: During our testing, we noted that employees' hours reported on the Activity Logs did not reconcile to the corresponding amounts requested for reimbursement, resulting in discrepancies between the supporting documentation and the reimbursement requests submitted.

Questioned costs: \$7,568 of known questioned costs. There are also unknown questioned costs because the extent of the discrepancies between the employees' hours reported on the Activity Logs and the amounts requested for reimbursement could not be determined without further details of the activity performed during fiscal years 2022 and 2025.

Context: During our testing of 40 employees, we noted 24 instances (60%) where employees' hours reported on the Activity Logs did not reconcile to the corresponding amounts requested for reimbursement.

Cause: The County had not established adequate review and reconciliation procedures to ensure that employees' hours reported on Activity Logs were accurately reflected on reimbursement requests.

Effect: Without adequate review and reconciliation procedures, there is an increased risk that inaccurate reimbursement amounts could be submitted to the grantor, potentially resulting in questioned costs, noncompliance with award terms, or the requirement to return federal funds.

Repeat Finding: No.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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

2025-001 – Allowable Cost (Continued)

Recommendation: We recommend the County implement a formal review and reconciliation process to ensure that employees' hours reported on Activity Logs are verified against the reimbursement request prior to submitting it to the grantor. This review should be performed by personnel knowledgeable of the grant requirements and documented to evidence the review was completed.

Views of responsible officials: There is no disagreement with the finding.

2025-002 – Reporting

Federal Agency: Department of Homeland Security

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Assistance Listing Number: 97.036

Pass-Through Agency: Florida Division of Emergency Management

Pass-Through Numbers: Z2891, Z0581, Z4745, Z4858

Award Period: September 23, 2022 to March 29, 2024; September 4, 2017 to March 10, 2019; October 5, 2024 to April 11, 2026; and October 5, 2024 to April 11, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR §200.303(a), the County must establish and maintain effective internal controls over federal awards that provide reasonable assurance of compliance with federal statutes, regulations, and award terms. Internal controls should include procedures to ensure that required reports are accurate, complete, and subject to appropriate supervisory review prior to submission.

Condition: During our testing, we reviewed 5 quarterly reports submitted to the grantor and noted that none contained evidence of supervisory review or approval to ensure the accuracy and completeness of the reported information prior to submission.

Questioned costs: None

Context: 5 of the 12 quarterly reports were reviewed as part of the audit. No documentation of review or approval was identified for any of the reports tested.

Cause: The County had not established or implemented formal review and approval procedures over the preparation and submission of grant reporting.

Effect: The absence of documented review and approval controls increases the risk that errors or omissions in required reports may not be detected and corrected prior to submission, resulting in inaccurate information being provided to grantors. This could impact funding decisions, compliance with grant requirements, or future reimbursements.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

2025-002 – Reporting (Continued)

Repeat Finding: No.

Recommendation: We recommend the County establish and implement formal procedures requiring supervisory review and approval of all reports submitted to grantors. Evidence of review should be documented and retained, including the reviewer's signature or electronic approval, the date of review, and the date of submission, to support compliance with reporting requirements.

Views of responsible officials: There is no disagreement with the finding.

Section IV – Findings and Questioned Costs – Major State Projects

2025-003 – Subrecipient Monitoring

State agency: Florida Department of Transportation

State program title: Small County Outreach Program

CFSA Number: 55.009

State Contract Number: G2L78

Award Period: June 9, 2023 to December 31, 2030

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Per Section 215.97, Florida Statutes (Florida Single Audit Act), and FAC Rule 69I-5.006(3), when an organization is determined to be a subrecipient of state financial assistance, the applicable audit requirements referenced in Form DFS-A2-CL must be included in the agreement that establishes the relationship with the subrecipient. Additionally, per Section 215.971, Florida Statutes, agreements funded with state financial assistance must identify the CSFA number, applicable compliance requirements, and any additional information required pursuant to Section 215.97.

Condition: The County entered into a subrecipient agreement with Sebring Airport Authority (SAA); however, the agreement did not include required state financial assistance language, including identification of the CSFA number, applicable compliance requirements, and audit requirements as required by Section 215.97, Florida Statutes, and FAC Rule 69I-5.006.

Questioned costs: None.

Context: The agreement between the County and SAA did not contain the required Florida Single Audit Act compliance language, including the applicable audit requirements referenced in Form DFS-A2-CL, as required for subrecipient agreements involving state financial assistance.

Cause: The County did not have adequate review procedures in place to ensure that subrecipient agreements involving state financial assistance contained all required language prior to execution.

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025**

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

2025-003– Subrecipient Monitoring (Continued)

Effect: Without the required state financial assistance language in the subrecipient agreement, SAA may not be aware of its compliance and audit obligations under the Florida Single Audit Act, increasing the risk of noncompliance by both the County and SAA.

Repeat Finding: No.

Recommendation: We recommend the County implement a review process to ensure all subrecipient agreements involving state financial assistance include the required language per Section 215.97, Florida Statutes, and FAC Rule 69I-5.006, including identification of the CSFA number, applicable compliance requirements, and audit requirements referenced in Form DFS-A2-CL. For existing agreements that remain open, we recommend the County prepare amendments to incorporate the required language.

Views of responsible officials: There is no disagreement with the finding.



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, 2025 and have issued our report thereon dated May 13, 2026.

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 May 13, 2026, 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. See 2025-004 in the accompanying Schedule of Findings and Responses.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated in the County's geographical boundaries. PACE program did operate within the County's geographical boundaries during the fiscal year under audit.

The Program Administrators and Third Party Administrators contact information is included in Appendix A.

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)7, Rules of the Auditor General, is included in Attachment B 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)8, Rules of the Auditor General.

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

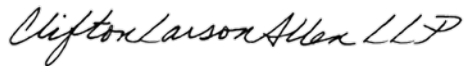
The information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, is included in Attachment B to this letter.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of County Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CliftonLarsonAllen LLP

Lakeland, Florida
May 13, 2026

Appendix A
Listing of PACE Programs
September 30, 2025
(Unaudited)

Program	Program Administrator	Third Party Administrator
Florida Green Finance Authority James Candela Assistant District Finance Director Special District Services, Inc 2501 A Burns Road Palm Beach Gardens, FL 33410 www.sdsinc.org	Florida Green Finance Authority Special District Services, Inc 2501 A Burns Road Palm Beach Gardens, FL 33410 Attn: Todd Wodraska, Manager and Secretary Phone: (561) 630-4922	Renew Financial Group LLC 555 12 ST Suite 1650 Oakland, CA 94607 Attn: David Crichton, Chief Operating Officer Phone: (844) 736-3934

**HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2025**

2025-004 – Budgets

Type of Finding:

- Budgetary Compliance

Condition: Expenditures in the General Fund Community Safety Department exceeded the final adopted budget for the year ended September 30, 2025.

Criteria or Specific Requirement: Section 189.016, Florida Statutes, sets forth the requirements of the County's budget. Fund expenditures cannot exceed total fund appropriations.

Context: Testing of compliance with budgetary requirements identified the deficiency.

Effect: The County is not in compliance with the budgetary requirements.

Cause: The budget was not amended for certain unplanned expenditures.

Recommendation: Budgets should be monitored and amended when needed, within the time period allowed by statute, to ensure that the County does not incur expenditures in excess of budgeted amounts.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. A health insurance adjustment was necessary after the statutory deadline for budget amendments, which caused expenditures to exceed the appropriations. The Budget Division will actively monitor cost centers after year end and identify potential adjustments that could affect budgetary compliance.

Appendix B
Management Letter
Special District Specific Information
YEAR ENDED SEPTEMBER 30, 2025
(UNAUDITED)

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:	Note
Orange Villa Special Benefit District	0	0	\$ -	\$ -	-	\$48.00/Per home site	\$ 2,571.23		0
Placid Lakes Special Benefit District	1 FTE @ 33.75%	18	\$ 20,096.85	\$ 173,619.61	-	\$20.00/lot or fraction thereof	\$ 335,161.23		0
Sebring Country Estates Special Benefit District	0	0	\$ -	\$ -	-	\$18.00/Improved lot			0
Avon Park Estates Special Benefit District	0	5	\$ -	\$ 19,373.57	-	\$6.00/Unimproved lot	\$ 21,628.51		0
Istokpoga Marsh Watershed Improvement District	0	5	\$ -	\$ 25,787.96	-	\$40.00/Lot or fraction thereof	\$ 102,005.93		0
					-	\$0.00/Acre or fraction thereof	\$ -		0
					-	\$23.00/per home/or Business improved lot			
Sebring Hills Special Benefit District	0	0	\$ -	\$ -	-	\$3.00/Vacant lot	\$ 20,488.49		0
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%	30	\$ 20,096.85	\$ 137,957.58	-	\$25.00/Per Parcel	\$ 275,160.00		0
Sebring Acres Special Benefit District	0	0	\$ -	\$ -	-	\$50.00/Lot or fraction thereof	\$ 9,595.00		0
					-	\$20.00/Improved lot			
Lake Haven Estates Special Benefit District	0	0	\$ -	\$ -	-	\$5.00/Unimproved lot or fraction thereof	\$ 10,464.00		0
Highlands Park Estates Special Benefit District	1 FTE @ 22.50%	7	\$ 13,776.93	\$ 30,671.87	-	\$10.00/Lot or fraction thereof	\$ 122,380.00		0
					-	\$1.4631/Per front foot of County maintained road frontage			
Oak Manor Avenue Road Paving District	0	0	\$ -	\$ -	-	\$6.448/Per front foot of non County maintained road frontage	\$ 4,291.00		0
					-	\$40.00/Unimproved/Residential			
Thunderbird Hill Wastewater Special Benefit District	0		\$ -	\$ -	-	\$20.00/Unimproved lot/tract or fraction thereof			0
					-	\$40.00/Rental MH Park	\$ -		
					-	\$40.00/Commercial structure			
Highlands County Fire Protection Special Benefit District	104 EE but 50.37 EE when considering salary splits with EMS dept (General Fd)	52	\$ 3,176,428.72	\$ 1,426,026.57	-	\$0.05610/Dwelling s.f. \$0.08414/Commercial s.f \$0.07209/Industrial/Warehouse s.f. \$0.08414/Institutional s.f. \$28.84/Parcel	\$ 10,634,513.35	3,715,000.00	Public Improvement Revenue Note dated 9/19/19 bearing interest at fixed rate of 2.08% and maturing on 8/1/34.
					-	\$20.00/Improved lot or fraction thereof			
Highway Park Special Benefit District	0	0	\$ -	\$ -	-	\$5.00/Unimproved lot or fraction thereof	\$ 6,192.00		0
Red Hill Farms Improvement District	0	0	\$ -	\$ -	-	\$15.00/Lot or fraction thereof	\$ 6,121.21		0



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, 2025. 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, 2025.

This report is intended solely for the information and use of the County and the Auditor General, State of Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
May 13, 2026

**HIGHLANDS COUNTY, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2025**

Highlands County, Florida respectfully submits the following corrective action plan for the year ended September 30, 2025.

Audit period: October 1, 2024 to September 30, 2025

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

No financial statement findings.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF HOMELAND SECURITY

2025-001 Disaster Grants - Public Assistance (Presidentially Declared Disasters) – Assistance Listing No. 97.036

Recommendation: We recommend the County implement a formal review and reconciliation process to ensure that employees' hours reported on Activity Logs are verified against the reimbursement request prior to submitting it to the grantor. This review should be performed by personnel knowledgeable of the grant requirements and documented to evidence the review was completed.

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

Action taken in response to finding: The County will establish a process to maintain effective internal controls to ensure that the documentation is complete and accurately reflected in the reimbursement requests. An internal review and reconciliation process for employee activity logs will be performed prior to submitting to the grantor.

Name of the contact person responsible for corrective action: Tanya Cannady, Business Services Director

Planned completion date for corrective action plan: June 2026

2025-002 Disaster Grants - Public Assistance (Presidentially Declared Disasters) – Assistance Listing No. 97.036

Recommendation: We recommend the County establish and implement formal procedures requiring supervisory review and approval of all reports submitted to grantors. Evidence of review should be documented and retained, including the reviewer's signature or electronic approval, the date of review, and the date of submission, to support compliance with reporting requirements.

**HIGHLANDS COUNTY, FLORIDA
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2025**

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

Action taken in response to finding: The County has established a review and approval process for quarterly reports. Reports will be reviewed and signed by a member of management to ensure accuracy and completeness of the data being submitted.

Name of the contact person responsible for corrective action: Tanya Cannady, Business Services Director

Planned completion date for corrective action plan: June 2026

FINDINGS—STATE AWARD PROGRAMS AUDITS

FLORIDA DEPARTMENT OF TRANSPORTATION

2025-003 Small County Outreach Program – Assistance Listing No. 55.009

Recommendation: We recommend the County implement a review process to ensure all subrecipient agreements involving state financial assistance include the required language per Section 215.97, Florida Statutes, and FAC Rule 69I-5.006, including identification of the CSFA number, applicable compliance requirements, and audit requirements referenced in Form DFS-A2-CL. For existing agreements that remain open, we recommend the County prepare amendments to incorporate the required language.

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

Action taken in response to finding: We recommend all contacts between the County and subrecipients of state grants be reviewed in order to ensure compliance with Rulemaking Authority 215.97(4)

Name of the contact person responsible for corrective action: Tanya Cannady, Business Services Director

Planned completion date for corrective action plan: June 2026

If the Department has questions regarding this plan, please call Tanya Cannady, Business Services Director at (863) 402-6842.

**HIGHLANDS COUNTY BOARD OF COUNTY COMMISSIONERS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2025**

Highlands County respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2025.

Audit period: October 1, 2024 - September 30, 2025

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

FINDINGS—FINANCIAL STATEMENT AUDIT

2024-001 Schedule of Expenditures of Federal Awards and State Financial Assistance

Condition: Our audit procedures identified errors of \$164,308 in the Schedule of Federal Awards and State Financial Assistance (Schedule)

Status: Corrected.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

FINDINGS— STATE PROJECT AUDITS

2024-002 Reporting

Condition: Quarterly reports submitted to the grantor were not reviewed by a member of management to ensure the accuracy and completeness of the data.

Repeat Finding in 2025: No

Action Taken in Response to finding: The Highlands County Sheriff's Office has established and will maintain effective internal controls over its state/federal grants. All reports will be reviewed by a member of management to ensure the accuracy and completeness of the data being submitted. A copy of the review, approval, approval date, and submittal date will be maintained as evidence.

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 INFORMATION**

YEAR ENDED SEPTEMBER 30, 2025



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**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT SERVICES FUND	7
STATEMENT OF NET POSITION – PROPRIETARY FUND	8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	9
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	10
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	11
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	12
NOTES TO FINANCIAL STATEMENTS	13
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	32
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	33
FIDUCIARY FUND DESCRIPTIONS	34
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	35
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	36

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	37
MANAGEMENT LETTER	39
INDEPENDENT ACCOUNTANTS' REPORT	41



INDEPENDENT AUDITORS' REPORT

Honorable Jerome Kaszubowski
Clerk of Courts
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk of Courts of Highlands County, Florida (the Clerk) as of and for the year ended September 30, 2025, 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 accompanying 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, 2025, 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 of Courts of Highlands 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

As discussed in Note 1, the financial statements of the Clerk of Courts of Highlands County 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Clerk implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. 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.

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 March 20, 2026, 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

Lakeland, Florida
March 20, 2026

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General	Child Support Enforcement Grant	Public Records Modernization Trust	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ -	\$ 74,179	\$ 702,701	\$ 507,008	\$ 499,517	\$ 7,213	\$ 1,790,618
Accounts Receivable	1,781	377	899	596	798	60	4,511
Due from Other Funds	-	199,792	-	-	-	-	199,792
Due from Constitutional Officers	619,036	-	-	-	-	-	619,036
Due from Other Governmental Units	-	92,507	-	-	18,558	-	111,065
Prepaid Items	205,256	17	-	121	-	1	205,395
Total Assets	<u>\$ 826,073</u>	<u>\$ 366,872</u>	<u>\$ 703,600</u>	<u>\$ 507,725</u>	<u>\$ 518,873</u>	<u>\$ 7,274</u>	<u>\$ 2,930,417</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers Payable	\$ 159,825	\$ 884	\$ 125	\$ 604	\$ 14,001	\$ 326	\$ 175,765
Due to Other Funds	199,792	-	-	-	-	-	199,792
Due to Other Governmental Units	4,285	-	-	-	491,134	-	495,419
Due to Others	3,912	278,749	-	-	-	-	282,661
Due to Constitutional Officers	317,770	46,431	-	15	-	-	364,216
Accrued Payroll and Related Liabilities	140,489	1,585	-	1,033	13,738	102	156,947
Total Liabilities	826,073	327,649	125	1,652	518,873	428	1,674,800
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:							
Intergovernmental	-	39,223	-	-	-	-	39,223
FUND BALANCES							
Nonspendable	205,256	17	-	121	-	1	205,395
Restricted	-	-	703,475	505,952	-	6,845	1,216,272
Unassigned	(205,256)	(17)	-	-	-	-	(205,273)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>703,475</u>	<u>506,073</u>	<u>-</u>	<u>6,846</u>	<u>1,216,394</u>
Total Liabilities and Fund Balances	<u>\$ 826,073</u>	<u>\$ 366,872</u>	<u>\$ 703,600</u>	<u>\$ 507,725</u>	<u>\$ 518,873</u>	<u>\$ 7,274</u>	<u>\$ 2,930,417</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, 2025**

	General	Child Support Enforcement Grant	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	\$ 5,743,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,743,041
Miscellaneous Revenues:							
Recording Fees	-	-	75,759	211,635	-	-	287,394
Intergovernmental	-	328,239	-	-	532,324	-	860,563
Court Related Service Charge	-	-	-	29,805	1,442,025	18,174	1,490,004
Fines and Forfeitures	-	-	-	-	634,581	-	634,581
Interest Earnings	-	4,123	10,780	5,539	18,500	100	39,042
Other Miscellaneous Revenues	59,825	-	24,560	\$ 9,000	108	-	93,493
Total Revenues	5,802,866	332,362	111,099	255,979	2,627,538	18,274	9,148,118
EXPENDITURES							
Current:							
General Government:							
Personal Services	3,926,463	-	-	-	-	-	3,926,463
Operating Expenditures	1,129,992	-	1,800	-	-	-	1,131,792
Total General Government	5,056,455	-	1,800	-	-	-	5,058,255
Court Related:							
Personal Services	250,436	261,913	-	30,001	2,232,880	16,348	2,791,578
Operating Expenditures	24,231	22,628	-	83,635	67,365	4,142	202,001
Total Court Related	274,667	284,541	-	113,636	2,300,245	20,490	2,993,579
Capital Outlay	275,463	257	-	-	10,924	-	286,644
Debt Service:							
Principal	137,617	1,217	-	-	10,349	-	149,183
Interest	1,791	89	-	-	465	-	2,345
Total Debt Service	139,408	1,306	-	-	10,814	-	151,528
Total Expenditures	5,745,993	286,104	1,800	113,636	2,321,983	20,490	8,490,006
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56,873	46,258	109,299	142,343	305,555	(2,216)	658,112
OTHER FINANCING SOURCES (USES)							
Unexpended Budget Balance Reverting to Board of County Commissioners	(237,965)	(46,258)	-	-	-	-	(284,223)
Distribution of Excess Fees to State of Florida	-	-	-	-	(305,555)	-	(305,555)
Balance Reverting to Board of County Commissioners Due to GASB 101 Restatement	(11,835)	(173)	-	(15)	-	50	(11,973)
Board of County Commissioners Funding for GASB 101 Restatement	-	-	-	-	749	-	749
Subscription Based Information Technology Arrangement	181,092	-	-	-	-	-	181,092
Total Other Financing Sources (Uses)	(68,708)	(46,431)	-	(15)	(304,806)	50	(419,910)
NET CHANGE IN FUND BALANCE	(11,835)	(173)	109,299	142,328	749	(2,166)	238,202
Fund Balance - Beginning of Year	-	-	594,176	363,730	-	9,062	966,968
Restatement for GASB 101, <i>Compensated Absences</i>	11,835	173	-	15	(749)	(50)	11,224
Fund Balance - Beginning, As Restated	11,835	173	594,176	363,745	(749)	9,012	978,192
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 703,475	\$ 506,073	\$ -	\$ 6,846	\$ 1,216,394

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, 2025**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 5,712,205	\$ 5,768,041	\$ 5,743,041	\$ (25,000)
Miscellaneous Revenues:				
Other Miscellaneous Revenues	-	59,826	59,825	(1)
Total Revenues	5,712,205	5,827,867	5,802,866	(25,001)
EXPENDITURES				
General Government:				
Personal Services	4,293,494	4,076,040	3,926,463	149,577
Operating Expenditures	1,001,343	1,218,340	1,129,992	88,348
Total General Government	5,294,837	5,294,380	5,056,455	237,925
Court Related:				
Personal Services	294,924	250,443	250,436	7
Operating Expenditures	59,283	49,253	24,231	25,022
Total Court Related	354,207	299,696	274,667	25,029
Capital Outlay	63,161	275,469	275,463	6
Debt Service:				
Principal Payments	-	137,620	137,617	3
Interest Payments	-	1,795	1,791	4
Total Debt Service	-	139,415	139,408	7
Total Expenditures	5,712,205	6,008,960	5,745,993	262,967
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(181,093)	56,873	237,966
OTHER FINANCING SOURCES (USES)				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(237,965)	(237,965)
Balance Reverting to Board of County Commissioners Due to GASB 101 Restatement	-	-	(11,835)	(11,835)
SBITA	-	181,093	181,092	(1)
Total Other Financing Sources (Uses)	-	181,093	(68,708)	(249,801)
NET CHANGE IN FUND BALANCE	-	-	(11,835)	(11,835)
Fund Balance - Beginning of Year	-	-	-	-
Restatement for GASB 101, <i>Compensated Absences</i>	-	-	11,835	11,835
Fund Balance - Beginning, As Restated	-	-	11,835	11,835
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2025**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Miscellaneous Revenues:				
Intergovernmental	\$ 354,987	\$ 423,281	\$ 532,324	\$ 109,043
Court Related Service Charge	1,251,480	1,251,480	1,442,025	190,545
Fines and Forfeitures	663,060	663,060	634,581	(28,479)
Interest Earnings	18,120	18,120	18,500	380
Other Miscellaneous Revenue	-	-	108	108
Total Revenues	<u>2,287,647</u>	<u>2,355,941</u>	<u>2,627,538</u>	<u>271,597</u>
EXPENDITURES				
Court Related:				
Personal Services	2,124,894	2,266,798	2,232,880	33,918
Operating Expenditures	<u>162,753</u>	<u>67,399</u>	<u>67,365</u>	<u>34</u>
Total Court Related	<u>2,287,647</u>	<u>2,334,197</u>	<u>2,300,245</u>	<u>33,952</u>
Capital Outlay	-	10,929	10,924	5
Debt Service:				
Principal	-	10,349	10,349	-
Interest	<u>-</u>	<u>466</u>	<u>465</u>	<u>(1)</u>
Total Debt Service	<u>-</u>	<u>10,815</u>	<u>10,814</u>	<u>(1)</u>
Total Expenditures	<u>2,287,647</u>	<u>2,355,941</u>	<u>2,321,983</u>	<u>33,958</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	305,555	305,555
OTHER FINANCING SOURCES (USES)				
Distribution of Excess Fees to State of Florida Board of County Commissioners	-	-	(305,555)	(305,555)
Funding for GASB 101 Restatement			749	749
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(304,806)</u>	<u>(304,806)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>749</u>	<u>749</u>
Fund Balance - Beginning of Year	-	-	-	-
Restatement for GASB 101, <i>Compensated Absences</i>	<u>-</u>	<u>-</u>	<u>(749)</u>	<u>(749)</u>
Fund Balance - Beginning, As Restated	<u>-</u>	<u>-</u>	<u>(749)</u>	<u>(749)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025**

	Internal Service Fund
	<u>Compensated</u>
	<u>Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 420,496
Accounts Receivable	488
Total Assets	<u>420,984</u>
LIABILITIES	
Due to Constitutional Officers	3,795
Accrued Compensated Absences Payable	<u>417,189</u>
Total Liabilities	<u>420,984</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, 2025**

	Internal Service Fund
	<u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 451,039
OPERATING EXPENSES	
Compensated Absences Expense	<u>453,325</u>
OPERATING LOSS	(2,286)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	<u>2,286</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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2025**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Charges for Services	\$ 451,039
Cash Paid to Employees for Services	<u>(470,168)</u>
Net Cash Used by Operating Activities	(19,129)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt from Other Constitutional Officers	<u>745</u>
Net Cash Provided by Noncapital Financing Activities	745
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>2,200</u>
Net Cash Provided by Investing Activities	<u>2,200</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,184)
Cash and Cash Equivalents - Beginning of Year	<u>436,680</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 420,496</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (2,286)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Compensated Absences	<u>(16,843)</u>
Net Cash Used by Operating Activities	<u><u>\$ (19,129)</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,449,960
Due from Others	7,051
Due from Other Governmental Units	<u>8,784</u>
Total Assets	<u>5,465,795</u>
LIABILITIES	
Due to Others	12,203
Due to Other Governmental Units	441,653
Due to Constitutional Officers	<u>1,745</u>
Total Liabilities	<u>455,601</u>
NET POSITION	
Restricted for Other Governments and Individuals	<u><u>\$ 5,010,194</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	<u>Custodial Funds</u>
ADDITIONS	
Fines and Fees Collected for Other Governments and Individuals	<u>\$ 21,124,603</u>
Total Additions	<u>21,124,603</u>
DEDUCTIONS	
Fines and Fees Disbursed to Other Governments and Individuals	<u>21,779,149</u>
Total Deductions	<u>21,779,149</u>
CHANGE IN NET POSITION	(654,546)
Net Position - Beginning of Year	<u>5,664,740</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,010,194</u></u>

See accompanying Notes to Financial Statements.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 (the 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 (the 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:

A. 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).

B. 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, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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.

Child Support Enforcement Grant

The Child Support Enforcement Grant 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

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.

C. 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.

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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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.

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.

E. 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Data (Continued)

Clerk to the Board Budget (Continued)

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.
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 Child Support Enforcement Grant 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.

F. 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.

G. Investments

The Clerk invests surplus public funds in accordance with Section 218.415, Florida Statutes.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

The liability for compensated absences is reported in the government-wide statements of the County. Compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Clerk records all activity related to Compensated Absences within the Internal Service Fund.

I. 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 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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 Child Support Enforcement Grant 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.

K. 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.

L. 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 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.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2025, the bank balance of the Clerk's deposits totaled \$7,021,131.

The entire amount of the demand deposits are deposited in the 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, 2025**

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, 2025, 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 18.20% of Florida PRIME's portfolio at September 30, 2025.

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, 2025, was 47 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, 2025 was 73 days.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025, 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, 2025, 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, 2025**

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	\$ 6,608,120
Petty Cash and Change in Funds	8,500
Florida PRIME	<u>1,044,454</u>
Total	<u><u>\$ 7,661,074</u></u>
Balance Sheet - Governmental Funds:	
Cash and Cash Equivalents	\$ 1,790,618
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	420,496
Statement of Fiduciary Net Position - Custodial Funds:	
Cash and Cash Equivalents	<u>5,449,960</u>
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 7,661,074</u></u>

NOTE 3 PERSONNEL COMMITMENTS

The following shows the changes in compensated absences for the fiscal year ended September 30, 2025:

Accrued Compensated Absences - September 30, 2024*	\$ 434,032
Net Change	<u>(16,844)</u>
Accrued Compensated Absences - September 30, 2025	<u><u>\$ 417,189</u></u>

* Restated for the adoption of GABS No. 101, *Compensated Absences*

The change in compensated absence liability is presented as a net change. See Note 1 for a summary of the Clerk's compensated absence policy.

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, multiemployer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Background (Continued)

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, multiemployer 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

A. 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, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

A. 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, if vested, 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 55, if vested, or at any age after 25 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 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. 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.

B. 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, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

B. 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

A. Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing, multiemployer 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.

B. Benefits Provided

For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

A. Plan Description

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. 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.

B. Benefits Provided

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, 2025, 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.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

B. Benefits Provided (Continued)

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

C. 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, 2025, 2024, and 2023 were \$829,250, \$796,863, and \$732,246 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, 2025, the Clerk's principal and interest payments on leases totaled \$28,899 and \$1,029, respectively. Future principal and interest payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 13,176	\$ 214
2027	2,131	11
Total	<u>\$ 15,307</u>	<u>\$ 225</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Clerk has entered into subscription-based information technology arrangements (SBITAs) for various terms under certain agreements that meet the definition under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Detailed information about the Clerk's SBITAs can be found in the Highlands County Annual Comprehensive Financial Report.

SBITAs 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 contract 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, 2025, the Clerk entered into two new SBITA agreements totaling \$181,092. During the year ended September 30, 2025, the Clerk's principal and interest payments on SBITAs totaled \$120,284 and \$1,316, respectively. Future principal and interest payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 123,817	\$ 4,414
2027	106,937	84
Total	<u>\$ 230,754</u>	<u>\$ 4,498</u>

NOTE 7 RELATED PARTY TRANSACTIONS

Transactions with the Board and the Constitutional Officers of Highlands County, Florida, for the year ended September 30, 2025 were as follows:

General Fund

The General Fund of the Clerk received payments from the Board in the amount of \$5,743,041 for the year ended September 30, 2025. The amounts payable to the Board at September 30, 2025 for excess fees and other items were \$317,770.

Child Support Enforcement Grant 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, 2025 for excess fees were \$46,431.

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 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, 2025 amounted to \$897,759.

The Clerk provides information technology support, communication and freight services, and other miscellaneous services to the Board and other constitutional officers. The Clerk received \$58,000 for these services for the fiscal year ended September 30, 2025.

NOTE 8 RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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 9 CAPITAL ASSETS

The Clerk's capital assets include furniture, equipment, computer equipment, vehicles, software, and SBITA. 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:

Operating Machinery and Equipment	4 to 20 Years
Software – Internally Generated	3 to 10 Years
Software – Purchase	3 to 10 Years

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, 2025**

NOTE 9 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Clerk is custodian during fiscal year 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being				
Depreciated:				
IT Equipment in Development	\$ 55,779	\$ -	\$ (55,779)	\$ -
Capital Assets, Being Depreciated and Amortized:				
Equipment	2,234,046	118,985	(87,360)	2,265,671
Computer Software	1,443,320	-	-	1,443,320
Subtotal	3,677,366	118,985	(87,360)	3,708,991
Less: Accumulated Depreciation and Amortization:				
Equipment	1,802,427	152,200	(87,270)	1,867,357
Computer Software	1,441,142	2,178	-	1,443,320
Subtotal	3,243,569	154,378	(87,270)	3,310,677
Total Capital Assets, Being Depreciation and Amortized, Net	433,797	(35,393)	(90)	398,314
Right-to-Use Lease Assets:				
Equipment	104,863	-	(6,021)	98,842
Less: Accumulated Amortization:				
Equipment	62,100	28,147	(5,884)	84,363
Total Right-to-Use Lease Assets, Net	42,763	(28,147)	(137)	14,479
Subscription-Based Information Technology Arrangement Assets	105,044	187,680	(5,672)	287,052
Less: Accumulated Amortization:				
Subscription-Based Information Technology Arrangements	62,726	122,682	(5,672)	179,736
Total Subscription-Based Information Technology Arrangement Assets, Net	42,318	64,998	-	107,316
Total Governmental Activities Capital Assets, Net	\$ 574,657	\$ 1,458	\$ (56,006)	\$ 520,109

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the Clerk implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the Clerk's General Fund, Child Support Enforcement Grant Fund, Court Related Technology Modernization Trust, Court Services, and Nonmajor Governmental Funds was restated to reflect the adoption of GASB Statement No. 101. The restatement recognizes the change in amounts that would have been paid by the governmental funds due to changes in payments to the internal service fund.

	Funds				
	General Fund	Child Support Enforcement Grant	Court Related Technology Modernization Trust	Court Services	Nonmajor Governmental Funds
September 30, 2024, As Previously Reported	\$ -	\$ -	\$ 363,730	\$ -	\$ 9,062
Implementation of GASB Statement No. 101	11,835	173	15	(749)	(50)
September 30, 2024, As Restated	<u>\$ 11,835</u>	<u>\$ 173</u>	<u>\$ 363,745</u>	<u>\$ (749)</u>	<u>\$ 9,012</u>

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2025, is as follows:

Due to/from Other Funds

	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 199,792
Child Support Enforcement Grant Fund	199,792	-
Total	<u>\$ 199,792</u>	<u>\$ 199,792</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Teen Court	Homeowner's Foreclosure Education	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,801	\$ 1,412	\$ 7,213
Accounts Receivable	58	2	60
Prepays	1	-	1
Total Assets	<u>\$ 5,860</u>	<u>\$ 1,414</u>	<u>\$ 7,274</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers Payable	\$ 326	\$ -	\$ 326
Accrued Payroll and Related Liabilities	102	-	102
Total Liabilities	<u>428</u>	<u>-</u>	<u>428</u>
FUND BALANCES			
Nonspendable	1	-	1
Restricted	5,431	1,414	6,845
Total Fund Balances	<u>5,432</u>	<u>1,414</u>	<u>6,846</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,860</u>	 <u>\$ 1,414</u>	 <u>\$ 7,274</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	Teen Court	Homeowner's Foreclosure Education	Total Nonmajor Governmental Funds
REVENUES			
Miscellaneous Revenues:			
Court Related Service Charge	\$ 18,005	\$ 169	\$ 18,174
Interest Earnings	82	18	100
Total Revenues	<u>18,087</u>	<u>187</u>	<u>18,274</u>
EXPENDITURES			
Court Related:			
Personal Services	16,348	-	16,348
Operating Expenditures	4,142	-	4,142
Total Expenditures	<u>20,490</u>	<u>-</u>	<u>20,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,403)	187	(2,216)
OTHER FINANCING SOURCES (USES)			
Board of County Commissioners			
Funding for GASB 101 Restatement	50	-	50
Total Other Financing Sources (Uses)	<u>50</u>	<u>-</u>	<u>50</u>
NET CHANGE IN FUND BALANCE	<u>(2,353)</u>	<u>187</u>	<u>(2,166)</u>
Fund Balances - Beginning of Year	7,835	1,227	9,062
Restatement for GASB 101, <i>Compensated Absences</i>	(50)	-	(50)
Fund Balance - Beginning, As Restated	<u>7,785</u>	<u>1,227</u>	<u>9,012</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 5,432</u></u>	<u><u>\$ 1,414</u></u>	<u><u>\$ 6,846</u></u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
FIDUCIARY FUND DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2025**

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, 2025**

	<u>Custodial Funds</u>		<u>Total Custodial Funds</u>
	<u>Child Support</u>	<u>Suspense</u>	
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 5,449,960	\$ 5,449,960
Due from Others	354	6,697	7,051
Due from Other Governmental Units	-	8,784	8,784
Total Assets	<u>354</u>	<u>5,465,441</u>	<u>5,465,795</u>
LIABILITIES			
Due to Others	-	12,203	12,203
Due to Other Governmental Units	354	441,299	441,653
Due to Constitutional Officers	-	1,745	1,745
Total Liabilities	<u>354</u>	<u>455,247</u>	<u>455,601</u>
NET POSITION			
Restricted for Other Governments and Individuals	<u>\$ -</u>	<u>\$ 5,010,194</u>	<u>\$ 5,010,194</u>

**CLERK OF COURTS
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	Custodial Funds		Total Custodial Funds
	Child Support	Suspense	
ADDITIONS			
Fines and Fees Collected for Other Governments and Individuals	\$ 104,749	\$ 21,019,854	\$ 21,124,603
Total Additions	104,749	21,019,854	21,124,603
DEDUCTIONS			
Fines and Fees Disbursed to Other Governments and Individuals	104,749	21,674,400	21,779,149
Total Deductions	104,749	21,674,400	21,779,149
CHANGE IN NET POSITION	-	(654,546)	(654,546)
Net Position - Beginning of Year	-	5,664,740	5,664,740
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 5,010,194</u>	<u>\$ 5,010,194</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 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 Courts of Highlands County, Florida (the Clerk), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated March 20, 2026.

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.

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.

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

CliftonLarsonAllen LLP

Lakeland, Florida
March 20, 2026



MANAGEMENT LETTER

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 year ended September 30, 2025 and have issued our report thereon dated March 20, 2026.

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 March 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year report contained no findings or recommendations.

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.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Lakeland, Florida
March 20, 2026



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Jerome Kaszubowski
Clerk of Courts
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, 2025. 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, 2025.

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

Lakeland, Florida
March 20, 2026

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**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2025



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**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GENERAL FUND	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	5
STATEMENT OF NET POSITION – PROPRIETARY FUND	6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	7
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTAL REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26
MANAGEMENT LETTER	28
INDEPENDENT ACCOUNTANT'S' REPORT	30



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 remaining fund information of the Property Appraiser of Highlands County, Florida (Property Appraiser), as of and for the year ended September 30, 2025, 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 remaining fund information of the Property Appraiser as of September 30, 2025, 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 of Highlands County 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 the major fund and the 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1, the financial statements, the Property Appraiser implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. 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.

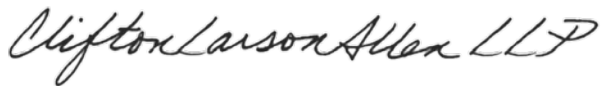
Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Required Supplementary Information

Management has omitted the 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 February 18, 2026, 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

Lakeland, Florida
February 18, 2026

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 164,318
Accounts Receivable	25
Due from Board of County Commissioners	26,748
Due from South Florida Water Management District	52
Due from Southwest Florida Water Management District	305
Prepaid Items	<u>5,392</u>
 Total Assets	 <u><u>\$ 196,840</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers Payable	\$ 3,575
Accrued Wages Payable	87,238
Due to Other Governmental Units	1,799
Due to Constitutional Officers	5,638
Due to Board of County Commissioners	<u>98,590</u>
Total Liabilities	196,840

FUND BALANCE

Nonspendable	5,392
Unassigned	<u>(5,392)</u>
Total Fund Balance	<u>-</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 196,840</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, 2025**

	Budget			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental:				
Appropriations from Board of County Commissioners	\$ 3,796,762	\$ 3,802,254	\$ 3,802,254	\$ -
South Florida Water Management District	7,251	7,262	7,262	-
Southwest Florida Water Management District	42,358	42,421	42,421	-
Total Intergovernmental Revenues	3,846,371	3,851,937	3,851,937	-
Miscellaneous Revenues:				
Interest Earnings	-	-	644	644
Miscellaneous Revenues	-	-	1,054	1,054
Total Miscellaneous Revenues	-	-	1,698	1,698
Total Revenues	3,846,371	3,851,937	3,853,635	1,698
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	2,910,514	2,977,167	2,977,160	7
Operating Expenditures	878,857	779,524	681,991	97,533
Capital Outlay	57,000	64,451	64,450	1
Debt Service:				
Principal	-	28,251	28,250	1
Interest	-	2,544	2,543	1
Total Expenditures	3,846,371	3,851,937	3,754,394	97,543
EXCESS OF REVENUES OVER EXPENDITURES	-	-	99,241	99,241
OTHER FINANCING USES				
Transfer of Excess Fees	-	-	(99,241)	(99,241)
Board of County Commissioners				
Funding for GASB 101 Restatement	-	-	26,748	26,748
South Florida Water Management District				
Funding for GASB 101 Restatement	-	-	52	52
Southwest Florida Water Management District				
Funding for GASB 101 Restatement	-	-	305	305
Total Other Financing Uses	-	-	(72,136)	(72,136)
NET CHANGE IN FUND BALANCE	-	-	27,105	27,105
Fund Balance - October 1, 2024, As Originally Reported	-	-	-	-
Restatement for GASB 101	-	-	(27,105)	(27,105)
Fund Balance - October 1, 2024, As Restated	-	-	(27,105)	(27,105)
FUND BALANCE - SEPTEMBER 30, 2025	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025**

	Internal Service Fund
	<u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 543,844
LIABILITIES	
Accrued Compensated Absences Payable	<u>543,844</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, 2025**

	Internal Service Fund <u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 277,358
OPERATING EXPENSES	
Compensated Absences Expense	<u>283,883</u>
OPERATING LOSS	(6,525)
NONOPERATING REVENUES	
Net Change in Fair Value of Investments	<u>6,525</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2024	<u>-</u>
NET POSITION - SEPTEMBER 30, 2025	<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, 2025**

	Internal Service Fund Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 277,358
Cash Paid to Employees for Services	<u>(198,648)</u>
Net Cash Provided by Operating Activities	<u>78,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>6,525</u>
Net Cash Provided by Investing Activities	<u>6,525</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,235
Cash and Cash Equivalents - October 1, 2024	<u>458,609</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2025	<u><u>\$ 543,844</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (6,525)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	<u>85,235</u>
Net Cash Provided by Operating Activities	<u><u>\$ 78,710</u></u>

See accompanying Notes to Financial Statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

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, 2025**

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, 2025**

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

The liability for compensated absences is reported in the government-wide statements of the county. Compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Property Appraiser records all activity related to Compensated Absences within the Internal Service Fund.

Fund Balance

The classifications of fund balances are described as follows:

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2025, the bank balance of the Property Appraiser's deposits were \$747,355. 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, 2025**

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, 2025, 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 18.20% of Florida Prime's portfolio at September 30, 2025.

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, 2025 was 47 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, 2025 was 73 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, 2025, 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, 2025**

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, 2025, 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	\$ 693,648
Petty Cash and Change Funds	100
Florida PRIME	14,414
Total	<u>\$ 708,162</u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 164,318
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	543,844
Total Cash and Cash Equivalents	<u>\$ 708,162</u>

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 3 PERSONNEL COMMITMENTS

The following is a summary of the changes in compensated absences for the year ended September 30, 2025:

	Balance October 1, 2024 As Restated*	Net Change	Balance September 30, 2025
Accrued Compensated Absences	\$ 485,714	\$ 58,130	\$ 543,844

* Restated for the adoption of GABS No. 101, *Compensated Absences*

The change in compensated absence liability is presented as a net change. See Note 1 for a summary of the Property Appraiser's compensated absence policy.

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, 2025**

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, if vested, 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 55, if vested, or at any age after 25 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 eight years after electing to participate, except that certain instructional personnel may participate for up to 10 years. 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, 2025**

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2025**

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

Plan Description

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.

Benefits Provided

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, 2025, 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, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

Benefits Provided (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, 2025, 2024, and 2023 were \$429,399, \$423,034, and \$373,593 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, 2025, were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$3,802,254 for the year ended September 30, 2025. Excess fees and other amounts payable to the Board at September 30, 2025 were \$98,590.

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, 2025 amounted to \$402,104.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 Property Appraiser is custodian during fiscal year 2025:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Capital Assets, Being Depreciated and Amortized:				
Machinery and Equipment	\$ 644,625	\$ 67,350	\$ (42,648)	\$ 669,327
Computer Software	2,791,399	-	-	2,791,399
Total Capital Assets, Being Depreciated	3,436,024	67,350	(42,648)	3,460,726
Less: Accumulated Depreciation and Amortization:				
Machinery and Equipment	591,550	31,536	(42,648)	580,438
Computer Software	2,791,399	-	-	2,791,399
Total Accumulated Depreciation and Amortization	3,382,949	31,536	(42,648)	3,371,837
Total Capital Assets, Being Depreciated and Amortized, Net	53,075	35,814	-	88,889
Right-to-Use Lease Assets:				
Equipment	124,080	-	-	124,080
Total Right-to-Use Lease Assets	124,080	-	-	124,080
Less Accumulated Amortization:				
Equipment	45,260	23,791	-	69,051
Total Accumulated Amortization	45,260	23,791	-	69,051
Total Right-to-Use Lease Assets, Net	78,820	(23,791)	-	55,029
Subscription Based Information Technology Arrangement Assets:				
Subscription Based Information Technology Arrangements	15,395	-	-	15,395
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	593	5,132	-	5,725
Total Subscription Based Information Technology Arrangement Assets, Net	14,802	(5,132)	-	9,670
Total Governmental Activities Capital Assets, Net	\$ 146,697	\$ 6,891	\$ -	\$ 153,588

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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.

The principal and interest payments on leases for the year ended September 30, 2025 totaled \$23,531 and \$2,070, respectively. Future principal and interest payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	24,247	1,353
2027	24,964	637
2028	5,292	172
2029	2,695	29
Total	<u>\$ 57,198</u>	<u>\$ 2,191</u>

NOTE 9 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Property Appraiser has entered into subscription-based information technology arrangements (SBITAs) for various terms under certain agreements that meet the definition under GASB Statement No. 96, Subscription-Based Information Technology Agreements. Detailed information about the Property Appraiser's SBITAs can be found in the Highlands County county-wide financial statements.

SBITAs 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 contract terms are reported as debt service expenditures in the statement of revenues, expenditures, and changes in fund balance as they are incurred.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**NOTE 9 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(CONTINUED)**

The principal and interest payments on SBITA for the year ended September 30, 2025 totaled \$4,719 and \$473, respectively. Future principal and interest payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 5,167	\$ 286
2027	5,144	82
Total	<u>\$ 10,311</u>	<u>\$ 368</u>

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the Property Appraiser implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the Property Appraiser's General Fund was restated to reflect the adoption of GASB Statement No. 101. The restatement recognizes the decreased excess fees that would have been paid by the General Fund due to increase in payments to the internal service fund.

	<u>General Fund</u>
Fund Balance, as Previously Reported at September 30, 2024	\$ -
Implementation of GASB Statement No. 101	<u>(27,105)</u>
Fund Balance, as Restated, at October 1, 2024	<u>\$ (27,105)</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 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 remaining fund information of the Property Appraiser of Highlands County, Florida (Property Appraiser), as of and for the year ended September 30, 2025, 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 February 18, 2026.

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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
February 18, 2026



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, 2025, and have issued our report thereon dated February 18, 2026.

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 18, 2026, 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.

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

Financial Management

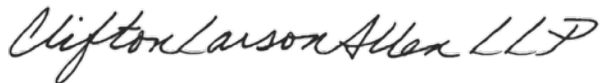
Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
February 18, 2026



INDEPENDENT ACCOUNTANTS' REPORT

Honorable C. Raymond McIntyre, Property Appraiser
and the Florida Auditor General
Highlands County, Florida

We have examined the Property Appraiser of Highlands County, Florida's (Property Appraiser) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2025. 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, 2025.

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

Lakeland, Florida
February 18, 2026

**SHERIFF
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2025



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**SHERIFF
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	4
STATEMENT OF REVENUE AND EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	6
STATEMENT OF NET POSITION – PROPRIETARY FUND	7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	8
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	9
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	10
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	11
NOTES TO FINANCIAL STATEMENTS	12
SUPPLEMENTARY INFORMATION	
CUSTODIAL FUNDS DESCRIPTIONS	29
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	30
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	31
SUPPLEMENTAL REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	32
MANAGEMENT LETTER	34
INDEPENDENT ACCOUNTANTS' REPORT	36
SCHEDULE OF FINDINGS AND RESPONSES	37



INDEPENDENT AUDITORS' REPORT

The Honorable Paul Blackman
Sheriff
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, 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 accompanying 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, 2025, 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 13, the financial statements, the Sheriff implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates and is more likely than not to be used or otherwise paid or settled. 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.

The Honorable Paul Blackman
Sheriff
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 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 March 27, 2026, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 27, 2026

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General Fund	Inmate Welfare Fund	Nonmajor Community Donation Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,872,780	\$ 2,199,734	\$ 189,833	\$ 4,262,347
Accounts Receivable	-	400,000	-	400,000
Prepaid Items	636,704	-	-	636,704
Total Assets	<u>\$ 2,509,484</u>	<u>\$ 2,599,734</u>	<u>\$ 189,833</u>	<u>\$ 5,299,051</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Vouchers Payable	\$ 387,088	\$ 10,401	\$ -	\$ 397,489
Accrued Wages Payable	1,430,848	1,283	-	1,432,131
Due to Board of County Commissioners	691,548	-	-	691,548
Total Liabilities	<u>2,509,484</u>	<u>11,684</u>	<u>-</u>	<u>2,521,168</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	333,334	-	333,334
Total Deferred Inflows of Resources	<u>-</u>	<u>333,334</u>	<u>-</u>	<u>333,334</u>
FUND BALANCE				
Nonspendable	636,704	-	-	636,704
Restricted for Inmate Welfare	-	2,254,716	-	2,254,716
Restricted for Law Enforcement Programs	-	-	189,833	189,833
Unassigned	(636,704)	-	-	(636,704)
Total Fund Balance	<u>-</u>	<u>2,254,716</u>	<u>189,833</u>	<u>2,444,549</u>
Total Liabilities and Fund Balance	<u>\$ 2,509,484</u>	<u>\$ 2,599,734</u>	<u>\$ 189,833</u>	<u>\$ 5,299,051</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUE AND EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General Fund	Inmate Welfare Fund	Nonmajor Community Donation Fund	Total Governmental Funds
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 51,537,087	\$ -	\$ -	\$ 51,537,087
Miscellaneous Revenues:				
Commissary Sales	-	182,807	-	182,807
Miscellaneous Revenues	1,576	66,666	70,772	139,014
Total Revenues	51,538,663	249,473	70,772	51,858,908
EXPENDITURES				
Current:				
Court Related:				
Courthouse Security:				
Personal Services	1,474,691	-	-	1,474,691
Operating Expenditures	17,328	-	-	17,328
Total Court Related	1,492,019	-	-	1,492,019
Public Safety:				
Law Enforcement:				
Personal Services	26,377,161	-	-	26,377,161
Operating Expenditures	5,041,670	-	49,082	5,090,752
Total Law Enforcement	31,418,831	-	49,082	31,467,913
Corrections and Detention:				
Personal Services	11,720,091	35,935	-	11,756,026
Operating Expenditures	3,579,621	194,049	-	3,773,670
Total Corrections and Detention	15,299,712	229,984	-	15,529,696
Capital Outlay	1,654,544	-	-	1,654,544
Debt Service:				
Principal	986,593	-	-	986,593
Interest	59,952	-	-	59,952
Total Expenditures	50,911,651	229,984	49,082	51,190,717
EXCESS OF REVENUES OVER EXPENDITURES	627,012	19,489	21,690	668,191
OTHER FINANCING SOURCES (USES)				
Leases	41,702	-	-	41,702
Subscription-Based Information Technology Arrangement	756,675	-	-	756,675
Unexpended Budget Balance Reverting to Board of County Commissioners	(633,794)	-	-	(633,794)
Total Other Financing Sources (Uses)	164,583	-	-	164,583
NET CHANGE IN FUND BALANCE	791,595	19,489	21,690	832,774
Fund Balance - October 1, 2024, As Originally Reported	-	2,237,833	168,143	2,405,976
Restatement - for GASB 101	(791,595)	(2,606)	-	(794,201)
Fund Balance - October 1 2024, As Restated	(791,595)	2,235,227	168,143	1,611,775
FUND BALANCE - SEPTEMBER 30, 2025	\$ -	\$ 2,254,716	\$ 189,833	\$ 2,444,549

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2025**

	General Fund			Variance - Positive (Negative)
	Budget			
	Original	Final	Actual	
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 39,723,039	\$ 51,575,260	\$ 51,537,087	\$ (38,173)
Miscellaneous Revenues	-	-	1,576	1,576
Total Revenues	39,723,039	51,575,260	51,538,663	(36,597)
EXPENDITURES				
Current:				
Court Related:				
Courthouse Security:				
Personal Services	1,590,240	1,584,615	1,474,691	109,924
Operating Expenditures	11,703	17,328	17,328	-
Total Court Related	1,601,943	1,601,943	1,492,019	109,924
Public Safety:				
Law Enforcement:				
Personal Services	20,653,334	27,242,838	26,377,161	865,677
Operating Expenditures	3,743,684	5,262,968	5,041,670	221,298
Total Law Enforcement	24,397,018	32,505,806	31,418,831	1,086,975
Corrections and Detention:				
Personal Services	12,679,279	11,969,250	11,720,091	249,159
Operating Expenditures	873,049	3,579,621	3,579,621	-
Total Corrections and Detention	13,552,328	15,548,871	15,299,712	249,159
Capital Outlay	171,750	865,188	1,654,544	(789,356)
Debt Service:				
Principal	-	968,500	986,593	(18,093)
Interest	-	59,952	59,952	-
Total Expenditures	39,723,039	51,550,260	50,911,651	638,609
EXCESS OF REVENUES OVER EXPENDITURES	-	25,000	627,012	602,012
OTHER FINANCING SOURCES (USES)				
Leases	-	-	41,702	41,702
Subscription-Based Information Technology Arrangement	-	-	756,675	756,675
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(633,794)	(633,794)
Total Other Financing Sources (Uses)	-	-	164,583	164,583
NET CHANGE IN FUND BALANCE	-	25,000	791,595	766,595
Fund Balance - October 1, 2024	-	-	-	-
Restatement for GASB 101	-	-	(791,595)	(791,595)
Fund Balance - October 1 2024, As Restated	-	-	(791,595)	(791,595)
FUND BALANCE - SEPTEMBER 30, 2025	\$ -	\$ 25,000	\$ -	\$ (25,000)

See accompanying Notes to Financial Statements.

SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

	Internal Service Fund Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 5,608,592
LIABILITIES	
Accrued Compensated Absences Payable	5,608,592
Total Liabilities	5,608,592
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, 2025

	Internal Service Fund <u>Compensated</u> <u>Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 2,214,768
OPERATING EXPENSES	
Compensated Absences Expense	<u>2,343,481</u>
OPERATING LOSS	(128,713)
NONOPERATING REVENUES	
Investment Earnings	<u>128,713</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2024	<u>-</u>
NET POSITION - SEPTEMBER 30, 2025	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2025**

	Internal Service Fund <u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 2,214,768
Cash Paid to Employees for Services	<u>(713,371)</u>
Net Cash Provided by Operating Activities	1,501,397
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>128,713</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,630,110
Cash and Cash Equivalents - October 1, 2024	<u>3,978,482</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2025	<u><u>\$ 5,608,592</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (128,713)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Compensated Absences	<u>1,630,110</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,501,397</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 37,836
Due from Other Governmental Units	1,032
Due from Others	730
Total Assets	<u>39,598</u>
LIABILITIES	
Due to Others	16,581
Due to Other Governmental Units	18,585
Total Liabilities	<u>35,166</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$ 4,432</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025**

	<u>Custodial Funds</u>
ADDITIONS	
Collections from Individuals	\$ 388,444
DEDUCTIONS	
Payments to Other Governments, Entities, and Individuals	<u>387,572</u>
CHANGE IN NET POSITION	872
Net Position - Beginning of Year	<u>3,560</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,432</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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 (the 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, 2025**

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, 2025**

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, 2025**

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 or the Community Donations 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Sheriff invests surplus public funds in accordance with Section 218.415, Florida statutes.

Prepaid Items

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

Compensated Absences

The liability for compensated absences is reported in the government-wide statements of the county. Compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Sheriff records all activity related to Compensated Absences within 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. 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2025, the bank balance of the Sheriff's deposits were \$8,583,054. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

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

The Sheriff invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2025, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate. These investments represented 18.20% of Florida PRIME's portfolio at September 30, 2025.

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sheriff has no policy on interest rate risk.

The dollar weighted-average days to maturity (WAM) of Florida PRIME as of September 30, 2025 was 47 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, 2025 was 73 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Credit Risk (Continued)

On September 30, 2025, 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, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

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

Demand Deposits	\$ 7,027,207
Petty Cash and Change Fund	932
Florida PRIME	2,880,636
Total	<u>\$ 9,908,775</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 4,262,347
Statement of Net Position:	
Cash and Cash Equivalents	5,608,592
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	37,836
Total Cash and Cash Equivalents	<u>\$ 9,908,775</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 3 PERSONNEL COMMITMENTS

The following is a summary of the changes in compensated absences for the year ended September 30, 2025:

	Balance October 1, 2024 As Restated*	Net Change	Balance September 30, 2025
Accrued Compensated Absences	\$ 4,772,683	\$ 835,909	\$ 5,608,592

* Restated for the adoption of GABS No. 101, *Compensated Absences*

The change in compensated absence liability is presented as a net change. See Note 1 for a summary of the Sheriff's compensated absence policy.

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).

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, 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 55, if vested, or at any age after 25 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 eight years after electing to participate, except that certain instructional personnel may participate for up to 10 years. 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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. 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, 2025, 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

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, 2025, 2024, and 2023 were \$6,798,742, \$6,285,315, and \$5,455,016, 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 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, 2025 was 3%. There were no employee contributions to the plan. Contributions to the plan for fiscal years ended September 30, 2025, 2024, and 2023 were \$52,144, \$47,102, and \$42,306, 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, 2025 were as follows:

Budget Appropriation

The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$51,537,087 for the year ended September 30, 2025. Amounts payable to the Board at September 30, 2025 for excess fees was \$633,794. Additionally, the Sheriff received other miscellaneous fees of \$57,754 which were payable to the Board of County Commissioners at September 30, 2025.

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, 2025 amounted to \$3,505,207.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

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 2025:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets, Being Depreciated and Amortized:				
Buildings	\$ 33,822	\$ 7,891	\$ -	\$ 41,713
Machinery, Equipment, and Vehicles	17,703,368	5,175,972	(938,144)	21,941,196
Leasehold Improvements	7,366	-	-	7,366
Computer Software	657,943	-	-	657,943
Total Capital Assets, Being Depreciated	18,402,499	5,183,863	(938,144)	22,648,218
Less: Accumulated Depreciation and Amortization:				
Buildings	-	6,764	-	6,764
Machinery, Equipment, and Vehicles	12,291,305	2,146,011	(912,758)	13,524,558
Leasehold Improvements	5,892	1,473	-	7,365
Computer Software	461,502	46,221	-	507,723
Total Accumulated Depreciation and Amortization	12,758,699	2,200,469	(912,758)	14,046,410
Total Capital Assets, Being Depreciated and Amortized, Net	5,643,800	2,983,394	(25,386)	8,601,808
Right-to-Use Lease Assets:				
Equipment	180,000	41,702	-	221,702
Total Right-to-Use Lease Assets	180,000	41,702	-	221,702
Less Accumulated Amortization:				
Equipment	5,347	76,550	-	81,897
Total Accumulated Amortization	5,347	76,550	-	81,897
Total Right-to-Use Lease Assets, Net	174,653	(34,848)	-	139,805
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	1,959,393	756,675	(379,682)	2,336,386
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	758,721	558,274	(379,062)	937,933
Total Subscription Based Information Technology Arrangement Assets, Net	1,200,672	198,401	(620)	1,398,453
Total Governmental Activities Capital Assets, Net	\$ 7,019,125	\$ 3,146,947	\$ (26,006)	\$ 10,140,066

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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 10 LONG-TERM DEBT

The summary of changes in long-term debt for fiscal year ended September 30, 2025 is as follows:

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Due Within One Year
Direct Borrowing-					
Notes Payable	\$ 308,636	\$ -	\$ (308,636)	\$ -	\$ -
Leases Payable	-	41,702	(11,941)	29,761	13,770
SBITA Payable	595,242	756,675	(666,016)	685,901	220,257
Total	<u>\$ 903,878</u>	<u>\$ 798,377</u>	<u>\$ (986,593)</u>	<u>\$ 715,662</u>	<u>\$ 234,027</u>

NOTE 11 LEASES

The Sheriff 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 Sheriff's leases can be found in the Highlands County Annual Comprehensive Financial Report.

Leases entered into by the Sheriff 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 the Sheriff entered into a Lease agreement totaling \$41,702. During the year ended September 30, 2025, the Sheriff's principal and interest payments on leases totaled \$11,941 and \$1,100, respectively. Future interest and principal payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 13,770	\$ 792
2027	11,857	306
2028	3,600	59
2029	534	-
Total	<u>\$ 29,761</u>	<u>\$ 1,157</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 12 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Sheriff has entered into subscription based-information technology arrangements (SBITAs) for various terms under certain agreements that meet the definition under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Detailed information about the Sheriff's SBITAs can be found in the Highlands County Annual Comprehensive Financial Report.

SBITAs entered into by the Sheriff 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 contract 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 the Sheriff entered into two new SBITA agreements totaling \$756,675. During the year ended September 30, 2025, the Sheriff's principal and interest payments on SBITAs totaled \$647,923 and \$41,379, respectively. Future interest and principal payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 220,257	\$ 20,863
2027	238,324	12,746
2028	198,345	6,475
2029	28,975	845
Total	<u>\$ 685,901</u>	<u>\$ 40,929</u>

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the Sheriff implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the Sheriff's General Fund was restated to reflect the adoption of GASB Statement No. 101. The restatement recognizes the decreased excess fees that would have been paid by the General Fund and Inmate Welfare Fund due to increase in payments to the internal service fund.

	<u>General Fund</u>	<u>Inmate Welfare</u>
Fund Balance – Beginning of Year, as Previously Reported	\$ -	\$ -
Change in Accounting Principle	(791,595)	(2,606)
Fund Balance – Beginning of Year, as Restated	<u>\$ (791,595)</u>	<u>\$ (2,606)</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
CUSTODIAL FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2025**

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.

Individual Depositors – To account for fees charged to serve civil process. Fees are collected and held until service is completed and then remitted to other entities or individuals.

Suspense – To account for fees and court ordered payments collected for various agencies. These funds are remitted to other governmental agencies.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
SEPTEMBER 30, 2025**

	Custodial Funds					Total Custodial Funds
	Inmates	Cash Bond	Unclaimed Evidence	Individual Depositors	Suspense	
ASSETS						
Cash and Cash Equivalents	\$ 14,769	\$ -	\$ 1,206	\$ 2,815	\$ 19,046	\$ 37,836
Due from Other Governmental Units	-	-	-	-	1,032	1,032
Due from Others	730	-	-	-	-	730
Total Assets	15,499	-	1,206	2,815	20,078	39,598
LIABILITIES						
Due to Others	13,766	-	-	2,815	-	16,581
Due to Other Governmental Units	-	-	-	-	18,585	18,585
Total Liabilities	13,766	-	-	2,815	18,585	35,166
NET POSITION						
Restricted for Individuals, Organizations, and Other Governments	\$ 1,733	\$ -	\$ 1,206	\$ -	\$ 1,493	\$ 4,432

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025**

	Custodial Funds					Total Custodial Funds
	Inmates	Cash Bond	Unclaimed Evidence	Individual Depositors	Suspense	
ADDITIONS						
Collections from Individuals	\$ 257,091	\$ 22,810	\$ 33,129	\$ 30,785	\$ 44,629	\$ 388,444
Total Additions	257,091	22,810	33,129	30,785	44,629	388,444
DEDUCTIONS						
Payments to Other Governments, Entities, and Individuals	257,712	22,810	33,129	30,785	43,136	387,572
Total Deductions	257,712	22,810	33,129	30,785	43,136	387,572
CHANGE IN NET POSITION	(621)	-	-	-	1,493	872
Net Position - Beginning of Year	2,354	-	1,206	-	-	3,560
NET POSITION - END OF YEAR	<u>\$ 1,733</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ -</u>	<u>\$ 1,493</u>	<u>\$ 4,432</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 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 Sheriff of Highlands County, Florida (the Sheriff), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated March 27, 2026.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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*.

Highlands County Sheriff's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sheriff's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Sheriff's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
March 27, 2026



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, 2025 and have issued our report thereon dated March 27, 2026.

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 March 27, 2026, 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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material, but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Lakeland, Florida
March 27, 2026



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, 2025. 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, 2025.

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

Lakeland, Florida
March 27, 2026

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2025**

2025-001 – Material Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: A material error was detected in the Sheriff's account balances during our audit. As a result, a material adjustment was proposed to correct the account balances.

Criteria or Specific Requirement: Management is responsible for establishing and maintaining internal control over recording of the Sheriff's transactions to ensure balances are reported in accordance with GAAP.

Effect: Subscription-Based Information Technology Arrangements (SBITA) and Lease capital outlay and other financing sources revenue was overstated.

Cause: Capital outlay and other financing revenue was not recorded for the new Lease and SBITA agreements entered into during the fiscal year.

Repeat Finding: No

Recommendation: The year-end closing process should include procedures to review entries posted for new SBITA and Lease agreements.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding. The error resulted from incomplete recording of capital outlay expenditures and other financing sources to new Lease and SBITA agreements during the fiscal year. Management will update year-end closing procedures to ensure new Lease and SBITA agreement are identified and properly recorded moving forward.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2025



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**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GENERAL FUND	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	5
STATEMENT OF NET POSITION – PROPRIETARY FUND	6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	7
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTAL REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	24
MANAGEMENT LETTER	26
INDEPENDENT ACCOUNTANTS' REPORT	28



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 financial statements of the major fund and the remaining fund information of the Supervisor of Elections of Highlands County, Florida (Supervisor of Elections), as of and for the year ended September 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the remaining fund information of the Supervisor of Elections as of September 30, 2025, 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 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 of Highlands County 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 the major fund and the 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 10, the financial statements, the Supervisor of Elections implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates, and is more likely than not to be used or otherwise paid or settled. 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.

The Honorable Karen Healy
Supervisor of Elections
Highlands County, Florida

Required Supplementary Information

Management has omitted the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2026, 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

Lakeland, Florida
February 18, 2026

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2025**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 494,506
Prepaid Items	<u>961</u>
Total Assets	<u><u>\$ 495,467</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 20,177
Due to Other Constitutional Officers	47,844
Due to Board of County Commissioners	413,939
Accrued Wages	<u>13,507</u>
Total Liabilities	495,467
FUND BALANCE	
Nonspendable	961
Unassigned	<u>(961)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 495,467</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, 2025**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 1,767,503	\$ 1,785,820	\$ 1,779,320	\$ (6,500)
Intergovernmental	-	18,737	18,737	-
Total Revenues	1,767,503	1,804,557	1,798,057	(6,500)
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	1,153,453	1,167,382	961,952	205,430
Operating Expenditures	614,050	629,164	417,204	211,960
Capital Outlay	-	18,186	18,186	-
Debt Service:				
Principal	-	855	854	1
Interest	-	170	169	1
Total Expenditures	1,767,503	1,815,757	1,398,365	417,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(11,200)	399,692	410,892
OTHER FINANCING SOURCES (USES)				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(410,892)	(410,892)
Balance Reverting to Board of County Commissioners Due to GASB 101 Restatement	-	-	(2,274)	(2,274)
Leases	-	11,200	11,200	-
Total Other Financing Sources (Uses)	-	11,200	(401,966)	(413,166)
NET CHANGE IN FUND BALANCE	-	-	(2,274)	(2,274)
Fund Balance - October 1, 2024, As Originally Reported	-	-	-	-
Restatement - for GASB 101	-	-	2,274	2,274
Fund Balance - October 1 2024, As Restated	-	-	2,274	2,274
FUND BALANCE - SEPTEMBER 30, 2025	<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, 2025**

	Internal Service Fund <u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 48,370
LIABILITIES	
Accrued Compensated Absences Payable	47,586
Due to Other Constitutional Officers	<u>784</u>
Total Liabilities	48,370
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, 2025

	Internal Service Fund
	<u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 43,259
OPERATING EXPENSES	
Compensated Absences Expense	<u>43,259</u>
CHANGE IN NET POSITION	-
Net Position - October 1, 2024	<u>-</u>
NET POSITION - SEPTEMBER 30, 2025	<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, 2025**

	Internal Service Fund Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 43,259
Cash Paid to Employees for Services	(45,378)
Net Cash Used by Operating Activities	<u>(2,119)</u>
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES	
Transfer to Other Constitutional Officers	(881)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of Interest	<u>784</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,216)
Cash and Cash Equivalents - October 1, 2024	<u>50,586</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2025	<u><u>\$ 48,370</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:	
Increase in Compensated Absences	<u>\$ (2,119)</u>
Net Cash Used by Operating Activities	<u><u>\$ (2,119)</u></u>

See accompanying Notes to Financial Statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

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 statement of net position. 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, 2025**

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, 2025**

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

The liability for compensated absences is reported in the government-wide statements of the County. Compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Supervisor of Elections records all activity related to Compensated Absences within 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, 2025**

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 Board of County Commissioners.

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, 2025**

NOTE 2 CASH AND CASH EQUIVALENTS

At September 30, 2025, the bank balance of the Supervisor of Elections' deposits were \$525,874. 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.

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, 2025, 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 18.20% of Florida PRIME's portfolio at September 30, 2025.

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

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The dollar weighted-average days to maturity (WAM) of Florida PRIME as of September 30, 2025 was 47 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, 2025 was 73 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, 2025, 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, 2025, 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

Demand Deposits	\$ 520,178
Petty Cash and Change Funds	150
Florida PRIME	22,548
Total	<u>\$ 542,876</u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 494,506
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	48,370
Total Cash and Cash Equivalents	<u>\$ 542,876</u>

NOTE 3 PERSONNEL COMMITMENTS

The following is a summary of the changes in compensated absences for the year ended September 30, 2025:

	Balance October 1, 2024 As Restated*	Net Change	Balance September 30, 2025
Accrued Compensated Absences	<u>\$ 47,430</u>	<u>\$ 156</u>	<u>\$ 47,586</u>

* Restated for the adoption of GABS No. 101, *Compensated Absences*

The change in compensated absence liability is presented as a net change. See Note 1 for a summary of the Supervisor of Election's compensated absence policy.

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Background (Continued)

Essentially all regular employees of the Supervisor of Elections are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and 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).

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, if vested, 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 55, if vested, or at any age after 25 years of service. Employees enrolled in the FRS Plan may include up to five 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

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 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

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

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

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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

Plan Description

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

Benefits Provided

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, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor of Elections.

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

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Supervisor of Election's contributions made to the plans during the years ended September 30, 2025, 2024, and 2023 were \$155,621, \$154,328, and \$137,112, 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, 2025 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 \$1,779,320 for the fiscal year ended September 30, 2025. Excess fees and other amounts payable to the Board at September 30, 2025 were \$413,939.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Various Services

The Board of County Commissioners provides various services to the Supervisor of Elections. The charges for these services for the fiscal year ended September 30, 2025 amounted to \$85,063.

The Clerk of Courts provides various services to the Supervisor of Elections. The charges for these services for the fiscal year ended September 30, 2025 amounted to \$58,000. Amounts payable to the Clerk of Courts at September 30, 2025 were \$47,844.

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. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Supervisor of Elections is custodian during the fiscal year 2025:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Capital Assets, Being Depreciated and Amortized:				
Machinery, Equipment, and Vehicles	\$ 891,849	\$ 6,985	\$ -	\$ 898,834
Software	31,914	-	-	31,914
Total Capital Assets, Being Depreciated	923,763	6,985	-	930,748
Less: Accumulated Depreciation and Amortization:				
Machinery, Equipment, and Vehicles	629,912	110,159	-	740,071
Software	31,914	-	-	31,914
Total Accumulated Depreciation and Amortization	661,826	110,159	-	771,985
Total Capital Assets, Being Depreciated and Amortized, Net	261,937	(103,174)	-	158,763
Right-to-Use Assets Being Depreciated/Amortized:				
Right-to-Use Assets	-	11,200	-	11,200
Total Right-to-Use Assets	-	11,200	-	11,200
Less: Accumulated Depreciation/Amortization for Right-to-Use:				
Right-to-Use Assets	-	933	-	933
Total Accumulated Amortization	-	933	-	933
Total Right-to-Use Assets Being Depreciated/Amortized, Net	-	10,267	-	10,267
Total Governmental Activities Capital Assets, Net	\$ 261,937	\$ (92,907)	\$ -	\$ 169,030

NOTE 8 LEASES

The Supervisor of Election 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 Supervisor of Election's leases can be found in the Highlands County Annual Comprehensive Financial Report.

Leases entered into by the Supervisor of Election 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, 2025, the Supervisor of Election entered into a lease in the amount of \$11,200. The principal and interest payments on leases totaled \$854 and \$169, respectively. Future principal and interest payments are as follows:

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 8 LEASES (CONTINUED)

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	2,106	350
2027	2,188	268
2028	2,272	183
2029	2,361	95
Thereafter	1,419	14
Total	<u>\$ 10,346</u>	<u>\$ 896</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Supervisor of Elections is named as a defendant in several lawsuits related to conducting elections in Highlands County, Florida. As of September 30, 2025, based on management's opinion, it does not appear the Supervisor of Elections' assets will be affected and, consequently, no provision has been made for any liability that might arise from these claims.

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the Supervisor of Election implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the Supervisor of Elections' General Fund was restated to reflect the adoption of GASB Statement No. 101. The restatement recognizes the additional excess fees that would have been paid by the General Fund due to decreases in payments to the internal service fund.

	<u>General Fund</u>
Fund Balance, as Previously Reported at September 30, 2024	\$ -
Implementation of GASB Statement No. 101	<u>2,274</u>
Fund Balance, as Restated, at October 1, 2024	<u>\$ 2,274</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 remaining fund information of the Supervisor of Elections of Highlands County, Florida (Supervisor of Elections), as of and for the year ended September 30, 2025, 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 February 18, 2026.

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

Lakeland, Florida
February 18, 2026



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, 2025, and have issued our report thereon dated February 18, 2026.

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 18, 2026, 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

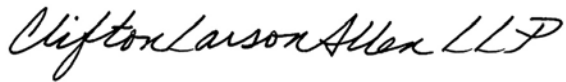
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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

Lakeland, Florida
February 18, 2026



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, 2025. 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, 2025.

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

Lakeland, Florida
February 18, 2026

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2025



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**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET – GENERAL FUND	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – (NON-GAAP) BUDGET AND ACTUAL – GENERAL FUND	6
STATEMENT OF NET POSITION – PROPRIETARY FUND	7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	8
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	9
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	10
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	11
NOTES TO FINANCIAL STATEMENTS	12
SUPPLEMENTARY INFORMATION	
CUSTODIAL FUNDS DESCRIPTIONS	29
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	30
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	31
SUPPLEMENTAL REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	32
MANAGEMENT LETTER	34
INDEPENDENT ACCOUNTANTS' REPORT	36



INDEPENDENT AUDITORS' REPORT

Honorable Eric T. Zwyer
Tax Collector
Highlands County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, 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 accompanying 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, 2025, 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 of the major fund and the aggregate remaining fund information of Highlands County 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 11 of the financial statements, the Tax Collector implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended September 30, 2025. GASB 101 requires liabilities to be recognized for leave attributable to services already rendered, that accumulates, and is more likely than not to be used or otherwise paid or settled. 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

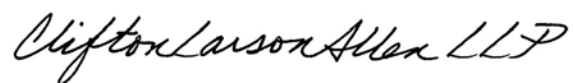
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 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 March 12, 2026, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 12, 2026

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2025**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,876,051
Accounts Receivable, Net	5,888
Inventory	1,241
Prepaid Items	<u>11,248</u>
Total Assets	<u><u>\$ 1,894,428</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 97,240
Due to Other Governmental Units	20,167
Due to Board of County Commissioners	1,674,438
Due to Others	612
Accrued Wages Payable	<u>101,971</u>
Total Liabilities	1,894,428
FUND BALANCE	
Nonspendable	12,489
Unassigned	<u>(12,489)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,894,428</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>
REVENUES	
Charges for Services:	
Commissions from:	
Board of County Commissioners	\$ 2,501,991
South Florida Water Management District	4,755
Southwest Florida Water Management District	26,072
Other Taxing Districts	438,136
Other Fees	<u>1,637,098</u>
Total Charges for Services	4,608,052
 Miscellaneous Revenues:	
Investment Earnings	69,601
Other Miscellaneous Revenues	<u>444,667</u>
Total Miscellaneous Revenues	<u>514,268</u>
 Total Revenues	5,122,320
 EXPENDITURES	
General Government:	
Financial and Administrative:	
Personal Services	3,428,895
Operating Expenditures	701,974
Debt Service:	
Principal	98,923
Interest	<u>4,595</u>
Total Expenditures	<u>4,234,387</u>
 EXCESS OF REVENUES OVER EXPENDITURES	887,933
 OTHER FINANCING SOURCES (USES)	
Transfer of Excess Fees	<u>(834,752)</u>
Total Other Financing Sources (Uses)	<u>(834,752)</u>
 NET CHANGE IN FUND BALANCE	53,181
 Fund Balance - Beginning, As Originally Reported	-
Restatement Due to GASB 101, Compensated Absences	<u>(53,181)</u>
Fund Balance - Beginning, As Restated	<u>(53,181)</u>
 FUND BALANCE - END OF YEAR	<u><u>\$ -</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, 2025**

	Budget			Variance with Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for Services:				
Commissions from:				
Board of County Commissioners	\$ 2,449,365	\$ 2,449,365	\$ 2,501,991	\$ 52,626
South Florida Water Management District	4,669	4,669	4,755	86
Southwest Florida Water Management District	25,533	25,533	26,072	539
Other Taxing Districts	418,567	418,567	438,136	19,569
Other Fees	1,451,060	1,451,060	1,637,098	186,038
Total Charges for Services	4,349,194	4,349,194	4,608,052	258,858
Miscellaneous Revenues:				
Investment Earnings	60,000	60,000	69,601	9,601
Other Miscellaneous Revenues	45,045	45,045	444,667	399,622
Total Miscellaneous Revenues	105,045	105,045	514,268	409,223
Total Revenues	4,454,239	4,454,239	5,122,320	668,081
EXPENDITURES				
General Government:				
Financial and Administrative:				
Personal Services	3,629,011	3,637,708	3,428,895	208,813
Operating Expenditures	628,891	808,891	701,974	106,917
Debt Service:				
Principal	-	-	98,923	(98,923)
Interest	-	-	4,595	(4,595)
Total Expenditures	4,257,902	4,446,599	4,234,387	212,212
EXCESS OF REVENUES OVER EXPENDITURES	196,337	7,640	887,933	880,293
OTHER FINANCING SOURCES (USES)				
Transfer of Excess Fees	-	-	(834,752)	(834,752)
Unbudgeted Excess Fees	(196,337)	(7,640)	-	7,640
Total Other Financing Uses	(196,337)	(7,640)	(834,752)	(827,112)
NET CHANGE IN FUND BALANCE	-	-	53,181	53,181
Fund Balance - Beginning of Year	-	-	(53,181)	(53,181)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2025**

	Internal Service Fund
	<u>Compensated Absences</u>
ASSETS	
Cash and Cash Equivalents	\$ 156,416
LIABILITIES	
Accrued Compensated Absences Payable	<u>156,416</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, 2025**

	Internal Service Fund <u>Compensated Absences</u>
OPERATING REVENUES	
Charges for Services	\$ 258,627
OPERATING EXPENSES	
Compensated Absence Expense	<u>261,755</u>
OPERATING LOSS	(3,128)
NONOPERATING REVENUES	
Investment Earnings	<u>3,128</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, 2025**

	Internal Service Fund
	<u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 258,627
Cash Paid to Employees for Services	<u>(183,267)</u>
Net Cash Provided by Operating Activities	75,360
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>3,128</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,488
Cash and Cash Equivalents - Beginning of Year	<u>77,928</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 156,416</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (3,128)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accrued Compensated Absences Payable	<u>78,488</u>
Net Cash Provided by Operating Activities	<u><u>\$ 75,360</u></u>

See accompanying Notes to Financial Statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2025**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,781,230
Due from Others	10
Total Assets	<u>1,781,240</u>
LIABILITIES	
Due to Other Governmental Units	1,398,357
Due to Others	382,883
Total Liabilities	<u>1,781,240</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, 2025**

	<u>Custodial Funds</u>
ADDITIONS	
Tax, License, and Fee Collections	\$ 87,026,069
DEDUCTIONS	
Payments to State Agencies	13,805,395
Payments to Other Governments	65,963,190
Payments to Others	<u>7,257,484</u>
Total Deductions	<u>87,026,069</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, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a noncharter County established April 23, 1921 under the Constitution and Laws of the state of Florida, 1921, Chapter 8513. The Tax Collector of Highlands County, Florida (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, 2025**

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, 2025**

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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Tax Collector's office:

1. On or before August 1 of each year, the Tax Collector submits an annual budget for the operations of the office to the state of Florida, Department of Revenue, Property Tax Administration (Department). A copy of the budget is also furnished to the Board of County Commissioners. After the budget has been reviewed and approved by the Department, it becomes the operating budget for the ensuing fiscal year.
2. The Tax Collector's operating budget can only be amended after written approval has been received from the Department.
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. 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

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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Compensated Absences

The liability for compensated absences is reported in the government-wide statements of the County. Compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The Tax Collector records all activity related to Compensated Absences within 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 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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the Tax Collector's deposits were \$1,049,179. 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, 2025**

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 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 managed as stable value NAV pool, but it does not meet all of the specific criteria outlined in GASB 79 Paragraph 4, to be reported at NAV, therefore FLCLASS is reported at fair value. At September 30, 2025, the WAM in days was 42.34 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, 2025**

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	\$ 1,306,990
Petty Cash and Change Funds	12,700
Florida Cooperative Liquid Assets Securities System (FLCLASS)	<u>2,494,007</u>
Total	<u><u>\$ 3,813,697</u></u>
Balance Sheet - General Fund:	
Cash and Cash Equivalents	\$ 1,876,051
Statement of Net Position - Proprietary Fund:	
Cash and Cash Equivalents	156,416
Statement of Fiduciary Net Position - Custodial Funds:	
Cash and Cash Equivalents	<u>1,781,230</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,813,697</u></u>

NOTE 3 PERSONNEL COMMITMENTS

The following is a summary of the changes in compensated absences for the year ended September 30, 2025:

Compensated Absences - September 30, 2024*	\$ 119,112
Net Change	<u>37,304</u>
Compensated Absences - September 30, 2025	<u><u>\$ 156,416</u></u>

*Restated for the adoption of GASB 101, *Compensated Absences*

The change in compensated absence liability is presented as a net change. See Note 1 for a summary of the Tax Collector's compensated absence policy.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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, 2025**

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, if vested, 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 55, if vested, or at any age after 25 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 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. 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, 2025**

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

Plan Description

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. 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.

Benefits Provided

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, 2025, 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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

Benefits Provided (Continued)

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

Contributions

Participating employer contributions are based upon statewide rates established by the state of Florida. The Tax Collector's contributions made to the plans during the years ended September 30, 2025, 2024, and 2023 were \$455,083, \$404,775, and \$345,626, 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, 2025 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 \$2,501,991 for the year ended September 30, 2025. Excess fees payable to the Board at September 30, 2025 was \$814,585. Additionally, taxes and fees payable to the Board at September 30, 2025 were \$859,853.

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, 2025 amounted to \$460,041.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 6 RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The County is liable for deductibles on certain coverage. Transactions related to activities related to PGIT are presented in the statements of Highlands County as a whole. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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 to 10 Years
Software – Purchase	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 Tax Collector was custodian during fiscal year 2025:

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 CAPITAL ASSETS (CONTINUED)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets, Being Depreciated and Amortized:				
Equipment	\$ 266,293	\$ -	\$ -	\$ 266,293
Total Capital Assets, Being Depreciated	266,293	-	-	266,293
Less: Accumulated Depreciation:				
Equipment	221,928	11,231	-	233,159
Total Accumulated Depreciation	221,928	11,231	-	233,159
Total Capital Assets, Being Depreciated, Net	44,365	(11,231)	-	33,134
Right-to-Use Lease Assets:				
Equipment	15,770	-	-	15,770
Total Right-to-Use Lease Assets	15,770	-	-	15,770
Less Accumulated Amortization:				
Equipment	3,069	3,154	-	6,223
Total Accumulated Amortization	3,069	3,154	-	6,223
Total Right-to-Use Lease Assets, Net	12,701	(3,154)	-	9,547
Subscription-Based Information Technology Arrangement Assets				
Subscription-Based Information Technology Arrangements	195,850	-	(195,850)	-
Less Accumulated Amortization:				
Subscription-Based Information Technology Arrangements	56,082	108,095	(164,177)	-
Total Subscription-Based Information Technology Arrangement Assets, Net	139,768	(108,095)	(31,673)	-
Total Governmental Activities Capital Assets, Net	\$ 196,834	\$ (122,480)	\$ (31,673)	\$ 42,681

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 Tax Collector'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.

Total principal and interest payments on leases totaled \$3,014 and \$515, respectively. Future principal and interest payments are as follows:

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 8 LEASES (CONTINUED)

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,143	\$ 374
2027	3,219	227
2028	3,445	73
Total	<u>\$ 9,807</u>	<u>\$ 674</u>

NOTE 9 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Tax Collector has entered into subscription based-information technology arrangements (SBITAs) for various terms under certain agreements that meet the definition under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Detailed information about the Tax Collector's SBITAs can be found in the Highlands County Annual Comprehensive Financial Report.

SBITAs 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 contract 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, 2025, the Tax Collector's principal and interest payments on SBITAs totaled \$95,909 and \$4,080, respectively. The balance at September 30, 2025, was \$0.

NOTE 10 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, 2025, 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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 11 CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the Tax Collector implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The fund balance of the Tax Collector's General Fund was restated due to the adoption of GASB 101. The restatement recognizes additional expenditures that would have been incurred by the General Fund for payments to the internal service fund.

	<u>General Fund</u>
Fund Balance, as Previously Reported at September 30, 2024	\$ -
Implementation of GASB Statement No. 101	<u>(53,181)</u>
Fund Balance, as Restated, at October 1, 2024	<u><u>\$ (53,181)</u></u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
CUSTODIAL FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2025**

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, 2025**

	Custodial Funds			Total Custodial Funds
	Tag	Tax and License	Tax Redemption	
ASSETS				
Cash and Cash Equivalents	\$ 156,722	\$ 1,358,097	\$ 266,411	\$ 1,781,230
Due from Others	10	-	-	10
Total Assets	156,732	1,358,097	266,411	1,781,240
LIABILITIES				
Due to Other Governmental Units	156,732	1,241,625	-	1,398,357
Due to Others	-	116,472	266,411	382,883
Total Liabilities	156,732	1,358,097	266,411	1,781,240
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, 2025**

	Custodial Funds			Total Custodial Funds
	Tag	Tax and License	Tax Redemption	
ADDITIONS				
Tax, License, and Fee Collections	\$ 13,805,395	\$ 65,963,190	\$ 7,257,484	\$ 87,026,069
DEDUCTIONS				
Payments to State Agencies	13,805,395	-	-	13,805,395
Payments to Other Governments	-	65,963,190	-	65,963,190
Payments to Others	-	-	7,257,484	7,257,484
Total Deductions	<u>13,805,395</u>	<u>65,963,190</u>	<u>7,257,484</u>	<u>87,026,069</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>



**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, 2025, 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 March 12, 2026.

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.

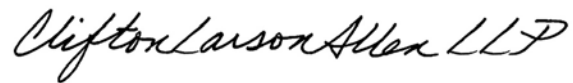
Honorable Eric T. Zwayer
Highlands County Tax Collector

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lakeland, Florida
March 12, 2026



MANAGEMENT LETTER

Honorable Eric T. Zwyer
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, 2025 and have issued our report thereon dated March 12, 2026.

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 March 12, 2026, 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

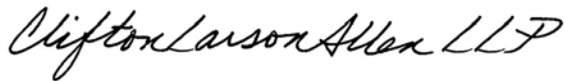
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 fraud, waste or abuse, that have occurred, or is likely to have occurred, that has 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

Lakeland, Florida
March 12, 2026



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Eric T. Zwyer
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, 2025. 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, 2025.

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

Lakeland, Florida
March 12, 2026

