

**HIGHLANDS COUNTY, FLORIDA
COMBINED FINANCIAL STATEMENTS**

**For The Fiscal Year Ended
September 30, 2009**

***HIGHLANDS COUNTY
FLORIDA***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***For the Fiscal Year Ended
September 30, 2009***

**Prepared by the Office of Robert W. Germaine
Clerk of Courts**

**Anne D. Roberts
Director of Accounting**

**Patti W. Howerton
Accounting Manager**

HIGHLANDS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
PRINCIPAL OFFICIALS

For the Fiscal Year Ended September 30, 2009

BOARD OF COUNTY COMMISSIONERS
Barbara Stewart, Chairperson

Don Bates
Edgar Stokes

Jeff Carlson
C. Guy Maxcy

COUNTY ADMINISTRATOR
Michael Wright

CLERK OF COURTS
and
CHIEF FINANCIAL OFFICER
Robert W. Germaine

TAX COLLECTOR
Charles L. Bryan

PROPERTY APPRAISER
C. Raymond McIntyre

SHERIFF
Susan Benton

SUPERVISOR OF ELECTIONS
Joe Campbell

COUNTY ATTORNEY
J. Ross MacBeth

SENIOR DIRECTOR
BUSINESS SERVICES
Jerome Kaszubowski

DIRECTOR OF ACCOUNTING
Anne D. Roberts

ACCOUNTING MANAGER
Patti W. Howerton

INDEPENDENT AUDITORS
The NCT Group CPA's, L.L.P.

HIGHLANDS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2009

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ROBERT W. GERMAINE

CLERK OF THE COURTS • HIGHLANDS COUNTY, FLORIDA
OFFICE LOCATION: 430 SOUTH COMMERCE AVENUE
THE COURTHOUSE

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

PLEASE REPLY TO:

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SEBRING, FLORIDA 33870-3867
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March 10, 2010

To the Citizens of Highlands County, Florida:

I am pleased to present to you, the citizens of Highlands County, the Comprehensive Annual Financial Report (CAFR) of Highlands County, Florida (County), for the fiscal year ended September 30, 2009.

This report was prepared 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 the maximum understanding of the County's financial affairs have also been included.

REPORT FORMAT

This report (and particularly this transmittal letter) is intended to provide informative and relevant financial information for the citizens of the County, Board Members, investors, creditors and other concerned readers. In accordance with generally accepted accounting principles, this CAFR includes a narrative introduction from management, which provides an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). 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 local economic conditions and prospects for the future, and a report on some of the County's current and future initiatives.

The accompanying report consists of five parts:

- 1) Management's Discussion and Analysis, which is a narrative report providing significant information about the County and how the County's financial position has changed from September 30, 2008 to September 30, 2009 and the reason for the change;
- 2) Government-wide financial statements, which report on the government and business-type assets, liabilities, revenues, and expenses of the County;
- 3) Fund financial statements, which report on the major individual funds of the County;
- 4) Budgetary comparisons for the County's general fund and major special revenue funds; and
- 5) The notes to the financial statements.

REPORTING ENTITY

Highlands County is a non-charter county established under the Constitution and laws of the State of Florida. This CAFR is a countywide report, which discloses the combined results of operations for the Board of County Commissioners, the Clerk of Courts, the Property Appraiser, the Tax Collector, the Sheriff, the Supervisor of Elections, and all component units. This report also includes all funds and account groups of governmental operations where the Board of County Commissioners is financially accountable for the entity, 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 Board of County Commissioners is the legislative body for the County and, as such, budgets and provides the funding used by the County departments and the separate constitutional officers with the exception of fees collected by the Tax Collector and the Property Appraiser. Under the direction of the Clerk of Courts, the Clerk's Business Services Divisions maintain the accounting system for the Board of County Commissioners' operations. The Clerk of Courts, the Property Appraiser, the Tax Collector, the Sheriff, and the Supervisor of Elections maintain their own separate accounting systems. However, the operations of the Board of County Commissioners and the constitutional officers have been combined for presentation in the Comprehensive Annual Financial Report.

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. The Industrial Development Authority is included as a discretely presented component unit.

Economic Condition and Outlook

Highlands County is Florida's 56th county established on April 23, 1921 from a segment of Desoto County. It gains its name from the abundance of hills found in the area. The City of Sebring is the county seat. The County is located in the south central part of Florida and is within 100 miles of many of the major population centers in the state. Citrus and its related industries provide the primary source of income for the economy in the County. Beef cattle and dairy farming are also important sources of income to the County. New businesses continue to locate at the Sebring Airport Industrial Park. The 12 Hours of Sebring auto race, North America's longest running and most prestigious road race, continues to be run at the Sebring International Raceway located at the Sebring Airport. This race and other activities bring international recognition to the County, thereby promoting tourism, an important component of the economy in the County.

The County has successfully used a conservative approach in order to deal with the increased demand for expansion of its various public services. The general philosophy of the County is that increased revenues from existing taxes and other revenue sources must provide the base for the increase in public expenditures commensurate with expansion of public services.

While the economic and public expenditure policies are subject to change and re-evaluation, it is anticipated that the County will experience manageable growth that will not be disruptive to the current financial position of the County.

Major Initiatives

During the 2008-2009 fiscal year, the following amounts were expended for assets and infrastructure projects:

Description	Amount
Animal Control Improvements	\$ 1,593
Avon Park Airport Interlocal Agreement	84,875
City of Avon Park Recreation Facilities Improvements	43,175
Compactor	107,068
Dozer	101,877
Durrah Martin Complex Restrooms	47,885
EDP Equipment	92,739
Excavators	247,903
Fuel Site Improvements	619,927
Grader	149,750
Improvements to Roads and Streets	3,767,394
Lake Placid School Lighting	80,176
Land Projects	1,000
Landscaping in Lake Placid	8,159
Medical Examiner Building Interlocal Agreement	53,656
Memorial Drive and College Drive Multi-Use Path	15,124
Multi-Field Complex	49,657
Parks and Recreation Building	14,305
Pavers	261,867
Road and Bridge Equipment	4,848
Sebring Airport Interlocal Agreement	83,160
Supervisor of Elections Building	44,475
Toni Drive Mining Permit	16,539
Town of Lake Placid Miracle League Baseball Field	30,000
Trailers	20,442
Vehicles	65,061
Veteran's Services Building	359,930
Windy Point Park	11,136
Total	<u><u>\$ 6,383,721</u></u>

The major initiatives have been funded through a one-cent local option sales surtax for the purpose of financing, planning, and constructing infrastructure. The surtax was approved on August 22, 1989, and on July 20, 1999, the electorate of Highlands County approved extending this tax an additional fifteen years.

Major Accomplishments for 2008-2009

- Cougar Blvd Sidewalks – Construction is complete. Due to low bid prices, the County was able to construct approximately 1,250 additional feet of sidewalk over the original plan.
- Southern Lifestyle Assisted Living Facility (ALF) Water and Sewer Expansion – This project connected the Southern Lifestyle ALF to the Placid Utilities water and sewer system. New master lift station pumps were installed and modifications to the lift station wet well and valve pit were completed in May 2009.
- Asphalt Plant – The hot-mix asphalt plant was completed in late fiscal year 2007-2008. The plant was put into operations in October 2008 with the first production of asphalt from diesel fuel. A Florida Department of Environmental Protection grant of \$1.6 Million helped to support the purchase of the plant. In January 2009 the first asphalt was produced from landfill gas. The asphalt plant should be operational for years to come.
- Sun 'N Lake Boulevard Sidewalk (Sebring) – Construction of a sidewalk along Sun 'N Lake Boulevard in Sebring is complete.
- Veteran Services Building – The ground breaking ceremony was held in October 2008. The ribbon cutting ceremony for the completion of the building was held on June 3, 2009. The building is dedicated to servicing Veterans of all military branches.
- Avon Park Fuel Site – The Avon Park Fuel Site construction was completed in 2009. The fuel site has four above ground tanks that will allow the County the ability to store and use bio fuels or other types of fuels for years to come.

Major Projects Schedule for the Future

- Animal Control Additions – The Board approved two separate projects for new animal pens and new building facilities and other improvements. The new building will house new concrete dog pens, storage facilities for food and other necessary equipment, and restroom facilities. The existing dog pens will be removed and improvements will be made to create a facility to house cats as well. The new facilities will allow for separation of animals, which will minimize the spread of disease. This will help in getting assistance from Veterinarians for the spay and neutering programs as well as other assistance. This will improve the number of adoptable animals and help in achieving adoption goals. The projects are anticipated to be complete in fiscal year 2009-2010.
- Children's Advocacy Center (CAC) Expansion – The CAC expansion project was needed to add additional space to the existing building to house a State Agency and allow all the various departments and agencies to be located in one area. The expansion was started in June 2009. The building should be completed before the end of 2009. The State will lease the space starting in January 2010.
- Sheriff's Office Law Enforcement Facility – The Board elected to hold off on all work on the Sheriff's building and return to discussions of building plans at a later date. In order to handle the immediate space issues of the Sheriff's Department, a building was leased to house a portion of the Sheriff's staff. The lease will provide time for the Board to provide a Law Enforcement Facility.

- Toni Dr/Old SR 8 – Construction began in September. The leveling course has been completed and the contractor is currently in the process of adding the base to the shoulders. The project is expected to be completed by April 2010.
- College Drive/Memorial Drive Multi-Use Path – Highlands County has received financial assistance from the Florida Department of Transportation (FDOT) for the construction of an 8 foot wide multi-use path along the rights-of-way on Memorial Drive and College Drive in Avon Park for an approximate distance of 4 miles. The project will connect to Memorial Elementary School and South Florida Community College, as well as connect with existing sidewalk at East Cornell Street. This project will be greatly used by the College population and elementary school children on a daily basis. Furthermore, the project will provide recreational opportunities for other users.
- Sun ‘N Lake Boulevard Sidewalk (Lake Placid) – This will be an extension of the sidewalk that was built by the Florida Department of Transportation (FDOT) in 2002 along Sun ‘N Lakes Boulevard. FDOT constructed a five foot sidewalk from CR 29 to Sweetheart Avenue under the Safe Routes to School (SRTS) program. The proposed project would extend this sidewalk for approximately 1.3 miles from Sweetheart Avenue to Moonglow Avenue.
- Sun ‘N Lake of Sebring Sidewalk Project – Highlands County has received financial assistance from the Florida Department of Transportation (FDOT) for the construction of 5 foot sidewalks in Sun ‘N Lake of Sebring, along Ponce de Leon Boulevard and Granada Boulevard for approximately 7,000 linear feet (1.33 miles). The sidewalk project will connect to existing sidewalks along Sun ‘N Lakes Boulevard, extending the network of sidewalks in the area. Highlands County continues to prioritize sidewalk and multi-use pathway projects in order to serve the children of Highlands County.
- Sebring Parkway Phase II – This project will connect Phase I with US 27 (currently Highlands Avenue). The distance that this project will cover is 14,467 feet (2.74 miles) of a four-lane divided highway. Implementation of this new road construction/widening project is needed to support future traffic volumes.
- Memorial Drive/Valerie Boulevard Intersection Improvements – The foundations and mast arms have been constructed and are in full operation.

Financial Information

Readers of this report are encouraged to read the Management’s Discussion and Analysis (MD&A) report. The MD&A provides basic financial information about the County and an overview of the County’s activities. The government-wide financial statements, consisting of a statement of net assets and a statement of activities, provides a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. The fund financial statements provide information concerning the County’s funds and are prepared from the County’s accounting records. The County’s accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the County’s proprietary funds are maintained on the accrual basis. The County operates on a fiscal year of October 1 to September 30. The Clerk of Courts, through the Clerk’s Business Services Division, is 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.

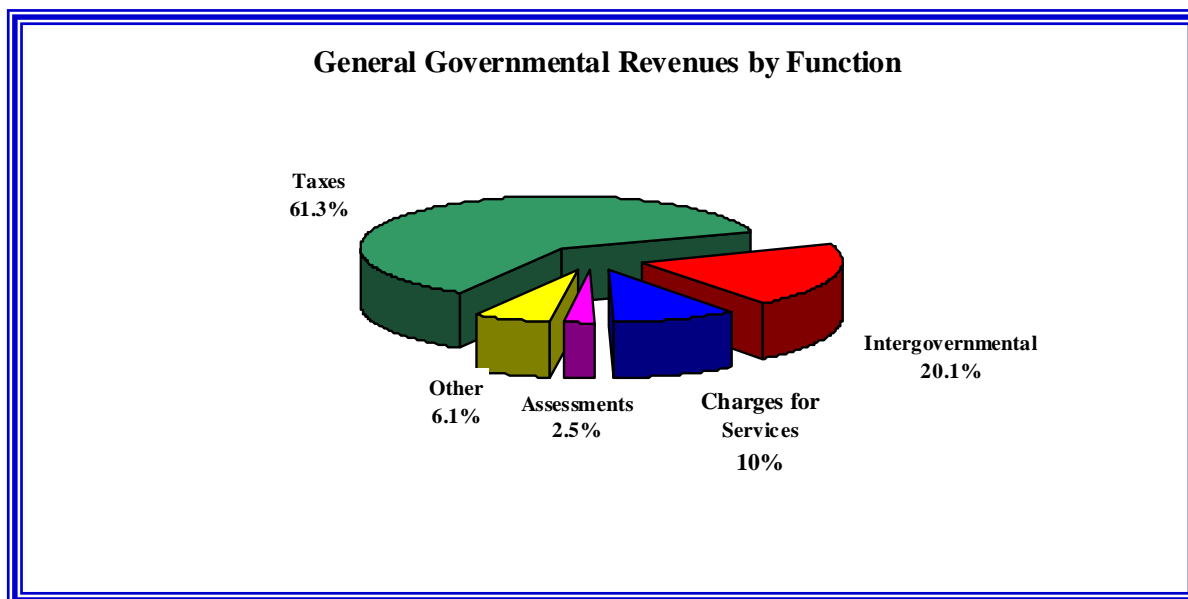
Single Audit. The County is a recipient of federal and state financial assistance, which makes us responsible for assuring that proper internal controls are in place to ensure that we are in compliance with applicable laws and regulations related to those programs. This internal control structure is audited each year by independent auditors.

Budgeting Controls. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Capital Project Funds. Budgets for these funds are legally adopted on an annual basis consistent with generally accepted accounting principles (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 are reported as reservations of fund balances at year-end and reappropriated the following year. Appropriations lapse at fiscal year-end.

Relevant Financial Policies. The fiscal year 2008-09 budget was adopted with a millage rate of 7.10, which was 3.46% below the millage rate for fiscal year 2007-08 and approximately 1.31 mils less than the allowable rollback rate. Weak economic conditions and budget reductions across most departments and agencies were managed by prioritizing spending. Services that were necessary to the public were reduced as little as possible. Reductions in work force and severely limited personnel additions were countered with efforts targeted towards realizing efficiencies. A conscious effort to use fund balance to replace needed revenue assisted in maintaining services necessary to the public.

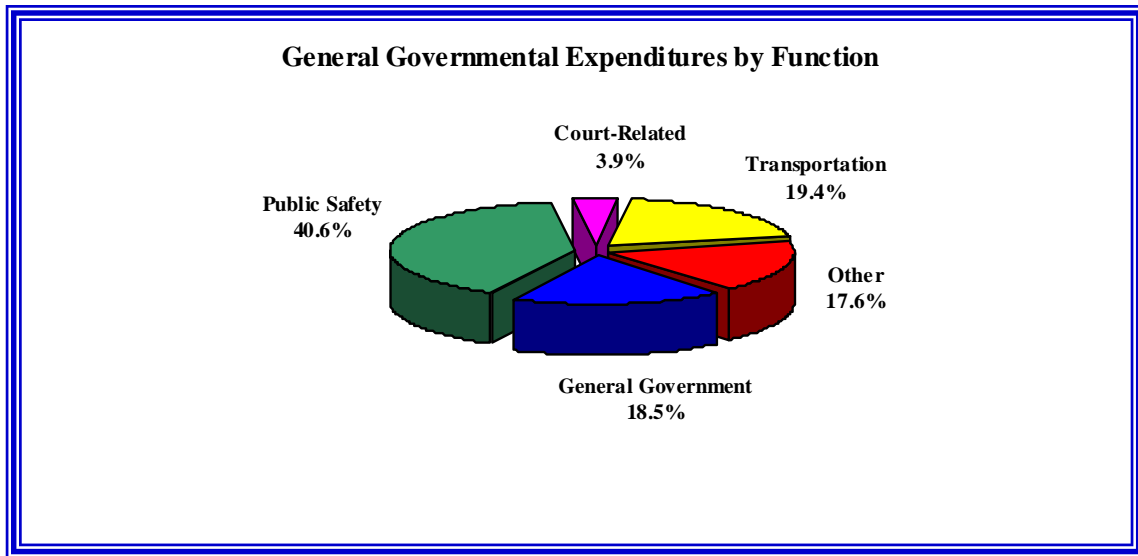
General Government Functions and General Fund Balance. General government functions are reflected in the General, Special Revenue, and Capital Project Funds.

The following graph illustrates the composition of general governmental revenues for the current year:



Revenues for general functions totaled \$91,225,857 in 2009, a decrease of 10.5% from 2008. More information is available in the statistical section of this report.

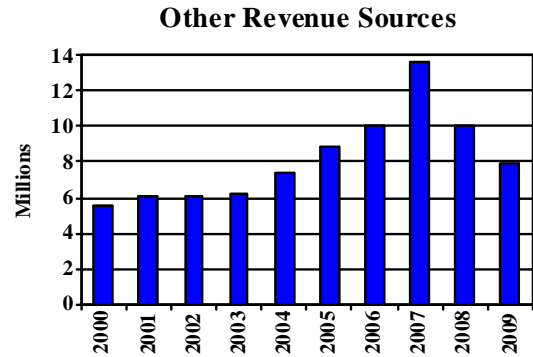
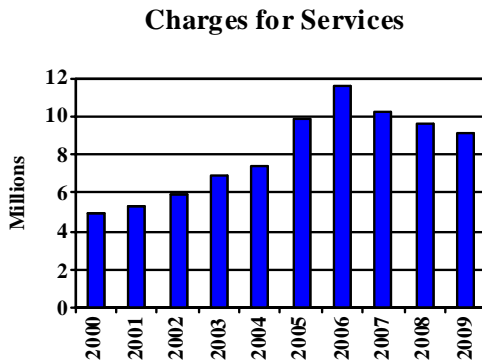
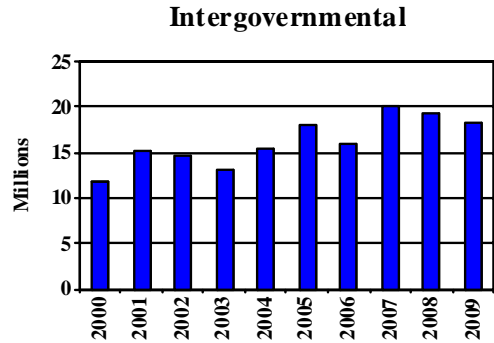
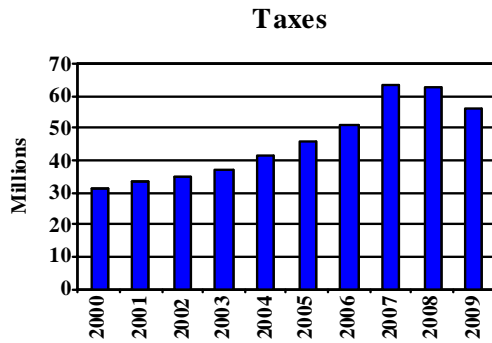
The following graph illustrates the composition of general governmental expenditures for the current year:



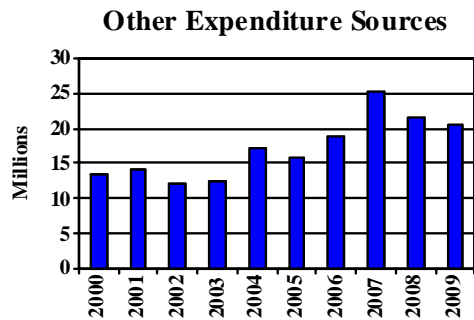
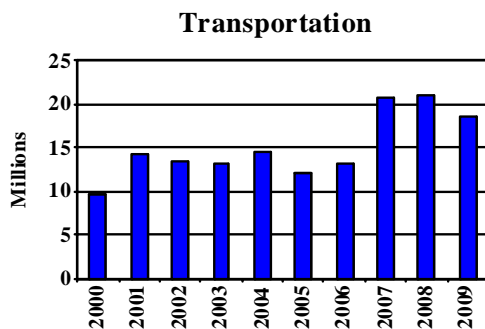
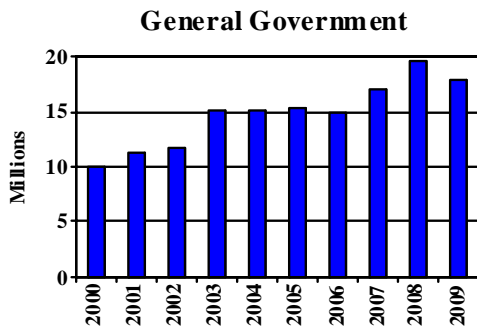
Expenditures for general government purposes totaled \$96,292,361 in 2009, a decrease of 5.2% from 2008. More information is available in the statistical section of this report.

The following graphs illustrate a ten-year history for revenues and expenditures:

General Governmental Revenue By Source



General Governmental Expenditures By Function



The unreserved, undesignated fund balance of the general fund totaled \$19,796,301 as of September 30, 2009, a decrease from the prior year of 19.2%. The general fund balance is used to provide the cash necessary to pay current operating expenditures until ad valorem tax revenues are available.

Proprietary Fund Type Operations. Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The County maintains four Enterprise Funds: the Solid Waste, Water and Sewer, Highway Park Utility, and Energy Recovery. The Solid Waste fund's revenue is derived from non-ad valorem assessments, recycling, tipping fees, grants, and interest that fund the capital and operating costs of the landfills and recycling center. Water and Sewer and Highway Park Utilities' revenues come from service fees and interest. The primary use of funds is for expansion of water and sewer lines and operating expenses. The Energy Recovery's revenue is derived from the sale of asphalt to pave and maintain the county's road system. The revenue is used to fund the capital and operating costs of the Asphalt Plant.

The County maintained an Internal Service Fund for liability self-insurance through May 31, 2009. The County maintains an Internal Service Fund for dental self-insurance. The self-insurance Risk Management Fund was funded by contributions from other funds within the County for various insurance coverages. The dental self-insurance Employee Benefit Fund is funded by contributions from the County and its employees. Effective October 1, 2001, the County obtained private insurance and discontinued its self-insured health insurance plan. The dental plan remains self-insured. In mid-year, the County elected to discontinue the self insured liability plan and obtained a policy for liability coverage for the County, represented by an Internal Service Fund.

Fiduciary Fund Type Operations. The County maintains Agency Funds.

Payroll deductions, tax deed surplus, child support, suspense collections, cash bonds, individual depositors, tax redemptions, vehicle registrations and title transfers, taxes, and licenses are accounted for as Agency Funds.

Debt Administration. Fiscal year 2008-2009 bond debt service payment and the balance outstanding on County bond issue at September 30, 2009, are listed in the following table:

<u>Bond</u>	<u>Debt Principal Payments 2008-2009</u>	<u>Amount Outstanding September 30, 2009</u>
Highlands County, Florida, Infrastructure Sales Surtax Revenue Bond, Series 2002	<u>\$1,180,000</u>	<u>\$16,705,000</u>
Delivery Date:	June 13, 2002	
Last Maturity:	November 1, 2019	
Par Amount:	\$23,295,000	
Net Proceeds:	\$23,079,891	

Highlands County continued to meet all of its debt requirements.

Cash Management. Cash temporarily idle during the year was invested in the Local Government Surplus Funds Trust Fund and in the Florida Local Government Investment Trust Fund by the Clerk of Courts' Business Services Divisions.

The Local Government Surplus Funds Trust Fund was established to assist units of local government in maximizing net earnings on invested surplus funds, reducing the need for the imposition of additional taxes upon local constituents. The portfolio objective is to provide a short-term, very liquid, and high quality investment vehicle to participating local governments. The Board operates the pooled investment accounts similar to the manner in which various money market funds function for individual investors. Local governments typically invest in the pooled funds but may establish separate special accounts at the discretion of the Board when specific needs exist.

During 1995, the County began investing in the Florida Local Government Investment Trust Fund in order to diversify its investments while following the priority of safety first, then liquidity and yield.

In fiscal year 2008-2009, the County earned \$177,500 in investment income.

Risk Management. The County is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance.

Risk control techniques have been established to reasonably assure that the County's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned by the County. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The County insured its workers' compensation, public liability, and physical damage risks through a public risk management pool through May 31, 2009. Funding to meet the potential losses related to these risks comes from user charges to the various members participating in the program. The County's portion of these charges accumulated in the Internal Service Fund. On April 1, 2009, the County obtained a policy for liability coverage.

Other Information

County Road System. In order to fund new road construction, resurfacing, safety projects and improvements, purchases of rights-of-way, bridge replacements, traffic signals, and establish, operate, and maintain a transportation system and related facilities, the County receives a portion of the State of Florida's gasoline taxes, as well as County local option gas taxes. In turn, the County distributes a portion of the sixth-cent local option gas tax to each municipality in the County pursuant to an interlocal agreement. The total gasoline tax revenue received by the County amounted to \$6,931,731 for the fiscal year ended September 30, 2009, from the taxes shown below:

<u>State Gas Taxes</u>	<u>Collected 2008-2009</u>
Fifth and sixth-cent	\$1,690,275
Seventh-cent	<u>732,300</u>
	<u>2,422,575</u>
 <u>Local Option Gas Taxes</u>	
Sixth-cent local option gas tax	2,424,624
Five-cent local option gas tax	1,567,029
Ninth-cent local option gas tax	<u>517,503</u>
	<u>4,509,156</u>
 Total Gas Taxes	 <u><u>\$6,931,731</u></u>

Notes to Financial Statements. The notes to the financial statements presented with the Basic Financial Statements section are an integral part of this CAFR and should be read for a more complete understanding of the statements and information presented within this report.

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 met for the fiscal year ended September 30, 2009, and their opinions 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 *Government Auditing Standards*, the Single Audit Act Amendments of 1996, related OMB Circular A-133, 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.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Highlands County for its CAFR for the fiscal year ended September 30, 2008. This was the twenty-fifth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The certificate of achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

I, and my staff, would like to thank The NCT Group CPA's, L.L.P., the County Administrator and his staff, and the entire Board of County Commissioners for their help and support in the preparation of this report for the citizens of Highlands County.

Respectfully submitted,



Robert W. Germaine
Clerk of Courts



Jerome Kaszubowski
Senior Director
Business Services



Anne D. Roberts
Director of Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Highlands County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



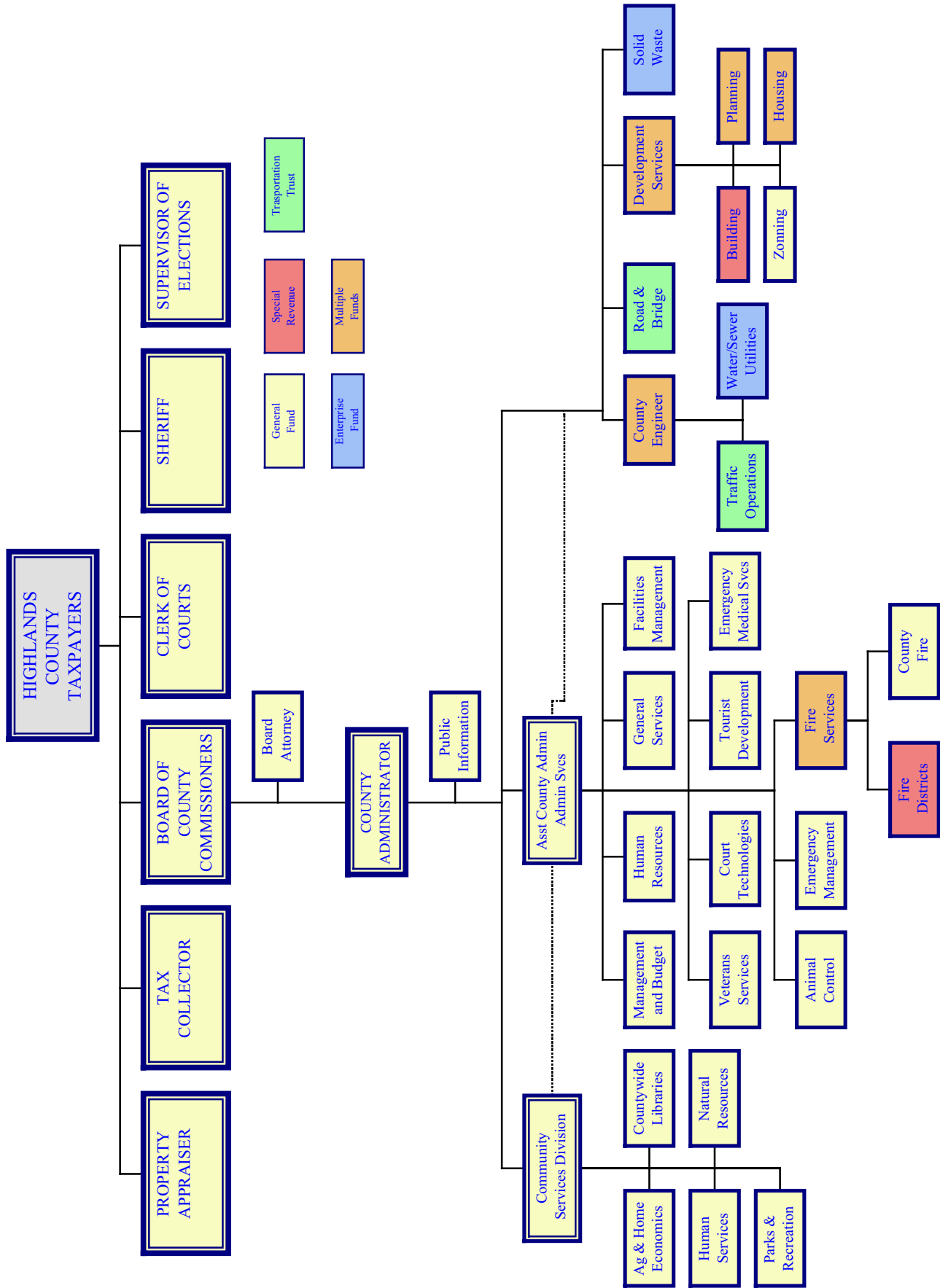
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

Executive Director

HIGHLANDS COUNTY GOVERNMENT





The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Highlands County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Highlands County, Florida (County), as of and for the fiscal year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County's discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion, insofar as it relates to data included for the discretely presented component unit, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Highlands County, Florida, at September 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and major special revenue funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated March 10, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 16 through 26 and information on infrastructure using the modified approach on page 89 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules and capital assets schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Federal Awards and State Assistance as of and for the year ended September 30, 2009 is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The NCT Group CPA's, L.L.P.

March 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. 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:

- The County's assets exceeded its liabilities at September 30, 2009 by \$242.2 million (net assets). Of this amount, \$172.1 million was invested in capital assets, net of related debt, and \$6.0 million was restricted by law, grant agreements, debt covenants, or for capital projects. As a result, \$64.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$4.2 million, of which \$6.1 million was an increase from governmental funds and (\$1.9) million was a reduction from business-type activities.
- As of September 30, 2009, the County's General Fund fund balance was \$22.7 million which represents a decrease of \$4.7 million or 17% under the previous year. The County's governmental funds, in total, reported combined ending fund balances of \$67.8 million, a decrease of \$4.0 million from the prior year. Of this amount, \$55.8 million is available for use at the County's discretion (unreserved fund balance).
- At September 30, 2009, the unreserved fund balance for the General Fund was \$19.8 million or 32% of total general fund expenditures.
- The County's total liabilities decreased by \$3.7 million or 7% during the fiscal year.

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 statement of net assets presents information on all the County's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets 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, and culture and recreation. The business-type activities of the County include water, wastewater, energy recovery, and solid waste. 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) such as the Industrial Development Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 27-29 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, proprietary 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 75 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the County transportation trust fund, and the local government infrastructure surtax fund which are considered to be major funds. Data from the other 72 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The County adopts an annual appropriated budget for its general fund. 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 water, wastewater, 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 dental insurance and risk retention operations. 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, two of which are considered to be major funds of the County. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because 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 - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general and major special revenue funds. 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).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$242.2 million as of September 30, 2009.

HIGHLANDS COUNTY, FLORIDA NET ASSETS (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 87,681	\$ 85,217	\$ 12,927	\$ 9,346	\$ 100,608	\$ 94,563
Capital assets	170,862	177,702	16,799	16,522	187,661	194,224
Total assets	258,543	262,919	29,726	25,868	288,269	288,787
Long-term debt outstanding	28,523	27,800	10,928	9,885	39,451	37,685
Other liabilities	9,083	8,039	1,704	834	10,787	8,873
Total liabilities	37,606	35,839	12,632	10,719	50,238	46,558
Net Assets:						
Invested in capital assets						
net of related debt	151,795	159,411	11,336	12,712	163,131	172,123
Restricted	5,577	5,929	43	43	5,620	5,972
Unrestricted	63,565	61,741	5,715	2,394	69,280	64,135
Total net assets	\$ 220,937	\$ 227,081	\$ 17,094	\$ 15,149	\$ 238,031	\$ 242,230

The largest portion of the County's net assets reflects investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. It should also be noted that the resources required to repay the related 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 assets represents resources that are subject to external restrictions such as by debt covenants, grantors, laws or regulations, or are subject to restrictions through enabling legislation on how they may be used. The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors. As such, unrestricted net assets are net assets remaining after removing "net assets invested in capital assets, net of related debt" and "restricted assets" from total net assets. Therefore, the change in the unrestricted net assets of governmental activities from \$63.6 million at September 30, 2008 to \$61.7 million at September 30, 2009 was due to the net effect of the change in overall net assets from the prior year as adjusted by changes in

“net assets invested in capital assets, net of related debt” and “restricted net assets.” Significant changes from the prior year that are responsible for the \$1.9 million decrease in unrestricted net assets of governmental activities are described later in the analysis. As of September 30, 2009, the County reports positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Highlands County's Changes in Net Assets						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program Revenues						
Charges for Services	\$ 18,263	\$ 17,366	\$ 10,583	\$ 11,364	\$ 28,846	\$ 28,730
Operating Grants and Contributions	5,591	5,272	284	140	5,875	5,412
Capital Grants and Contributions	3,759	4,677	1,650	-	5,409	4,677
General Revenues:						
Property Taxes	49,241	42,755	-	-	49,241	42,755
Other Taxes	13,866	13,249	-	-	13,866	13,249
Other	13,607	12,311	245	43	13,852	12,354
Total Revenues	104,327	95,630	12,762	11,547	117,089	107,177
Expenses:						
General Government	21,162	19,969	-	-	21,162	19,969
Public Safety	39,540	39,024	-	-	39,540	39,024
Physical Environment	1,558	1,701	-	-	1,558	1,701
Transportation	13,076	13,388	-	-	13,076	13,388
Economic Environment	5,204	4,527	-	-	5,204	4,527
Human Services	3,088	3,191	-	-	3,088	3,191
Culture and Recreation	3,636	3,924	-	-	3,636	3,924
Court Related	4,785	3,804	-	-	4,785	3,804
Interest on Long Term Debt	1,008	959	-	-	1,008	959
Solid Waste	-	-	9,395	9,390	9,395	9,390
Energy Recovery	-	-	174	2,211	174	2,211
Highway Park Utility	-	-	180	171	180	171
Water and Sewer	-	-	772	720	772	720
Other	-	-	-	-	-	-
Total Expenses	93,057	90,487	10,521	12,492	103,578	102,979
Increase in Net Assets -						
Before Transfers	11,270	5,143	2,241	(945)	13,511	4,198
Transfers	1,250	1,000	(1,250)	(1,000)	-	-
Increase in Net Assets	12,520	6,143	991	(1,945)	13,511	4,198
Net Assets-beginning	208,417	220,937	16,103	17,094	224,520	\$ 238,031
Net Assets-ending	\$ 220,937	\$ 227,080	\$ 17,094	\$ 15,149	\$ 238,031	\$ 242,229

Governmental Activities

Governmental activities increased the County's net assets by \$6.1 million while Business-Type Activities were responsible for a \$1.9 million decrease. Key elements of the governmental activities increase are as follows:

- Charges for Services revenue decreased \$900,000 overall for the County from the fiscal year ending 2008 to 2009. The economy is still an overall issue with the revenue decrease. The County has seen decreases in court related fees, building plan reviews, permits and inspections, rental fees for buildings and parks, and the suspension of impact fees.

- Operating Grants and Contributions decreased \$300,000. The County received additional funding for public safety and for aquatic weed control. The County lost funding for the library system and did not receive a Community Development Block Grant (CDBG).
- Capital Grants and Contributions increased \$1.0 million. The increase is due to recognizing revenue related to the Sebring Parkway Interlocal Agreement with the City of Sebring that will be collected in future years. The overall grants and contributions have decreases from the prior year.
- Property tax revenues decreased \$6.5 million or 15.2%. This is a result of the decrease in property values due to the economic issues and statutory limitations on Ad Valorem tax rates.
- Sales tax revenues decreased by 11.4% or \$930,000 due to the downturn in the economy. The fuel tax revenue remained stable from fiscal year 2008 to fiscal year 2009.
- State Revenue Sharing revenues increased by \$750,000 due to additional funding received from the State because of the passing of property tax reform. The State continues to have revenue problems due to the downturn in the economy. There was also a decrease in the Tourism Tax revenue as people continue to travel less.
- Investment earnings decreased by \$2.2 million overall due to problems with the financial markets, the mortgage issues and the slow recovery of the economy.
- General government expenses decreased by \$1.19 million due to the County cutting operating expenses and making staffing reductions.
- Public safety expenses decreased by \$500,000 by being more conservative due to the economic situation of the County and by delaying some capital purchases.
- Transportation expenses increased by \$300,000 due to additional resurfacing performed during the year. The County purchased and placed an asphalt plant into operation. Resurfacing projects were placed on hold in the prior fiscal year until the plant became operational.
- Economic environment expenses decreased by \$700,000 due to decreases in housing grant expenditures. The County did not receive a CDBG grant, and due to changes in the housing program other funds were not expended during the fiscal year.
- Human Services expenses increased by \$103,000. The increase in expenses was due to the Health Care Responsibility Act, Health Families Grant, Public Assistance Program and Human Service Administration. This is due to more people needing assistance because of the economic times.
- Physical environment expenses increased by \$143,000 mainly due to the Istokpoga Marsh Improvement District and the restoration project for Lake Istokpoga.
- Court related expenses decreased by \$981,000. Court Technology completed upgrades to the computer network in the prior year and did not have any major upgrades in fiscal year 2008-2009. Due to court decisions, funding was not needed for Conflict Counsel.
- Interest on long-term debt decreased by \$49,000. Due to the economic conditions, the County continued to pay on its long-term debt while not incurring any additional debt.

Key elements of the business-type activities decrease are as follows:

- Charges for Services revenue increased \$781,000 due to the revenue received for the production of asphalt. The utilities and landfill experienced decreases in the total charges for services for fiscal year ending 2008 to 2009. Again the economy is the main reason for the revenue decrease.
- Operating Grants and Contributions decreased \$144,000 primarily due to not receiving an additional Forestry Grant and less funding for the Hazardous Waste Grant.
- Capital Grants and Contributions decreased \$1.65 million. The County did not receive additional funds for the building of the asphalt plant.
- Solid Waste expenses remained consistent with the prior year. There was no significant change in the expenses.
- The asphalt plant was completed and commenced production in fiscal year 2008-2009. This being the first year of production accounts for the increases in expenses within the Energy Recovery Fund.
- Water and sewer expenses decreased \$52,000 for Placid Utilities and decreased \$9,000 for Highway Park Utilities. Due to the economic downturn there was a reduced utilization of the utility services and a decrease in the overall expenses.

In summary, the County's governmental activities had expenses of \$90.5 million and business-type activities had expenses of \$12.5 million. Governmental activities are intended to be primarily funded by taxes as opposed to charges for services and grants; business activities are funded from charges for services. The County experienced a decrease in property tax revenue and sales taxes as a result of the continued decline of the economy. The County's business-type activities have also seen a decline in revenues due to the economic conditions. Overall the County increased its net assets for governmental activities by 2.8% and decreased net assets 11.38% for business activities.

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 focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year. At September 30, 2009, the County's governmental funds reported combined ending fund balances of \$67.8 million. Approximately 82% or \$55.8 million of the combined fund balances constitutes the unreserved 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 has already been committed: (1) to liquidate prior year obligations \$7.2 million; (2) to pay debt service \$4.1 million; or (3) for other restricted purposes. The general fund is the chief operating fund of the County.

At September 30, 2009, the unreserved fund balance of the general fund was \$19.8 million and the total fund balance was \$22.7 million. As a measure of the general fund's liquidity, the total fund balance represents 34% of total general fund expenditures and transfers out. The unreserved fund balance

decreased in the General Fund by \$4.7 million. The County received a \$1.5 million decrease from the previous fiscal year in interest earnings on the General Fund due to low yield on idle funds.

As of September 30, 2009, the total fund balance for the Transportation Trust Fund was \$4.4 million as compared to \$3.7 million as of September 2008.

As of September 30, 2009, the total fund balance for the Local Government Infrastructure Surtax Fund was \$23.7 million as compared to \$22.3 million the prior year. The unreserved fund balance for the Local Government Infrastructure Surtax Fund decreased from \$17.4 million to \$15.6 million. The reason for the decrease in the unreserved fund balance is due to the work done on projects that were rolled from prior year such as the Sebring Parkway Phase II. As a result of the reduction in Infrastructure Surtax, the County is completing fewer multi year projects, which is reducing the amount of fund balance due to the reduction of rollover projects.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Solid Waste operating revenues decreased \$811 thousand or 8.8% primarily due to the decrease in collections of Landfill Tipping Fee revenue. Unrestricted net assets of the Solid Waste Department were \$1.7 million at September 30, 2009, a reduction of \$1.9 million from the prior year. There was also an increase in operating expenses of 0.7 % or \$63 thousand for Solid Waste.

A newly prominent portion of the proprietary funds is the Energy Recovery Fund with total net assets of \$1.3 million, of which unrestricted net assets are a deficit of \$219 thousand. This fund accounts for the operation of the County's Asphalt Plant. The Asphalt Plant was constructed at the landfill site in order to use methane gas produced by the landfill as an energy source for powering the plant. In addition, the amount of materials that can be recycled from the landfill to use in the making of asphalt will reduce the price of the asphalt and allow the County to pave additional roads and better maintain the road system due to cost savings in producing asphalt.

BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules for all non-major funds with annually appropriated budgets. The budget and actual comparison schedules show the original adopted budgets, the final revised budget, actual results, and variance between the final budget and actual results for the general and major special revenue funds. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues.

The variances between the original budget and the final amended budget can be summarized as follows:

- Revenues and expenditures were increased by \$17.3 million or 10.5% increase over the adopted budget due primarily to an increase in roll-forward encumbrances related to projects and service contracts and additional appropriations for projects funded mostly through grants.
- In the General Fund roll-forwarded encumbrances included, an upgrade to the phone system, the Law Enforcement Building and communications equipment. In the Transportation Fund roll-forward encumbrances for hauling, repairs and maintenance and road patching materials. Another major project roll-forward was the Sebring Parkway Phase II.

- Some of the additional appropriations in the General Fund were for the Impact Fee Study, the Transportation Model, purchase of a Fuel Depot with the School Board, Hazardous Mitigation grant project for the Health Department and the Civic Center, Istokpoga Residential Canal Maintenance grant project, Wildlife Protection Plan, Regional planning Council help with Evaluation & Appraisal Report Amendments, and various grants for the Sheriff. Some other grants projects include E-911 Equipment Grant and a special district project for Istokpoga Marsh Improvement District restoration.
- Differences between the General Fund final amended budget and actual expenditures are briefly summarized as follows:

<u>General Fund Department</u>	<u>Positive Variance</u>	<u>Reason for variance</u>
Purchasing	501,830	Appropriations for phone system upgrade not spent in the current fiscal year
Central Services	873,586	Fuel reserves not spent in current fiscal year Insurance expenses reduced.
Emergency Management	1,001,149	Appropriations for Hazardous Mitigation Projects not spent in current fiscal year.
Child Advocacy Center	1,246,615	Appropriations for CAC Building Expansion not spent in the current fiscal year
Emergency Medical Services	890,040	Appropriations for the EMS not expended in the current fiscal year.
Natural Resources	1,441,095	Istokpoga Residential Canal Maintenance not completed in the current fiscal year.
Property Appraiser	263,735	Appropriations for the Sheriff not expended in the current fiscal year.
Sheriff	1,533,437	Appropriations for the Sheriff not expended in the current fiscal year.
Tax Collector	344,542	Appropriations for the Tax Collector not expended in the current fiscal year.
Utilities	1,300,000	Appropriations for the Sewer Expansion Project not spent in the current fiscal year

- Differences between the other major funds final amended budget and actual expenditures are briefly summarized as follows:

<u>Major Funds Department</u>	<u>Positive Variance</u>	<u>Reason for Variance</u>
Istokpoga Marsh Improvement District	4,177,904	Appropriations for restoration grant project not spent in the current fiscal year
Road & Bridge	2,139,940	Appropriations for resurfacing and paving not spent in the current fiscal year
Road & Bridge Projects	19,815,516	Various projects that were not completed in the current fiscal year
Infrastructure Fund - Sheriff	11,122,966	Law Enforcement Building not completed in the current fiscal year

<u>Major Funds Department</u>	<u>Positive Variance</u>	<u>Reason for Variance</u>
State Housing Initiative Partnership	1,503,240	Appropriations not spent in current fiscal year
Refuse Disposal System	811,802	Appropriations not spent in current fiscal year
Asphalt Plant	1,132,644	Appropriations not spent in current fiscal year

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, 2009 amounted to \$194.2 million (net of accumulated depreciation) compared to \$187.7 million for the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 3.5%. Major capital asset events during the fiscal year included the following:

- Partial Completion of Sebring Parkway Phase II
- Avon Park Fuel Site
- Memorial Drive & Valerie Blvd Intersection
- Veterans Building
- Avon Park Health Unit Renovations

Highlands County's Capital Assets (In Thousands) (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Entity Total	
	2008	2009	2008	2009	2008	2009
Land	\$ 32,223	\$ 32,580	\$ 1,864	\$ 1,864	\$ 34,087	\$ 34,444
Infrastructure	73,310	74,809	-	-	73,310	74,809
Buildings	32,436	32,182	392	359	32,828	32,541
Improvements	6,897	6,857	8,855	8,422	15,752	15,279
Equipment	15,164	15,707	2,184	5,231	17,348	20,938
Construction in Progress	10,832	15,567	3,504	646	14,336	16,213
Total	<u>\$ 170,862</u>	<u>\$ 177,702</u>	<u>\$ 16,799</u>	<u>\$ 16,522</u>	<u>\$ 187,661</u>	<u>\$ 194,224</u>

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

Long-term Debt

At September 30, 2009, the County had total debt outstanding of \$24 million compared to \$27.8 million in the prior year. Of this amount, \$7.3 million represents loans payable and other obligations, and \$16.7 million is secured solely by specified revenue sources (i.e. revenue bonds). The decrease in total outstanding debt is due to the net of payments of the debt service and the capital leases. The County did not enter into any new bond or loan agreements as of September 30, 2009, but the balance of the Capital Lease for the Asphalt Plant was re-financed to a \$2.5 million Loan.

**Highlands County's Outstanding Debt
(In Thousands)**

	Governmental Activities		Business-Type Activities		Entity Total	
	2008	2009	2008	2009	2008	2009
Notes payable, revenue certificates & capital leases	\$ 4,424	\$ 3,481	\$ 5,462	\$ 3,810	\$ 9,886	\$ 7,291
Revenue Bonds	17,885	16,705	-	-	17,885	16,705
Total	<u>\$ 22,309</u>	<u>\$ 20,186</u>	<u>\$ 5,462</u>	<u>\$ 3,810</u>	<u>\$ 27,771</u>	<u>\$ 23,996</u>

The County continues to meet its financial needs through prudent use of its revenues and creative debt financing programs. The County's financial strength and sound financial management practices are reflected in its revenue bond investment ratings of A3 by Moody's Investor Services and A by Fitch IBCA, Inc.

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, other post employment benefits or landfill closure liability.

The County's required Annual Disclosure Statement is available upon request. This disclosure report details and updates certain statistics and financial performance which form the basis for the security of the County's indebtedness.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. The economic recession is correlated with decreased revenues from property taxes, sales taxes, gas taxes, charges for services, as well as state and federal grants. The economic slow down in the local economy may be measured by a variety of indicators such as unemployment, new construction, assessed valuation, and tax base.

- For the month of December 2009, the unemployment rate for the County was 11.1% which was lower than the rate for the State of Florida (11.6%) but higher than the nation (10.0%).
- The taxable value of property in Highlands County decreased 10.1% below last year.
- Population growth for last year was 0.4% in the unincorporated area of Highlands County for a total county population of 100,207 residents. All three cities and the unincorporated County showed population growth over the last year according to the Office of Economic & Demographic Research.
- Highlands County has a diversified property tax base. The ten largest property taxpayers in the County still represent only 4.2% of the total ad valorem property tax levy.

All these factors were considered in preparing the County's budget for the 2009 fiscal year. More information on economic factors is provided in the Statistical Section and the transmittal letter.

Infrastructure

The County has elected to use the modified approach to account for its bridges and roadways included on the County road and bridge network. Under this approach, the County made the commitment to preserve and maintain these assets at levels established 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 life 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. The condition assessments performed during fiscal year 2008-09 show that the roadway and bridges included on the County road and bridge network are being maintained at or above established County standards. In addition, the County makes annual estimates of the amounts that must be expended to preserve and maintain the roadways and bridges included on the County road and bridge network 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. 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.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government'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 S Commerce Ave
Sebring, FL 33870

If you have any questions concerning the Basic Financial Statements or other accounting information in this report, please contact the Clerk of Courts at:

Clerk of Courts
Business Services Director
590 S Commerce Avenue
Sebring, FL 33870

BASIC FINANCIAL STATEMENTS

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 69,324,358	\$ 7,697,533	\$ 77,021,891	\$ 169,446
Investments	8,251,961	-	8,251,961	-
Accounts receivable - net	934,368	367,893	1,302,261	-
Interest receivable	209	-	209	-
Internal balances	7,538	(7,538)	-	-
Due from other governmental units	5,838,272	920,016	6,758,288	7,170
Inventory	328,171	94,196	422,367	-
Prepaid	532,354	91,657	624,011	-
Restricted assets:				
Cash and cash equivalents	-	182,097	182,097	-
Capital assets not being depreciated	122,955,360	2,510,060	125,465,420	-
Capital assets - net of accumulated depreciation	54,746,793	14,012,323	68,759,116	-
Total Assets	262,919,384	25,868,237	288,787,621	176,616
LIABILITIES				
Vouchers payable	3,483,988	586,052	4,070,040	202
Claims payable	24,739	1,031	25,770	-
Contracts payable - retained percentage	73,930	-	73,930	-
Due to other governmental units	85,742	-	85,742	-
Due to others	221,681	-	221,681	-
Accrued interest payable	362,076	37,673	399,749	-
Accrued wages payable	1,393,029	57,288	1,450,317	5,499
Deposits	63,593	139,313	202,906	-
Unearned revenue	2,330,019	13,131	2,343,150	-
Noncurrent liabilities:				
Due within one year	2,133,919	859,031	2,992,950	3,607
Due in more than one year	25,666,115	9,025,972	34,692,087	-
Total Liabilities	35,838,831	10,719,491	46,558,322	9,308
NET ASSETS				
Invested in capital assets, net of related debt	159,411,230	12,711,571	172,122,801	-
Restricted for:				
Debt service	4,066,539	42,785	4,109,324	-
Capital projects	1,861,663	-	1,861,663	-
Unrestricted	61,741,121	2,394,390	64,135,511	167,308
Total Net Assets	\$ 227,080,553	\$ 15,148,746	\$ 242,229,299	\$ 167,308

See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 19,968,990	\$ 4,772,852	\$ 230,248	\$ -
Public safety	39,023,524	6,197,193	1,259,652	692,231
Physical environment	1,701,146	118,093	562,796	-
Transportation	13,388,256	2,567,381	-	3,522,737
Economic environment	4,526,853	-	2,488,147	176,472
Human services	3,191,173	148,869	632,921	285,538
Culture and recreation	3,923,557	457,156	98,546	-
Court related	3,804,237	3,104,665	-	-
Debt service:				
Interest on long-term debt	958,961	-	-	-
Total Governmental Activities	90,486,697	17,366,209	5,272,310	4,676,978
Business-Type activities:				
Solid waste	9,390,492	8,614,972	130,652	-
Energy Recovery	2,211,423	1,987,506	9,790	-
Highway Park Utility	171,354	138,759	-	-
Water & Sewer	719,812	622,442	-	-
Total Business-type Activities	12,493,081	11,363,679	140,442	-
Total Primary Government	\$ 102,979,778	\$ 28,729,888	\$ 5,412,752	\$ 4,676,978
Component Unit:				
Industrial Development Authority	\$ 380,473	\$ -	\$ 30,876	\$ -

General revenues:

- Taxes:
 - Property taxes
 - Fuel taxes
 - Sales tax
 - Services taxes
 - Other taxes
- Unrestricted state shared revenues
- Net change in fair value of investments
- Gain (loss) on sale of capital assets
- Miscellaneous
- Transfers
 - Payment from Highlands County
- Total general revenues and transfers
- Change in net assets
- Net assets-beginning
- Net assets-ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
\$ (14,965,890)	\$ -	\$ (14,965,890)	\$ -
(30,874,448)	-	(30,874,448)	-
(1,020,257)	-	(1,020,257)	-
(7,298,138)	-	(7,298,138)	-
(1,862,234)	-	(1,862,234)	-
(2,123,845)	-	(2,123,845)	-
(3,367,855)	-	(3,367,855)	-
(699,572)	-	(699,572)	-
(958,961)	-	(958,961)	-
(63,171,200)	-	(63,171,200)	-
-	(644,868)	(644,868)	-
-	(214,127)	(214,127)	-
-	(32,595)	(32,595)	-
-	(97,370)	(97,370)	-
-	(988,960)	(988,960)	-
\$ (63,171,200)	\$ (988,960)	\$ (64,160,160)	\$ -

\$ (349,597)

42,754,541	-	42,754,541	-
4,509,364	-	4,509,364	-
7,266,949	-	7,266,949	-
1,082,703	-	1,082,703	-
390,818	-	390,818	-
10,626,342	-	10,626,342	-
133,948	43,552	177,500	2,239
388,965	-	388,965	-
1,161,287	-	1,161,287	-
1,000,000	(1,000,000)	-	-
-	-	-	328,397
69,314,917	(956,448)	68,358,469	330,636
6,143,717	(1,945,408)	4,198,309	(18,961)
220,936,836	17,094,154	238,030,990	186,269
\$ 227,080,553	\$ 15,148,746	\$ 242,229,299	\$ 167,308

HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	General	County Transportation Trust	Local Government Infrastructure Surtax
ASSETS			
Cash and cash equivalents	\$ 24,365,956	\$ 4,314,710	\$ 15,034,838
Investments	699,275	-	7,552,686
Accounts receivable - net	918,703	832	-
Interest receivable	-	-	209
Due from other funds	330,201	-	-
Due from other governmental units	836,183	610,848	1,319,377
Advances to other funds	-	-	57,486
Prepaid items	97,207	-	-
Inventory	328,171	-	-
Total Assets	\$ 27,575,696	\$ 4,926,390	\$ 23,964,596
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ 2,580,585	\$ 253,878	\$ 230,050
Contracts payable-retained percentage	8,629	-	41,731
Customer deposits	38,293	25,300	-
Due to other governmental units	79,211	-	-
Due to other funds	260,284	-	-
Due to others	-	-	-
Advances from other funds	-	-	-
Accrued wages payable	1,088,403	211,002	-
Deferred revenue	864,089	-	9,752
Total Liabilities	4,919,494	490,180	281,533
Fund Balances:			
Reserved for:			
Encumbrances	2,434,523	509,023	3,947,474
Debt service	-	-	4,066,539
Advances	-	-	57,486
Other purposes	425,378	-	-
Unreserved reported in:			
General fund	19,796,301	-	-
Special revenue funds	-	3,927,187	15,611,564
Capital projects funds	-	-	-
Total Fund Balances	22,656,202	4,436,210	23,683,063
Total Liabilities and Fund Balances	\$ 27,575,696	\$ 4,926,390	\$ 23,964,596

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 18,473,488	\$ 62,188,992
-	8,251,961
14,720	934,255
-	209
224,569	554,770
670,940	3,437,348
-	57,486
17,600	114,807
-	328,171
<u>\$ 19,401,317</u>	<u>\$ 75,867,999</u>

\$ 228,320	\$ 3,292,833
23,570	73,930
-	63,593
6,531	85,742
296,608	556,892
221,681	221,681
47,826	47,826
93,624	1,393,029
1,454,859	2,328,700
<u>2,373,019</u>	<u>8,064,226</u>

343,285	7,234,305
-	4,066,539
-	57,486
213,212	638,590
-	19,796,301
14,610,138	34,148,889
1,861,663	1,861,663
<u>17,028,298</u>	<u>67,803,773</u>
<u>\$ 19,401,317</u>	<u>\$ 75,867,999</u>

HIGHLANDS COUNTY, FLORIDA
RECONCILIATION OF FUND BALANCES FOR GOVERNMENTAL
FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
GOVERNMENTAL FUNDS
September 30, 2009

Fund balances - total governmental funds	\$ 67,803,773
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	177,702,153
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Certain receivables are not available to pay current period expenditures, and therefore are not reported in the funds.	2,400,000
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Long-term liabilities, including bonds payable, notes payable, capital leases and other post-employment benefits are not due and payable in the current period, and therefore are not reported in the funds.	(22,829,001)
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Accrued general long-term debt interest expenses are not financial uses, and therefore are not reported in the funds.	(362,076)
---	-----------

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 assets.	<u>2,365,704</u>
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Net assets of governmental activities	<u><u>\$ 227,080,553</u></u>
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See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	General	County Transportation Trust	Local Government Infrastructure Surtax
REVENUES			
Taxes	\$ 43,696,492	\$ 4,650,115	\$ 7,266,948
Licenses and permits	24,709	31,740	-
Intergovernmental	10,529,979	2,691,456	1,297,884
Charges for services	5,811,277	102,612	-
Fines and forfeitures	72,641	-	-
Assessments	-	-	-
Net change in fair value of investments	(301,276)	10,222	248,580
Miscellaneous	1,723,967	1,836,681	326,066
Total Revenues	61,557,789	9,322,826	9,139,478
EXPENDITURES			
Current:			
General government	16,267,828	-	772,084
Public safety	34,888,355	-	53,656
Physical environment	1,498,501	-	-
Transportation	81,747	10,197,214	6,450,874
Economic environment	1,598,719	-	373,657
Human services	3,570,901	-	11,147
Culture and recreation	3,041,543	-	276,334
Court related	1,344,602	-	-
Debt service:			
Principal retirement	131,605	-	1,384,490
Interest	16,677	-	891,665
Other debt service	-	-	-
Total Expenditures	62,440,478	10,197,214	10,213,907
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(882,689)	(874,388)	(1,074,429)
OTHER FINANCING SOURCES (USES)			
Transfers in	539	1,612,323	2,500,000
Transfers (out)	(3,853,912)	-	(73,143)
Total Other Financing Sources (Uses)	(3,853,373)	1,612,323	2,426,857
Net Change in Fund Balances	(4,736,062)	737,935	1,352,428
FUND BALANCES, October 1, 2008	27,392,264	3,698,275	22,330,635
FUND BALANCES, September 30, 2009	\$ 22,656,202	\$ 4,436,210	\$ 23,683,063

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 325,426	\$ 55,938,981
413,478	469,927
3,787,330	18,306,649
3,174,221	9,088,110
558,467	631,108
2,271,304	2,271,304
169,955	127,481
505,583	4,392,297
<u>11,205,764</u>	<u>91,225,857</u>

805,212	17,845,124
4,183,763	39,125,774
168,197	1,666,698
1,943,770	18,673,605
2,890,968	4,863,344
-	3,582,048
367,237	3,685,114
2,396,487	3,741,089
606,857	2,122,952
72,287	980,629
5,984	5,984
<u>13,440,762</u>	<u>96,292,361</u>

(2,234,998)	(5,066,504)
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873,603	4,986,465
(59,410)	(3,986,465)
<u>814,193</u>	<u>1,000,000</u>

(1,420,805)	(4,066,504)
18,449,103	71,870,277
<u>\$ 17,028,298</u>	<u>\$ 67,803,773</u>

HIGHLANDS COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

Net change in fund balances - total governmental funds	\$ (4,066,504)
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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 expense. This is the amount by which net capital outlay exceeded depreciation in the current period.	8,193,487
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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 assets differs from the change in fund balance by the cost of capital assets sold.	(1,353,370)
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Long-term liabilities are reported in the statement of net assets but not in the governmental funds because they are not due and payable in the current period.	781,170
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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.	2,400,000
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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.	27,652
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Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<div style="border-top: 1px solid black; display: inline-block;">161,282</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 6,143,717</div>
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HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$43,083,777	\$ 43,083,777	\$ 43,696,492	\$ 612,715
Licenses and permits	20,000	20,000	24,709	4,709
Intergovernmental	9,367,777	12,565,364	10,529,979	(2,035,385)
Charges for services	4,143,974	4,149,034	5,811,277	1,662,243
Fines and forfeitures	25,000	25,000	72,641	47,641
Net change in fair value of investments	959,500	959,536	(301,276)	(1,260,812)
Miscellaneous	1,131,215	1,316,486	1,723,967	407,481
Total Revenues	58,731,243	62,119,197	61,557,789	(561,408)
EXPENDITURES:				
Current:				
General government	18,151,876	19,716,201	16,267,828	3,448,373
Public safety	37,550,736	40,838,756	34,888,355	5,950,401
Physical environment	3,670,775	4,655,576	1,498,501	3,157,075
Transportation	83,625	81,747	81,747	-
Economic environment	1,666,837	1,703,994	1,598,719	105,275
Human services	3,659,678	4,084,672	3,570,901	513,771
Culture and recreation	3,380,267	3,576,513	3,041,543	534,970
Court related	1,584,373	1,609,710	1,344,602	265,108
Debt Service:				
Principal retirement	-	131,140	131,605	(465)
Interest and fiscal charges	-	17,156	16,677	479
Total Expenditures	69,748,167	76,415,465	62,440,478	13,974,987
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(11,016,924)	(14,296,268)	(882,689)	13,413,579
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	539	539
Transfers (out)	(4,041,914)	(3,853,914)	(3,853,912)	2
Total Other Financing Sources (Uses)	(4,041,914)	(3,853,914)	(3,853,373)	541
Net Change In Fund Balance	(15,058,838)	(18,150,182)	(4,736,062)	13,414,120
FUND BALANCE, October 1, 2008	15,058,838	18,150,182	27,392,264	9,242,082
FUND BALANCE, September 30, 2009	\$ -	\$ -	\$ 22,656,202	\$ 22,656,202

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
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,397,300	\$ 4,397,300	\$ 4,650,115	\$ 252,815
Licenses and permits	50,000	50,000	31,740	(18,260)
Intergovernmental	2,642,050	2,642,050	2,691,456	49,406
Charges for services	150,000	150,000	102,612	(47,388)
Net change in fair value of investments	38,000	38,000	10,222	(27,778)
Miscellaneous	2,244,500	2,260,617	1,836,681	(423,936)
Total Revenues	9,521,850	9,537,967	9,322,826	(215,141)
EXPENDITURES:				
Current:				
Transportation:				
County engineer	2,043,938	1,964,937	1,617,536	347,401
Roads and bridges	7,148,776	7,932,762	5,792,822	2,139,940
Bridge and concrete	401,904	409,177	292,506	116,671
Maintenance shop	881,589	902,019	736,450	165,569
Traffic operations	986,519	1,038,960	868,229	170,731
Mowing - right of ways	573,237	594,475	546,013	48,462
County shell pit	587,260	624,504	339,108	285,396
Multi-use paths	-	154,560	4,550	150,010
Total Expenditures	12,623,223	13,621,394	10,197,214	3,424,180
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(3,101,373)	(4,083,427)	(874,388)	3,209,039
OTHER FINANCING SOURCES (USES)				
Transfers in	1,862,323	1,612,323	1,612,323	-
Total Other Financing Sources (Uses)	1,862,323	1,612,323	1,612,323	-
Net Change in Fund Balance	(1,239,050)	(2,471,104)	737,935	3,209,039
FUND BALANCE - October 1, 2008	1,239,050	2,471,104	3,698,275	1,227,171
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ 4,436,210	\$ 4,436,210

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
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 7,827,373	\$ 7,827,373	\$ 7,266,948	\$ (560,425)
Intergovernmental	3,756,986	4,525,483	1,297,884	(3,227,599)
Net change in fair value of investments	240,000	240,000	248,580	8,580
Miscellaneous	-	162,707	326,066	163,359
Total Revenues	11,824,359	12,755,563	9,139,478	(3,616,085)
EXPENDITURES:				
Current:				
General Government:				
Central services	91,373	90,521	89,606	915
Supervisor of Elections	703,258	706,700	44,475	662,225
Facilities management	393,345	675,303	638,003	37,300
Total General Government	1,187,976	1,472,524	772,084	700,440
Public Safety:				
Sheriff	11,122,966	11,122,966	-	11,122,966
Ambulance service	91,164	91,164	-	91,164
Medical examiner	56,200	56,200	53,656	2,544
Total Public Safety	11,270,330	11,270,330	53,656	11,216,674
Transportation:				
Road and bridges	24,891,967	26,098,355	6,282,839	19,815,516
Airports	389,385	474,260	168,035	306,225
Total Transportation	25,281,352	26,572,615	6,450,874	20,121,741
Economic Environment:				
Veteran's services	804,700	799,639	373,657	425,982
Total Economic Environment	804,700	799,639	373,657	425,982
Human Services:				
Animal control	124,480	103,674	11,147	92,527
Total Human Services	124,480	103,674	11,147	92,527
Culture and Recreation:				
Recreation department	549,059	719,659	262,029	457,630
Parks department	60,000	21,990	14,305	7,685
Total Culture and Recreation	\$ 609,059	\$ 741,649	\$ 276,334	\$ 465,315

(continued)

See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
LOCAL GOVERNMENT INFRASTRUCTURE SURTAX FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt Service:				
Principal retirement	\$ 1,975,152	\$ 1,329,385	\$ 1,384,490	\$ (55,105)
Interest	1,872,597	956,606	891,665	64,941
Total Debt Service	3,847,749	2,285,991	2,276,155	9,836
Total Expenditures	43,125,646	43,246,422	10,213,907	33,032,515
Excess of Revenues Over/(Under) Expenditures	(31,301,287)	(30,490,859)	(1,074,429)	29,416,430
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500,000	2,500,000	2,500,000	-
Transfers (out)	(49,026)	(152,387)	(73,143)	79,244
Issuance of debt	11,122,966	11,122,966	-	(11,122,966)
Total Other Financing Sources (Uses)	13,573,940	13,470,579	2,426,857	(11,043,722)
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(17,727,347)	(17,020,280)	1,352,428	18,372,708
FUND BALANCE - October 1, 2008	17,727,347	17,020,280	22,330,635	5,310,355
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$23,683,063	\$ 23,683,063

See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Nonmajor Enterprise Funds	Total	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 6,750,875	\$ -	\$ 541,277	\$ 7,292,152	\$ 7,540,747
Accounts receivable - net	353,255	-	14,633	367,888	118
Due from other funds	1,189,687	-	-	1,189,687	58,369
Due from other governmental units	28,198	891,780	-	919,978	962
Inventory	-	94,196	-	94,196	-
Prepaid items	-	-	-	-	509,204
Total Current Assets	8,322,015	985,976	555,910	9,863,901	8,109,400
Noncurrent Assets:					
Restricted cash and cash equivalents	60,673	-	121,424	182,097	-
Total Restricted Assets	60,673	-	121,424	182,097	-
Capital Assets:					
(net of \$9,198,376 accumulated depreciation)	10,057,604	3,249,997	3,214,782	16,522,383	-
Total Noncurrent Assets	10,118,277	3,249,997	3,336,206	16,704,480	-
Total Assets	\$ 18,440,292	\$ 4,235,973	\$ 3,892,116	\$ 26,568,381	\$ 8,109,400

See accompanying notes to financial statements.

Business-Type Activities - Enterprise Funds					
	Solid Waste	Energy Recovery	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities:					
Vouchers payable	\$ 474,914	\$ 38,024	\$ 32,787	\$ 545,725	\$ 231,484
Due to other funds	-	1,153,972	33,593	1,187,565	58,369
Accrued interest payable	16,878	12,906	7,889	37,673	-
Accrued wages payable	48,068	-	9,220	57,288	-
Deferred revenue	6,178	-	6,898	13,076	1,374
Compensated absences - current portion	11,828	-	2,879	14,707	-
Note payable and capital leases - current portion	488,079	170,132	105,058	763,269	-
Landfill closure liability - current portion	81,055	-	-	81,055	-
Claims payable	-	-	-	-	25,770
Total Current Liabilities	1,127,000	1,375,034	198,324	2,700,358	316,997
Long-Term Liabilities:					
Payable from restricted assets - customer deposits	60,673	-	78,640	139,313	-
Deferred revenue	-	-	-	-	-
Compensated absences payable	106,448	-	25,910	132,358	4,971,033
Advances from other funds	-	-	9,660	9,660	-
Notes payable and capital leases	1,068,074	1,514,551	464,918	3,047,543	-
Other post-employment benefits	74,147	-	16,841	90,988	-
Landfill closure liability	5,755,083	-	-	5,755,083	-
Total Long-Term Liabilities	7,064,425	1,514,551	595,969	9,174,945	4,971,033
Total Liabilities	8,191,425	2,889,585	794,293	11,875,303	5,288,030
Net Assets:					
Invested in capital assets, net of related debt	8,501,451	1,565,314	2,644,806	12,711,571	-
Restricted for debt service	-	-	42,785	42,785	-
Unrestricted	1,747,416	(218,926)	410,232	1,938,722	2,821,370
Total Net Assets	\$ 10,248,867	\$ 1,346,388	\$ 3,097,823	14,693,078	\$ 2,821,370
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				455,668	
Net assets of business-type activities				<u>\$ 15,148,746</u>	

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 3,715,945	\$ 1,937,413	\$ 672,512	\$ 6,325,870	\$ -
Special assessments	4,433,447	-	-	4,433,447	-
Sale of recyclable materials	148,247	-	-	148,247	-
Miscellaneous	76,758	308	1,180	78,246	2,369,348
Total Operating Revenues	8,374,397	1,937,721	673,692	10,985,810	2,369,348
OPERATING EXPENSES					
Personal services	1,409,206	-	291,135	1,700,341	-
General and administrative	6,964,359	1,922,383	318,378	9,205,120	355,446
Insurance and Claims	-	-	-	-	1,823,533
Depreciation	722,301	109,201	182,303	1,013,805	-
Total Operating Expenses	9,095,866	2,031,584	791,816	11,919,266	2,178,979
Operating Income (Loss)	(721,469)	(93,863)	(118,124)	(933,456)	190,369
NONOPERATING REVENUES (EXPENSES)					
Operating grants	130,652	9,790	-	140,442	-
Net change in fair value of investments	40,310	53	2,150	42,513	7,502
Water impact fees	-	-	6,615	6,615	-
Interest expense	(78,357)	(133,886)	(25,870)	(238,113)	-
Total Nonoperating Revenues (Expenses), Net	92,605	(124,043)	(17,105)	(48,543)	7,502
Income before contributions and transfers	(628,864)	(217,906)	(135,229)	(981,999)	197,871
Transfer in (out)	(1,000,000)	-	-	(1,000,000)	-
Change In Net Assets	(1,628,864)	(217,906)	(135,229)	(1,981,999)	197,871
Net Assets, October 1, 2008	11,877,731	1,564,294	3,233,052		2,623,499
Total Net Assets, September 30, 2009	\$ 10,248,867	\$ 1,346,388	\$ 3,097,823		\$ 2,821,370
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				36,591	
Change in net assets of business-type activities				<u>\$ (1,945,408)</u>	

See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 8,158,010	\$ 1,937,721	\$ 668,942	\$ 10,764,673	\$ 2,366,602
Cash payments for personal services	(1,372,565)	-	(280,497)	(1,653,062)	-
Cash payments to vendors	(6,570,369)	(2,440,248)	(326,771)	(9,337,388)	(1,948,393)
Cash payments to employees for services	-	-	-	-	(64)
Customer deposits	(1,080)	-	842	(238)	-
Other miscellaneous cash received	148,247	-	-	148,247	-
Net Cash Provided (Used) By Operating Activities	362,243	(502,527)	62,516	(77,768)	418,145
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Impact fees received	-	-	6,615	6,615	-
Grant funds received	371,770	9,790	-	381,560	-
Transfers (to) from other funds	(2,139,314)	1,153,972	-	(985,342)	58,297
Net Cash Provided (Used) By Noncapital Financing Activities	(1,767,544)	1,163,762	6,615	(597,167)	58,297
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants	-	758,220	-	758,220	-
Acquisition of capital assets	(404,875)	(315,906)	(16,701)	(737,482)	-
Payments on loans from other funds	-	-	(18,415)	(18,415)	-
Principal payments on borrowings	(554,366)	(995,979)	(100,936)	(1,651,281)	-
Interest payments on borrowings	(83,241)	(137,929)	(27,629)	(248,799)	-
Net Cash (Used) By Capital And Related Financing Activities	(1,042,482)	(691,594)	(163,681)	(1,897,757)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	2,033,284	-	-	2,033,284	106,519
Net investment income (loss)	40,310	53	2,150	42,513	7,502
Net Cash Provided By Investing Activities	2,073,594	53	2,150	2,075,797	114,021
Net increase (decrease) in cash and cash equivalents	(374,189)	(30,306)	(92,400)	(496,895)	590,463
Cash and Cash Equivalents - October 1, 2008	7,185,737	30,306	755,101	7,971,144	6,950,284
Cash and Cash Equivalents - September 30, 2009	\$ 6,811,548	\$ -	\$ 662,701	\$ 7,474,249	\$ 7,540,747

(continued)

See accompanying notes to financial statements.

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Energy Recovery	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (loss)	\$ (721,469)	\$ (93,863)	\$ (118,124)	\$ (933,456)	\$ 190,369
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities:					
Depreciation	722,301	109,201	182,303	1,013,805	-
Changes in Assets and Liabilities:					
(Increase) decrease in accounts receivable	58,597	-	(2,475)	56,122	283
(Increase) decrease in due from other governments	-	-	33	33	(825)
(Increase) decrease in inventory	-	78,203	-	78,203	-
(Increase) decrease in prepaid items	-	-	-	-	6,121
Increase (decrease) in vouchers payable	(172,719)	(596,068)	(6,660)	(775,447)	215,662
Increase (decrease) in claims payable	-	-	-	-	6,107
Increase (decrease) in due to other funds	-	-	(1,733)	(1,733)	-
Increase (decrease) in accrued wages payable	4,088	-	1,237	5,325	-
Increase (decrease) in compensated absences	(6,791)	-	1,261	(5,530)	162
Increase (decrease) in landfill closure liability	566,709	-	-	566,709	-
Increase (decrease) in deferred revenues	(126,737)	-	(2,308)	(129,045)	266
Increase (decrease) in customer deposits	(1,080)	-	842	(238)	-
Increase (decrease) in other post-employment benefits	39,344	-	8,140	47,484	-
Total Adjustments	1,083,712	(408,664)	180,640	855,688	227,776
Net Cash Provided (Used) By Operating Activities	\$ 362,243	\$ (502,527)	\$ 62,516	\$ (77,768)	\$ 418,145
Reconciliation Of Enterprise Fund Cash And And Cash Equivalents to Combining Balance Sheet Cash And Cash Equivalents					
Cash and temporary investments	\$ 6,811,548	\$ -	\$ 662,701	\$ 7,474,249	\$ 7,540,747
Less: Restricted cash and investments	60,673	-	121,424	182,097	-
Total Unrestricted Cash and Cash Equivalents	\$ 6,750,875	\$ -	\$ 541,277	\$ 7,292,152	\$ 7,540,747
Noncash investing, capital, and financing activities:					
Refinancing of capital lease to note payable	\$ -	\$ 2,480,388	\$ -	\$ 2,480,388	\$ -

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 4,538,825
Accounts receivable - net	7,001
Due from other governmental units	10,342
Total Assets	\$ 4,556,168
LIABILITIES	
Vouchers payable	\$ 94,383
Due to other governmental units	1,885,268
Due to others	724,529
Deposits	917,200
Tax deed surplus	934,788
Total Liabilities	\$ 4,556,168

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Board of County Commissioners (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 and the Property Appraiser. Under the direction of the Clerk of Courts, the Division of Business Services maintains the accounting system for the Board's operations. The Clerk of Courts (Clerk), Property Appraiser (Appraiser), Tax Collector (Collector), Sheriff, and Supervisor of Elections (Supervisor) 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 United States generally accepted accounting principles, 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 and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a September 30 fiscal year-end.

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 GASB Statement No. 14 for blending:

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

DeSoto City Special Benefit Fire District was established by Ordinance 82-6 to provide fire protection services to the residents within the District. The Board serves as the board of supervisors, the governing body of the District, and approves the annual budget of the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

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

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

Highlands Park Special Benefit Fire District was established by Ordinance 87-3 to provide fire protection services directly, or by assistance, to local volunteer fire departments on property located within the District. The Board serves as the governing body of the District and approves the annual budget of the District. The Special Benefit Fire District is operated as a special revenue fund of the Board.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Highlands Park Estates Improvement Trust was established by resolution in 1981 (Resolution Book 6, Page 20) to assure maintenance, construction and repairs on public thoroughfares in Highlands Park Estates Subdivision. The Improvement Trust is operated as a special revenue fund of the Board.

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

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

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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. 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. The Special Benefit District is operated as a special revenue fund of the Board.

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

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

Sun-N-Lake 1-20 Improvement Trust was established by Resolution 2001-96 to assure construction of drainage and paved streets in Units 1 through 20 of Sun-n-Lake Estates of Lake Placid Subdivision. The Improvement Trust is operated as a special revenue fund of the Board.

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

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

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

Discretely Presented Component Unit

The financial statements include the following component unit:

Industrial Development Authority

The Highlands County Industrial Development Authority (Authority), established by a resolution of the Board, is a legally separate entity governed by a board appointed by the County Commission. The Authority's function is to finance and refinance public purpose projects as described in Sections 159.44-159.53, Florida Statutes, and to foster economic development of the County. The Authority is dependent upon the Board for a significant portion of its funding and is presented as a governmental fund type. Complete financial statements for the Industrial Development Authority may be obtained at 2113 US 27 South, Sebring, Florida 33870.

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

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, as well as its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities 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 an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Government-Wide Financial Statements (continued)

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

Fund Financial Statements

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

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

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. 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. Property taxes, intergovernmental revenues and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and have been recorded in the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities 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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Governmental Funds (continued)

Noncurrent portions of long-term receivables (special assessment) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type 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 another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences 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 balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The Board applies all Statement of Financial Accounting Standards and Interpretations issued before November 30, 1989 except those that conflict with or contradict Statements of Government Accounting Standards. The County has elected not to apply Financial Accounting Standards Board Pronouncements issued after November 30, 1989.

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 Water and Sewer Units, 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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Proprietary Funds (continued)

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

Basis of Presentation:

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB Statement No. 34 minimum criteria for major fund determination. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

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 - 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.

Local Government Infrastructure Surtax - To account for the voted one-cent local option sales surtax. The proceeds for this surtax may only be expended on infrastructure (fixed capital outlay) projects which have a life expectancy of five or more years.

Proprietary Major Funds:

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

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

Other Fund Types:

Internal Service Funds - Internal Service Funds account for risk retention, employee benefit, insurance, and compensated absences provided to other departments of the County on a cost reimbursement basis.

Agency Funds - The Agency Funds account for all assets held by the County in its capacity as custodian or agent for individuals, other governmental units and non-public organizations. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. A description of each agency fund can be found on pages 203-204.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting

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

1. On or before June 1 of each year, the Sheriff, the Clerk, the Collector, unless the Collector is a fee officer, and the Supervisor submit to the Board a tentative budget for their respective offices for the ensuing fiscal year.
2. Within fifteen days after certification of the ad valorem tax roll by the 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 twenty 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, all fund types have an adopted budget as required by Section 129.03, Florida Statutes.
6. Section 129.07, Florida Statutes, as amended in 1978, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Board acts on all budget changes between departments, this becomes the level of control. The budgetary data presented herein was amended by the Board during the year in a legally permissible manner.
7. Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types except for Public Records Modernization Trust Fund, Teen Court Operations Fund, Court Related Technologies Modernization Trust Fund, Court Operations Modernization Trust Fund, Community Donations Fund, and the Inmate Welfare Fund, which do not have legally adopted budgets.
8. Annual appropriated budgets for the General, Special Revenue, Capital Projects, and Proprietary Funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP). However, the only funds legally required to report budgets are the General and Special Revenue Funds.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting (continued)

9. It is the Board's policy to amend the budget when unanticipated revenues and expenditures occur.
10. All appropriations lapse at the close of the fiscal year.

D. Reconciliation of Government-Wide and Fund Financial Statements

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

“Total fund balances” of the County’s governmental funds (\$67,803,773) differs from “net assets” of governmental activities (\$227,080,553) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets 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 assets included those capital assets among the assets of the County as a whole.

Cost of capital assets	\$216,668,717
Accumulated depreciation	<u>(38,966,564)</u>
Total capital assets	<u>\$177,702,153</u>

Receivable Transactions

Certain receivables are not available to pay current period expenditures, and therefore are not reported in the funds. Balances as of September 30, 2009 were:

Due from other governments	<u>\$2,400,000</u>
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Long-term Debt Transactions

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances as of September 30, 2009 were:

Bonds payable	\$(16,705,000)
Notes and revenue certificates payable	(2,973,696)
Capital leases	(507,752)
Other post-employment benefits	<u>(2,642,553)</u>
Total	<u>\$(22,829,001)</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 Assets (continued):

Accrued Interest

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on revenue bonds, notes payable and revenue certificates.

Accrued interest on bonds, notes payable and revenue certificates	\$ <u>(362,076)</u>
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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 assets because they primarily serve governmental activities of the County.

Internal service funds	\$ <u>2,365,704</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$616,866 between governmental funds must be eliminated for the statement of net assets.

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

The "net change in fund balances" for governmental funds (\$4,066,504) differs from the "change in net assets" for governmental activities (\$6,143,717) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

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

Capital outlay	\$ 13,024,939
Depreciation expense	<u>(4,831,452)</u>
Difference	<u>\$ 8,193,487</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 (continued)

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 assets differs from the change in fund balance by the cost of the capital assets sold.

Sale of capital assets	<u>\$(1,353,370)</u>
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Long-term Debt Transactions

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

Increase in other post-employment benefits	\$(1,341,782)
Principal repayments:	
Bonds payable	1,180,000
Notes payable	760,028
Revenue certificates	28,333
Capital leases	<u>154,591</u>
Net adjustment	<u>\$ 781,170</u>

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	<u>\$2,400,000</u>
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Accrued Interest

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>\$ 27,652</u>
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HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Internal Service Funds Operating Loss

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

Internal service funds operating income allocated to governmental activities	\$154,819
Internal service funds non-operating revenues allocated to governmental activities	<u>6,463</u>
Net adjustment	<u>\$161,282</u>

E. 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.

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 anytime without prior notice or penalty.

F. Investments

In accordance with the provisions of GASB Statement No. 31, the County reports investments at their fair value on the balance sheet 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 and investments in SEC Rule 2a-7 like pools, which include the Local Government Surplus Funds Trust Funds PRIME fund, are reported as cash equivalents at amortized cost.

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 Utilities. The retired employees' health insurance premiums receivables are billed on a monthly basis. Receivables related to grants are not reflected until expenditures are recorded against that 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 operating transfers in and out, respectively. Transactions recording equity transfers to Proprietary Funds are reported as deductions from the beginning balance of Governmental Funds and as additions to contributed capital of Proprietary Funds.

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 Fund Net Assets. As of fiscal year end, any unpaid amounts related to these transactions are reported as due to/from other funds on the balance sheet. Assets acquired or constructed by resources of a Governmental Fund which are subsequently transferred to a Proprietary Fund are accounted for as expenditures within the Governmental Fund and as contributed capital in the Proprietary Fund.

Long-term interfund advances are recorded as reductions in fund balance by the advancing fund in the Governmental Fund Types. The amount advanced is reported as "Advances to other funds" and as "Reserved for advances" to maintain the accountability and to properly disclose the amount available for appropriation (unreserved fund balance). Repayments are credited to fund balance, and corresponding reductions are made in the receivable and reserve.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 at the time individual inventory items are consumed. Inventories reported in the General Fund are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

J. Prepaid Items

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

K. Property Tax

The County's property tax roll is as follows:

Valuation Date January 1, 2009

Appraiser prepares the assessment roll with values as of January 1, 2009, submits this preliminary roll for approval by the Department of Revenue and notifies each taxing authority of their respective valuations. July 1, 2009

Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rates for the coming year. September 2009

Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date). November 2009

Collector mails a notice of taxes to each property owner on the assessment roll. Taxes may be paid November 2009 through March 2010 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, 2010

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Property Tax (continued)

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April and May, 2010

Tax certificates are sold on all real estate parcels with unpaid real property taxes (lien date). June 1, 2010

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, 2010

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>Percent</u>	<u>Discount Due Date</u>
First	25 percent of estimated tax	6.0	June 30, 2009
Second	25 percent of estimated tax	4.5	September 30, 2009
Third	25 percent of estimated tax plus 50 percent adjustment to actual tax	3.0	December 31, 2009
Fourth	25 percent of estimated tax plus 50 percent adjustment to actual tax	0.0	March 31, 2010

No accrual for the property tax levy becoming due in November 2009 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, and infrastructure assets (e.g., roads, bridges, rights-of-way, water and sewer distribution systems and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

The Board holds legal title for the capital assets used in the operations of the Board, the Clerk, the Appraiser, the Supervisor, and the Collector, and is accountable for them under Florida Law. Capital assets used by the Board's governmental funds are reported in the financial statements of the County.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets (continued)

Capital assets of the Board's enterprise and internal service funds are reported in the Proprietary Funds financial statements.

Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more 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 fair market value at the date of donation.

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

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

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following generally applied estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-40
Improvements other than buildings	3-40
Operating machinery and equipment	4-20

M. Deferred Revenues

Revenues in the Governmental Fund Types which are measurable but not available are reported in accordance with the modified accrual basis of accounting as deferred revenue. The deferred revenues will be recognized as revenue in the fiscal year they become available.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Revenues (continued)

Chapter 218, Florida Statutes, requires that any excess of revenues over expenditures held by the Appraiser shall be allocated to each governmental unit which was billed for the operation of the Appraiser's office. This excess shall be treated as an advance on the following year's bill; therefore, the excess of revenues over expenditures at the end of each fiscal year is reflected as deferred revenue on the balance sheet.

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

N. Compensated Absences

County policy permits employees to accumulate annual and sick leave credits in varying amounts, which will be paid to employees upon termination of employment. Accumulated annual and sick leave is recorded as an expenditure/expense in an Internal Service Fund for governmental activities and in Proprietary Fund Types for the vested annual and sick leave credits. The liability for compensated absences is liquidated in the fund in which an employee's payroll expense is normally recorded.

O. 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.

P. 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 Fund Types. Encumbrances are not the equivalent of expenditures; therefore, the encumbrances are reported as reservations of fund balances at year-end and reappropriated the following year.

Q. 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 Fund Types when they become measurable and available.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Self-Insurance

Employee dental insurance is provided under an externally administrated self-insured plan. Contributions from the County (single rate) and the employees (family rate) pay the dental insurance plan. Contributions are based in part on the annual actuarial study performed by an enrolled actuary.

The self-insurance dental plan is accounted for in an Internal Service Fund.

S. Eliminations

Eliminating entries were made between departments in the general fund.

T. Fund Balance Reservations

In the accompanying financial statements, use of the term "reserved" is limited to indicating that a portion of reported fund equity is restricted to a specific use or not available for appropriation or expenditure. A brief description of reported reserves follows:

Reserved for Encumbrances - Segregation of a portion of fund balance for commitments outstanding at year-end.

Reserved for Debt Service – Segregation of bond reserve, bond principal, bond interest, and bond reserve interest funds as required by the debt covenants of the Infrastructure Sales Surtax Revenue Bond Series 2002.

Reserved for Advances - Segregation of a portion of fund balance to indicate that advances to other funds do not represent expendable available financial resources.

Fund balances reserved for other purposes include:

Reserved for Law Enforcement Education - Segregation of a portion of a fund balance for amounts legally earmarked by Florida Statutes for law enforcement educational training and crime fighting purposes.

Reserved for Public Records Modernization - Segregation of a portion of fund balance for certain charges for services legally earmarked by Florida Statutes for modernization of the public records system.

Reserved for Teen Court - Segregation of a portion of fund balance for court charges earmarked to fund the Teen Court.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. 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.

V. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2009 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2009. Management has performed their analysis through March 10, 2010.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents at September 30, 2009, consist of:

Petty cash and change funds	\$ 22,019
Demand deposits	67,946,544
Local Government Surplus Trust Fund	
PRIME Fund	<u>13,774,250</u>
	<u><u>\$ 81,742,813</u></u>

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year-end, the government's deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280, Florida Statutes. 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 200%, 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 State Treasurer or, with the approval of the State Treasurer, to a bank, savings association or trust company provided a power of attorney is delivered to the State Treasurer. On a monthly basis, the State Treasurer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The County invests funds throughout the year with the Local Government Surplus Funds Trust Fund, an investment pool administered by the State Board of Administration (SBA) under the regulatory oversight of the State of Florida. During the 2007 – 2008 year, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (“PRIME” and “Fund B”).

Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA’s portfolio at September 30, 2009. In accordance with GASB Statement No. 31, the SBA has reported that the Local Government Investment Trust, which it operates, is a “2a-7 like” pool and, thus, these investments are valued using amortized cost. The value of the County’s position in the Local Government Surplus Funds Trust Fund is the same as the value of the pools shares.

Investments with the PRIME fund may be made or liquidated by wire on a same-day basis. Based on the SBA’s investment structure and its availability to all local governmental units, individual unit protection is not provided.

The investment objective for Fund B is to maximize the present value of distributions to participants, to the extent reasonable and prudent, net of fees; thus weight is given not only to the realized value of security sales, but also to the speed with which monies are distributed (liquidity). As cash becomes available in Fund B, it is distributed among participant accounts in the PRIME fund, according to each participant’s pro rata share of Fund B. All distributions from Fund B are 100% available liquid balance (ALB) upon transfer.

Fund B is accounted for as a fluctuating NAV pool and is reported at fair value, determined by the fair value per share of the Pool’s underlying portfolio. The Fair Value factor for Fund B for September 30, 2009 is .54915069.

At year-end, the County’s investment in the State Pool consisted of:

PRIME	\$ 13,774,250
Fund B	<u>699,275</u>
Total	<u><u>\$ 14,473,525</u></u>

Interest Rate Risk

The County’s investment pool also includes investment in the Florida Local Government Investment Trust (FLGIT), which is a public entity investment trust organized under the laws of the State of Florida. At September 30, 2009, the FLGIT portfolio included certain floating and adjustable rate securities. These securities amounted to 11.76% of the FLGIT portfolio and included fourteen investments indexed on the one month LIBOR and/or the one-year CMT index.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

The Florida Local Government Investment Trust reports all share information at Net Asset Value (NAV) and reflects fair value accounting in accordance with GASB Statement No. 31. The value of the County's position in the FLGIT external investment pool is the same as the value of the pools shares.

The County has no policy on interest rate risk. Investments and related level of risk at September 30, 2009, were as follows:

Investment Type	Fair Value	Investment Maturity (in years)
Columbia Treasury Reserve Investment	\$ 94,377	Less than 1
Florida Local Government Investment Trust Fund	5,088,679	Less than 1
Federal National Mortgage Association	395,584	1 - 5
Federal Home Loan Banks	1,974,046	1 - 5
Local Government Surplus Funds Trust Fund - Fund B	699,275	6 - 10
	<u>\$ 8,251,961</u>	

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, 2009 for each type of investment:

Investment Type	Credit Rating
Columbia Treasury Reserve Investment	AAAm
Florida Local Government Investment Trust Fund	AAAf
Federal National Mortgage Association	AAA
Federal Home Loan Banks	AAA
Local Government Surplus Funds Trust Fund - Fund B	No rating

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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, 2009:

	General	County Trans- portation Trust	Solid Waste	Nonmajor and Other Funds	Total
Emergency Medical					
Services	\$ 3,464,861	\$ -	\$ -	\$ -	\$ 3,464,861
Landfill Charges	-	-	321,317	-	321,317
Water and Sewer					
Charges	-	-	-	37,730	37,730
Reinsurance Recovery	-	-	-	118	118
Miscellaneous	128,355	832	31,938	14,720	175,845
Accounts Receivable-					
Gross	3,593,216	832	353,255	52,568	3,999,871
Allowance for					
Doubtful Accounts	(2,674,513)	-	-	(23,097)	(2,697,610)
Accounts Receivable -					
Net	<u>\$ 918,703</u>	<u>\$ 832</u>	<u>\$ 353,255</u>	<u>\$ 29,471</u>	<u>\$ 1,302,261</u>

Activity in Emergency Medical Services accounts receivable was as follows:

Balance - September 30, 2008	\$ 2,771,498
Billings	4,607,329
Less:	
Cash receipts	(2,939,231)
Medical/Medicaid adjustments	(362,537)
Sent to collection	(322,673)
Other adjustments	<u>(289,525)</u>
Balance - September 30, 2009	<u>\$ 3,464,861</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 32,223,186	\$ 1,436,420	\$ (1,079,498)	\$ 32,580,108
Construction in progress	10,831,989	5,678,687	(944,101)	15,566,575
Infrastructure	73,309,608	1,499,070	-	74,808,678
Total capital assets, not being depreciated	<u>116,364,783</u>	<u>8,614,177</u>	<u>(2,023,599)</u>	<u>122,955,361</u>
Capital assets, being depreciated:				
Buildings	46,746,462	1,091,602	-	47,838,064
Improvements other than buildings	8,858,097	270,024	-	9,128,121
Machinery and equipment	34,544,541	3,993,237	(1,790,607)	36,747,171
Total capital assets being depreciated	<u>90,149,100</u>	<u>5,354,863</u>	<u>(1,790,607)</u>	<u>93,713,356</u>
Less accumulated depreciation for:				
Buildings	(14,310,107)	(1,345,263)	-	(15,655,370)
Improvements other than buildings	(1,960,781)	(310,387)	-	(2,271,168)
Machinery and equipment	(19,380,959)	(3,175,802)	1,516,735	(21,040,026)
Total accumulated depreciation	<u>(35,651,847)</u>	<u>(4,831,452)</u>	<u>1,516,735</u>	<u>(38,966,564)</u>
Total capital assets, being depreciated, net	<u>54,497,253</u>	<u>523,411</u>	<u>(273,872)</u>	<u>54,746,792</u>
Governmental activities capital assets, net	<u>\$ 170,862,036</u>	<u>\$ 9,137,588</u>	<u>\$ (2,297,471)</u>	<u>\$ 177,702,153</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,864,131	\$ -	\$ -	\$ 1,864,131
Construction in progress	3,503,511	7,456	(2,865,038)	645,929
Total capital assets, not being depreciated	<u>5,367,642</u>	<u>7,456</u>	<u>(2,865,038)</u>	<u>2,510,060</u>
Capital assets, being depreciated:				
Buildings and system	668,706	-	-	668,706
Improvements other than buildings	14,563,258	-	-	14,563,258
Machinery and equipment	4,469,789	3,595,064	(86,120)	7,978,733
Total capital assets being depreciated	<u>19,701,753</u>	<u>3,595,064</u>	<u>(86,120)</u>	<u>23,210,697</u>
Less accumulated depreciation for:				
Buildings and system	(276,948)	(33,276)	-	(310,224)
Improvements other than buildings	(5,707,745)	(432,941)	-	(6,140,686)
Machinery and equipment	(2,285,996)	(547,588)	86,120	(2,747,464)
Total accumulated depreciation	<u>(8,270,689)</u>	<u>(1,013,805)</u>	<u>86,120</u>	<u>(9,198,374)</u>
Total capital assets, being depreciated, net	<u>11,431,064</u>	<u>2,581,259</u>	<u>-</u>	<u>14,012,323</u>
Business-type activities capital assets, net	<u>\$ 16,798,706</u>	<u>\$ 2,588,715</u>	<u>\$ (2,865,038)</u>	<u>\$ 16,522,383</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – CAPITAL ASSETS (continued)

Governmental activities construction in progress is comprised of the following:

Project	Project Authorization	Expended to September 30, 2009	Commitment
Animal Control Improvements	\$ 150,000	\$ 41,286	\$ 108,714
Children's Advocacy Center	1,500,000	204,943	1,295,057
Fuel Sites Improvements	778,497	630,545	147,952
Infrastructure	31,255,869	12,551,733	18,704,136
Landscaping in Lake Placid	438,408	68,273	370,135
Law Enforcement Facility	12,302,966	955,886	11,347,080
Liberty Star Plaza	350,000	226,778	123,222
Multi-Use Path on Memorial Drive and College Drive	1,713,266	15,124	1,698,142
Parks and Recreation Steel Building	200,000	192,315	7,685
Supervisor of Elections Building Improvements	1,976,748	44,475	1,932,273
Toni Drive Mining Permit	2,361,738	313,092	2,048,646
Towers	478,700	322,125	156,575
Total	<u>\$ 53,506,192</u>	<u>\$ 15,566,575</u>	<u>\$ 37,939,617</u>

Business-type activities construction in progress is comprised of the following:

Project	Project Authorization	Expended to September 30, 2009	Commitment
Lake June Road Water Main Extension	\$ 610,460	\$ 590,960	\$ 19,500
Landfill Gas to Energy	153,750	54,968	98,782
	<u>\$ 764,210</u>	<u>\$ 645,928</u>	<u>\$ 118,282</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 – CAPITAL ASSETS (continued)

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

Governmental activities:		
General government	\$	1,202,460
Public safety		1,965,393
Physical environment		64,134
Transportation		953,331
Human services		112,142
Economic environment		10,860
Culture/recreation		433,646
Court related		89,486
Total depreciation expense - governmental activities	\$	<u>4,831,452</u>
Business-type activities:		
Solid waste	\$	722,301
Energy recovery		109,201
Highway Park utility		42,217
Water and sewer		140,086
Total depreciation expense - business-type activities	\$	<u>1,013,805</u>

NOTE 5 – INTERFUND BALANCES

Interfund balances at September 30, 2009 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	\$ 330,201	\$ 260,284
Solid Waste Fund	1,189,687	-
Energy Recovery Fund	-	1,153,972
Non major Governmental Funds	224,569	296,608
Non major Enterprise Funds	<u>-</u>	<u>33,593</u>
Total	<u>\$ 1,744,457</u>	<u>\$ 1,744,457</u>

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 5 – INTERFUND BALANCES (continued)

Advances:

In 2001, the Local Government Infrastructure Fund advanced the Water and Sewer Fund money for improvements. At September 30, 2009, the outstanding balance was \$9,660. In 2009, the Local Government Infrastructure Fund advanced a nonmajor governmental fund money for a study to review the impact fees after three years of collections, as stated in the ordinance. As of September 30, 2009, the outstanding balance was \$47,826.

NOTE 6 - RESTRICTED ASSETS

Restricted assets include those provided for by resolutions adopted by the Board. Total restricted assets as of September 30, 2009 were as follows:

<u>Enterprise Funds:</u>	<u>Cash and Cash Equivalents</u>
<u>Solid Waste</u>	
Customer deposits	\$ 60,673
Total Solid Waste	<u>60,673</u>
 <u>Water and Sewer</u>	
Customer deposits	60,870
Sinking Fund	42,785
Total Water and Sewer	<u>103,655</u>
 <u>Highway Park Utility</u>	
Customer deposits	7,269
Customer deposits-grant	10,500
Total Highway Park Utility	<u>17,769</u>
 Total Restricted Assets	 <u><u>\$ 182,097</u></u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES

The summary of changes in long-term debt for the fiscal year ended September 30, 2009 is as follows:

	Balance October 1, 2008	Additions	Reductions	Balance September 30, 2009	Due Within One year
Governmental activities:					
Bonds payable	\$ 17,885,000	\$ -	\$ (1,180,000)	\$ 16,705,000	\$ 1,225,000
Notes payable	3,553,724	-	(760,028)	2,793,696	223,073
Revenue certificates	208,333	-	(28,333)	180,000	28,333
Capital leases	662,343	-	(154,591)	507,752	160,410
Compensated absences	4,912,574	2,917,387	(2,858,928)	4,971,033	497,103
Other post-employment benefits	1,300,771	1,341,782	-	2,642,553	-
Governmental activity					
Long-term liabilities	<u>\$ 28,522,745</u>	<u>\$ 4,259,169</u>	<u>\$ (4,981,880)</u>	<u>\$ 27,800,034</u>	<u>\$ 2,133,919</u>
Business-type activities:					
Notes payable	\$ 2,082,273	\$ 2,480,388	\$ (1,187,388)	\$ 3,375,273	\$ 578,403
Landfill closure liability	5,269,429	566,709	-	5,836,138	81,055
Capital leases	3,379,820	-	(2,944,281)	435,539	184,866
Compensated absences	152,595	5,006	(10,536)	147,065	14,707
Other post-employment benefits	43,504	47,484	-	90,988	-
Business-type activity					
Long-term liabilities	<u>\$ 10,927,621</u>	<u>\$ 3,099,587</u>	<u>\$ (4,142,205)</u>	<u>\$ 9,885,003</u>	<u>\$ 859,031</u>

The following bonds payable, notes payable, revenue certificates, and mortgage payable were outstanding at September 30, 2009:

**Remaining Principal
Amount**

Governmental Activities Bonds Payable:

\$23,295,000 Series 2002 Infrastructure Sales Surtax Revenue Bonds with interest at 3% to 5% dated June 13, 2002 with final payment due November 1, 2019. Interest payments are due on May 1 and November 1. Beginning November 1, 2003, payments due in annual installments of approximately \$1,977,300 including interest until maturity date. Serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax. The Series 2002 bond issue is to finance a portion of the cost of certain capital

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (continued)

	<u>Remaining Principal Amount</u>
<u>Governmental Activities Bonds Payable: (continued)</u>	
improvement projects, make a deposit into the Reserve Account equal to the Reserve Account Requirement for the Series 2002 Bonds, and pay costs associated with the issuance of the Series 2002 Bonds.	<u>\$ 16,705,000</u>
Total Governmental Activities Bonds Payable	<u>16,705,000</u>
Total Bonds Payable	<u>\$ 16,705,000</u>
<u>Governmental Activities Notes Payable:</u>	
\$153,250 with a fixed interest rate equal to 5.78% dated December 4, 2001 with final payment due September 1, 2016. Beginning March 1, 2002, payments due in equal semiannual installments of approximately \$5,108 plus interest, until maturity date, serviced from the Lorida Special Benefit Fire District for the purchase of a fire truck. The note is payable solely from the revenues generated by the service assessment on the lots benefited in the Lorida Special Benefit Fire District. This note does not constitute an indebtedness of Highlands County.	\$ 71,517
\$3,448,637 with a fixed interest rate equal to 5.78% dated October 3, 2005 with final payment due November 1, 2019. Beginning November 1, 2005, payments due in equal semiannual installments of approximately \$123,200 plus interest until maturity date. Serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax. The note is to finance a portion of the cost of certain capital improvement projects.	<u>2,722,179</u>
Total Governmental Activities Notes Payable	<u>\$ 2,793,696</u>
<u>Business Type Activities Notes Payable:</u>	
Promissory note - \$1,008,675 at 4.04% interest dated October 1, 2004 with a final payment due June 1, 2014. Beginning December 1, 2004, payments due in equal semi-annual installments of approximately \$50,400 plus interest until maturity date, serviced from and secured by designated revenues derived from the Water and Sewer Utility Fund.	\$ 569,976

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (continued)

Remaining Principal
Amount

Business Type Activities Notes Payable (continued):

Promissory note - \$2,800,000 at 4.44% interest dated December 3, 2002 due in 20 semi-annual installments of \$174,854 including interest beginning December 3, 2002, final payment due November 30, 2012, serviced from and secured by net revenues of the Solid Waste System.

1,120,614

Promissory note - \$2,480,388 at 4.39% interest dated May 20, 2009 due in quarterly installments of \$88,545 including interest beginning August 8, 2009, final payment due November 8, 2017, serviced from and secured by non-ad valorem revenues of the County.

1,684,683

Total Business Type Activities Notes Payable

3,375,273

Total Notes Payable

\$ 6,168,969

Governmental Activities Revenue Certificates:

\$300,000 with a floating interest rate equal to 54% of the prime rate dated August 19, 1997 with a final payment due on June 1, 2017. Commencing on December 1, 1997, semi-annual payment of \$7,500 in principal plus interest are due until maturity, serviced from the Sun-N-Lake Lake Placid Recreation Special District Fund for the construction of the Recreation Center. The revenue certificate is payable solely from the service assessments on the lots benefited in the Sun-N-Lake Recreation District. This certificate does not constitute an indebtedness of Highlands County.

120,000

\$200,000 at 6.23% interest due in 30 semi-annual installments of \$6,667 plus interest dated September 30, 1998 with a final payment due December 1, 2013, serviced from the DeSoto City Special Benefit Fire District Fund for the construction of the DeSoto City Fire Department building. The revenue certificate is payable solely from the revenues generated by the service assessments on the lots benefited in the DeSoto City Special Benefit Fire District. This certificate does not constitute an indebtedness of Highlands County

60,000

Total Governmental Activities Revenue Certificates

180,000

Total Revenue Certificates

\$ 180,000

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (continued)

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

The annual debt service requirements to amortize all debts outstanding as of September 30, 2009 are as follows:

Year Ending September 30,	Governmental Activities					
	Bonds Payable		Notes Payable		Revenue Certificates	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,225,000	\$ 730,829	\$ 223,073	\$ 112,122	\$ 28,333	\$ 8,100
2011	1,270,000	682,154	231,781	102,825	28,333	6,762
2012	1,320,000	629,529	240,847	93,171	28,333	5,422
2013	1,375,000	573,085	250,283	83,147	28,333	4,083
2014	1,435,000	512,476	260,105	72,737	21,668	2,745
2015-2019	8,200,000	1,491,898	1,431,861	195,079	45,000	3,617
2020-2024	1,880,000	47,000	155,746	3,154	-	-
Total	<u>\$ 16,705,000</u>	<u>\$ 4,666,971</u>	<u>\$ 2,793,696</u>	<u>\$ 662,235</u>	<u>\$ 180,000</u>	<u>\$ 30,729</u>

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2010	\$ 578,403	\$ 143,384
2011	607,689	114,096
2012	634,477	87,308
2013	486,066	59,337
2014	330,217	41,863
2015-2019	738,421	57,967
Total	<u>\$ 3,375,273</u>	<u>\$ 503,955</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (continued)

As a means to lower its borrowing costs, when compared against fixed-rate notes payable at the time of issuance in December, 2001, the Lorida Special Benefit Fire District entered into a fixed/float interest rate swap agreement in connection with its notes payable. The intention of the swap was to effectively change the District's variable interest rate on the note to a synthetic fixed rate of 5.78 percent against a six month floating LIBOR (variable, 2.04% plus 67% of the LIBOR rate, adjusted the first day of each March and September).

The terms, including the counterparty credit rating of the outstanding swap as of September 30, 2009 are shown in the table below. The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow scheduled principal reductions in the debt issues.

Related Debt Issue	Lorida Special Benefit Fire District Fire Truck
Notional Amount	\$71,517
Effective Date	12/4/2001
Counterparty	Bank of America, N. A.
Credit Rating (S&P)	A+
Fixed Rate Paid	5.78%
Variable Rate Received	USD LIBOR BBA
Termination Date	9/1/2016

Based on the swap agreement, the District owes interest calculated at a fixed rate to the counterparty (Bank of America). A series of payments calculated by applying a fixed rate of interest to a notional principal amount is exchanged for a stream of payments similarly calculated but using a floating rate of interest based off of the six month US LIBOR. In these fixed-for-floating interest rate swaps, the principal amounts are not actually exchanged between the counterparties, rather, interest payments are exchanged based on "notional amounts" or "notional principals".

Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$5,270 as of September 30, 2009.

As of September 30, 2009, the District was not exposed to credit risk because the swap had negative fair value. However, should interest rates change and the fair value of the swap become positive, the District would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated A+ by Standard & Poor's as of September 30, 2009. In addition, because a swap is a notional principal contract, no credit risk arises in respect of an amount of principal advanced by a lender to a borrower.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (continued)

The district or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The District will be exposed to interest at the lesser of 18% per annum or the maximum lawful rate per annum on the entire principal balance owing in the event of default. Also, if at the time of termination the swap has negative fair value, the district would be liable to the counterparty for payments equal to the fair value of the swap.

Arbitrage Liability

Federal tax law requires issuers of tax exempt bonds to rebate positive arbitrage no later than 60 days after each installment computation date and as of the final maturity date of the issue. Installment computation periods can be no longer than five years, but can be shorter than five years at the issuer's discretion. For fixed rate bond issues, the Federal Regulations permit issuers to treat any date as an installment computation date. The end of the first installment computation period was June 13, 2005. As of June 13, 2005, the Bonds had not accrued a liability. The next installment computation period will end no later than June 13, 2010. For the interim computation period from June 13, 2002 through June 30, 2009, the cumulative arbitrage rebate liability was \$0 and the cumulative yield restriction liability was \$0. The gross proceeds of the bonds have not accrued a positive arbitrage rebate liability or a positive yield restriction liability during the interim computation period.

NOTE 8 – LEASES

Capital Leases

The Board has entered into a lease agreement as lessee for financing the acquisition of communication equipment for the Sheriff and a fire truck for the Placid Lakes Fire District. The Board has also financed the acquisition of two bulldozers, a loader, and a dump truck for the solid waste operations. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 905,698	\$ 996,682
Less: Accumulated depreciation	<u>(172,262)</u>	<u>(294,053)</u>
Total	<u>\$ 733,436</u>	<u>\$ 702,629</u>

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 8 – LEASES (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 are as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2010	\$ 179,452	\$ 199,207
2011	179,452	178,199
2012	92,889	81,024
2013	31,157	-
2014	31,157	-
2015-2019	39,154	-
Total minimum lease payment	553,261	458,430
Less: Amount representing interest	(45,509)	(22,891)
Present value of minimum lease payment	<u>\$ 507,752</u>	<u>\$ 435,539</u>

NOTE 9 - PERSONNEL COMMITMENTS

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

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.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - PERSONNEL COMMITMENTS (continued)

Postemployment Health Care Benefits

Effective for the 2007 – 2008 fiscal year, Highlands County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, for certain postemployment health benefits provided by the County. The requirements of this Statement are being implemented prospectively, with the actuarially determined liability of \$11,126,851 at the October 1, 2007 date of transition amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for postemployment health care benefits liability at the date of transition.

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

Funding Policy – For the Postemployment Health Care Benefits Plan, contribution requirements of the County are established and may be amended through the County. The County has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. As of October 1, 2007 there were 45 retiree and 32 eligible dependents receiving postemployment health care benefits. For the 2008-2009 fiscal year the County provided required contributions of \$100,031 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and net of retiree contributions totaling \$370,755. Required contributions are based on projected pay-as-you-go financing.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - PERSONNEL COMMITMENTS (continued)

Annual OPEB Cost and Net OPEB Obligation – The following table shows the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County’s net OPEB obligation:

	<u>Fiscal Year Ending September 30, 2009</u>
Normal Cost	\$ 967,201
Amortization of Unfunded Accrued Liability	459,278
Interest	<u>57,059</u>
Annual Required Contribution	1,483,538
Interest on Net OPEB Obligation (NOO)	53,771
Amortization of NOO	<u>(48,012)</u>
Total Expense or Annual OPEB Cost (AOC)	1,489,297
Actual Credit/(Contribution) Toward OPEB Cost	<u>(100,031)</u>
Increase in NOO	1,389,266
NOO Beginning of Year	<u>1,344,275</u>
NOO End of Year	<u><u>\$2,733,541</u></u>

The County’s historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<u>Fiscal Year</u>	<u>AOC</u>	<u>Contribution</u>	<u>Percent of AOC Contributed</u>	<u>NOO</u>
9/30/08	\$1,380,481	\$ 36,206	2.6%	\$1,344,275
9/30/09	\$1,489,298	\$ 100,031	6.7%	\$2,733,541

Funded Status and Funding Progress – As of September 30, 2009, the actuarial accrued liability for benefits was \$13,905,850, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$13,905,850. The covered payroll (annual payroll for active participating employees) was \$38,673,886 for the 2008 – 2009 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36.0%.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - PERSONNEL COMMITMENTS (continued)

Actuarial Methods and Assumptions (continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The County's OPEB actuarial valuation for the 2008 – 2009 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the County's long-term expectation of investment returns. The actuarial assumptions also included payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 10.5 percent (7 percent for dental) for the 2008 – 2009 fiscal year, reduced by 1 percent per year, to an ultimate rate of 5.5 percent (5 percent for dental) for the fiscal year ending September 30, 2014. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years.

NOTE 10 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

Highlands County has three landfill sites which are comprised of a total of 14 cells, four of which are currently in operation. State and Federal laws and regulations require the County to place a final cover on the four cells currently in use when they are closed and to perform maintenance and monitoring functions for all landfill sites for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Enterprise Fund. Although closure and postclosure 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 postclosure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and postclosure care liability of \$5,836,138 at September 30, 2009 represents the cumulative amount reported to date based on an average use of 39% of the total estimated capacity. The portion of the liability related to 2009 usage is an increase of \$566,709. It is estimated that an additional liability totaling \$9,035,115 for Arbuckle Creek Cell 1A, 1B, Cell 3, Arbuckle Creek Cell C&D and Arbuckle Creek Cell AG will be recognized between the balance sheet date and the dates these cells will be filled to capacity in the years 2024, 2024, 2024, 2027 and 2159, 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 postclosure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2009 with cash and investments of \$5,734,262 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, 2009

NOTE 11 - MISCELLANEOUS REVENUE

Miscellaneous revenue included in the Governmental Funds for the fiscal year ended September 30, 2009 consists of the following:

	General	County Transportation Fund	Local Government Infrastructure Surtax	Other Governmental Funds
Reimbursements	\$ 367,905	\$ 1,686,850	\$ -	\$ -
Insurance surplus	118,762	-	-	-
Prior year refund	1,969	-	-	220,952
Tourist development	-	-	-	240
Commissions on inmate phone calls	-	-	-	173,980
Other	1,235,331	149,831	326,066	110,411
Total	<u>\$ 1,723,967</u>	<u>\$ 1,836,681</u>	<u>\$ 326,066</u>	<u>\$ 505,583</u>

NOTE 12 - MAJOR CUSTOMERS

A significant amount of the Solid Waste Fund revenue for 2009 is derived from one major customer as follows:

<u>Percentage of Total Revenue</u>	<u>September 30, 2009</u>
Republic Services of Florida LLP d.b.a. Reliable Sanitation	27%

The Solid Waste Fund revenue is comprised of charges for services to residential and commercial customers and a special non-ad valorem assessment of \$130 per property owner.

NOTE 13 - CONTINGENT LIABILITIES

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

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

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 14 – RISK MANAGEMENT

Risk Retention Fund:

The County 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 disaster. During fiscal year 1990, the County established a Risk Retention Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Retention Fund provided coverage in the areas mentioned below. The County purchased commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims did not exceed this commercial coverage.

Effective October 1, 1994, the Board became a member of Public Risk Management (PRM), formerly known as Southwest Florida Intergovernmental Risk Management Association, a local government liability risk pool. PRM administers insurance activities relating to property; general, automobile and public officials' liability; workers' compensation; and auto physical damage. PRM absorbs losses up to a specified amount annually and purchases excess and other specific coverages from third-party carriers. PRM assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments (premiums) do not produce sufficient funds to meet its obligations, PRM can make additional limited assessments. Losses, if any, in excess of PRM's ability to assess its members would revert to the member that incurred the loss. Transactions related to activities between the Board and PRM are presented within the Risk Retention Internal Service Fund.

All funds of the County participated in the program and make payments to the Risk Retention Fund. The reserve of \$2,219,740 remains designated for possible future claims in the Risk Retention Fund at September 30, 2009.

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, automobile, public official's liability, worker's compensation and auto physical damage. Because PGIT is an insurance provider, the County must pay for any deductibles on submitted claims to PGIT. PGIT meets the Governmental Accounting Standards Board (GASB) Statement 10 guidelines for governmental entity pools, and provides audited financial statements annually. Transactions related to activities related to PGIT are presented within the Insurance Internal Service Fund.

Employee Benefit Fund:

On October 1, 1977, the County established the Employee Benefit Fund which was formerly an expendable trust fund. Beginning 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. Medical claims are paid from premiums generated by employees' dependents and contributions by the County. Premiums and contributions are determined by projected losses based on historical claims experience. Effective October 1, 2001, the County obtained private insurance and discontinued its self-insurance plan for health insurance; however, the County continued its self-insurance plan for dental costs.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 14 - RISK MANAGEMENT (continued)

Employee Benefit Fund (continued):

Dental claim liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, including an estimate for claims incurred but not reported. This estimate is based on historical experience and current trends and it is computed by an actuarial firm. The claims liability for estimated dental claims payable is \$25,770 at September 30, 2009.

Dental claims are adjudicated by a third party administrator under contract.

The following table shows the changes in aggregate liabilities for 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>
2008	\$ 19,663	\$ 298,165	\$ 298,165	\$ 19,663
2009	\$ 19,663	\$ 308,133	\$ 302,026	\$ 25,770

NOTE 15 - RETIREMENT PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a five percent reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The County has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 15 - RETIREMENT PLAN (continued)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates, which include the health insurance subsidy contribution of 1.11%, are applied to employee salaries as follows: regular employees – 9.85%; special risk employees – 20.92%; senior management – 13.12%; drop program – 10.91%; and elected officials – 16.53%. The County's contributions made during the years ended September 30, 2009, 2008, and 2007 were \$5,415,238, \$5,304,205 and \$4,831,016, respectively, equal to the actuarially determined contribution requirements for each year. The County has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

NOTE 16 – FUND BALANCE DEFICIT

Special Revenue Funds

Intergovernmental Radio Communications - The unreserved, undesignated fund balance deficit of \$1,374 is a result of a significant amount of fund balance reserved for encumbrances, primarily the intergovernmental radio project for a 3 leg triangular self supporting tower at the Avon Park Youth Academy.

Hurricane Housing Trust - The unreserved, undesignated fund balance deficit of \$708 is a result of a significant amount of fund balance reserved for encumbrances, primarily funds promised to Habitat for Humanity clients for down payments on homes.

Home Initiatives Partnership - The unreserved, undesignated fund balance deficit of \$15,470 is a result of a significant amount of fund balance reserved for encumbrances, primarily to pay for down payment assistance for first time home buyers.

HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 17 – INTERFUND TRANSFERS

Transfers for the year ended September 30, 2009, consisted of the following:

	Transfer In:				Total
	General Fund	County Transportation Trust	Local Government Infrastructure Surtax	Non Major Governmental Funds	
Transfer out :					
Governmental Funds:					
General Fund	\$ -	\$ 1,612,323	\$ 1,500,000	\$ 741,589	\$ 3,853,912
Local Government Infrastructure Surtax	-	-	-	73,143	73,143
Non Major Governmental Funds	539	-	-	58,871	59,410
Enterprise Funds:					
Solid Waste	-	-	1,000,000	-	1,000,000
Total Interfund Transfers	\$ 539	\$ 1,612,323	\$ 2,500,000	\$ 873,603	\$ 4,986,465

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, 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
REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH FOR INFRASTRUCTURE ASSETS
For the Fiscal Year Ended September 30, 2009

**Condition Rating of Highlands County
Roadway System**

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

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Road System	57.1	55.7	54.5

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Budgeted	\$ 1,268,972	\$ 1,536,299	\$ 1,864,307	\$ 1,217,961	\$ 2,554,030
Actual	\$ 1,170,365	\$ 1,436,738	\$ 1,455,532	\$ 1,133,093	\$ 1,915,998

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 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Bridge System	82.43	80.00	76.94

Comparison of Estimated to Actual Maintenance/Preservation

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Budgeted	\$ 150,000	\$ 150,000	\$ 150,000	\$ 137,200	\$ 150,000
Actual	\$ 112,512	\$ 112,057	\$ 127,060	\$ 133,968	\$ 54,762

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%.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 43,083,777	\$ 43,083,777	\$43,696,492	\$ 612,715
Licenses and permits	20,000	20,000	24,709	4,709
Intergovernmental	9,367,777	12,565,364	10,529,979	(2,035,385)
Charges for services	4,143,974	4,149,034	5,811,277	1,662,243
Fines and forfeitures	25,000	25,000	72,641	47,641
Net change in fair value of investments	959,500	959,536	(301,276)	(1,260,812)
Miscellaneous	1,131,215	1,316,486	1,723,967	407,481
Total Revenues	58,731,243	62,119,197	61,557,789	(561,408)
EXPENDITURES:				
Current:				
General Government:				
Board of County Commissioners	358,221	358,221	341,919	16,302
County administrator	450,917	453,174	447,432	5,742
Clerk to Board-Financial & Administration	2,454,531	2,743,587	2,743,587	-
County audits-CPA	197,000	197,000	182,805	14,195
Office of management and budget	454,979	522,855	424,724	98,131
Human resources	550,181	589,162	419,117	170,045
Non-ad valorem assessments	127,949	124,815	56,160	68,655
Public Information	48,982	52,615	40,599	12,016
Central services	1,909,288	2,272,461	1,398,875	873,586
Property Appraiser	3,059,138	3,042,540	2,778,805	263,735
Tax Collector	2,790,081	2,790,081	2,445,539	344,542
Supervisor of Elections	821,227	855,148	684,330	170,818
Purchasing	656,970	986,850	485,020	501,830
County attorney	418,258	420,758	343,013	77,745
County planning and development	679,732	1,107,695	689,948	417,747
Clerk to Board - Other General Govt Services	923,944	845,888	788,790	57,098
Facilities management	2,250,478	2,353,351	1,997,165	356,186
Total General Government	18,151,876	19,716,201	16,267,828	3,448,373

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (Continued)
For The Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public Safety:				
Sheriff	\$ 15,301,566	\$ 16,883,973	\$ 15,350,536	\$ 1,533,437
Community traffic safety	540	540	-	540
Fire department	84,000	95,002	82,047	12,955
County fire coordinator	654,437	658,767	568,027	90,740
Division of forestry	35,180	35,180	35,179	1
County jail maintenance	70,000	472,023	265,848	206,175
Detention and correction	10,141,810	10,098,850	9,937,003	161,847
Detention medical	1,250,000	1,250,000	772,187	477,813
Zoning department	723,312	797,943	565,467	232,476
Local emergency management agency	559,161	1,522,163	521,014	1,001,149
911 Dispatch center	148,296	-	-	-
Communications program	370,629	695,376	617,568	77,808
Information technology	83,588	93,008	74,247	18,761
Ambulance services	6,287,507	6,380,172	5,490,132	890,040
Medical examiner	201,433	208,033	207,989	44
Children's Advocacy Center	1,639,277	1,647,726	401,111	1,246,615
Total Public Safety	37,550,736	40,838,756	34,888,355	5,950,401
Physical Environment:				
County extension	310,575	316,930	276,159	40,771
Natural resources	1,029,802	1,927,381	486,286	1,441,095
Aquatic plant program	769,199	782,407	603,099	179,308
Highlands beautiful / litter and marine debris	63,199	63,199	63,194	5
Nuisance abatement	198,000	265,659	69,763	195,896
Utilities	1,300,000	1,300,000	-	1,300,000
Total Physical Environment	3,670,775	4,655,576	1,498,501	3,157,075
Transportation:				
Avon Park airport	28,967	28,984	28,984	-
Avon Park southside	54,658	52,763	52,763	-
Total Transportation	83,625	81,747	81,747	-

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (Continued)
For The Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES:				
Current:				
Economic Environment:				
Work Study Program	\$ 21,545	\$ 21,545	\$ 2,225	\$ 19,320
Industrial Development Authority	328,397	328,397	328,397	-
Community redevelopment - Sebring	470,364	462,237	462,237	-
Community redevelopment - Avon Park	118,525	118,365	118,365	-
Sebring Regional Airport/Industrial Park	389,259	389,296	389,296	-
Veteran service office	182,406	182,689	169,872	12,817
Housing department	156,341	201,465	128,327	73,138
Total Economic Environment	1,666,837	1,703,994	1,598,719	105,275
Human services:				
Health Care Responsibility Act	386,688	371,688	130,787	240,901
Health unit	513,043	824,117	706,118	117,999
Animal control	600,447	601,325	499,054	102,271
Mental health	430,390	430,390	430,390	-
Human services administration	377,317	384,409	358,829	25,580
Public assistance programs	106,955	151,983	147,832	4,151
State county assistance program	850,000	850,000	845,435	4,565
Human services - Project Hope	53,500	53,500	53,500	-
Children's services council	55,000	55,000	55,000	-
Transportation for disadvantaged	65,233	65,233	58,604	6,629
Community program services	-	-	1,202	(1,202)
Healthy families grant	221,105	297,027	284,150	12,877
Total Human Services	3,659,678	4,084,672	3,570,901	513,771
Culture and Recreation:				
Library - Avon Park	258,380	258,544	220,781	37,763
Library - Sebring	419,073	473,066	412,755	60,311
Library - Lake Placid	244,795	250,567	210,847	39,720
Libraries - countywide	476,251	504,922	407,690	97,232
Recreation department	747,564	772,327	616,104	156,223
Parks department	840,257	914,089	826,163	87,926
Parks administration	165,477	166,106	155,026	11,080
Sports complex	222,410	230,832	190,072	40,760
Historic district site survey	6,060	6,060	2,105	3,955
Total Culture and Recreation	3,380,267	3,576,513	3,041,543	534,970

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (Continued)
For The Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Court Related:				
Court General Administration:				
Circuit court administration	\$ 5,900	\$ 6,584	\$ 3,244	\$ 3,340
County court administration	7,466	8,101	2,834	5,267
State Attorney	15,700	16,188	5,409	10,779
Public Defender	6,600	6,600	3,416	3,184
Circuit Court Criminal:				
Conflict council	23,800	26,050	15,185	10,865
Circuit Court Juvenile:				
Circuit court juvenile guardian ad litem	2,390	2,390	892	1,498
Court General Operations:				
General operations courthouse security	1,070,793	1,060,857	999,256	61,601
General operations courthouse facilities	451,724	482,940	314,366	168,574
Total Court Related	1,584,373	1,609,710	1,344,602	265,108
Debt Service:				
Principal retirement	-	131,140	131,605	(465)
Interest and fiscal charges	-	17,156	16,677	479
Total Expenditures	69,748,167	76,415,465	62,440,478	13,974,987
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(11,016,924)	(14,296,268)	(882,689)	13,413,579
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	539	539
Transfers (out)	(4,041,914)	(3,853,914)	(3,853,912)	2
Total Other Financing Sources (Uses)	(4,041,914)	(3,853,914)	(3,853,373)	541
Net Change In Fund Balance	(15,058,838)	(18,150,182)	(4,736,062)	13,414,120
FUND BALANCE, October 1, 2008	15,058,838	18,150,182	27,392,264	9,242,082
FUND BALANCE, September 30, 2009	\$ -	\$ -	\$22,656,202	\$ 22,656,202

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Istokpoga Marsh Watershed Improvement - To account for assessments relating to water control and improvements.

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

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

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

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

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

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

Red Hill Farms Improvement - 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.

Library Cooperative - To account for a cooperative venture with Heartland Library Cooperative to expand the quality and quantity of library materials to local residents.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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

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

Conservation Trust - To account for assessments 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 the Department of General Services.

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

Orange Blossom (Unit 12) Special Benefit - To account for assessments relating to road and rights-of-way maintenance.

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

Legal Aid Program - To account for additional civil court fees collected to provide legal aid within the County to those in need.

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

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

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

Building Code Enforcement Fund - 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 maintenance.

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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

Development Transportation Improvement - To account for grants-in-aid of construction for Wolf Creek Development and Vizcaya Lakes Development.

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

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

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

Domestic Violence Training - To account for a domestic violence surcharge used to defray the costs of incarcerating persons sentenced under s 938.08 FS and provide additional training to law enforcement personnel in combating domestic violence.

Fire Inspection and Safety - To account for fees collected to be used for paying the cost of inspections conducted pursuant to s 633.081(1) FS and related administrative expenses and to account for fire safety enforcement fees and fire safety program fees collected and appropriated for these purposes.

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

Sebring Parkway Maintenance - To account for the costs associated with the interlocal agreement (07/01/03) with the City of Sebring for maintenance of the Sebring Parkway.

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

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

Crime Prevention - To account for the court cost imposed per s 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.

Court - To account for IV-D reimbursements, Child Support activity and bond estreature activity.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

Hurricane Housing Trust - To account for funds available through the Hurricane Housing Recovery Program under the State Housing Initiatives Partnership Act.

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

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

Public Records Modernization Trust - To account for the additional service charges on recorded instruments for modernizing the official record keeping systems in the Clerk's office per s 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 Court Program per s 939.185 (1)(a)4 FS.

Court Related Technology Modernization Trust - To account for the recording fees used to fund court related technology information needs for the Clerk of Courts.

Court Operations Modernization Trust - To account for retainage of 10 percent of all court-related fines collected by the Clerk to be used exclusively for additional Clerk court-related operation needs and program enhancements.

Court Services - To account for state appropriated court related operations.

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

Inmate Welfare Fund - To account for the commissary operated at the County jail. Revenues are provided by sales of products such as candy, cigarettes, toothpaste, etc., to the inmates. Profits from these sales can only be spent on educational and vocational training for the inmates.

Affordable and Workforce Trust - To account for a permanent endowment and a continually renewable source of funds to meet, in part, the need for Affordable and Workforce Housing in the County pursuant to County Resolution no. 07-08-163 and Section 4.08 of the Highlands County Impact Fee Ordinance.

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUND

HCISSRB Construction - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds).

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	Special Revenue Funds			
	Lake Placid Sun-N-Lake Estates Fire District	DeSoto City Special Benefit Fire District	Orange Villa Special Benefit District	Hickory Hills Special Benefit District
ASSETS				
Cash and cash equivalents	\$ 189,016	\$ 90,860	\$ 3,962	\$ 26,535
Accounts receivable - net	-	-	-	-
Due from other funds	1,366	1,366	9	18
Due from other governmental units	498	178	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 190,880	\$ 92,404	\$ 3,971	\$ 26,553
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 1,316	\$ 1,974	\$ -	\$ 95
Contracts payable-retained percentage	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	-
Accrued wages payable	2,605	2,527	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	3,921	4,501	-	95
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	186,959	87,903	3,971	26,458
Total Fund Balances	186,959	87,903	3,971	26,458
Total Liabilities and Fund Balances	\$ 190,880	\$ 92,404	\$ 3,971	\$ 26,553

Special Revenue Funds					
Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Istokpoga Marsh Watershed Improve- ment District	Avon Park Estates Special Benefit District	Highlands Lakes Special Tax District	Highlands Park Special Benefit Fire District
\$ 392,295	\$ 62,430	\$ 470,034	\$ 730,761	\$ 235,684	\$ 223,243
-	-	-	-	-	-
1,294	154	597	724	1,665	371
45	18	-	-	42	-
-	-	-	-	-	-
<u>\$ 393,634</u>	<u>\$ 62,602</u>	<u>\$ 470,631</u>	<u>\$ 731,485</u>	<u>\$ 237,391</u>	<u>\$ 223,614</u>
\$ 3,665	\$ -	\$ 285	\$ 696	\$ 1,669	\$ 1,071
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,799	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,665</u>	<u>-</u>	<u>285</u>	<u>696</u>	<u>4,468</u>	<u>1,071</u>
2,667	-	11,919	-	150	26
-	-	-	-	-	-
-	-	-	-	-	-
<u>387,302</u>	<u>62,602</u>	<u>458,427</u>	<u>730,789</u>	<u>232,773</u>	<u>222,517</u>
<u>389,969</u>	<u>62,602</u>	<u>470,346</u>	<u>730,789</u>	<u>232,923</u>	<u>222,543</u>
<u>\$ 393,634</u>	<u>\$ 62,602</u>	<u>\$ 470,631</u>	<u>\$ 731,485</u>	<u>\$ 237,391</u>	<u>\$ 223,614</u>

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Highlands Park Estates Improve- ment Trust	Leisure Lakes Special Benefit Fire District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District
ASSETS				
Cash and cash equivalents	\$ 207,162	\$ 899,396	\$ 886	\$ 77,776
Accounts receivable - net	-	-	-	-
Due from other funds	-	1,040	109	45
Due from other governmental units	-	144	-	42
Prepaid items	-	-	-	-
Total Assets	\$ 207,162	\$ 900,580	\$ 995	\$ 77,863
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ -	\$ 5,397	\$ -	\$ -
Contracts payable-retained percentage	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	-
Accrued wages payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	5,397	-	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	207,162	895,183	995	77,863
Total Fund Balances	207,162	895,183	995	77,863
Total Liabilities and Fund Balances	\$ 207,162	\$ 900,580	\$ 995	\$ 77,863

Special Revenue Funds					
E911 Emergency Operations	Library Cooperative	Orange Blossom Estates Special Benefit District	Sun-N-Lake Lake Placid Recreation District	Conser- vation Trust	
\$ 652,909	\$ -	\$ 107,106	\$ 118,588	\$ 1,049,352	
-	-	-	-	-	
202,465	-	-	479	-	
72,871	65,259	-	106	-	
-	-	-	-	-	
<u>\$ 928,245</u>	<u>\$ 65,259</u>	<u>\$ 107,106</u>	<u>\$ 119,173</u>	<u>\$ 1,049,352</u>	
\$ -	\$ -	\$ -	\$ 1,979	\$ -	
-	-	-	-	-	
-	58,560	-	-	-	
-	-	-	-	-	
-	6,699	-	-	-	
-	-	-	-	-	
560,777	-	-	-	-	
<u>560,777</u>	<u>65,259</u>	<u>-</u>	<u>1,979</u>	<u>-</u>	
-	-	-	6,153	-	
-	-	-	-	-	
-	-	-	-	-	
<u>367,468</u>	<u>-</u>	<u>107,106</u>	<u>111,041</u>	<u>1,049,352</u>	
<u>367,468</u>	<u>-</u>	<u>107,106</u>	<u>117,194</u>	<u>1,049,352</u>	
<u>\$ 928,245</u>	<u>\$ 65,259</u>	<u>\$ 107,106</u>	<u>\$ 119,173</u>	<u>\$ 1,049,352</u>	

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Intergov- ernmental Radio Communi- cations	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District
ASSETS				
Cash and cash equivalents	\$ -	\$ 103,062	\$ 7,934	\$ 28,915
Accounts receivable - net	-	-	-	-
Due from other funds	-	72	-	81
Due from other governmental units	140,274	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 140,274	\$ 103,134	\$ 7,934	\$ 28,996
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 9,922	\$ -	\$ 1,497	\$ -
Contracts payable-retained percentage	-	-	-	-
Due to other funds	110,350	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	-
Accrued wages payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	120,272	-	1,497	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	21,376	-	-	-
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	(1,374)	103,134	6,437	28,996
Total Fund Balances	20,002	103,134	6,437	28,996
Total Liabilities and Fund Balances	\$ 140,274	\$ 103,134	\$ 7,934	\$ 28,996

Special Revenue Funds						
Legal Aid Program	Lorida Special Benefit Fire District	Lake Placid Special Benefit Fire District	Law Enforcement Education	Building Code Enforcement	Florida Boating Improvement	Special Law Enforcement Trust
\$ 8,441	\$ 65,106	\$ 295,199	\$ 186,955	\$ 603,042	\$ 142,932	\$ 371,058
-	-	-	-	33	-	-
-	597	1,104	-	-	-	-
11,463	11	3	5,148	-	1,380	-
-	-	-	-	-	-	-
\$ 19,904	\$ 65,714	\$ 296,306	\$ 192,103	\$ 603,075	\$ 144,312	\$ 371,058
\$ 5,664	\$ 4,395	\$ 3,609	\$ 48,527	\$ 2,153	\$ -	\$ 1,567
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,325	-	-
-	-	-	-	-	-	-
-	-	-	-	23,588	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,664	4,395	3,609	48,527	31,066	-	1,567
-	96	206	-	44,342	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,240	61,223	292,491	143,576	527,667	144,312	369,491
14,240	61,319	292,697	143,576	572,009	144,312	369,491
\$ 19,904	\$ 65,714	\$ 296,306	\$ 192,103	\$ 603,075	\$ 144,312	\$ 371,058

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Highway Park Special Benefit District	Community Devel- opment Block Grant	Sun-N-Lake 1 - 20 Improvement Trust	Highlands Park Estates Special Benefit District
ASSETS				
Cash and cash equivalents	\$ 29,963	\$ 111,224	\$ 56,616	\$ 251,732
Accounts receivable - net	-	-	-	-
Due from other funds	45	-	-	461
Due from other governmental units	-	142,070	-	104
Prepaid items	-	-	-	-
Total Assets	\$ 30,008	\$ 253,294	\$ 56,616	\$ 252,297
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ -	\$ -	\$ -	\$ 662
Contracts payable-retained percentage	-	12,600	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	150
Accrued wages payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	12,600	-	812
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	115,397	-	975
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	30,008	125,297	56,616	250,510
Total Fund Balances	30,008	240,694	56,616	251,485
Total Liabilities and Fund Balances	\$ 30,008	\$ 253,294	\$ 56,616	\$ 252,297

Special Revenue Funds

Development Transportation Improvement	West Sebring Special Benefit Fire District	Driver Education Safety Trust	Tourist Development Trust	Domestic Violence Training	Fire Inspection And Safety
\$ 84,531	\$ 1,398,045	\$ 38,995	\$ 477,482	\$ 31,528	\$ 61,221
-	-	-	816	-	-
-	3,248	-	-	-	-
-	244	3,394	32,893	345	-
-	-	-	-	-	-
\$ 84,531	\$ 1,401,537	\$ 42,389	\$ 511,191	\$ 31,873	\$ 61,221
\$ -	\$ 3,039	\$ -	\$ 5,771	\$ -	\$ 2,914
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,073	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,039	-	9,844	-	2,914
-	3,104	-	38,079	-	-
-	-	-	-	-	-
-	-	-	-	-	-
84,531	1,395,394	42,389	463,268	31,873	58,307
84,531	1,398,498	42,389	501,347	31,873	58,307
\$ 84,531	\$ 1,401,537	\$ 42,389	\$ 511,191	\$ 31,873	\$ 61,221

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Venus Special Benefit Fire District	Sebring Parkway Maintenance	State Court Facilities Trust Fund	Innovations and Supplemental Courts Funding Trust Fund
ASSETS				
Cash and cash equivalents	\$ 92,017	\$ 234,225	\$ 933,526	\$ 336,517
Accounts receivable - net	-	-	-	-
Due from other funds	208	-	-	-
Due from other governmental units	-	-	17,762	6,287
Prepaid items	-	-	-	-
Total Assets	\$ 92,225	\$ 234,225	\$ 951,288	\$ 342,804
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 272	\$ 4,645	\$ 348	\$ 3,440
Contracts payable-retained percentage	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	-
Accrued wages payable	-	-	972	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	272	4,645	1,320	3,440
Fund Balances:				
Reserved:				
Reserved for encumbrances	3,377	500	14,940	696
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	88,576	229,080	935,028	338,668
Total Fund Balances	91,953	229,580	949,968	339,364
Total Liabilities and Fund Balances	\$ 92,225	\$ 234,225	\$ 951,288	\$ 342,804

Special Revenue Funds

Crime Prevention	Court Tech 28.24(12)(E)1	Court	Affordable Housing Assistance Trust	Hurricane Housing Trust	Home Initiatives Partnership	Placid Lakes Fire District
\$ 126,637	\$ 255,228	\$ 197,558	\$ 786,001	\$ 95,085	\$ -	\$ 166,923
-	-	-	-	-	-	-
6,300	-	-	-	-	-	751
2,582	10,702	27,767	-	-	129,297	11
-	-	-	-	-	-	-
<u>\$ 135,519</u>	<u>\$ 265,930</u>	<u>\$ 225,325</u>	<u>\$ 786,001</u>	<u>\$ 95,085</u>	<u>\$ 129,297</u>	<u>\$ 167,685</u>
\$ -	\$ 28,183	\$ 123	\$ 27,672	\$ 329	\$ -	\$ 47,597
-	-	-	-	-	-	-
-	-	-	-	-	124,705	-
-	-	100	-	-	-	-
-	-	221,292	-	-	-	-
-	4,287	3,810	666	541	-	-
-	-	-	-	-	-	-
-	-	-	757,663	94,215	4,592	-
<u>-</u>	<u>32,470</u>	<u>225,325</u>	<u>786,001</u>	<u>95,085</u>	<u>129,297</u>	<u>47,597</u>
-	14,538	-	-	708	15,470	98
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>135,519</u>	<u>218,922</u>	<u>-</u>	<u>-</u>	<u>(708)</u>	<u>(15,470)</u>	<u>119,990</u>
<u>135,519</u>	<u>233,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,088</u>
<u>\$ 135,519</u>	<u>\$ 265,930</u>	<u>\$ 225,325</u>	<u>\$ 786,001</u>	<u>\$ 95,085</u>	<u>\$ 129,297</u>	<u>\$ 167,685</u>

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Operations Modernization Trust
ASSETS				
Cash and cash equivalents	\$ 132,750	\$ 12,356	\$ 29,045	\$ 26,051
Accounts receivable - net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	12,600	-	-	-
Total Assets	\$ 145,350	\$ 12,356	\$ 29,045	\$ 26,051
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ -	\$ -	\$ -	\$ 1,748
Contracts payable-retained percentage	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to others	-	-	-	239
Accrued wages payable	-	489	2,088	26
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	489	2,088	2,013
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for public records modernization	132,750	-	26,957	24,038
Reserved for other purposes	12,600	11,867	-	-
Unreserved:				
Unreserved, undesignated	-	-	-	-
Total Fund Balances	145,350	11,867	26,957	24,038
Total Liabilities and Fund Balances	\$ 145,350	\$ 12,356	\$ 29,045	\$ 26,051

Special Revenue Funds

Court Services Fund	Community Donations	Inmate Welfare	Affordable and Workforce Trust	Impact Fee Trans- portation Avon Park	Impact Fee Trans- portation Lake Placid	Impact Fee Trans- portation Sebring
\$ 75,807	\$ 4,609	\$ 170,191	\$ 930,396	\$ 190,829	\$ 427,594	\$ 1,102,035
-	-	13,871	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 75,807	\$ 4,609	\$ 184,062	\$ 930,396	\$ 190,829	\$ 427,594	\$ 1,102,035
\$ 95	\$ -	\$ 971	\$ -	\$ -	\$ -	\$ 2,871
-	-	-	-	-	-	-
-	-	-	-	493	616	1,399
1,106	-	-	-	-	-	-
-	-	-	-	-	-	-
36,994	-	1,460	-	-	-	-
-	-	-	-	-	-	47,826
37,612	-	-	-	-	-	-
75,807	-	2,431	-	493	616	52,096
-	-	-	-	2,110	5,467	13,586
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,609	181,631	930,396	188,226	421,511	1,036,353
-	4,609	181,631	930,396	190,336	426,978	1,049,939
\$ 75,807	\$ 4,609	\$ 184,062	\$ 930,396	\$ 190,829	\$ 427,594	\$ 1,102,035

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
September 30, 2009

	Special Revenue Funds			
	Impact Fee Parks and Recreation Avon Park	Impact Fee Parks and Recreation Lake Placid	Impact Fee Parks and Recreation Sebring	Impact Fee Correctional Facilities
ASSETS				
Cash and cash equivalents	\$ 16,592	\$ 34,760	\$ 66,667	\$ 102,859
Accounts receivable - net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 16,592	\$ 34,760	\$ 66,667	\$ 102,859
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ -	\$ -	\$ 358	\$ 324
Contracts payable-retained percentage	-	-	-	-
Due to other funds	24	41	64	102
Due to other governmental units	-	-	-	-
Due to others	-	-	-	-
Accrued wages payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	24	41	422	426
Fund Balances:				
Reserved:				
Reserved for encumbrances	209	445	871	1,299
Reserved for public records modernization	-	-	-	-
Reserved for other purposes	-	-	-	-
Unreserved:				
Unreserved, undesignated	16,359	34,274	65,374	101,134
Total Fund Balances	16,568	34,719	66,245	102,433
Total Liabilities and Fund Balances	\$ 16,592	\$ 34,760	\$ 66,667	\$ 102,859

Special Revenue Funds					Capital Projects Fund		
Impact Fee Fire	Impact Fee Libraries	Impact Fee Law Enforcement	Impact Fee Emergency Medical Services	Thunderbird Hill Waste Water	HCSSRB Construction	Total All Nonmajor Governmental Funds	
\$ 7,009	\$ 36,706	\$ 31,368	\$ 13,536	\$ 51,110	\$ 1,895,525	\$ 18,473,488	
-	-	-	-	-	-	14,720	
-	-	-	-	-	-	224,569	
-	-	-	-	-	-	670,940	
-	-	-	-	-	5,000	17,600	
\$ 7,009	\$ 36,706	\$ 31,368	\$ 13,536	\$ 51,110	\$ 1,900,525	\$ 19,401,317	
\$ 329	\$ 117	\$ 109	\$ 30	\$ -	\$ 892	\$ 228,320	
-	-	-	-	-	10,970	23,570	
169	36	32	17	-	-	296,608	
-	-	-	-	-	-	6,531	
-	-	-	-	-	-	221,681	
-	-	-	-	-	-	93,624	
-	-	-	-	-	-	47,826	
-	-	-	-	-	-	1,454,859	
498	153	141	47	-	11,862	2,373,019	
1,469	467	375	170	-	22,000	343,285	
-	-	-	-	-	-	183,745	
-	-	-	-	-	5,000	29,467	
5,042	36,086	30,852	13,319	51,110	1,861,663	16,471,801	
6,511	36,553	31,227	13,489	51,110	1,888,663	17,028,298	
\$ 7,009	\$ 36,706	\$ 31,368	\$ 13,536	\$ 51,110	\$ 1,900,525	\$ 19,401,317	

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Lake Placid Sun-N-Lake Estates Fire District	DeSoto City Special Benefit Fire District	Orange Villa Special Benefit District	Hickory Hills Special Benefit District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	169,151	169,697	1,392	2,387
Net change in fair value of investments	904	403	18	106
Miscellaneous	151	2,426	-	-
Total Revenues	170,206	172,526	1,410	2,493
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	116,962	181,120	-	-
Physical environment	-	-	-	-
Transportation	-	-	1,700	10,191
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	408,000	13,333	-	-
Interest	44,786	4,422	-	-
Other debt service	-	-	-	-
Total Expenditures	569,748	198,875	1,700	10,191
Excess of Revenues Over/(Under) Expenditures	(399,542)	(26,349)	(290)	(7,698)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	(399,542)	(26,349)	(290)	(7,698)
FUND BALANCES - October 1, 2008	586,501	114,252	4,261	34,156
FUND BALANCES - September 30, 2009	\$ 186,959	\$ 87,903	\$ 3,971	\$ 26,458

Special Revenue Funds

Placid Lakes Special Benefit District	Sebring Country Estates Special Benefit District	Istokpoga Marsh Watershed Improve- ment District	Avon Park Estates Special Benefit District	Highlands Lakes Special Tax District	Highlands Park Special Benefit Fire District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
160,127	19,244	74,418	90,249	206,219	46,053
1,287	228	1,786	2,459	1,070	490
-	-	9,625	-	35,523	471
161,414	19,472	85,829	92,708	242,812	47,014
-	-	-	-	-	-
-	-	-	-	420,964	35,677
-	-	160,676	-	-	-
122,847	21,165	-	35,988	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
122,847	21,165	160,676	35,988	420,964	35,677
38,567	(1,693)	(74,847)	56,720	(178,152)	11,337
-	-	-	-	-	56,592
-	-	-	-	-	-
-	-	-	-	-	56,592
38,567	(1,693)	(74,847)	56,720	(178,152)	67,929
351,402	64,295	545,193	674,069	411,075	154,614
\$ 389,969	\$ 62,602	\$ 470,346	\$ 730,789	\$ 232,923	\$ 222,543

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Highlands Park Estates Improve- ment Trust	Leisure Lakes Special Benefit Fire District	Sebring Hills Special Benefit District	Red Hill Farms Improve- ment District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	-	129,226	13,072	5,787
Net change in fair value of investments	696	2,857	31	241
Miscellaneous	-	1,932	-	-
Total Revenues	696	134,015	13,103	6,028
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	65,372	-	-
Physical environment	-	-	-	-
Transportation	-	-	22,065	909
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Other debt service	-	-	-	-
Total Expenditures	-	65,372	22,065	909
Excess of Revenues Over/(Under) Expenditures	696	68,643	(8,962)	5,119
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	696	68,643	(8,962)	5,119
FUND BALANCES - October 1, 2008	206,466	826,540	9,957	72,744
FUND BALANCES - September 30, 2009	\$ 207,162	\$ 895,183	\$ 995	\$ 77,863

E911 Emergency Operations	Library Cooperative	Orange Blossom Estates Special Benefit District	Sun-N-Lake Lake Placid Recreation District	Conserva- tion Trust
\$ -	\$ -	\$ -	\$ -	\$ -
482,671	-	-	-	-
473,700	193,463	-	-	13,350
-	-	-	-	-
-	-	-	-	-
-	-	-	59,912	-
6,235	-	578	511	3,345
347	-	-	7,061	-
962,953	193,463	578	67,484	16,695
-	-	-	-	-
1,201,649	-	-	-	-
-	-	-	-	4,639
-	-	71,874	-	-
-	-	-	-	-
-	193,463	-	104,660	-
-	-	-	-	-
-	-	-	15,000	-
-	-	-	2,905	-
-	-	-	-	-
1,201,649	193,463	71,874	122,565	4,639
(238,696)	-	(71,296)	(55,081)	12,056
374,800	-	-	-	30,000
-	-	-	-	-
374,800	-	-	-	30,000
136,104	-	(71,296)	(55,081)	42,056
231,364	-	178,402	172,275	1,007,296
\$ 367,468	\$ -	\$ 107,106	\$ 117,194	\$ 1,049,352

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Intergov- ernmental Radio Communi- cations	Sebring Acres Special Benefit District	Orange Blossom (Unit 12) Special Benefit District	Lake Haven Estates Special Benefit District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	135,224	-	-	-
Charges for services	107,259	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	-	9,284	-	10,060
Net change in fair value of investments	11	337	31	101
Miscellaneous	6,999	-	-	-
Total Revenues	249,493	9,621	31	10,161
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	360,273	-	-	-
Physical environment	-	-	-	-
Transportation	-	3,159	-	10,309
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Other debt service	-	-	-	-
Total Expenditures	360,273	3,159	-	10,309
Excess of Revenues Over/(Under) Expenditures	(110,780)	6,462	31	(148)
OTHER FINANCING SOURCES (USES):				
Transfers in	98,500	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	98,500	-	-	-
Net change in fund balance	(12,280)	6,462	31	(148)
FUND BALANCES - October 1, 2008	32,282	96,672	6,406	29,144
FUND BALANCES - September 30, 2009	\$ 20,002	\$ 103,134	\$ 6,437	\$ 28,996

Special Revenue Funds

Legal Aid Program	Lorida Special Benefit Fire District	Lake Placid Special Benefit Fire District	Law Enforcement Education	Building Code Enforce- ment	Florida Boating Improve- ment	Special Law Enforce- ment Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	11	-	-	43,488	-
-	-	-	54,938	50,656	-	101,292
-	-	-	-	-	-	-
-	-	-	-	410,139	-	-
-	73,741	136,359	-	-	-	-
98	252	1,535	558	2,504	497	1,128
11,463	260	1,560	-	1,584	-	-
11,561	74,253	139,465	55,496	464,883	43,985	102,420
-	-	-	-	-	-	-
-	45,464	300,919	69,165	832,946	-	37,398
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	66,307	-
44,747	-	-	-	-	-	-
-	10,217	137,321	-	-	-	-
-	4,567	7,352	-	-	-	-
-	-	-	-	-	-	-
44,747	60,248	445,592	69,165	832,946	66,307	37,398
(33,186)	14,005	(306,127)	(13,669)	(368,063)	(22,322)	65,022
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(33,186)	14,005	(306,127)	(13,669)	(368,063)	(22,322)	65,022
47,426	47,314	598,824	157,245	940,072	166,634	304,469
\$ 14,240	\$ 61,319	\$ 292,697	\$ 143,576	\$ 572,009	\$ 144,312	\$ 369,491

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Highway Park Special Benefit District	Community Development Block Grant	Sun-N-Lake 1 - 20 Improvement Trust	Highlands Park Estates Special Benefit District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	281,981	-	-
Charges for services	-	176,471	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	6,136	-	-	57,553
Net change in fair value of investments	100	152	177	795
Miscellaneous	-	-	-	-
Total Revenues	6,236	458,604	177	58,348
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	6,669	-	-	15,290
Economic environment	-	281,980	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	84
Other debt service	-	-	-	-
Total Expenditures	6,669	281,980	-	15,374
Excess of Revenues Over/(Under) Expenditures	(433)	176,624	177	42,974
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	(433)	176,624	177	42,974
FUND BALANCES - October 1, 2008	30,441	64,070	56,439	208,511
FUND BALANCES - September 30, 2009	\$ 30,008	\$ 240,694	\$ 56,616	\$ 251,485

Special Revenue Funds

Development Transportation Improvement	West Sebring Special Benefit Fire District	Driver Education Safety Trust	Tourist Development Trust	Domestic Violence Training	Fire Inspection And Safety
\$ -	\$ -	\$ -	\$ 325,426	\$ -	\$ -
-	-	-	-	-	-
-	-	37,073	-	9,188	10,130
-	-	-	-	-	-
-	-	-	-	-	347
-	402,945	-	-	-	-
259	4,531	93	1,405	82	192
-	320	-	240	-	-
259	407,796	37,166	327,071	9,270	10,669
-	-	-	-	-	-
-	136,261	-	-	-	7,030
-	-	-	-	-	-
-	-	-	-	-	-
-	-	35,820	258,381	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	136,261	35,820	258,381	-	7,030
259	271,535	1,346	68,690	9,270	3,639
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
259	271,535	1,346	68,690	9,270	3,639
84,272	1,126,963	41,043	432,657	22,603	54,668
\$ 84,531	\$ 1,398,498	\$ 42,389	\$ 501,347	\$ 31,873	\$ 58,307

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Venus Special Benefit Fire District	Sebring Parkway Maintenance	State Court Facilities Trust	Innovations and Supplemental Courts Funding Trust
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	20,129	-	-
Charges for services	-	-	194,319	112,164
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	25,797	-	-	-
Net change in fair value of investments	268	740	2,888	1,424
Miscellaneous	161	-	-	-
Total Revenues	26,226	20,869	197,207	113,588
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	8,537	-	-	-
Physical environment	-	-	-	-
Transportation	-	35,603	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	79,446	172,079
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Other debt service	-	-	-	-
Total Expenditures	8,537	35,603	79,446	172,079
Excess of Revenues Over/(Under) Expenditures	17,689	(14,734)	117,761	(58,491)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	73,143	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	73,143	-	-
Net change in fund balance	17,689	58,409	117,761	(58,491)
FUND BALANCES - October 1, 2008	74,264	171,171	832,207	397,855
FUND BALANCES - September 30, 2009	\$ 91,953	\$ 229,580	\$ 949,968	\$ 339,364

Special Revenue Funds

Crime Prevention	Court Tech 28.24(12)(E)1	Court	Affordable Housing Assistance Trust	Hurricane Housing Trust	Home Initiatives Partnership	Placid Lakes Fire District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	142,017	1,130,772	303,222	519,779	-
47,768	121,923	1,210,635	-	-	-	-
-	-	558,467	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	92,723
357	403	-	93,918	14,060	-	522
-	5,014	-	235,585	7,546	-	-
48,125	127,340	1,911,119	1,460,275	324,828	519,779	93,245
-	-	-	-	-	-	-
39,297	-	-	-	-	-	85,044
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,460,275	324,828	519,560	-
-	-	-	-	-	-	-
-	186,817	1,913,398	-	-	-	-
-	-	-	-	-	-	22,986
-	-	-	-	-	-	8,171
-	-	-	-	-	-	-
39,297	186,817	1,913,398	1,460,275	324,828	519,560	116,201
8,828	(59,477)	(2,279)	-	-	219	(22,956)
-	238,289	2,279	-	-	-	-
-	-	-	-	-	(539)	-
-	238,289	2,279	-	-	(539)	-
8,828	178,812	-	-	-	(320)	(22,956)
126,691	54,648	-	-	-	320	143,044
\$ 135,519	\$ 233,460	\$ -	\$ -	\$ -	\$ -	\$ 120,088

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Public Records Modernization Trust	Teen Court Operations	Court Related Technology Modernization Trust	Court Operations Modernization Trust
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	40,782	41,120	115,782	34,376
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Assessments	-	-	-	-
Net change in fair value of investments	22	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	40,804	41,120	115,782	34,376
EXPENDITURES:				
Current:				
General government	181,813	31,646	155,658	10,338
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Other debt service	-	-	-	-
Total Expenditures	181,813	31,646	155,658	10,338
Excess of Revenues Over/(Under) Expenditures	(141,009)	9,474	(39,876)	24,038
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	(141,009)	9,474	(39,876)	24,038
FUND BALANCES - October 1, 2008	286,359	2,393	66,833	-
FUND BALANCES - September 30, 2009	\$ 145,350	\$ 11,867	\$ 26,957	\$ 24,038

Special Revenue Funds

Court Services Fund	Community Donations	Inmate Welfare	Affordable and Workforce Trust	Impact Fee Trans- portation Avon Park	Impact Fee Trans- portation Lake Placid	Impact Fee Trans- portation Sebring
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
428,036	-	-	-	-	-	-
-	-	27,832	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	493	616	1,399
-	-	-	-	49,273	61,531	139,906
-	-	-	2,476	567	1,313	3,679
-	3,335	173,980	-	-	-	-
428,036	3,335	201,812	2,476	50,333	63,460	144,984
425,757	-	-	-	-	-	-
-	4,594	230,336	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,314	7,911	19,555
-	-	-	10,124	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
425,757	4,594	230,336	10,124	3,314	7,911	19,555
2,279	(1,259)	(28,524)	(7,648)	47,019	55,549	125,429
-	-	-	-	-	-	-
(2,279)	-	-	-	-	-	-
(2,279)	-	-	-	-	-	-
-	(1,259)	(28,524)	(7,648)	47,019	55,549	125,429
-	5,868	210,155	938,044	143,317	371,429	924,510
\$ -	\$ 4,609	\$ 181,631	\$ 930,396	\$ 190,336	\$ 426,978	\$ 1,049,939

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds			
	Impact Fee Parks and Recreation Avon Park	Impact Fee Parks and Recreation Lake Placid	Impact Fee Parks and Recreation Sebring	Impact Fee Correctional Facilities
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	24	40	64	102
Assessments	2,392	4,081	6,399	10,187
Net change in fair value of investments	31	66	115	323
Miscellaneous	-	-	-	-
Total Revenues	2,447	4,187	6,578	10,612
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	1,833
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	298	634	1,222	-
Court related	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Other debt service	-	-	-	-
Total Expenditures	298	634	1,222	1,833
Excess of Revenues Over/(Under) Expenditures	2,149	3,553	5,356	8,779
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	2,149	3,553	5,356	8,779
FUND BALANCES - October 1, 2008	14,419	31,166	60,889	93,654
FUND BALANCES - September 30, 2009	\$ 16,568	\$ 34,719	\$ 66,245	\$ 102,433

Special Revenue Funds					Capital Projects Fund	
Impact Fee Fire	Impact Fee Libraries	Impact Fee Law Enforcement	Impact Fee Emergency Medical Services	Thunderbird Hill Waste Water	HCISSRB Construction	Total All Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,426
-	-	-	-	-	300,000	3,787,330
-	-	-	-	-	-	3,174,221
-	-	-	-	-	-	558,467
169	36	32	17	-	-	413,478
16,860	3,623	3,169	1,684	10,667	-	2,271,304
227	121	123	53	116	8,060	169,955
-	-	-	-	-	-	505,583
17,256	3,780	3,324	1,754	10,783	308,060	11,205,764
-	-	-	-	-	-	805,212
2,140	-	534	248	-	-	4,183,763
-	-	-	-	2,882	-	168,197
-	-	-	-	-	1,555,221	1,943,770
-	-	-	-	-	-	2,890,968
-	653	-	-	-	-	367,237
-	-	-	-	-	-	2,396,487
-	-	-	-	-	-	606,857
-	-	-	-	-	-	72,287
-	-	-	-	-	5,984	5,984
2,140	653	534	248	2,882	1,561,205	13,440,762
15,116	3,127	2,790	1,506	7,901	(1,253,145)	(2,234,998)
-	-	-	-	-	-	873,603
(56,592)	-	-	-	-	-	(59,410)
(56,592)	-	-	-	-	-	814,193
(41,476)	3,127	2,790	1,506	7,901	(1,253,145)	(1,420,805)
47,987	33,426	28,437	11,983	43,209	3,141,808	18,449,103
\$ 6,511	\$ 36,553	\$ 31,227	\$ 13,489	\$ 51,110	\$ 1,888,663	\$ 17,028,298

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE PLACID SUN-N-LAKE ESTATES FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 199,443	\$ 199,443	\$ 169,151	\$ (30,292)
Net change in fair value of investments	16,700	16,700	904	(15,796)
Miscellaneous		-	151	151
Total Revenues	216,143	216,143	170,206	(45,937)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	142,297	142,499	116,962	25,537
Total Public Safety	142,297	142,499	116,962	25,537
Debt Service:				
Principal retirement	51,000	410,000	408,000	2,000
Interest	22,846	42,846	44,786	(1,940)
Total Debt Service	73,846	452,846	452,786	60
Total Expenditures	216,143	595,345	569,748	25,597
Excess of Revenues Over/(Under) Expenditures	-	(379,202)	(399,542)	(20,340)
FUND BALANCES - October 1, 2008	-	379,202	586,501	207,299
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 186,959	\$ 186,959

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DESOTO CITY SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 179,695	\$ 179,695	\$ 169,697	\$ (9,998)
Net change in fair value of investments	3,450	3,450	403	(3,047)
Miscellaneous	-	-	2,426	2,426
Total Revenues	183,145	183,145	172,526	(10,619)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	203,452	202,652	181,120	21,532
Total Public Safety	203,452	202,652	181,120	21,532
Debt Service:				
Principal retirement	13,333	13,333	13,333	-
Interest	3,416	4,516	4,422	94
Total Debt Service	16,749	17,849	17,755	94
Total Expenditures	220,201	220,501	198,875	21,626
Excess of Revenues Over/(Under) Expenditures	(37,056)	(37,356)	(26,349)	11,007
FUND BALANCES - October 1, 2008	37,056	37,356	114,252	76,896
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 87,903	\$ 87,903

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE VILLA SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 1,440	\$ 1,440	\$ 1,392	\$ (48)
Net change in fair value of investments	108	108	18	(90)
Total Revenues	1,548	1,548	1,410	(138)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	1,824	1,824	1,700	124
Total Expenditures	1,824	1,824	1,700	124
Excess of Revenues Over/(Under) Expenditures	(276)	(276)	(290)	(14)
FUND BALANCES - October 1, 2008	276	276	4,261	3,985
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 3,971	\$ 3,971

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HICKORY HILLS SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 2,300	\$ 2,300	\$ 2,387	\$ 87
Net change in fair value of investments	952	952	106	(846)
Total Revenues	3,252	3,252	2,493	(759)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	36,764	43,939	10,191	33,748
Total Expenditures	36,764	43,939	10,191	33,748
Excess of Revenues Over/(Under) Expenditures	(33,512)	(40,687)	(7,698)	32,989
FUND BALANCES - October 1, 2008	33,512	40,687	34,156	(6,531)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 26,458	\$ 26,458

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PLACID LAKES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 168,766	\$ 168,766	\$ 160,127	\$ (8,639)
Net change in fair value of investments	8,650	8,650	1,287	(7,363)
Total Revenues	177,416	177,416	161,414	(16,002)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	448,452	457,928	122,847	335,081
Total Expenditures	448,452	457,928	122,847	335,081
Excess of Revenues Over/(Under) Expenditures	(271,036)	(280,512)	38,567	319,079
FUND BALANCES - October 1, 2008	271,036	280,512	351,402	70,890
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 389,969	\$ 389,969

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING COUNTRY ESTATES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 19,488	\$ 19,488	\$ 19,244	\$ (244)
Net change in fair value of investments	1,561	1,561	228	(1,333)
Total Revenues	21,049	21,049	19,472	(1,577)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	83,468	83,468	21,165	62,303
Total Expenditures	83,468	83,468	21,165	62,303
Excess of Revenues Over/(Under) Expenditures	(62,419)	(62,419)	(1,693)	60,726
FUND BALANCES - October 1, 2008	62,419	62,419	64,295	1,876
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 62,602	\$ 62,602

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ISTOKPOGA MARSH WATERSHED IMPROVEMENT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 3,800,000	\$ -	\$ (3,800,000)
Assessments	73,120	73,120	74,418	1,298
Net change in fair value of investments	12,405	12,405	1,786	(10,619)
Miscellaneous	-	-	9,625	9,625
Total Revenues	85,525	3,885,525	85,829	(3,799,696)
EXPENDITURES:				
Current:				
Physical Environment:				
Istokpoga Marsh Improvements	509,405	4,338,580	160,676	4,177,904
Total Expenditures	509,405	4,338,580	160,676	4,177,904
Excess of Revenues Over/(Under) Expenditures	(423,880)	(453,055)	(74,847)	378,208
FUND BALANCES - October 1, 2008	423,880	453,055	545,193	92,138
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 470,346	\$ 470,346

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AVON PARK ESTATES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 90,718	\$ 90,718	\$ 90,249	\$ (469)
Net change in fair value of investments	15,146	15,146	2,459	(12,687)
Miscellaneous	19,500	19,500	-	(19,500)
Total Revenues	125,364	125,364	92,708	(32,656)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	703,719	703,719	35,988	667,731
Total Expenditures	703,719	703,719	35,988	667,731
Excess of Revenues Over/(Under) Expenditures	(578,355)	(578,355)	56,720	635,075
FUND BALANCES - October 1, 2008	578,355	578,355	674,069	95,714
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 730,789	\$ 730,789

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS LAKES SPECIAL TAX DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 219,033	\$ 219,033	\$ 206,219	\$ (12,814)
Net change in fair value of investments	11,650	11,650	1,070	(10,580)
Miscellaneous	-	-	35,523	35,523
Total Revenues	230,683	230,683	242,812	12,129
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	237,617	461,503	420,964	40,539
Total Expenditures	237,617	461,503	420,964	40,539
Excess of Revenues Over/(Under) Expenditures	(6,934)	(230,820)	(178,152)	52,668
FUND BALANCES - October 1, 2008	6,934	230,820	411,075	180,255
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 232,923	\$ 232,923

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 44,821	\$ 44,821	\$ 46,053	\$ 1,232
Net change in fair value of investments	2,650	2,650	490	(2,160)
Miscellaneous	-	471	471	-
Total Revenues	47,471	47,942	47,014	(928)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	47,471	54,499	35,677	18,822
Total Expenditures	47,471	54,499	35,677	18,822
Excess of Revenues Over/(Under) Expenditures	-	(6,557)	11,337	17,894
OTHER FINANCING SOURCES:				
Transfers in		-	56,592	56,592
Total Other Financing Sources	-	-	56,592	56,592
Net Change in Fund Balance	-	(6,557)	67,929	74,486
FUND BALANCES - October 1, 2008	-	6,557	154,614	148,057
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 222,543	\$ 222,543

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK ESTATES IMPROVEMENT TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ 5,016	\$ 5,016	\$ 696	\$ (4,320)
Total Revenues	5,016	5,016	696	(4,320)
EXPENDITURES:				
Current:				
Transportation:				
Improvement Trust	205,643	205,643	-	205,643
Total Expenditures	205,643	205,643	-	205,643
Excess of Revenues Over/(Under) Expenditures	(200,627)	(200,627)	696	201,323
FUND BALANCES - October 1, 2008	200,627	200,627	206,466	5,839
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 207,162	\$ 207,162

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LEISURE LAKES SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 135,631	\$ 135,631	\$ 129,226	\$ (6,405)
Net change in fair value of investments	-	-	2,857	2,857
Miscellaneous	-	-	1,932	1,932
Total Revenues	135,631	135,631	134,015	(1,616)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	135,631	136,672	65,372	71,300
Total Expenditures	135,631	136,672	65,372	71,300
Excess of Revenues Over/(Under) Expenditures	-	(1,041)	68,643	69,684
FUND BALANCES - October 1, 2008	-	1,041	826,540	825,499
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 895,183	\$ 895,183

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING HILLS SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 17,856	\$ 17,856	\$ 13,072	\$ (4,784)
Net change in fair value of investments	430	430	31	(399)
Total Revenues	18,286	18,286	13,103	(5,183)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	27,656	27,656	22,065	5,591
Total Expenditures	27,656	27,656	22,065	5,591
Excess of Revenues Over/(Under) Expenditures	(9,370)	(9,370)	(8,962)	408
FUND BALANCES - October 1, 2008	9,370	9,370	9,957	587
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 995	\$ 995

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RED HILL FARMS IMPROVEMENT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 4,920	\$ 4,920	\$ 5,787	\$ 867
Net change in fair value of investments	1,463	1,463	241	(1,222)
Total Revenues	6,383	6,383	6,028	(355)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	71,132	71,132	909	70,223
Total Expenditures	71,132	71,132	909	70,223
Excess of Revenues Over/(Under) Expenditures	(64,749)	(64,749)	5,119	69,868
FUND BALANCES - October 1, 2008	64,749	64,749	72,744	7,995
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 77,863	\$ 77,863

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E911 EMERGENCY OPERATIONS FUND
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ -	\$ 560,777	\$ 482,671	\$ (78,106)
Charges for services	502,513	502,513	473,700	(28,813)
Net change in fair value of investments	-	-	6,235	6,235
Miscellaneous	-	-	347	347
Total Revenues	502,513	1,063,290	962,953	(100,337)
EXPENDITURES:				
Current:				
Public Safety:				
E911 operations	877,313	1,964,892	1,201,649	763,243
Total Expenditures	877,313	1,964,892	1,201,649	763,243
Excess of Revenues Over/(Under) Expenditures	(374,800)	(901,602)	(238,696)	662,906
OTHER FINANCING SOURCES:				
Transfers in	374,800	374,800	374,800	-
Total Other Financing Sources	374,800	374,800	374,800	-
Net Change in Fund Balance	-	(526,802)	136,104	662,906
FUND BALANCES - October 1, 2008	-	526,802	231,364	(295,438)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 367,468	\$ 367,468

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY COOPERATIVE FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 196,214	\$ 196,214	\$ 193,463	\$ (2,751)
Total Revenues	196,214	196,214	193,463	(2,751)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Library operations	197,861	197,861	193,463	4,398
Total Expenditures	197,861	197,861	193,463	4,398
Excess of Revenues Over/(Under) Expenditures	(1,647)	(1,647)	-	1,647
FUND BALANCES - October 1, 2008	1,647	1,647	-	(1,647)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE BLOSSOM ESTATES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ 3,000	\$ 3,000	\$ 578	\$ (2,422)
Total Revenues	3,000	3,000	578	(2,422)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	156,717	160,077	71,874	88,203
Total Expenditures	156,717	160,077	71,874	88,203
Excess of Revenues Over/(Under) Expenditures	(153,717)	(157,077)	(71,296)	85,781
FUND BALANCES - October 1, 2008	153,717	157,077	178,402	21,325
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 107,106	\$ 107,106

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUN-N-LAKE LAKE PLACID RECREATION DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Assessments	\$ 74,850	\$ 74,850	\$ 59,912	\$ (14,938)
Net change in fair value of investments	4,750	4,750	511	(4,239)
Miscellaneous	-	4,684	7,061	2,377
Total Revenues	79,600	84,284	67,484	(16,800)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Special benefit districts	242,572	262,346	104,660	157,686
Total Culture and Recreation	242,572	262,346	104,660	157,686
Debt Service:				
Principal retirement	15,000	15,000	15,000	-
Interest	6,025	6,025	2,905	3,120
Total Debt Service	21,025	21,025	17,905	3,120
Total Expenditures	263,597	283,371	122,565	160,806
Excess of Revenues Over/(Under) Expenditures	(183,997)	(199,087)	(55,081)	144,006
FUND BALANCES - October 1, 2008	183,997	199,087	172,275	(26,812)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 117,194	\$ 117,194

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 13,350	\$ 13,350
Net change in fair value of investments	-	-	3,345	3,345
Total Revenues	-	-	16,695	16,695
EXPENDITURES:				
Current:				
Physical Environment:				
Conservation and resource management	52,806	52,806	4,639	48,167
Total Expenditures	52,806	52,806	4,639	48,167
Excess of Revenues Over/(Under) Expenditures	(52,806)	(52,806)	12,056	64,862
OTHER FINANCING SOURCES:				
Transfers in	-	30,000	30,000	-
Total Other Financing Sources	-	30,000	30,000	-
Net Change in Fund Balance	(52,806)	(22,806)	42,056	64,862
FUND BALANCES - October 1, 2008	52,806	22,806	1,007,296	984,490
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 1,049,352	\$ 1,049,352

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERGOVERNMENTAL RADIO COMMUNICATIONS FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 135,224	\$ 135,224
Charges for services	135,500	135,500	107,259	(28,241)
Net change in fair value of investments	-	-	11	11
Miscellaneous	-	-	6,999	6,999
Total Revenues	135,500	135,500	249,493	113,993
EXPENDITURES:				
Current:				
Public Safety:				
Other public safety	234,000	385,330	360,273	25,057
Total Expenditures	234,000	385,330	360,273	25,057
Excess of Revenues Over/(Under) Expenditures	(98,500)	(249,830)	(110,780)	139,050
OTHER FINANCING SOURCES:				
Transfers in	98,500	98,500	98,500	-
Total Other Financing Sources	98,500	98,500	98,500	-
Net Change in Fund Balance	-	(151,330)	(12,280)	139,050
FUND BALANCES - October 1, 2008	-	151,330	32,282	(119,048)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 20,002	\$ 20,002

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING ACRES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 7,050	\$ 7,050	\$ 9,284	\$ 2,234
Net change in fair value of investments	2,200	2,200	337	(1,863)
Total Revenues	9,250	9,250	9,621	371
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	96,467	96,467	3,159	93,308
Total Expenditures	96,467	96,467	3,159	93,308
Excess of Revenues Over/(Under) Expenditures	(87,217)	(87,217)	6,462	93,679
FUND BALANCES - October 1, 2008	87,217	87,217	96,672	9,455
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 103,134	\$ 103,134

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ORANGE BLOSSOM (UNIT 12) SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ 155	\$ 155	\$ 31	\$ (124)
Total Revenues	155	155	31	(124)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	6,338	6,338	-	6,338
Total Expenditures	6,338	6,338	-	6,338
Excess of Revenues Over/(Under) Expenditures	(6,183)	(6,183)	31	6,214
FUND BALANCES - October 1, 2008	6,183	6,183	6,406	223
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 6,437	\$ 6,437

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE HAVEN ESTATES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 10,350	\$ 10,350	\$ 10,060	\$ (290)
Net change in fair value of investments	750	750	101	(649)
Total Revenues	11,100	11,100	10,161	(939)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	37,718	37,718	10,309	27,409
Total Expenditures	37,718	37,718	10,309	27,409
Excess of Revenues Over/(Under) Expenditures	(26,618)	(26,618)	(148)	26,470
FUND BALANCES - October 1, 2008	26,618	26,618	29,144	2,526
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 28,996	\$ 28,996

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LEGAL AID PROGRAM FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ -	\$ -	\$ 98	\$ 98
Miscellaneous	-	-	11,463	11,463
Total Revenues	-	-	11,561	11,561
EXPENDITURES:				
Current:				
Court Related:				
Legal Support	40,000	46,900	44,747	2,153
Total Expenditures	40,000	46,900	44,747	2,153
Excess of Revenues Over/(Under) Expenditures	(40,000)	(46,900)	(33,186)	13,714
FUND BALANCES - October 1, 2008	40,000	46,900	47,426	526
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 14,240	\$ 14,240

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LORIDA SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 76,973	\$ 76,973	\$ 73,741	\$ (3,232)
Net change in fair value of investments	1,505	1,505	252	(1,253)
Miscellaneous	-	-	260	260
Total Revenues	78,478	78,478	74,253	(4,225)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	56,684	57,288	45,464	11,824
Total Public Safety	56,684	57,288	45,464	11,824
Debt Service:				
Principal retirement	15,217	15,217	10,217	5,000
Interest	6,577	6,577	4,567	2,010
Total Debt Service	21,794	21,794	14,784	7,010
Total Expenditures	78,478	79,082	60,248	18,834
Excess of Revenues Over/(Under) Expenditures	-	(604)	14,005	14,609
FUND BALANCES - October 1, 2008	-	604	47,314	46,710
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 61,319	\$ 61,319

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAKE PLACID SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 11	\$ 11
Assessments	144,298	144,298	136,359	(7,939)
Net change in fair value of investments	12,900	12,900	1,535	(11,365)
Miscellaneous	-	-	1,560	1,560
Total Revenues	157,198	157,198	139,465	(17,733)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	139,438	399,651	300,919	98,732
Total Public Safety	139,438	399,651	300,919	98,732
EXPENDITURES:				
Debt Service:				
Principal retirement	24,372	139,372	137,321	2,051
Interest	7,736	7,736	7,352	384
Total Debt Service	32,108	147,108	144,673	2,435
Total Expenditures	171,546	546,759	445,592	101,167
Excess of Revenues Over/(Under) Expenditures	(14,348)	(389,561)	(306,127)	83,434
FUND BALANCES - October 1, 2008	14,348	389,561	598,824	209,263
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 292,697	\$ 292,697

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT EDUCATION FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 56,600	\$ 56,600	\$ 54,938	\$ (1,662)
Net change in fair value of investments	1,700	1,700	558	(1,142)
Total Revenues	58,300	58,300	55,496	(2,804)
EXPENDITURES:				
Current:				
Public Safety:				
Sheriff	58,300	74,300	69,165	5,135
Total Expenditures	58,300	74,300	69,165	5,135
Excess of Revenues Over/(Under) Expenditures	-	(16,000)	(13,669)	2,331
FUND BALANCES - October 1, 2008	-	16,000	157,245	141,245
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 143,576	\$ 143,576

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CODE ENFORCEMENT
For the Fiscal Year Ended September 30, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for Services	\$ 55,700	\$ 55,700	\$ 50,656	\$ (5,044)
Licenses & Permits	440,000	440,000	410,139	(29,861)
Net change in fair value of investments	15,000	15,000	2,504	(12,496)
Miscellaneous	-	-	1,584	1,584
Total Revenues	510,700	510,700	464,883	(45,817)
EXPENDITURES:				
Current:				
Public Safety:				
Protective Inspections	1,242,556	1,323,775	832,946	490,829
Total Expenditures	1,242,556	1,323,775	832,946	490,829
Excess of Revenues Over/(Under) Expenditures	(731,856)	(813,075)	(368,063)	445,012
FUND BALANCES - October 1, 2008	731,856	813,075	940,072	126,997
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 572,009	\$ 572,009

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FLORIDA BOATING IMPROVEMENT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 43,488	\$ 3,488
Net change in fair value of investments	-	-	497	497
Total Revenues	40,000	40,000	43,985	3,985
EXPENDITURES:				
Current:				
Culture and Recreation:				
Parks department	48,000	206,433	66,307	140,126
Total Expenditures	48,000	206,433	66,307	140,126
Excess of Revenues Over/(Under) Expenditures	(8,000)	(166,433)	(22,322)	144,111
FUND BALANCES - October 1, 2008	8,000	166,433	166,634	201
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 144,312	\$ 144,312

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL LAW ENFORCEMENT TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 101,292	\$ 101,292
Net change in fair value of investments	-	2	1,128	1,126
Total Revenues	-	2	102,420	102,418
EXPENDITURES:				
Current:				
Public Safety:				
County jail	-	303,748	37,398	266,350
Total Expenditures	-	303,748	37,398	266,350
Excess of Revenues Over/(Under) Expenditures	-	(303,746)	65,022	368,768
FUND BALANCES - October 1, 2008	-	303,746	304,469	723
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 369,491	\$ 369,491

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY PARK SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 7,495	\$ 7,495	\$ 6,136	\$ (1,359)
Net change in fair value of investments	734	734	100	(634)
Total Revenues	8,229	8,229	6,236	(1,993)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	35,779	35,779	6,669	29,110
Total Expenditures	35,779	35,779	6,669	29,110
Excess of Revenues Over/(Under) Expenditures	(27,550)	(27,550)	(433)	27,117
FUND BALANCES - October 1, 2008	27,550	27,550	30,441	2,891
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 30,008	\$ 30,008

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 750,000	\$ 1,116,442	\$ 281,981	\$ (834,461)
Charges for services	-	18,239	176,471	158,232
Net change in fair value of investments	-	-	152	152
Total Revenues	750,000	1,134,681	458,604	(676,077)
EXPENDITURES:				
Current:				
Economic Environment:				
Community development block grant	750,000	1,145,081	281,980	863,101
Total Expenditures	750,000	1,145,081	281,980	863,101
Excess of Revenues Over/(Under) Expenditures	-	(10,400)	176,624	187,024
FUND BALANCES - October 1, 2008	-	10,400	64,070	53,670
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 240,694	\$ 240,694

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUN N LAKE 1 - 20 IMPROVEMENT TRUST
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ -	\$ -	\$ 177	\$ 177
Total Revenues	-	-	177	177
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	56,283	56,283	-	56,283
Total Expenditures	56,283	56,283	-	56,283
Excess of Revenues Over/(Under) Expenditures	(56,283)	(56,283)	177	56,460
FUND BALANCES - October 1, 2008	56,283	56,283	56,439	156
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 56,616	\$ 56,616

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHLANDS PARK ESTATES SPECIAL BENEFIT DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 59,350	\$ 59,350	\$ 57,553	\$ (1,797)
Net change in fair value of investments	3,975	3,975	795	(3,180)
Total Revenues	63,325	63,325	58,348	(4,977)
EXPENDITURES:				
Current:				
Transportation:				
Improvement Trust	215,774	216,224	15,290	200,934
Total Transportation	215,774	216,224	15,290	200,934
EXPENDITURES:				
Debt Service:				
Principal retirement	4,957	4,957	-	4,957
Interest	85	85	84	1
Total Debt Service	5,042	5,042	84	4,958
Total Expenditures	220,816	221,266	15,374	205,892
Excess of Revenues Over/(Under) Expenditures	(157,491)	(157,941)	42,974	200,915
FUND BALANCES - October 1, 2008	157,491	157,941	208,511	50,570
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 251,485	\$ 251,485

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEVELOPMENT TRANSPORTATION IMPROVEMENT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ -	\$ -	\$ 259	\$ 259
Total Revenues	-	-	259	259
EXPENDITURES:				
Current:				
Transportation:				
Improvement Trust	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over/(Under) Expenditures	-	-	259	259
FUND BALANCES - October 1, 2008	-	-	84,272	84,272
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 84,531	\$ 84,531

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WEST SEBRING SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Assessments	\$ 395,717	\$ 395,717	\$ 402,945	\$ 7,228
Net change in fair value of investments	22,498	22,498	4,531	(17,967)
Miscellaneous	-	-	320	320
Total Revenues	418,215	418,215	407,796	(10,419)
EXPENDITURES:				
Current:				
Public Safety:				
Fire control	418,215	419,195	136,261	282,934
Total Expenditures	418,215	419,195	136,261	282,934
Excess of Revenues Over/(Under) Expenditures	-	(980)	271,535	272,515
FUND BALANCES - October 1, 2008	-	980	1,126,963	1,125,983
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 1,398,498	\$ 1,398,498

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRIVER EDUCATION SAFETY TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 35,000	\$ 35,000	\$ 37,073	\$ 2,073
Net change in fair value of investments	200	200	93	(107)
Total Revenues	35,200	35,200	37,166	1,966
EXPENDITURES:				
Current:				
Economic Environment:				
Other human services	46,000	46,000	35,820	10,180
Total Expenditures	46,000	46,000	35,820	10,180
Excess of Revenues Over/(Under) Expenditures	(10,800)	(10,800)	1,346	12,146
FUND BALANCES - October 1, 2008	10,800	10,800	41,043	30,243
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 42,389	\$ 42,389

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURIST DEVELOPMENT TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 280,000	\$ 280,000	\$ 325,426	\$ 45,426
Net change in fair value of investments	1,200	1,200	1,405	205
Miscellaneous	-	-	240	240
Total Revenues	281,200	281,200	327,071	45,871
EXPENDITURES:				
Current:				
Economic Environment:				
Industry development	300,864	334,243	258,381	75,862
Total Expenditures	300,864	334,243	258,381	75,862
Excess of Revenues Over/(Under) Expenditures	(19,664)	(53,043)	68,690	121,733
FUND BALANCES - October 1, 2008	19,664	53,043	432,657	379,614
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 501,347	\$ 501,347

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOMESTIC VIOLENCE TRAINING FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 4,000	\$ 4,000	\$ 9,188	\$ 5,188
Net change in fair value of investments	200	200	82	(118)
Total Revenues	4,200	4,200	9,270	5,070
EXPENDITURES:				
Current:				
Public Safety:				
Sheriff	4,200	4,200	-	4,200
Total Expenditures	4,200	4,200	-	4,200
Excess of Revenues Over/(Under) Expenditures	-	-	9,270	9,270
FUND BALANCES - October 1, 2008	-	-	22,603	22,603
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 31,873	\$ 31,873

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE INSPECTION AND SAFETY FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 6,300	\$ 6,300	\$ 10,130	\$ 3,830
Licenses and permits	250	250	347	97
Net change in fair value of investments	1,100	1,100	192	(908)
Total Revenues	7,650	7,650	10,669	3,019
EXPENDITURES:				
Current:				
Public Safety:				
Fire control	11,570	11,570	7,030	4,540
Total Expenditures	11,570	11,570	7,030	4,540
Excess of Revenues Over/(Under) Expenditures	(3,920)	(3,920)	3,639	7,559
FUND BALANCES - October 1, 2008	3,920	3,920	54,668	50,748
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 58,307	\$ 58,307

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VENUS SPECIAL BENEFIT FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ 26,134	\$ 26,134	\$ 25,797	\$ (337)
Net change in fair value of investments	1,463	1,463	268	(1,195)
Miscellaneous	-	-	161	161
Total Revenues	27,597	27,597	26,226	(1,371)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	27,597	27,597	8,537	19,060
Total Expenditures	27,597	27,597	8,537	19,060
Excess of Revenues Over/(Under) Expenditures	-	-	17,689	17,689
FUND BALANCES - October 1, 2008	-	-	74,264	74,264
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 91,953	\$ 91,953

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEBRING PARKWAY MAINTENANCE FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 49,026	\$ 23,232	\$ 20,129	\$ (3,103)
Net change in fair value of investments	-	-	740	740
Total Revenues	49,026	23,232	20,869	(2,363)
EXPENDITURES:				
Current:				
Transportation:				
Special benefit districts	98,052	101,725	35,603	66,122
Total Expenditures	98,052	101,725	35,603	66,122
Excess of Revenues Over/(Under) Expenditures	(49,026)	(78,493)	(14,734)	63,759
OTHER FINANCING SOURCES:				
Transfers in	49,026	73,143	73,143	-
Total Other Financing Sources	49,026	73,143	73,143	-
Net Change in Fund Balance	-	(5,350)	58,409	63,759
FUND BALANCES - October 1, 2008	-	5,350	171,171	165,821
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 229,580	\$ 229,580

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE COURT FACILITIES TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 132,000	\$ 132,000	\$ 194,319	\$ 62,319
Net change in fair value of investments	14,500	14,500	2,888	(11,612)
Total Revenues	146,500	146,500	197,207	50,707
EXPENDITURES:				
Current:				
Court Related:				
Operating expenses	287,252	319,309	79,446	239,863
Total Expenditures	287,252	319,309	79,446	239,863
Excess of Revenues Over/(Under) Expenditures	(140,752)	(172,809)	117,761	290,570
FUND BALANCES - October 1, 2008	140,752	172,809	832,207	659,398
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 949,968	\$ 949,968

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INNOVATIONS AND SUPPLEMENTAL COURTS FUNDING TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 104,800	\$ 110,511	\$ 112,164	\$ 1,653
Net change in fair value of investments	5,200	5,200	1,424	(3,776)
Total Revenues	110,000	115,711	113,588	(2,123)
EXPENDITURES:				
Current:				
Court Related:				
Operating expenses	127,750	243,580	172,079	71,501
Total Expenditures	127,750	243,580	172,079	71,501
Excess of Revenues Over/(Under) Expenditures	(17,750)	(127,869)	(58,491)	69,378
FUND BALANCES - October 1, 2008	17,750	127,869	397,855	269,986
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 339,364	\$ 339,364

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CRIME PREVENTION FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 42,000	\$ 42,000	\$ 47,768	\$ 5,768
Net change in fair value of investments	2,200	2,200	357	(1,843)
Total Revenues	44,200	44,200	48,125	3,925
EXPENDITURES:				
Current:				
Public Safety:				
Operating expenses	129,200	129,200	39,297	89,903
Total Expenditures	129,200	129,200	39,297	89,903
Excess of Revenues Over/(Under) Expenditures	(85,000)	(85,000)	8,828	93,828
FUND BALANCES - October 1, 2008	85,000	85,000	126,691	41,691
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 135,519	\$ 135,519

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECH 28.24(12)(E)1 FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 155,000	\$ 155,000	\$ 121,923	\$ (33,077)
Net change in fair value of investments	500	500	403	(97)
Miscellaneous	-	-	5,014	5,014
Total Revenues	155,500	155,500	127,340	(28,160)
EXPENDITURES:				
Current:				
Court Related:				
Operating expenses	361,789	403,658	186,817	216,841
Total Expenditures	361,789	403,658	186,817	216,841
Excess of Revenues Over/(Under) Expenditures	(206,289)	(248,158)	(59,477)	188,681
OTHER FINANCING SOURCES:				
Transfers In	206,289	238,289	238,289	-
Total Other Financing Sources	206,289	238,289	238,289	-
Net Change in Fund Balance	-	(9,869)	178,812	188,681
FUND BALANCES - October 1, 2008	-	9,869	54,648	44,779
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 233,460	\$ 233,460

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT FUND
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 156,000	\$ 142,017	\$ 142,017	\$ -
Charges for services	1,730,660	1,210,634	1,210,635	1
Fines and forfeitures	967,684	558,248	558,467	219
Net change in fair value of investments	6,380	-	-	-
Total Revenues	2,860,724	1,910,899	1,911,119	220
EXPENDITURES:				
Current:				
Court Related:				
Operating expenses	2,860,724	1,913,178	1,913,398	(220)
Total Expenditures	2,860,724	1,913,178	1,913,398	(220)
Excess of Revenues Over/(Under) Expenditures	-	(2,279)	(2,279)	-
OTHER FINANCING SOURCES				
Transfers In	-	2,279	2,279	-
Total Other Financing Sources	-	2,279	2,279	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCES - October 1, 2008	-	-	-	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AFFORDABLE HOUSING ASSISTANCE TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,550,946	\$ 2,487,811	\$ 1,130,772	\$ (1,357,039)
Net change in fair value of investments	-	36,680	93,918	57,238
Miscellaneous	-	256,164	235,585	(20,579)
Total Revenues	2,550,946	2,780,655	1,460,275	(1,320,380)
EXPENDITURES:				
Current:				
Economic Environment:				
State Housing Assistance Grant	2,550,946	2,963,515	1,460,275	1,503,240
Total Expenditures	2,550,946	2,963,515	1,460,275	1,503,240
(Deficiency) of Revenues (Under) Expenditures	-	(182,860)	-	182,860
FUND BALANCE - October 1, 2008	-	182,860	-	(182,860)
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HURRICANE HOUSING TRUST FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 306,120	\$ 303,222	\$ 303,222	\$ -
Net change in fair value of investments	-	107,332	14,060	(93,272)
Miscellaneous	-	7,546	7,546	-
Total Revenues	306,120	418,100	324,828	(93,272)
EXPENDITURES:				
Current:				
Economic Environment:				
Operating expenses	306,120	418,100	324,828	93,272
Total Expenditures	306,120	418,100	324,828	93,272
Excess of Revenues Over/(Under) Expenditures	-	-	-	-
FUND BALANCES - October 1, 2008	-	-	-	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOME INITIATIVES PARTNERSHIP FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,247,329	\$ 1,347,683	\$ 519,779	\$ (827,904)
Total Revenues	1,247,329	1,347,683	519,779	(827,904)
EXPENDITURES:				
Current:				
Economic Environment:				
Operating expenses	1,247,329	1,349,321	519,560	829,761
Total Expenditures	1,247,329	1,349,321	519,560	829,761
Excess of Revenues Over/(Under) Expenditures	-	(1,638)	219	1,857
OTHER FINANCING USES:				
Transfers out	-	-	(539)	(539)
Total Expenditures	-	-	(539)	(539)
Net Change in Fund Balance	-	(1,638)	(320)	1,318
FUND BALANCES - October 1, 2008	-	1,638	320	(1,318)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PLACID LAKES FIRE DISTRICT FUND
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Assessments	\$ 92,772	\$ 92,772	\$ 92,723	\$ (49)
Net change in fair value of investments	3,916	3,916	522	(3,394)
Total Revenues	96,688	96,688	93,245	(3,443)
EXPENDITURES:				
Current:				
Public Safety:				
Special benefit districts	65,530	122,477	85,044	37,433
Total Public Safety	65,530	122,477	85,044	37,433
Debt Service:				
Principal retirement	22,744	22,744	22,986	(242)
Interest	8,414	8,414	8,171	243
Total Debt Service	31,158	31,158	31,157	1
Total Expenditures	96,688	153,635	116,201	37,434
Excess of Revenues Over/(Under) Expenditures	-	(56,947)	(22,956)	33,991
FUND BALANCES - October 1, 2008	-	56,947	143,044	86,097
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 120,088	\$ 120,088

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SERVICES FUND
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 465,645	\$ 428,036	\$ (37,609)
Net change in fair value of investments	-	3	-	(3)
Total Revenues	-	465,648	428,036	(37,612)
EXPENDITURES:				
Current:				
General Government:				
Operating expenses	-	444,300	425,757	18,543
Total Expenditures	-	444,300	425,757	18,543
Excess of Revenues Over/(Under) Expenditures	-	21,348	2,279	(19,069)
OTHER FINANCING USES:				
Transfers out	-	(21,348)	(2,279)	19,069
Total Expenditures	-	(21,348)	(2,279)	19,069
Net Change in Fund Balance	-	-	-	-
FUND BALANCES - October 1, 2008	-	-	-	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ -	\$ -

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AFFORDABLE AND WORKFORCE TRUST
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Net change in fair value of investments	\$ -	\$ -	\$ 2,476	\$ 2,476
Total Revenues	-	-	2,476	2,476
EXPENDITURES:				
Current:				
Economic Environment:				
Operating expenses	500,000	500,000	10,124	489,876
Total Expenditures	500,000	500,000	10,124	489,876
Excess of Revenues Over/(Under) Expenditures	(500,000)	(500,000)	(7,648)	492,352
FUND BALANCES - October 1, 2008	500,000	500,000	938,044	438,044
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 930,396	\$ 930,396

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - TRANSPORTATION - AVON PARK
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 493	\$ 493
Assessments	96,282	66,309	49,273	(17,036)
Net change in fair value of investments	-	-	567	567
Total Revenues	96,282	66,309	50,333	(15,976)
EXPENDITURES:				
Current:				
Transportation:				
Impact Fees	262,328	209,627	3,314	206,313
Total Expenditures	262,328	209,627	3,314	206,313
Excess of Revenues Over/(Under) Expenditures	(166,046)	(143,318)	47,019	190,337
FUND BALANCES - October 1, 2008	166,046	143,318	143,317	(1)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 190,336	\$ 190,336

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - TRANSPORTATION - LAKE PLACID
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 616	\$ 616
Assessments	191,915	-	61,531	61,531
Net change in fair value of investments	-	171,426	1,313	(170,113)
Total Revenues	191,915	171,426	63,460	(107,966)
EXPENDITURES:				
Current:				
Transportation:				
Impact Fees	523,310	542,855	7,911	534,944
Total Expenditures	523,310	542,855	7,911	534,944
Excess of Revenues Over/(Under) Expenditures	(331,395)	(371,429)	55,549	426,978
FUND BALANCES - October 1, 2008	331,395	371,429	371,429	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 426,978	\$ 426,978

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - TRANSPORTATION - SEBRING
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 1,399	\$ 1,399
Assessments	518,763	486,117	139,906	(346,211)
Net change in fair value of investments	-	-	3,679	3,679
Total Revenues	518,763	486,117	144,984	(341,133)
EXPENDITURES:				
Current:				
Transportation:				
Impact Fees	1,410,627	1,488,598	19,555	1,469,043
Total Expenditures	1,410,627	1,488,598	19,555	1,469,043
Excess of Revenues Over/(Under) Expenditures	(891,864)	(1,002,481)	125,429	1,127,910
OTHER FINANCING SOURCES				
Issuance of debt	-	77,971	-	(77,971)
Total Other Financing Sources	-	77,971	-	(77,971)
Net Change in Fund Balance	(891,864)	(924,510)	125,429	1,049,939
FUND BALANCES - October 1, 2008	891,864	924,510	924,510	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 1,049,939	\$ 1,049,939

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - PARKS AND RECREATION - AVON PARK
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 24	\$ 24
Assessments	11,247	6,442	2,392	(4,050)
Net change in fair value of investments	-	-	31	31
Total Revenues	11,247	6,442	2,447	(3,995)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Impact Fees	27,314	20,861	298	20,563
Total Expenditures	27,314	20,861	298	20,563
Excess of Revenues Over/(Under) Expenditures	(16,067)	(14,419)	2,149	16,568
FUND BALANCES - October 1, 2008	16,067	14,419	14,419	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 16,568	\$ 16,568

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - PARKS AND RECREATION - LAKE PLACID
For the Fiscal Year Ended September 30, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 40	\$ 40
Assessments	18,794	13,941	4,081	(9,860)
Net change in fair value of investments	-	-	66	66
Total Revenues	18,794	13,941	4,187	(9,754)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Impact Fees	45,600	45,107	634	44,473
Total Expenditures	45,600	45,107	634	44,473
Excess of Revenues Over/(Under) Expenditures	(26,806)	(31,166)	3,553	34,719
FUND BALANCES - October 1, 2008	26,806	31,166	31,166	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 34,719	\$ 34,719

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - PARKS AND RECREATION - SEBRING
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 64	\$ 64
Assessments	46,549	27,214	6,399	(20,815)
Net change in fair value of investments	-	-	115	115
Total Revenues	46,549	27,214	6,578	(20,636)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Impact Fees	113,084	88,103	1,222	86,881
Total Expenditures	113,084	88,103	1,222	86,881
Excess of Revenues Over/(Under) Expenditures	(66,535)	(60,889)	5,356	66,245
FUND BALANCES - October 1, 2008	66,535	60,889	60,889	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 66,245	\$ 66,245

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - CORRECTIONAL FACILITIES
For the Fiscal Year Ended September 30, 2009

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 102	\$ 102
Assessments	53,521	40,683	10,187	(30,496)
Net change in fair value of investments	-	-	323	323
<hr/>				
Total Revenues	53,521	40,683	10,612	(30,071)
<hr/>				
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	151,019	134,338	1,833	132,505
<hr/>				
Total Expenditures	151,019	134,338	1,833	132,505
<hr/>				
Excess of Revenues Over/(Under) Expenditures	(97,498)	(93,655)	8,779	102,434
<hr/>				
FUND BALANCES - October 1, 2008	97,498	93,655	93,654	(1)
<hr/>				
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 102,433	\$ 102,433

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - FIRE
For the Fiscal Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 169	\$ 169
Assessments	60,763	46,331	16,860	(29,471)
Net change in fair value of investments	-	-	227	227
Total Revenues	60,763	46,331	17,256	(29,075)
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	98,722	37,726	2,140	35,586
Total Expenditures	98,722	37,726	2,140	35,586
Excess of Revenues Over/(Under) Expenditures	(37,959)	8,605	15,116	6,511
OTHER FINANCING USES:				
Transfers out	-	(56,592)	(56,592)	-
Total Other Financing Uses	-	(56,592)	(56,592)	-
Net Change in Fund Balance	(37,959)	(47,987)	(41,476)	6,511
FUND BALANCES - October 1, 2008	37,959	47,987	47,987	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 6,511	\$ 6,511

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - LIBRARIES
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 36	\$ 36
Assessments	19,123	14,498	3,623	(10,875)
Net change in fair value of investments	-	-	121	121
Total Revenues	19,123	14,498	3,780	(10,718)
EXPENDITURES:				
Current:				
Culture and Recreation:				
Impact Fees	53,948	47,925	653	47,272
Total Expenditures	53,948	47,925	653	47,272
Excess of Revenues Over/(Under) Expenditures	(34,825)	(33,427)	3,127	36,554
FUND BALANCES - October 1, 2008	34,825	33,427	33,426	(1)
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 36,553	\$ 36,553

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - LAW ENFORCEMENT
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 32	\$ 32
Assessments	16,858	11,822	3,169	(8,653)
Net change in fair value of investments	-	-	123	123
Total Revenues	16,858	11,822	3,324	(8,498)
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	7,012	7,012	534	6,478
Total Public Safety	7,012	7,012	534	6,478
Debt Service:				
Interest	39,972	33,247	-	33,247
Total Debt Service	39,972	33,247	-	33,247
Total Expenditures	46,984	40,259	534	39,725
Excess of Revenues Over/(Under) Expenditures	(30,126)	(28,437)	2,790	31,227
FUND BALANCES - October 1, 2008	30,126	28,437	28,437	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 31,227	\$ 31,227

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE - EMERGENCY MEDICAL SERVICES
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses & Permits	\$ -	\$ -	\$ 17	\$ 17
Assessments	6,224	5,429	1,684	(3,745)
Net change in fair value of investments	-	-	53	53
Total Revenues	6,224	5,429	1,754	(3,675)
EXPENDITURES:				
Current:				
Public Safety:				
Impact Fees	17,840	17,412	248	17,164
Total Expenditures	17,840	17,412	248	17,164
Excess of Revenues Over/(Under) Expenditures	(11,616)	(11,983)	1,506	13,489
FUND BALANCES - October 1, 2008	11,616	11,983	11,983	-
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 13,489	\$ 13,489

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
THUNDERBIRD HILL WASTE WATER
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessments	\$ -	\$ -	\$ 10,667	\$ 10,667
Net change in fair value of investments	-	-	116	116
Total Revenues	-	-	10,783	10,783
EXPENDITURES:				
Current:				
Physical Environment:				
Operating expenses	-	43,208	2,882	40,326
Total Expenditures	-	43,208	2,882	40,326
Excess of Revenues Over/(Under) Expenditures	-	(43,208)	7,901	51,109
FUND BALANCES - October 1, 2008	-	43,208	43,209	1
FUND BALANCES - September 30, 2009	\$ -	\$ -	\$ 51,110	\$ 51,110

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HCISSRB CONSTRUCTION
For the Fiscal Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 300,000	\$ 300,000
Net change in fair value of investments	4,000	4,000	8,060	4,060
Total Revenues	4,000	4,000	308,060	304,060
EXPENDITURES:				
Transportation:				
Road and street facility	151	1,555,221	1,555,221	-
Total Transportation	151	1,555,221	1,555,221	-
Debt Service:				
Bond administration	4,000	29,716	5,984	23,732
Total Debt Service	4,000	29,716	5,984	23,732
Total Expenditures	4,151	1,584,937	1,561,205	23,732
(Deficiency) of Revenues (Under) Expenditures	(151)	(1,580,937)	(1,253,145)	327,792
FUND BALANCE - October 1, 2008	151	1,580,937	3,141,808	1,560,871
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ 1,888,663	\$ 1,888,663

NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for activities for which a fee is charged to external users for goods or services. The purpose of the individual nonmajor funds is depicted as follows:

Highway Park Utility - To account for the water and sewer services provided by the County to Highway Park in Lake Placid.

Water and Sewer - To account for the facilities and administration relating to residential and commercial sewer and water services provided to residents of Lake Placid, including debt service payments on the water utilities system long-term debt and to further construct and expand the system.

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2009

	Enterprise Funds		
	Highway Park Utility	Water and Sewer	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 225,709	\$ 315,568	\$ 541,277
Accounts receivable - net	10,021	4,612	14,633
Total Current Assets	235,730	320,180	555,910
Noncurrent Assets:			
Restricted cash and cash equivalents	17,769	103,655	121,424
Total Restricted Assets	17,769	103,655	121,424
Capital Assets:			
(net of accumulated depreciation)	1,151,976	2,062,806	3,214,782
Total Noncurrent Assets	1,169,745	2,166,461	3,336,206
Total Assets	1,405,475	2,486,641	3,892,116
LIABILITIES			
Current Liabilities:			
Vouchers payable	4,524	28,263	32,787
Due to other funds	5,592	28,001	33,593
Accrued interest payable	-	7,889	7,889
Accrued wages payable	1,439	7,781	9,220
Deferred revenue	539	6,359	6,898
Compensated absences - current portion	416	2,463	2,879
Note payable and capital leases - current portion	-	105,058	105,058
Total Current Liabilities	12,510	185,814	198,324
Long-Term Liabilities:			
Payable from restricted assets - customer deposits	17,770	60,870	78,640
Compensated absences payable	3,740	22,170	25,910
Advances from other funds	-	9,660	9,660
Notes payable and capital leases	-	464,918	464,918
Other post-employment benefits	-	16,841	16,841
Total Long-Term Liabilities	21,510	574,459	595,969
Total Liabilities	34,020	760,273	794,293
Net Assets:			
Invested in capital assets, net of related debt	1,151,976	1,492,830	2,644,806
Restricted for debt service	-	42,785	42,785
Unrestricted	219,479	190,753	410,232
Total Net Assets	\$ 1,371,455	\$ 1,726,368	\$ 3,097,823

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2009

	Enterprise Funds		
	Highway Park Utility	Water and Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 112,502	\$ 560,010	\$ 672,512
Miscellaneous	-	1,180	1,180
Total Operating Revenues	112,502	561,190	673,692
OPERATING EXPENSES			
Personal services	44,496	246,639	291,135
General and administrative	61,665	256,713	318,378
Depreciation	42,217	140,086	182,303
Total Operating Expenses	148,378	643,438	791,816
Operating Income (Loss)	(35,876)	(82,248)	(118,124)
NONOPERATING REVENUES (EXPENSES)			
Net change in fair value of investments	739	1,411	2,150
Water impact fees	1,365	5,250	6,615
Interest expense	-	(25,870)	(25,870)
Total Nonoperating Revenues (Expenses), Net	2,104	(19,209)	(17,105)
Change In Net Assets	(33,772)	(101,457)	(135,229)
Net Assets, October 1, 2008	1,405,227	1,827,825	3,233,052
Total Net Assets, September 30, 2009	\$ 1,371,455	\$ 1,726,368	\$ 3,097,823

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2009

	Enterprise Funds		
	Highway Park Utility	Water and Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 110,605	\$ 558,337	\$ 668,942
Cash payments for personal services	(44,177)	(236,320)	(280,497)
Cash payments to vendors	(62,962)	(263,809)	(326,771)
Customer deposits	420	422	842
Net Cash Provided By Operating Activities	3,886	58,630	62,516
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Impact fees received	1,365	5,250	6,615
Net Cash Provided By Noncapital Financing Activities	1,365	5,250	6,615
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,266)	(14,435)	(16,701)
Payments on loans from other funds	-	(18,415)	(18,415)
Principal payments on borrowings	-	(100,936)	(100,936)
Interest payments on borrowings	-	(27,629)	(27,629)
Net Cash (Used) By Capital And Related Financing Activities	(2,266)	(161,415)	(163,681)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment income (loss)	739	1,411	2,150
Net Cash Provided By Investing Activities	739	1,411	2,150
Net increase (decrease) in cash and cash equivalents	3,724	(96,124)	(92,400)
Cash and Cash Equivalents - October 1, 2008	239,754	515,347	755,101
Cash and Cash Equivalents - September 30, 2009	\$ 243,478	\$ 419,223	\$ 662,701

(continued)

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (continued)
For the Fiscal Year Ended September 30, 2009

	Enterprise Funds		
	Highway Park Utility	Water and Sewer	Total
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (loss)	\$ (35,876)	\$ (82,248)	\$ (118,124)
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities:			
Depreciation	42,217	140,086	182,303
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(1,675)	(800)	(2,475)
(Increase) decrease in due from other governments	5	28	33
Increase (decrease) in vouchers payable	(1,091)	(5,569)	(6,660)
Increase (decrease) in due to other funds	(206)	(1,527)	(1,733)
Increase (decrease) in accrued wages payable	198	1,039	1,237
Increase (decrease) in compensated absences	121	1,140	1,261
Increase (decrease) in deferred revenues	(227)	(2,081)	(2,308)
Increase (decrease) in customer deposits	420	422	842
Increase (decrease) in other post-employment benefits	-	8,140	8,140
Total Adjustments	39,762	140,878	180,640
Net Cash Provided (Used) By Operating Activities	\$ 3,886	\$ 58,630	\$ 62,516

**Reconciliation Of Enterprise Fund Cash And
And Cash Equivalents to Combining Balance
Sheet Cash And Cash Equivalents**

Cash and temporary investments	\$ 243,478	\$ 419,223	\$ 662,701
Less: Restricted cash and investments	17,769	103,655	121,424
Total Unrestricted Cash and Cash Equivalents	\$ 225,709	\$ 315,568	\$ 541,277

INTERNAL SERVICE FUNDS

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

Risk Retention - To account for the fiscal activity related to the self-insurance for general liability, property and workers' compensation needs of County departments and elected officials. Claims for these insurance coverages are administered by an agent of record prior to being paid by the County.

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

Insurance - To account for activity related to general liability, property and worker's compensation needs of County departments and elected officials.

Compensated Absences - To account for accumulated annual and sick leave which will be paid to employees upon termination of employment.

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2009

	Risk Retention Fund	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 2,161,371	\$ 408,343	\$ -	\$ 4,971,033	\$ 7,540,747
Accounts receivable	-	118	-	-	118
Due from other funds	58,369	-	-	-	58,369
Due from other governmental units	-	962	-	-	962
Prepaid items	-	-	509,204	-	509,204
Total assets	2,219,740	409,423	509,204	4,971,033	8,109,400
LIABILITIES					
Current Liabilities:					
Vouchers payable	-	9,559	221,925	-	231,484
Due to other funds	-	-	58,369	-	58,369
Claims payable	-	25,770	-	-	25,770
Deferred revenues	-	1,374	-	-	1,374
Total current liabilities	-	36,703	280,294	-	316,997
Noncurrent Liabilities:					
Compensated absences	-	-	-	4,971,033	4,971,033
Total liabilities	-	36,703	280,294	4,971,033	5,288,030
NET ASSETS					
Unrestricted	2,219,740	372,720	228,910	-	2,821,370
Total net assets	\$ 2,219,740	\$ 372,720	\$ 228,910	\$ -	\$ 2,821,370

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2009

	Risk Retention Fund	Employee Benefit Fund	Insurance Fund	Compensated Absences Fund	Total
OPERATING REVENUES					
Miscellaneous income	\$ 1,114,430	\$ 391,314	\$ 861,134	\$ -	\$2,366,878
Other miscellaneous income	-	-	-	2,470	2,470
Total operating revenues	1,114,430	391,314	861,134	2,470	2,369,348
OPERATING EXPENSES					
General and administrative	-	352,750	-	2,696	355,446
Insurance and claims	1,191,128	-	632,405	-	1,823,533
Total operating expenses	1,191,128	352,750	632,405	2,696	2,178,979
Operating Income (Loss)	(76,698)	38,564	228,729	(226)	190,369
NONOPERATING REVENUES (EXPENSES)					
Net change in fair value of investments	5,155	1,940	181	226	7,502
Total nonoperating revenues (expenses)	5,155	1,940	181	226	7,502
CHANGE IN NET ASSETS	(71,543)	40,504	228,910	-	197,871
NET ASSETS, October 1, 2008	2,291,283	332,216	-	-	2,623,499
NET ASSETS, September 30, 2009	\$ 2,219,740	\$ 372,720	\$ 228,910	\$ -	\$2,821,370

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2009

	Risk Retention Fund	Employee Benefit Fund	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,114,567	\$ 390,901	\$ 861,134
Cash paid to suppliers for goods and services	(675,810)	(352,899)	(919,684)
Cash paid to employees for services	-	-	-
Net cash provided by operating activities	438,757	38,002	(58,550)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	(58,369)	-	58,369
Net cash provided by noncapital related financing activities	(58,369)	-	58,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	-	106,519	-
Net investment income (loss)	5,155	1,940	181
Net cash provided by investing activities	5,155	108,459	181
Net increase in cash and cash equivalents	385,543	146,461	-
Cash and Cash Equivalents - October 1, 2008	1,775,828	261,882	-
Cash and Cash Equivalents - September 30, 2009	\$ 2,161,371	\$ 408,343	\$ -

**RECONCILIATION OF NET OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (loss)	\$ (76,698)	\$ 38,564	\$ 228,729
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	-	283	-
(Increase) decrease in due from other governmental units	137	(962)	-
(Increase) decrease in prepaid items	515,325	-	(509,204)
Increase (decrease) in vouchers payable	(7)	(6,256)	221,925
Increase (decrease) in claims payable	-	6,107	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in deferred revenues	-	266	-
Total Adjustments	515,455	(562)	(287,279)
Net Cash Provided By Operating Activities	\$ 438,757	\$ 38,002	\$ (58,550)

Compensated Absences		
Fund	Total	
\$ -	\$2,366,602	
-	(1,948,393)	
(64)	(64)	
(64)	418,145	
<hr/>		
58,297	58,297	
58,297	58,297	
<hr/>		
-	106,519	
226	7,502	
226	114,021	
<hr/>		
58,459	590,463	
4,912,574	6,950,284	
\$ 4,971,033	\$7,540,747	
<hr/>		

\$ (226) \$ 190,369

-	283	
-	(825)	
-	6,121	
-	215,662	
-	6,107	
162	162	
-	266	
162	227,776	
\$ (64)	\$ 418,145	
<hr/>		

TRUST AND AGENCY FUNDS (FIDUCIARY FUNDS)

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

The County maintains the following Fiduciary Funds:

Agency Funds:

Sheriff's Inmates - To account for monies collected from inmates who have money in their possession at the time of their arrest and subsequent incarceration.

Sheriff's Cash Bonds - To account for cash appearance bonds. These funds are maintained until disposition is ordered by the court.

Sheriff's Unclaimed Evidence - To account for monies seized by law enforcement. These funds are maintained until final determination by the court.

Sheriff's Individual Depositors - To account for fees charged to serve civil process. Fees are collected and held until service is complete and then remitted to other governmental agencies.

Sheriff's Suspense - To account for fees and court ordered payments collected for various agencies. These funds are remitted to the County or other governmental agencies.

Tax Collector's Tag Agency - Used by the Collector to account for motor vehicle and vessel registrations and title transfer fees remitted to the State of Florida.

Tax Collector's Tax and License - Used by the Collector to account for the collection of ad valorem and non-ad valorem taxes, tangible personal property taxes, occupational licenses, and hunting and fishing licenses remitted to various taxing agencies and the State of Florida.

Tax Collector's Tax Redemption - Used by the Collector to account for the collection of redeemed tax certificates issued in connection with delinquent ad valorem taxes and remittance to the certificate holders.

Tax Collector's Special Payroll - Used by the Collector to account for payroll deductions withheld from the Collector's employees for remittance to other governmental agencies and benefits paid on behalf of employees by the Collector.

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 amounts collected through various court, recording and tax deed application transactions that are to be remitted to other governmental agencies, businesses, and individuals.

TRUST AND AGENCY FUNDS
(FIDUCIARY FUNDS)
(continued)

Board's Tax Deed Surplus - To account for funds paid in excess of the delinquent taxes, fees and other costs due on real property sold through the tax deed process. These funds are held for two years in accordance with the provisions of Section 197.582, Florida Statutes, and, unless claimed by the original property owner, they are transferred to the General Fund and become property of the County.

HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2009

	Sheriff's Inmates	Sheriff's Cash Bonds	Sheriff's Unclaimed Evidence	Sheriff's Individual Depositors	Sheriff's Suspense	Tax Collector's Tag Agency
Assets:						
Cash and cash equivalents	\$ 10,909	\$ 106,750	\$ 52,963	\$ 2,610	\$ 1,608	\$ 97,289
Accounts receivable-net	4,814	-	-	-	-	1,879
Due from other governmental units	-	-	-	-	87	-
Total Assets	\$ 15,723	\$ 106,750	\$ 52,963	\$ 2,610	\$ 1,695	\$ 99,168
Liabilities:						
Vouchers payable	\$ 2,405	\$ -	\$ -	\$ -	\$ -	\$ 133
Due to other governmental units	10,849	-	-	-	1,695	97,151
Due to others	2,469	-	52,963	2,610	-	1,884
Deposits	-	106,750	-	-	-	-
Tax deed surplus	-	-	-	-	-	-
Total Liabilities	\$ 15,723	\$ 106,750	\$ 52,963	\$ 2,610	\$ 1,695	\$ 99,168

Tax Collector's Tax and License	Tax Collector's Tax Redemption	Tax Collector's Special Payroll	Clerk's Child Support	Clerk's Suspense	Board's Tax Deed Surplus	Total
\$ 1,186,768	\$ 432,584	\$ -	\$ 12,643	\$ 1,708,561	\$ 926,140	\$ 4,538,825
-	-	-	270	38	-	7,001
-	-	-	-	1,607	8,648	10,342
<u>\$ 1,186,768</u>	<u>\$ 432,584</u>	<u>\$ -</u>	<u>\$ 12,913</u>	<u>\$ 1,710,206</u>	<u>\$ 934,788</u>	<u>\$ 4,556,168</u>
\$ 8,295	\$ -	\$ -	\$ -	\$ 83,550	\$ -	\$ 94,383
1,178,330	-	-	-	597,243	-	1,885,268
143	432,584	-	12,913	218,963	-	724,529
-	-	-	-	810,450	-	917,200
-	-	-	-	-	934,788	934,788
<u>\$ 1,186,768</u>	<u>\$ 432,584</u>	<u>\$ -</u>	<u>\$ 12,913</u>	<u>\$ 1,710,206</u>	<u>\$ 934,788</u>	<u>\$ 4,556,168</u>

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009

	Balance October 1, 2008		Additions		Deductions		Balance September 30, 2009
SHERIFF'S INMATES							
ASSETS							
Cash and cash equivalents	\$ 21,107	\$	351,746	\$	361,944	\$	10,909
Accounts receivable	-		4,814		-		4,814
Total Assets	\$ 21,107	\$	356,560	\$	361,944	\$	15,723
LIABILITIES							
Vouchers payable	\$ -	\$	2,405	\$	-	\$	2,405
Due to other governmental units	14,707		9		3,867		10,849
Due to others	6,400		357,900		361,831		2,469
Total Liabilities	\$ 21,107	\$	360,314	\$	365,698	\$	15,723
SHERIFF'S CASH BONDS							
ASSETS							
Cash and cash equivalents	\$ 94,600	\$	358,608	\$	346,458	\$	106,750
Total Assets	\$ 94,600	\$	358,608	\$	346,458	\$	106,750
LIABILITIES							
Vouchers payable	\$ -	\$	412,006	\$	412,006	\$	-
Deposits	94,600		434,906		422,756		106,750
Total Liabilities	\$ 94,600	\$	846,912	\$	834,762	\$	106,750
SHERIFF'S UNCLAIMED EVIDENCE							
ASSETS							
Cash and cash equivalents	\$ 42,473	\$	301,653	\$	291,163	\$	52,963
Total Assets	\$ 42,473	\$	301,653	\$	291,163	\$	52,963
LIABILITIES							
Due to others	\$ 42,473	\$	357,511	\$	347,021	\$	52,963
Total Liabilities	\$ 42,473	\$	357,511	\$	347,021	\$	52,963
SHERIFF'S INDIVIDUAL DEPOSITORS							
ASSETS							
Cash and cash equivalents	\$ 6,780	\$	101,994	\$	106,164	\$	2,610
Total Assets	\$ 6,780	\$	101,994	\$	106,164	\$	2,610
LIABILITIES							
Vouchers payable	\$ -	\$	115,505	\$	115,505	\$	-
Due to others	6,780		111,335		115,505		2,610
Total Liabilities	\$ 6,780	\$	226,840	\$	231,010	\$	2,610

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
SHERIFF'S SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 2,634	\$ 931,546	\$ 932,572	\$ 1,608
Accounts receivable-net	-	400	400	-
Due from other governmental units	1,211	3,326	4,450	87
Total Assets	\$ 3,845	\$ 935,272	\$ 937,422	\$ 1,695
LIABILITIES				
Vouchers payable	\$ 3,845	\$ 934,660	\$ 938,505	\$ -
Due to other governmental units	-	936,887	935,192	1,695
Total Liabilities	\$ 3,845	\$ 1,871,547	\$ 1,873,697	\$ 1,695
TAX COLLECTOR'S TAG AGENCY				
ASSETS				
Cash and cash equivalents	\$ 136,890	\$ 8,901,868	\$ 8,941,469	\$ 97,289
Accounts receivable-net	1,840	10,601	10,562	1,879
Total Assets	\$ 138,730	\$ 8,912,469	\$ 8,952,031	\$ 99,168
LIABILITIES				
Vouchers payable	\$ 211	\$ 15,840	\$ 15,918	\$ 133
Due to other governmental units	138,259	8,852,091	8,893,199	97,151
Due to others	260	38,742	37,118	1,884
Total Liabilities	\$ 138,730	\$ 8,906,673	\$ 8,946,235	\$ 99,168
TAX COLLECTOR'S TAX AND LICENSE				
ASSETS				
Cash and cash equivalents	\$ 1,176,851	\$ 158,266,760	\$ 158,256,843	\$ 1,186,768
Accounts receivable, net	17,978	-	17,978	-
Total Assets	\$ 1,194,829	\$ 158,266,760	\$ 158,274,821	\$ 1,186,768
LIABILITIES				
Vouchers payable	\$ 4,426	\$ 610,626	\$ 606,757	\$ 8,295
Due to other governmental units	1,190,101	113,333,728	113,345,499	1,178,330
Due to others	302	510,920	511,079	143
Total Liabilities	\$ 1,194,829	\$ 114,455,274	\$ 114,463,335	\$ 1,186,768

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
TAX COLLECTOR'S TAX REDEMPTION				
ASSETS				
Cash and cash equivalents	\$ 224,697	\$ 8,163,600	\$ 7,955,713	\$ 432,584
Total Assets	\$ 224,697	\$ 8,163,600	\$ 7,955,713	\$ 432,584
LIABILITIES				
Vouchers payable	\$ 4,134	\$ 34,838	\$ 38,972	\$ -
Due to others	220,563	8,166,485	7,954,464	432,584
Total Liabilities	\$ 224,697	\$ 8,201,323	\$ 7,993,436	\$ 432,584
TAX COLLECTOR'S SPECIAL PAYROLL				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,565,772	\$ 1,565,772	\$ -
Total Assets	\$ -	\$ 1,565,772	\$ 1,565,772	\$ -
LIABILITIES				
Vouchers payable	\$ -	\$ 726,897	\$ 726,897	\$ -
Accrued payroll deductions and matching expense	-	835,495	835,495	-
Total Liabilities	\$ -	\$ 1,562,392	\$ 1,562,392	\$ -
CLERK'S CHILD SUPPORT				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,337,139	\$ 1,324,496	\$ 12,643
Accounts receivable	-	270	-	270
Due from others	-	19	19	-
Total Assets	\$ -	\$ 1,337,428	\$ 1,324,515	\$ 12,913
LIABILITIES				
Due to others	\$ -	\$ 1,337,894	\$ 1,324,981	\$ 12,913
Due to other governmental units	-	823	823	-
Total Liabilities	\$ -	\$ 1,338,717	\$ 1,325,804	\$ 12,913

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
CLERK'S SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 1,981,604	\$ 11,206,607	\$ 11,479,650	\$ 1,708,561
Accounts receivable-net	33	1,521	1,516	38
Due from other governmental units	1,652	10,194	10,239	1,607
Total Assets	\$ 1,983,289	\$ 11,218,322	\$ 11,491,405	\$ 1,710,206
LIABILITIES				
Vouchers payable	\$ 40,580	\$ 3,332,528	\$ 3,289,558	\$ 83,550
Due to other governmental units	284,463	8,728,965	8,416,185	597,243
Due to others	328,246	889,868	999,151	218,963
Deposits	1,330,000	601,560	1,121,110	810,450
Total Liabilities	\$ 1,983,289	\$ 13,552,921	\$ 13,826,004	\$ 1,710,206
BOARD'S TAX DEED SURPLUS				
ASSETS				
Cash and cash equivalents	\$ 3,022,924	\$ 6,492,797	\$ 8,589,581	\$ 926,140
Due from other governmental units	-	8,648	-	8,648
Total Assets	\$ 3,022,924	\$ 6,501,445	\$ 8,589,581	\$ 934,788
LIABILITIES				
Tax Deed Surplus	\$ 3,022,924	\$ 1,892,368	\$ 3,980,504	\$ 934,788
Total Liabilities	\$ 3,022,924	\$ 1,892,368	\$ 3,980,504	\$ 934,788
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 6,710,560	\$ 197,980,090	\$ 200,151,825	\$ 4,538,825
Accounts receivable-net	19,851	17,606	30,456	7,001
Due from others	-	19	19	-
Due from other governmental units	2,863	22,168	14,689	10,342
Total Assets	\$ 6,733,274	\$ 198,019,883	\$ 200,196,989	\$ 4,556,168
LIABILITIES				
Vouchers payable	\$ 53,196	\$ 6,185,305	\$ 6,144,118	\$ 94,383
Due to other governmental units	1,627,530	131,852,503	131,594,765	1,885,268
Due to others	605,024	11,770,655	11,651,150	724,529
Accrued payroll deductions and matching expense	-	835,495	835,495	-
Deposits	1,424,600	1,036,466	1,543,866	917,200
Tax Deed Surplus	3,022,924	1,892,368	3,980,504	934,788
Total Liabilities	\$ 6,733,274	\$ 153,572,792	\$ 155,749,898	\$ 4,556,168

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL ACTIVITIES**

HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
September 30, 2008 and 2009

	<u>2008</u>	<u>2009</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 32,223,186	\$ 32,580,108
Buildings	46,746,462	47,838,064
Improvements	8,858,097	9,128,121
Equipment	34,544,541	36,747,171
Infrastructure	73,309,608	74,808,678
Construction in progress	<u>10,831,989</u>	<u>15,566,575</u>
Total governmental funds capital assets	<u><u>\$ 206,513,883</u></u>	<u><u>\$ 216,668,717</u></u>

INVESTMENT IN GOVERNMENTAL FUNDS
CAPITAL ASSETS BY SOURCE

General Fund revenues	\$ 103,126,148	\$ 104,607,468
Special Revenue Fund revenues	62,103,224	68,967,054
Capital Projects Fund revenues	37,832,657	39,078,082
Private gifts or other sources	<u>3,451,854</u>	<u>4,016,113</u>
Total governmental funds capital assets	<u><u>\$ 206,513,883</u></u>	<u><u>\$ 216,668,717</u></u>

HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2009

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction In Progress	Total
GENERAL GOVERNMENT:							
Legislative	\$ -	\$ 113,981	\$ 17,369	\$ 8,000	\$ -	\$ -	\$ 139,350
Executive	-	-	-	42,119	-	-	42,119
Financial and administrative	1,008,165	815,723	11,300	4,018,375	-	55,093	5,908,656
Comprehensive planning	-	-	-	52,210	-	-	52,210
Other general government	21,855,345	20,263,415	904,281	2,668,351	65,616,513	619,927	111,927,832
Total general government	22,863,510	21,193,119	932,950	6,789,055	65,616,513	675,020	118,070,167
PUBLIC SAFETY:							
Law enforcement	-	83,172	155,787	5,130,603	-	226,778	5,596,340
Fire control	44,385	1,559,188	32,142	4,884,340	-	-	6,520,055
Detention and/or correction	438,202	14,405,853	37,064	677,645	-	955,886	16,514,650
Protective inspection	-	7,581	-	205,590	-	-	213,171
Emergency and disaster	380,067	1,735,023	85,720	2,172,158	-	89,532	4,462,500
Ambulance and rescue	8,771	314,114	-	1,692,530	-	-	2,015,415
Other public safety	-	-	8,738	76,319	-	437,537	522,594
Total public safety	871,425	18,104,931	319,451	14,839,185	-	1,709,733	35,844,725
PHYSICAL ENVIRONMENT:							
Sewer/Wastewater Services	-	-	-	-	-	26,792	26,792
Conservation and resource	708,415	728,825	25,171	376,056	-	-	1,838,467
Total physical environment	708,415	728,825	25,171	376,056	-	26,792	1,865,259
TRANSPORTATION:							
Road and street facilities	6,748,087	1,965,869	1,415,957	12,515,718	9,192,165	12,921,429	44,759,225
Total transportation	6,748,087	1,965,869	1,415,957	12,515,718	9,192,165	12,921,429	44,759,225
ECONOMIC ENVIRONMENT:							
Veteran services	-	374,189	-	7,170	-	-	381,359
Housing/Urban Development	136,097	-	-	18,494	-	-	154,591
Total economic environment	136,097	374,189	-	25,664	-	-	535,950
HUMAN SERVICES:							
Health	-	753,750	-	560,137	-	41,286	1,355,173
Welfare	7,300	39,992	-	-	-	-	47,292
Other human services	-	-	-	33,561	-	-	33,561
Total human services	7,300	793,742	-	593,698	-	41,286	1,436,026
CULTURE/RECREATION:							
Libraries	86,898	3,793,296	19,705	295,280	-	-	4,195,179
Parks and recreation	1,158,376	511,588	6,389,956	770,007	-	192,315	9,022,242
Total culture/recreation	1,245,274	4,304,884	6,409,661	1,065,287	-	192,315	13,217,421
COURT RELATED:							
Court General Administration:							
State Attorney administration	-	8,640	-	-	-	-	8,640
Jury management	-	-	-	5,796	-	-	5,796
Circuit Court Criminal:							
Clerk of Court	-	-	-	6,740	-	-	6,740

(continued)

HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (Continued)
September 30, 2009

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Circuit Court Juvenile:							
Clerk of Court	-	-	-	15,089	-	-	15,089
Court General Operations:							
Courthouse facilities	-	356,225	24,931	201,448	-	-	582,604
Information services	-	7,640	-	288,211	-	-	295,851
Other operating costs	-	-	-	8,886	-	-	8,886
County Court Traffic:							
Clerk of Court	-	-	-	8,169	-	-	8,169
Other county court traffic	-	-	-	8,169	-	-	8,169
Total Court Related	-	372,505	24,931	542,508	-	-	939,944
Total governmental funds capital assets	<u>\$ 32,580,108</u>	<u>\$ 47,838,064</u>	<u>\$ 9,128,121</u>	<u>\$ 36,747,171</u>	<u>\$ 74,808,678</u>	<u>\$ 15,566,575</u>	<u>\$ 216,668,717</u>

HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended September 30, 2009

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets September 30, 2009</u>
General Government:				
Legislative	\$ 139,350	\$ -	\$ -	\$ 139,350
Executive	42,119	-	-	42,119
Financial and administrative	5,466,302	488,349	(45,995)	5,908,656
Comprehensive planning	52,210	-	-	52,210
Other general government	111,138,510	789,322	-	111,927,832
Total general government	<u>116,838,491</u>	<u>1,277,671</u>	<u>(45,995)</u>	<u>118,070,167</u>
Public Safety:				
Law enforcement	5,275,027	817,173	(495,860)	5,596,340
Fire control	6,193,021	636,219	(309,185)	6,520,055
Detention and/or correction	16,329,353	409,706	(224,409)	16,514,650
Protective inspection	243,739	7,581	(38,149)	213,171
Emergency and disaster	3,772,244	690,256	-	4,462,500
Ambulance and rescue	2,021,344	129,245	(135,174)	2,015,415
Other public safety	180,406	348,904	(6,716)	522,594
Total public safety	<u>34,015,134</u>	<u>3,039,084</u>	<u>(1,209,493)</u>	<u>35,844,725</u>
Physical Environment:				
Sewer/Wastewater services	26,792	-	-	26,792
Conservation and resource	<u>1,785,717</u>	<u>52,750</u>	<u>-</u>	<u>1,838,467</u>
Total physical environment	<u>1,812,509</u>	<u>52,750</u>	<u>-</u>	<u>1,865,259</u>
Transportation:				
Road and street facilities	<u>38,866,464</u>	<u>8,161,040</u>	<u>(2,268,279)</u>	<u>44,759,225</u>
Total transportation	<u>38,866,464</u>	<u>8,161,040</u>	<u>(2,268,279)</u>	<u>44,759,225</u>
Economic Environment:				
Veteran services	20,441	374,189	(13,271)	381,359
Housing/Urban Development	<u>154,591</u>	<u>-</u>	<u>-</u>	<u>154,591</u>
Total economic environment	<u>175,032</u>	<u>374,189</u>	<u>(13,271)</u>	<u>535,950</u>
Human Services:				
Health	848,070	646,243	(139,140)	1,355,173
Welfare	47,292	6,736	(6,736)	47,292
Other human services	<u>33,561</u>	<u>-</u>	<u>-</u>	<u>33,561</u>
Total human services	<u>928,923</u>	<u>652,979</u>	<u>(145,876)</u>	<u>1,436,026</u>
Culture/Recreation:				
Libraries	4,167,503	27,676	-	4,195,179
Parks and recreation	<u>8,804,362</u>	<u>349,172</u>	<u>(131,292)</u>	<u>9,022,242</u>
Total culture/recreation	<u>12,971,865</u>	<u>376,848</u>	<u>(131,292)</u>	<u>13,217,421</u>

(continued)

HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (Continued)
For the Fiscal Year Ended September 30, 2009

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets September 30, 2009</u>
Court Related:				
Court General Administration:				
State Attorney administration	8,640	-	-	8,640
Jury management	5,796	-	-	5,796
Circuit Court Criminal:				
Clerk of Court	6,740	-	-	6,740
Circuit Court Family:				
Clerk of Court	-	-	-	-
Circuit Court Juvenile:				
Clerk of Court	15,089	-	-	15,089
Court General Operations:				
Courthouse facilities	560,788	21,816	-	582,604
Information services	283,188	12,663	-	295,851
Other operating costs	8,886	-	-	8,886
County Court Traffic:				
Clerk of Court	8,169	-	-	8,169
Other county court traffic	8,169	-	-	8,169
Total court related	<u>905,465</u>	<u>34,479</u>	<u>-</u>	<u>939,944</u>
Total Governmental Funds Capital Assets	<u><u>\$ 206,513,883</u></u>	<u><u>\$13,969,040</u></u>	<u><u>\$ (3,814,206)</u></u>	<u><u>\$ 216,668,717</u></u>

Statistical Section

This section of the County's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

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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 implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

HIGHLANDS COUNTY, FLORIDA
NET ASSETS BY COMPONENTS
Last Seven Fiscal Years
(in thousands)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital assets, net of related debt	\$ 159,411	\$ 151,795	\$ 136,608	\$ 126,606	\$ 121,407	\$ 116,471	\$ 105,927
Restricted	5,928	5,577	8,973	13,195	12,636	13,707	17,801
Unrestricted	61,741	63,565	62,836	49,416	40,485	25,183	23,289
Total governmental activities net assets	\$ 227,080	\$ 220,937	\$ 208,417	\$ 189,217	\$ 174,528	\$ 155,361	\$ 147,017
Business-type activities							
Invested in capital assets, net of related debt	\$ 12,712	\$ 11,336	\$ 10,475	\$ 10,010	\$ 10,123	\$ 9,685	\$ 9,844
Restricted	43	43	43	43	43	-	44
Unrestricted	2,394	5,715	5,585	5,584	4,682	4,489	1,137
Total business-type activities net assets	\$ 15,149	\$ 17,094	\$ 16,103	\$ 15,637	\$ 14,848	\$ 14,174	\$ 11,025
Primary government							
Invested in capital assets, net of related debt	\$ 172,123	\$ 163,131	\$ 147,083	\$ 136,616	\$ 131,530	\$ 126,156	\$ 115,771
Restricted	5,971	5,620	9,016	13,238	12,679	13,707	17,845
Unrestricted	64,135	69,280	68,421	55,000	45,167	29,672	24,426
Total primary government net assets	\$ 242,229	\$ 238,031	\$ 224,520	\$ 204,854	\$ 189,376	\$ 169,535	\$ 158,042

HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET ASSETS
Last Seven Fiscal Years

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental activities:							
General government	\$ 19,968,990	\$ 21,162,088	\$ 19,309,283	\$ 17,311,569	\$ 15,043,416	\$ 12,174,487	\$ 10,445,874
Public safety	39,023,524	39,539,716	37,587,087	32,707,118	29,138,885	26,415,525	25,642,705
Physical environment	1,701,146	1,558,585	1,445,740	1,475,436	1,146,635	1,240,704	1,471,317
Transportation	13,388,256	13,075,768	15,067,226	11,336,681	10,117,959	10,783,574	10,993,934
Economic environment	4,526,853	5,204,115	7,526,683	3,286,915	1,778,190	3,396,508	1,820,635
Human services	3,191,173	3,088,096	2,696,525	2,267,454	2,550,432	2,300,600	2,539,159
Culture and recreation	3,923,557	3,635,532	3,290,438	3,119,978	2,285,674	2,556,588	2,579,957
Court related	3,804,237	4,784,819	4,519,434	4,428,799	4,066,663	3,766,910	4,034,636
Debt service:							
Interest on long-term debt	958,961	1,008,366	633,515	1,072,180	997,479	1,005,415	1,537,524
Other debt service	-	-	4,435	3,715	3,997	3,314	8,898
Total governmental activities expenses	90,486,697	93,057,085	92,080,366	77,009,845	67,129,330	63,643,625	61,074,639
Business-type activities:							
Solid waste	9,390,492	9,395,253	9,292,480	9,033,198	8,365,204	7,107,739	8,661,065
Water and sewer	2,211,423	173,975	797,427	707,697	707,207	526,183	528,148
Highway Park Utility	171,354	179,888	192,073	166,666	156,264	116,331	125,874
Energy recovery	719,812	771,680	27,833	-	-	-	-
Total business-type activities expenses	12,493,081	10,520,796	10,309,813	9,907,561	9,228,675	7,750,253	9,315,087
Total primary government expenses	\$102,979,778	\$103,577,881	\$102,390,179	\$ 86,917,406	\$ 76,358,005	\$ 71,393,878	\$ 70,389,726
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 4,772,852	\$ 5,499,361	\$ 5,738,638	\$ 4,817,950	\$ 3,306,051	\$ 2,250,153	\$ 2,030,220
Public safety	6,197,193	5,923,168	7,386,221	6,996,469	6,653,507	5,740,591	5,576,672
Physical environment	118,093	109,388	194,114	214,099	197,156	190,731	144,910
Transportation	2,567,381	2,221,887	2,403,335	1,770,813	991,141	849,634	737,314
Economic environment	-	-	12,500	-	-	50	-
Human services	148,869	81,145	79,823	81,771	56,207	38,001	39,460
Culture and recreation	457,156	690,455	882,273	232,243	224,711	150,486	138,709
Court related	3,104,665	3,737,205	4,151,942	4,170,953	3,398,645	2,384,219	1,709,947

Operating grants and contributions:									
General government	230,248	205,450	48,961	146,106	195,594	1,015,001	566,434		
Public safety	1,259,652	1,363,811	741,103	1,055,670	679,399	417,094	438,249		
Physical environment	562,796	342,730	391,634	533,650	288,508	619,717	548,717		
Transportation	-	-	149,132	135,585	2,389	40,000	(41,445)		
Economic environment	2,488,147	3,053,474	5,106,185	710,085	430,759	1,325,416	277,294		
Human services	632,921	325,594	23,651	-	-	5,088	16,818		
Culture and recreation	98,546	300,323	346,383	339,310	325,462	278,477	298,525		
Court related	-	-	-	-	-	160,123	167,192		
Capital grants and contributions:									
General government	-	-	-	-	2,298	727,161	1,146,210		
Public safety	692,231	218,611	73,159	43,344	355,293	36,822	67,208		
Physical environment	-	-	-	-	-	-	-		
Transportation	3,522,737	3,538,340	978,890	322,013	946,346	321,842	300,000		
Economic environment	176,472	-	487,190	882,254	277,727	-	-		
Human services	285,538	-	-	-	-	-	140,000		
Culture and recreation	-	2,248	397,752	460,274	502,301	-	-		
Court related	-	-	-	-	-	-	-		
Total governmental activities	27,315,497	27,613,190	29,592,886	22,912,589	18,833,494	16,550,606	14,302,434		
Business-type activities:									
Charges for services:									
Solid waste	8,614,972	9,471,676	10,007,203	9,884,632	10,107,665	8,706,567	8,130,090		
Water and sewer	622,442	906,009	773,013	711,727	739,968	587,552	632,335		
Highway Park Utility	138,759	148,440	159,859	143,415	130,302	99,383	110,988		
Energy recovery	1,987,506	56,690	-	-	-	-	-		
Operating grants and contributions:									
Solid waste	130,652	283,770	215,622	458,966	208,892	177,294	289,299		
Water and sewer	-	-	-	-	-	-	-		
Highway Park Utility	-	-	-	-	-	-	-		
Energy recovery	9,790	-	-	-	-	-	-		

(continued)

HIGHLANDS COUNTY, FLORIDA
CHANGES IN NET ASSETS
Last Seven Fiscal Years (continued)

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Capital grants and contributions:							
Solid waste	-	-	-	-	-	-	-
Water and sewer	-	1,650,000	255,348	-	-	-	-
Highway Park Utility	-	-	-	-	161,526	-	-
Energy Recovery	-	-	-	-	-	-	-
Total business-type activities							
program revenues	11,504,121	12,516,585	11,411,045	11,198,740	11,348,353	9,570,796	9,162,712
Total primary government							
program revenues	\$ 38,819,618	\$ 40,129,775	\$ 41,003,931	\$ 34,111,329	\$ 30,181,847	\$ 26,121,402	\$ 23,465,146
Net (Expense) / Revenue							
Governmental activities	\$ (63,171,200)	\$ (65,443,895)	\$ (62,487,480)	\$ (54,097,256)	\$ (48,295,836)	\$ (47,093,019)	\$ (46,772,205)
Business-type activities	(988,960)	1,995,789	1,101,232	1,291,179	2,119,678	1,820,543	(152,375)
Total primary governmental net expense	<u>\$ (64,160,160)</u>	<u>\$ (63,448,106)</u>	<u>\$ (61,386,248)</u>	<u>\$ (52,806,077)</u>	<u>\$ (46,176,158)</u>	<u>\$ (45,272,476)</u>	<u>\$ (46,924,580)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 42,754,541	\$ 49,240,654	\$ 48,952,589	\$ 36,201,450	\$ 31,587,749	\$ 28,778,216	\$ 26,511,859
Fuel taxes	4,509,364	4,409,584	4,423,210	4,491,005	4,554,251	4,428,675	3,702,865
Sales tax	7,266,949	8,197,815	9,159,885	9,471,209	8,672,935	7,711,242	6,639,940
Services taxes	1,082,703	839,218	815,566	797,295	716,320	465,888	412,025
Other taxes	390,818	419,278	416,879	410,012	399,007	346,480	235,363
State shared revenues	10,626,342	9,876,705	10,704,175	10,806,441	10,569,151	9,665,466	8,779,948
Net change in fair value of investments	133,948	2,354,339	4,719,371	3,267,968	1,277,866	640,221	852,735
Gain (loss) on sale of capital assets	388,965	39,884	131,464	122,709	66,448	34,999	92,402
Miscellaneous	1,161,287	1,336,361	1,114,021	2,219,070	7,868,343	3,365,594	1,963,181
Transfers	1,000,000	1,250,000	1,250,000	1,000,000	1,750,000	-	-
Total governmental activities	<u>69,314,917</u>	<u>77,963,838</u>	<u>81,687,160</u>	<u>68,787,159</u>	<u>67,462,070</u>	<u>55,436,781</u>	<u>49,190,318</u>

Business-type activities:							
Net change in fair value of investments	43,552	245,495	614,499	487,002	253,917	89,761	86,129
Gain (loss) on sale of capital assets	-	-	-	-	(63,061)	-	(35,616)
Miscellaneous	-	-	-	11,228	113,363	485,014	-
Transfers	(1,000,000)	(1,250,000)	(1,250,000)	(1,000,000)	(1,750,000)	-	-
Total business-type activities	(956,448)	(1,004,505)	(635,501)	(501,770)	(1,445,781)	574,775	50,513
Total primary government	\$ 68,358,469	\$ 76,959,333	\$ 81,051,659	\$ 68,285,389	\$ 66,016,289	\$ 56,011,556	\$ 49,240,831
Change in Net Assets							
Government activities	\$ 6,143,717	\$ 12,519,943	\$ 19,199,680	\$ 14,689,903	\$ 19,166,234	\$ 8,343,762	\$ 2,418,113
Business-type activities	(1,945,408)	991,284	465,731	789,409	673,897	2,395,318	(101,862)
Total primary government	\$ 4,198,309	\$ 13,511,227	\$ 19,665,411	\$ 15,479,312	\$ 19,840,131	\$ 10,739,080	\$ 2,316,251

HIGHLANDS COUNTY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 2,859,901	\$ 2,900,779	\$ 3,082,747	\$ 1,279,553	\$ 2,221,948	\$ 2,016,546	\$ 598,098	\$ 799,352	\$ 746,574	\$ 790,964
Unreserved	19,796,301	24,491,485	24,289,659	16,922,380	14,025,705	7,296,255	6,003,861	3,562,119	2,692,431	3,576,859
Total general fund	\$ 22,656,202	\$ 27,392,264	\$ 27,372,406	\$ 18,201,933	\$ 16,247,653	\$ 9,312,801	\$ 6,601,959	\$ 4,361,471	\$ 3,439,005	\$ 4,367,823
All Other Governmental Funds										
Reserved	\$ 9,137,019	\$ 9,127,039	\$ 10,057,881	\$ 10,270,341	\$ 7,591,699	\$ 7,992,241	\$ 11,509,812	\$ 15,479,710	\$ 4,691,823	\$ 2,445,073
Unreserved, reported in:										
Special revenue funds	34,148,889	33,764,236	27,646,106	23,557,029	18,957,721	11,340,363	12,266,756	12,223,806	11,532,019	14,459,005
Capital project funds	1,861,663	1,586,738	5,090,701	9,427,565	9,154,497	9,214,077	9,732,879	10,633,306	81,802	76,935
Total all other governmental funds	\$ 45,147,571	\$ 44,478,013	\$ 42,794,688	\$ 43,254,935	\$ 35,703,917	\$ 28,546,681	\$ 33,509,447	\$ 38,336,822	\$ 16,305,644	\$ 16,981,013

HIGHLANDS COUNTY, FLORIDA
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
REVENUES										
Taxes	\$ 55,938,981	\$ 63,028,603	\$ 63,694,906	\$ 51,322,436	\$ 45,886,814	\$ 41,690,802	\$ 37,266,689	\$ 34,704,725	\$ 33,567,727	\$ 31,519,225
Licenses and permits	469,927	669,696	1,720,033	1,731,578	1,920,223	1,382,320	864,197	753,911	610,799	593,321
Intergovernmental	18,306,649	19,325,422	20,165,057	15,917,094	18,026,266	15,436,986	12,959,807	14,697,545	15,083,320	11,805,718
Charges for services	9,088,110	9,669,202	10,186,909	11,598,937	9,839,861	7,380,846	6,955,483	5,939,379	5,366,927	4,949,797
Fines and forfeitures	631,108	962,446	1,049,868	871,765	687,660	509,446	596,594	585,902	699,658	588,184
Assessments	2,271,304	2,966,861	3,134,252	2,154,004	2,275,218	1,938,776	1,833,235	1,401,018	1,371,938	1,298,747
Net change in fair value of investments	127,481	2,267,463	4,614,155	3,191,611	1,241,334	553,042	828,954	870,052	1,750,965	1,820,801
Miscellaneous	4,392,297	3,127,998	3,143,265	2,122,582	2,683,717	3,075,845	2,090,215	1,353,002	1,627,144	1,173,146
Total Revenues	91,225,857	102,017,691	107,708,445	88,910,007	82,561,093	71,968,063	63,395,174	60,305,534	60,078,478	53,748,939
EXPENDITURES										
Current:										
General government	17,845,124	19,541,745	17,046,449	14,799,296	15,354,262	15,149,612	15,132,677	11,659,962	11,286,659	10,051,484
Public safety	39,125,774	39,698,422	37,879,697	33,778,083	30,790,619	27,502,647	26,086,150	24,256,540	21,740,486	21,951,168
Physical environment	1,666,698	1,598,727	1,442,740	1,466,948	1,109,342	1,244,046	1,248,172	1,261,856	3,079,496	1,230,382
Transportation	18,673,605	20,917,966	20,649,778	13,099,383	12,175,099	14,432,139	13,287,196	13,549,825	14,276,396	9,743,593
Economic environment	4,863,344	5,315,427	7,568,796	3,286,915	1,778,190	3,396,508	1,787,449	1,526,858	1,947,757	1,840,917
Human services	3,582,048	3,208,246	2,670,759	2,430,866	2,679,567	2,338,271	2,169,214	2,006,368	2,259,247	2,211,541
Culture and recreation	3,685,114	3,824,583	6,073,634	4,679,289	3,800,941	3,869,108	2,194,196	2,444,132	2,499,374	2,483,116
Court related	3,741,089	4,821,183	4,627,215	4,437,878	4,104,173	3,833,697	3,709,524	3,249,794	3,293,243	3,557,442
Debt service:										
Principal retirement	2,122,952	1,609,015	1,882,592	1,590,685	1,441,337	1,409,706	437,895	1,158,449	861,056	1,832,476
Interest	980,629	1,024,646	1,071,889	1,081,651	1,005,695	1,040,939	951,725	119,715	133,009	172,468
Bond Administration	-	-	-	-	-	-	-	334,297	-	-
Other debt service	5,984	4,548	4,435	3,715	3,997	3,314	8,898	-	-	-
Total Expenditures	96,292,361	101,564,508	100,917,984	80,654,709	74,243,222	74,219,987	67,013,096	61,567,796	61,376,723	55,074,587
Excess of revenues over (under) expenditures	(5,066,504)	453,183	6,790,461	8,255,298	8,317,871	(2,251,924)	(3,617,922)	(1,262,262)	(1,298,245)	(1,325,648)
OTHER FINANCING SOURCES (USES)										
Transfers in	4,986,465	5,021,659	1,514,882	1,032,763	2,155,272	294,777	27,990	400,000	-	-
Transfers (out)	(3,986,465)	(3,771,659)	(264,882)	(32,763)	(405,272)	(294,777)	(27,990)	(283,786)	(305,942)	(303,484)
Loan proceeds	-	-	669,765	250,000	4,024,217	-	640,000	24,099,692	-	-
Capital Lease Inception	-	-	-	-	-	-	-	-	-	475,483
Total Other Financing Sources (Use)	1,000,000	1,250,000	1,919,765	1,250,000	5,774,217	-	640,000	24,215,906	(305,942)	171,999
Net Change in Fund Balances	\$ (4,066,504)	\$ 1,703,183	\$ 8,710,226	\$ 9,505,298	\$ 14,092,088	\$ (2,251,924)	\$ (2,977,922)	\$ 22,953,644	\$ (1,604,187)	\$ (1,153,649)
Debt service as a percentage of noncapital expenditures	3.73%	3.10%	3.40%	3.65%	4.04%	3.99%	2.62%	2.94%	1.88%	4.11%

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		Less: Allowable Exemptions	Total Taxable Value ^b	Total Direct Tax Rate ^c
	Residential Property	Agriculture	Commercial Property	Other	Personal Property				
2009	\$ 6,311,674,643	\$ 783,215,760	\$ 968,560,507	\$ 1,191,522,801	\$ 627,224,780	\$	\$ 3,591,019,986	\$ 6,291,178,505	7.1000
2008	6,832,027,709	721,118,570	901,197,025	1,175,437,888	611,327,180		3,373,338,257	6,867,770,115	7.3544
2007	5,841,496,016	559,941,177	695,806,213	1,174,231,933	575,561,210		2,959,552,552	5,887,483,997	8.5000
2006	3,738,996,088	519,852,336	571,063,103	880,799,061	533,684,140		2,077,560,654	4,166,834,074	9.0000
2005	2,807,195,061	614,210,251	522,151,126	745,125,927	476,210,400		1,681,969,990	3,482,922,775	9.0000
2004	2,392,669,161	614,207,984	487,448,360	700,618,824	464,849,960		1,454,173,652	3,205,620,637	9.0000
2003	2,213,235,341	604,517,443	467,127,022	664,520,804	480,914,910		1,375,756,381	3,054,559,139	8.5000
2002	2,111,352,052	567,005,911	450,413,929	611,691,735	468,447,904		1,273,716,696	2,935,194,835	8.5000
2001	2,032,423,085	588,670,723	433,661,744	590,794,480	470,076,214		1,277,600,954	2,838,025,292	8.5000
2000	1,946,188,607	671,774,284	410,279,889	552,193,279	455,954,986		1,348,259,037	2,688,132,008	8.5000

Source: Highlands County Property Appraiser

Notes:

^a Assessed value is determined by the Highlands County Property Appraiser on January 1 of each year at 100% of fair market value, as required by Section 192.042, Florida Statutes.

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

^c Per \$1,000 of value

HIGHLANDS COUNTY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
COUNTY	7.1000	7.3544	8.5000	9.0000	9.0000	9.0000	9.0000	8.5000	8.5000	8.5000
SCHOOL DISTRICT:										
General	5.2420	4.9610	5.1780	5.3750	5.7870	6.0390	6.0570	5.9870	6.0160	6.2290
Discretionary	0.6950	0.7030	0.7310	0.7600	0.6880	0.6980	0.7090	0.7070	0.7120	0.7260
Capital Improvement	1.7500	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Total School District	7.6870	7.6640	7.9090	8.1350	8.4750	8.7370	8.7660	8.6940	8.7280	8.9550
SOUTH FLORIDA WATER DISTRICT	0.6240	0.6240	0.6970	0.6970	0.6970	0.6970	0.6970	0.6970	0.6970	0.6970
SOUTHWEST FLORIDA WATER DISTRICT	0.5693	0.5693	0.6170	0.6170	0.6170	0.6170	0.6170	0.6170	0.6170	0.6170
CITY OF AVON PARK	5.8745	6.3115	7.5000	7.7500	7.7500	7.7500	7.7500	7.7500	8.2500	9.0000
CITY OF SEBRING:										
General	5.5204	5.6271	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000
Total City of Sebring	5.5204	5.6271	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000	6.5000
TOWN OF LAKE PLACID	3.8100	3.9500	5.0000	5.0000	5.0000	4.0000	5.3000	5.3000	5.2000	4.8000
TOTAL	31.1852	32.1003	36.7230	37.6990	38.0390	37.3010	38.6300	38.0580	38.4920	39.0690

Source: Highlands County Property Appraiser

**HIGHLANDS COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Nine Years Prior**

	Fiscal Year 2009				Fiscal Year 2000			
	Taxpayer	Type of Business	Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
	Progress Energy Florida, Inc.	Electric Utility	\$ 92,237,090	1	0.93%	\$ 70,110,390	1	1.74%
	Sebring Airport Authority	Industrial/Entertainment	67,884,853	2	0.69%	18,152,316	9	0.45%
	Gulfstream Natural Gas System, LLC	Gas System	51,908,345	3	0.53%	-	-	-
	Lykes Brothers, Inc.	Cattle & Citrus	48,988,148	4	0.50%	59,564,356	3	1.48%
	Embarq-Florida, Inc.	Telephone Services	39,395,760	5	0.40%	62,710,394	2	1.55%
	Walmart	Retail	32,272,091	6	0.33%	-	-	-
	Glades Electric Cooperative, Inc.	Electric Utility	32,185,370	7	0.33%	23,073,711	6	0.57%
	Tanglewood Investors Limited	Real Estate	26,595,452	8	0.27%	-	-	-
	Highlands County Hospital	Hospital	24,972,747	9	0.25%	18,633,536	8	0.46%
	Lakeshore/Sebring Limited	Retail	22,053,539	10	0.22%	27,892,311	5	0.69%
	Tampa Electric Company	Electric Utility	-	-	-	36,146,023	4	0.90%
	Ben Hill Griffin, Inc.	Citrus	-	-	-	22,784,412	7	0.56%
	Sun-N-Lake of Sebring	Real Estate	-	-	-	15,071,063	10	0.37%
	Total Assessed Value of Ten Largest Taxpayers		\$ 438,493,395		4.44%	\$ 354,138,512		8.77%
	Total Assessed Value of All Other Taxpayers		9,443,705,096		95.56%	3,682,252,533		91.23%
	Total Assessed Value of All Taxpayers		\$ 9,882,198,491		100.00%	\$ 4,036,391,045		100.00%

Source: Highlands County Property Appraiser

Note: The assessed value includes real and personal property.

**HIGHLANDS COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year^a (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount^b	Percentage of Original Levy		Amount	Percentage of Original Levy
2009	\$ 44,667,387	\$ 42,105,026	94.26%	***	***	***
2008	50,508,381	48,909,129	96.83%	***	***	***
2007	50,043,678	46,310,231	92.54%	***	***	***
2006	37,501,546	34,793,807	92.78%	***	***	***
2005	31,346,313	29,479,267	94.04%	***	***	***
2004	28,850,618	26,915,429	93.29%	***	***	***
2003	27,491,064	25,537,624	92.89%	***	***	***
2002	25,061,090	23,335,100	93.11%	***	***	***
2001	24,123,215	22,277,689	92.35%	***	***	***
2000	22,849,122	21,293,144	93.19%	***	***	***

***Information was not provided by the Office of the Tax Collector.

Notes:

^aProperty taxes become due and payable on November 1 of each year. A four percent discount is allowed if taxes are paid in November, with the discount declining by one percent each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of each year.

Property taxes receivable and a corresponding reserve for uncollectible property taxes are not included in the financial statements as there are no delinquent taxes as of September 30, 2009.

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

^bInformation was obtained from the Clerk of Courts Office based on remittance from the Office of the Tax Collector.

HIGHLANDS COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities	
	General Obligation Bonds	Notes Payable	Revenue Certificates	Mortgage Payable	Capital Leases	Notes Payable	Capital Leases
2009	\$ 16,705,000	\$2,793,696	\$ 180,000	\$ -	\$ 507,752	\$3,375,273	\$ 435,539
2008	17,885,000	3,553,724	208,333	-	662,343	2,082,273	3,379,820
2007	19,025,000	3,834,368	236,667	-	822,380	2,457,241	1,027,176
2006	20,135,000	4,105,310	267,576	-	623,356	2,816,390	458,511
2005	21,215,000	4,324,498	312,803	100,000	520,333	3,160,420	615,507
2004	22,270,000	956,401	358,272	200,000	105,081	3,458,308	-
2003	23,295,000	1,035,817	464,418	300,000	204,224	3,763,395	-
2002	23,295,000	857,033	647,555	400,000	297,766	1,144,424	-
2001	-	930,445	726,085	-	386,023	1,207,915	-
2000	-	1,612,809	815,317	-	475,483	1,267,508	-

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

Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income	Population
\$23,997,260	N/A	\$ 240	\$ -	100,111
27,771,493	N/A	277	-	100,207
27,402,832	9.29%	277	2,546,490	98,768
28,406,143	8.57%	299	2,435,724	94,950
30,248,561	7.43%	324	2,247,184	93,456
27,348,062	7.74%	297	2,117,816	92,057
29,062,854	6.93%	322	2,014,682	90,393
26,641,778	7.36%	299	1,959,546	89,038
3,250,468	57.70%	37	1,875,365	88,212
4,171,117	42.45%	48	1,770,538	87,400

HIGHLANDS COUNTY, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

General Bonded Debt Outstanding						
Less:						
Amounts						
Fiscal Year	General Obligation Bonds^a	Restricted to Repaying Principal and Interest	Total	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2009	\$ 16,705,000	\$ 1,965,968	\$ 14,739,032	N/A	0.15%	147.23
2008	\$ 17,885,000	\$ 1,962,960	\$ 15,922,040	N/A	0.16%	158.89
2007	\$ 19,025,000	\$ 1,936,737	\$ 17,088,263	0.67%	0.27%	173.01
2006	\$ 20,135,000	\$ 1,942,395	\$ 18,192,605	0.75%	0.29%	191.60
2005	\$ 21,215,000	\$ 1,973,435	\$ 19,241,565	0.85%	0.37%	205.89
2004	\$ 22,270,000	\$ 1,966,972	\$ 20,303,028	0.96%	0.44%	220.55
2003	\$ 23,295,000	\$ 1,953,666	\$ 21,341,334	1.06%	0.48%	236.09
2002	\$ 23,295,000	\$ 1,122,404	\$ 22,172,596	1.13%	0.53%	249.02
2001	\$ -	\$ -	\$ -	N/A	N/A	N/A
2000	\$ -	\$ -	\$ -	N/A	N/A	N/A

Notes:

^aHighlands County Florida Infrastructures Sales Surtax Revenue Bond Series 2002, delivered 6/13/02. Next principal payment due November 2009.

HIGHLANDS COUNTY, FLORIDA
OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 66,540,000	100%	66,540,000
Total overlapping debt			<u>\$ 66,540,000</u>

Source: Debt outstanding data provided by the Highlands County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Highlands County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

HIGHLANDS COUNTY, FLORIDA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Infrastructure Sales Surtax Pledged Revenue Coverage						
Fiscal Year	Infrastructure		Debt Service Requirements			Coverage
	Sales					
	Surtax Revenue	Principal	Interest	Total		
2009	\$ 7,267,213	\$ 1,384,490	\$ 891,665	\$ 2,276,155	3.19	
2008	8,226,463	1,336,452	940,174	2,276,626	3.61	
2007	9,035,773	1,298,730	983,820	2,282,550	3.96	
2006	9,199,530	1,216,786	986,558	2,203,344	4.18	
2005	8,672,935	1,055,000	910,731	1,965,731	4.41	
2004	7,711,243	1,025,000	938,239	1,963,239	3.93	
2003	6,725,356	-	842,359	842,359	7.98	
2002	**	**	**	**	**	
2001	**	**	**	**	**	
2000	**	**	**	**	**	

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

The 2002 Bond issue and the 2005 Infrastructure Sales Surtax Revenue Note are serviced from and secured by designated revenues derived from the County's share of the one cent local discretionary infrastructure sales surtax.

** No restricted revenue

HIGHLANDS COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population^a	Total Personal Income^b (in thousands)	Per Capita Personal Income^c	Public School Enrollment^d	Unemployment Rate^e
2009	100,111	\$ -	\$ -	12,148	11.60%
2008	100,207	\$ -	\$ -	12,328	8.30%
2007	98,768	\$ 2,546,490	\$ 25,717	12,391	5.20%
2006	94,950	\$ 2,435,724	\$ 25,036	12,456	4.00%
2005	93,456	\$ 2,247,184	\$ 23,653	12,133	4.70%
2004	92,057	\$ 2,117,816	\$ 22,813	12,004	6.80%
2003	90,393	\$ 2,014,682	\$ 22,195	11,625	6.20%
2002	89,038	\$ 1,959,546	\$ 21,799	11,459	7.40%
2001	88,212	\$ 1,875,362	\$ 21,190	11,360	4.90%
2000	87,400	\$ 1,770,538	\$ 20,254	11,500	7.30%

Notes:

^aInformation was provided by the Office of Economic and Demographic Research, Florida Legislature, and Bureau of Economic and Business Research, University of Florida.

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

^cInformation was provided by Bureau of Economic and Business Research, U.S. Department of Commerce, and State of Florida.

^dInformation was provided by the Highlands County District School Board.

^eInformation was provided by the Florida Agency for Workforce Innovation, Bureau of Labor Statistics.

HIGHLANDS COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Prior

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Highlands County School Board	1,653	1	4.29%	1,431	1	4.78%
Florida Hospital	1,260	2	3.27%	950	2	3.17%
Wal-Mart	796	3	2.07%	-	-	-
Highlands Regional Medical Center	570	4	1.48%	471	4	1.57%
Cross Country Automotive Services	450	5	1.17%	-	-	-
Highlands County Board of County Commissioners	434	6	1.13%	749	3	2.50%
Medical Data Systems, Inc	387	7	1.00%	-	-	-
Palms of Sebring	265	8	0.69%	-	-	-
Alan Jay Automotive Network	260	9	0.67%	-	-	-
Highlands Greenhouses, Inc.	255	10	0.66%	-	-	-
Highlands County Sheriff's Office	-	-	-	252	5	0.84%
Consolidated Tomoka Citrus Packing	-	-	-	165	6	0.55%
Ben Hill Griffin	-	-	-	150	7	0.50%
Nations Bank	-	-	-	145	8	0.48%
SunPure	-	-	-	134	9	0.45%
Georgia Pacific	-	-	-	131	10	0.44%
Total	6,330		16.43%	4,578		15.30%
Labor Force Employed	38,534			29,927		

Source: Top employer information was provided by the Highlands County Economic Development Commission
Labor force employed numbers were obtained from the Florida Research and Economic Database.

HIGHLANDS COUNTY, FLORIDA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Legislative	5	5	5	5	*	*	*	*	*	*
Executive	5	4	4	4	*	*	*	*	*	*
Financial and Administrative	98	112	120	112	*	*	*	*	*	*
Comprehensive Planning	6	9	9	7	*	*	*	*	*	*
Other General Government	36	34	34	36	*	*	*	*	*	*
Public Safety										
Law Enforcement	219	200	203	192	*	*	*	*	*	*
Fire Control	20	15	12	12	*	*	*	*	*	*
Detention / Correction	120	121	117	107	*	*	*	*	*	*
Protective Inspection	19	21	23	26	*	*	*	*	*	*
Emergency and Disaster	7	6	6	6	*	*	*	*	*	*
Ambulance and Rescue	78	59	57	59	*	*	*	*	*	*
Other Public Safety	2	2	2	1	*	*	*	*	*	*
Physical Environment										
Water Utility Services	30	31	31	27	*	*	*	*	*	*
Conservation and Rescue	14	15	15	12	*	*	*	*	*	*
Transportation										
Road and Street Facilities	114	123	123	118	*	*	*	*	*	*
Economic Environment										
Housing	4	5	4	5	*	*	*	*	*	*
Veteran Services	3	3	3	3	*	*	*	*	*	*
Other	2	2	2	3	*	*	*	*	*	*
Human Services										
Health	7	7	6	7	*	*	*	*	*	*
Welfare	10	12	8	4	*	*	*	*	*	*
Other Human Services	-	-	-	1	*	*	*	*	*	*
Culture and Recreation										
Libraries	20	20	23	22	*	*	*	*	*	*
Parks & Recreation	15	13	16	14	*	*	*	*	*	*
Court Related										
Court General Administration	10	12	12	13	*	*	*	*	*	*
Circuit Court Criminal	6	7	7	7	*	*	*	*	*	*
Circuit Court Civil	5	3	5	4	*	*	*	*	*	*
Circuit Court Family	8	7	7	7	*	*	*	*	*	*
Circuit Court Juvenile	4	4	5	4	*	*	*	*	*	*
Court General Operations	8	23	23	17	*	*	*	*	*	*
County Court Traffic	7	7	7	8	*	*	*	*	*	*
Total	880	882	889	843	*	*	*	*	*	*

* Information is not available

**HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION**

Function Program	Fiscal Year			
	2009	2008	2007	2006
General Government				
New Hires	20	67	60	122
Purchase Orders Issued	2,398	2,758	3,572	2,733
Comp Plan Amendments	21	39	30	38
IT Work Orders Completed	5,402	5,190	4,702	1,672
IT Users Served	530	535	514	560
Public Safety				
Emergency Medical Services:				
Emergency 911 Call Volume:				
EMS Calls	13,781	12,713	12,970	12,644
Fire Department Calls	6,893	5,330	5,567	6,520
Average EMS Response Time (in minutes)	6	5.57	6.50	6.54
Air Medical Service (number of flights)	156	78	69	82
Sheriff:				
Arrests Made	6,452	7,314	7,372	6,984
Traffic Citations Issued	4,614	5,694	7,027	15,705
Detentions and Correction:				
Jail Average Daily population	403	471	456	328
Building Department:				
Permits Issued	3,606	4,798	7,743	10,273
Inspections Performed	5,529	7,646	14,808	16,791
Zoning Department:				
Code Enforcement Complaints Received	2,354	2,441	644	2,745
Code Enforcement Inspections Performed	4,937	6,424	3,584	6,585
Physical Environment				
Recycled Waste (tons)	3,059	25,790.26	3,354.46	3,314.99
Landfill Waste:				
Residential Household Waste (tons)	46,097	53,396.00	54,900.74	59,073.36
Commercial Waste (tons)	26,576	30,773.57	39,613.89	42,008.18
Transportation				
Miles of Road Constructed	0	0.28	1.02	0.57
Miles of Road Reconstructs	1	1.04	-	0.97
Miles of Road Resurfaced	32	6.72	16.26	19.52
Economic Environment				
Down Payment Assistance Loan Program	*	*	*	9
Veterans' Services:				
In Office Visits	19,168	15,384	8,137	4,341
Phone Calls Received	24,834	19,895	29,874	19,608
Home Visits	259	169	107	48
Transportation Trips	*	*	731	539
Presentations	526	607	528	255

(continued)

HIGHLANDS COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION (continued)

Function Program	Fiscal Year			
	2009	2008	2007	2006
Human Services				
Animal Control:				
Number of Complaints received	8,673	7,730	6,382	7,265
Number of Impoundments	6,183	4,919	4,039	4,212
Animals Reclaimed	459	461	363	36,453
Animals Adopted	310	155	66	53
Animals Donated to Humane Society	481	78	68	65
Animals Euthanized	4,139	3,650	3,089	3,183
Wildlife Relocated	401	517	413	454
Transportation Trips for Disadvantaged Persons	52,894	73,160	30,824	29,715
Culture and Recreation				
Library Operations:				
Registered Borrowers in Highlands County	54,109	48,914	41,700	41,557
Library Visitors	330,167	297,748	325,182	288,332
Items Circulated:				
Adult	358,708	313,774	279,438	168,471
Children	69,517	76,360	85,129	162,727
Adult Programs:				
Number of Programs	143	171	165	629
Number of Attendees	4,140	1,075	1,786	2,955
Children's Programs:				
Number of Programs	312	170	288	279
Number of Attendees	4,017	4,077	7,011	5,319
Volunteer Hours	6,709	5,354	6,202	8,570
Park Rentals:				
H.L. Bishop	*	*	*	62
R.K. Butler	*	*	*	476
Boat Ramps Maintained	38	39	39	39
Court Related				
Cases in Court	28,451	36,629	30,942	31,915
Individuals thru Security	156,498	207,058	139,066	119,052

Source: Information was obtained from various County departments. In future years, the information will be expanded to reflect 10 years of history.

* Information not available

**HIGHLANDS COUNTY, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION**

Function Program	Fiscal Year			
	2009	2008	2007	2006
General Government				
IT Networked buildings	31	28	27	25
Public Safety				
EMS Vehicles				
Ambulances	14	15	14	14
Jaws	2	2	2	2
Administrative	2	2	2	2
Sheriff's				
Stations	1	1	1	1
Sub-Stations	3	3	3	3
Patrol vehicles	87	89	80	87
Command Center	3	3	3	1
Special Operations Vehicle	3	3	2	1
Aircraft	1	1	1	1
Watercraft	4	4	4	2
Correction facility capacity	524	524	512	512
Transportation				
Miles of county road:				
Paved	984.34	984.02	980.06	977.08
Unpaved	206.93	206.65	204.76	202.93
Number of airports	3	3	3	2
Culture and Recreation				
Number of county libraries	3	3	3	3
Library books	191,525	183,934	166,139	193,943
Library audio materials	10,455	10,860	10,409	-
Library video materials	18,143	18,390	16,955	14,755
Number of county boat ramps	38	39	39	39
Number of county parks	21	21	21	18
Parks with playgrounds	5	5	5	4
Parks with baseball/softball fields	6	6	6	2
Park acreage (estimated):				
Developed	1,464.83	1,469.83	1,469.83	1,447.83
Undeveloped	30.67	30.67	30.67	52.67

Source: Information was obtained from various County departments. Information has only been reported for the fiscal years ended September 30, 2009, 2008, 2007 and 2006. In future years, the information will be expanded to reflect 10 years of history.



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

**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
Sebring, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Highlands County, Florida (County) as of and for the year ended September 30, 2009, and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe item 2009-01 described in the accompanying Schedule of Findings and Questioned Costs is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated March 10, 2010.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

The NCT Group CPA's, L.L.P.

March 10, 2010



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Board of County Commissioners
Highlands County, Florida

Compliance

We have audited the compliance of Highlands County, Florida (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information of the Board of County Commissioners, management, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

The NCT Group CPA's, L.L.P.

March 10, 2010

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2009

Federal/State agency Pass-through Entity	CFDA CSFA Number	Grant Contract Number	Expenditures	Transfers to Subrecipients
U.S. Department of Agriculture:				
Direct Programs:				
Cooperative Forestry Assistance	10.664	05H-60	\$ 29,360	-
Total U.S. Department of Agriculture			29,360	-
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Home Investment Partnerships Program	14.239	M-06-DC-12-0233	165,788	-
Home Investment Partnerships Program	14.239	M-07-DC-12-0253	325,774	-
Home Investment Partnerships Program	14.239	M-08-DC-12-0233	28,217	-
Pass-through from Florida Department of Community Affairs:				
Economic Development- ALF	14.228	07-DB-3R-07-38-01-E-17	265,106	-
Economic Development	14.228	09DB-T3-38-01-E-15	16,875	-
Total U.S. Department of Housing and Urban Development			801,760	-
U.S. Fish and Wildlife Service:				
Pass-through from Florida Fish and Wildlife Conservation Commission:				
Cooperative Endangered Species Conservation Fund	15.615	FL E-32-1	9,407	-
Total U.S. Fish and Wildlife Service			9,407	-
U.S. Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1612	38,456	-
Bulletproof Vest Partnership Program	16.607	7038795	10,339	-
Bulletproof Vest Partnership Program	16.607		8,682	-
Public Safety Partnership & Community Policing	16.710	2007CKWX0321	188,200	-
Edward Byrne-Justice Assistance Grant	16.738	2009-JAGD-HIGH-2-T8-091	6,024	-
Pass-through from Florida Attorney General:				
Crime Victim Assistance	16.575	V8219	89,258	-
Pass-through from Florida Department of Law Enforcement				
Edward Byrne-FDLE JAG Cost Share	16.738	2009-JAGC-HIGH-2-T7-122	33,424	-
Total U.S. Department of Justice			374,383	-
U.S. Department of Transportation:				
Pass-through from Florida Department of Transportation:				
Highway Planning and Construction	20.205	412566-1	19,751	-
Highway Planning and Construction	20.205	410277-4-58-01	15,124	-
Highway Planning and Construction	20.205	FM# 417399	96,206	-
Total U.S. Department of Transportation			131,081	-

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (continued)
For the Fiscal Year Ended September 30, 2009

Federal/State agency Pass-through Entity	CFDA CSFA Number	Grant Contract Number	Expenditures	Transfers to Subrecipients
Election Assistance Commission:				
Pass-through from Florida Division of Elections:				
Help America Vote Act Requirement Payments	90.401	N/A	11,637	-
Total Election Assistance Commission			11,637	-
U.S. Department of Health and Human Services				
Direct Programs:				
Health Care and Other Facilities	93.887	8305	285,538	-
Pass-through from Ounce of Prevention Fund of Florida, Inc.				
TANF - Healthy Families Highlands	93.558	HF-07-08-42	30	-
TANF - Healthy Families Highlands	93.558	HF-08-09-42	203,415	-
TANF - Healthy Families Highlands	93.558	HF-09-10-42	58,383	-
Pass-through from Florida Department of Children and Families				
Substance Abuse and Mental Health Services	93.243	FSU#156000-523-026846	39,856	-
Substance Abuse and Mental Health Services	93.243	FSU#156000-523-026846	11,181	-
Total U.S. Department of Health and Human Services			598,403	-
Department of Homeland Security:				
Pass-through from Florida Division of				
Emergency Management				
Homeland Security Grant	97.067	08DS-60-09-36-01-215	5,810	-
Emergency Management Base Grant	97.042	09-BG-20-07-38-01-389	30,570	-
Emergency Management Base Grant	97.042	09-BG-03-07-38-01-217	138,790	-
Pass-through from United Way:				
Emergency Food and Shelter	97.024	1636-00	4,486	-
Emergency Food and Shelter	97.024	1636-013	23,944	-
Emergency Food and Shelter Program - Foreclosure/ Homeless Prevention Program	97.024	163600-012	1,202	-
Emergency Food and Shelter Program - Foreclosure/ Homeless Prevention Program	97.024	163600-12	28,055	-
Total Department of Homeland Security			232,857	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,188,888	-
STATE FINANCIAL ASSISTANCE				
Office of the Governor:				
Pass-through from Office of Tourism, Trade, and Economic Development				
Enterprise Florida, Inc. - APYA Cell Tower	31.003	DIG - 05 & 06	\$ 67,612	-
Enterprise Florida, Inc. - APYA Cell Tower	31.003	DIG-06-03	67,612	-
Total Office of the Governor, Office of Tourism, Trade, and Economic Development			135,224	-

(continued)

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (continued)
For the Fiscal Year Ended September 30, 2009

Federal/State agency Pass-through Entity	CFDA CSFA Number	Grant Contract Number	Expenditures	Transfers to Subrecipients
Florida Department of Environmental Protection:				
FDEP Hazardous Waste Cooperative Collection				
Arrangement/Glades County	37.007	S0394	16,469	-
Small County Consolidated Grants	37.012	SC916	277,316	-
Statewide Surface Water Restoration and Wastewater	37.039	LP8927	487	-
Total Florida Department of Environmental Protection			294,272	-
Florida Department of State & Secretary of State Division of Library & Information Services				
State Aid to Libraries	45.030	09-ST-18	29,765	-
Total Florida Department of State, Division of Library and Information Services			29,765	-
Florida Department of Community Affairs:				
Emergency Management Project -				
Hazards Analysis Grant Contract	52.023	09CP-04-38-01-222	4,869	-
Rural Land Stewardship	52.033	Z5018	10,000	-
Total Florida Department of Community Affairs			14,869	-
Florida Finance Corporation:				
State Housing Initiatives Partnership (SHIP) Program	52.901	N/A	1,460,275	-
Hurricane Housing Recovery Program	52.902	N/A	324,828	-
Total Florida Finance Corporation			1,785,103	-
Florida Department of Transportation:				
Small County Outreach Program	55.009	422365 1 58 1	28,107	-
Small County Outreach Program	55.009	42007 1 58 01	16,539	-
Small County Outreach Program	55.009	422366 1 58 01	256,961	-
Small County Road Assistance	55.016	413953-1-58-01	542,558	-
Total Florida Department of Transportation			844,165	-
Florida Department of Health:				
Pass-through Highlands County Health Department:				
County Grant Awards - EMS Trust Grant	64.005	C8028	30,509	-
EMS Matching Grant	64.003	M8023	5,359	-
Total Florida Department of Health			35,868	-
Florida Department of Management Services:				
Wireless 911 Emergency Telephone System	72.002	S-08-04-9	482,672	-
Total Florida Department of Management Services			482,672	-
Agency for Workforce Innovation				
Pass-through Heartland Workforce Investment Board, Inc.				
Quick Response Training Utility Grant	75.017	QR 08/09UT19	9,790	-
Total Agency for Workforce Innovation			9,790	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 3,631,728	-

HIGHLANDS COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
For The Fiscal Year Ended September 30, 2009

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial award programs of Highlands County, Florida (County). The County reporting entity is defined in Note 1 to the County's basic financial statements for the year ended September 30, 2009. All federal financial awards received directly from federal agencies as well as federal financial awards passed through other government agencies are included in the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for awards recorded in governmental fund types and the accrual basis of accounting for awards recorded in the proprietary fund types which are described in Note 1 to the County's general purpose financial statements for the year ended September 30, 2009.

NOTE 3 - CONTINGENCIES

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County. As of March 10, 2010, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL PROGRAMS AND STATE PROJECTS
For the Fiscal Year Ended September 30, 2009

SECTION I – SUMMARY OF AUDITOR’S RESULTS

- | | |
|---|---------------------|
| 1. The type of report issued on the financial statements: | Unqualified opinion |
| 2. Internal control over financial reporting: | |
| Material weaknesses identified | Yes |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| 3. Noncompliance material to the financial statements noted: | No |
| 4. Internal control over major programs: | |
| Material weaknesses identified | No |
| Significant deficiencies identified that are not Considered to be material weaknesses | None reported |
| 5. Type of auditor’s report issued on compliance for major programs: | Unqualified opinion |
| 6. Any audit findings which are required to be reported under Section 510(a) of Circular A-133 or Chapter 10.650, Rules of the Auditor General: | No |
| 7. Major Federal programs: | <u>CFDA #</u> |
| Community Development Block Grant | 14.228 |
| Home Investment Partnerships Program | 14.239 |
| Public Safety Partnership & Community Policing | 16.710 |
| Health Care and Other Facilities | 93.887 |
| 8. Major state projects: | <u>CSFA #</u> |
| State Housing Initiatives Partnership (SHIP) Program | 52.901 |
| Small County Road Assistance Program | 55.016 |
| E911 State Grant Program | 72.002 |
| 9. Dollar threshold used to distinguish between Type A and Type B programs for Federal programs and state projects: | \$300,000 |
| 10. Auditee qualified as low-risk auditee under OMB Circular A-133? | No |

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL PROGRAMS AND STATE PROJECTS (continued)
For the Fiscal Year Ended September 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

2009-01: Internal Control Over Financial Reporting

Criteria:

Internal control over financial reporting should be in place to ensure that financial statements are fairly presented in accordance with accounting principles generally accepted in the United States (GAAP).

Condition:

A material weakness in internal control over financial reporting existed as of September 30, 2009 because material adjusting journal entries needed to be posted to the trial balances originally presented for audit in order for the financial statements to be presented fairly in accordance with GAAP.

Context:

Substantive testing of account balances noted the necessary adjustments.

Effect:

This weakness resulted in material misstatements of the County's account balances at September 30, 2009.

Cause:

Review and reconciliation of account balances during the year end closing process did not identify the misstated account balances.

Recommendation:

We recommend developing additional year-end closing procedures to ensure account balances are correctly stated in accordance with GAAP. These procedures should specifically include focus on the areas of intergovernmental revenue, grant and project revenue, and the corresponding balance sheet accounts.

Management Response:

Clerk management concurs with the audit finding. A review of year-end closing procedures, specifically grants and projects, was performed and additional procedures will be implemented to ensure all appropriate information has been obtained.

Board management concurs with the audit finding, and will instruct grant managers on proper grant revenue and grant expenditure identification in association with year-end closing procedures.

HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL PROGRAMS AND STATE PROJECTS (continued)
For the Fiscal Year Ended September 30, 2009

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2008-01: Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance

CFDA 16.710 – U.S. Department of Justice – Public Safety Partnership and Community Policing Grant

CSFA 37.050 – Florida Department of Environmental Protection – Innovative Waste Reduction and Recycling Grant

CSFA 55.008 – Florida Department of Transportation – County Incentive Grant Program

CSFA 55.009 – Florida Department of Transportation – Small County Outreach Program

CSFA 55.016 – Florida Department of Transportation – Small County Road Assistance Program

Condition:

Our audit procedures identified material grants that were not reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance. We also identified misstatements in the amounts of expenditures reported for other grants.

Recommendation:

We recommended that internal controls related to grant reporting be reviewed to determine procedures that could be implemented to ensure the County had the ability to properly identify and report all grants. Management concurred with the recommendation and indicated that procedures would be implemented to communicate the necessary information to the Accounting Department.

Current Status:

The finding was not noted in the current audit.



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Honorable Board of County Commissioners
Highlands County, Florida

We have audited the financial statements of Highlands County, Florida (County), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated March 10, 2010.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 10, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

Section 10.554 (1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

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

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Recommendations are included below under the heading Current Year Comments.

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554 (1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. Our recommendations are included below under the heading Current Year Comments.

Prior Year Findings and Recommendations

2008-02: Reconciliation and Testing of Subsidiary Records

Criteria:

The preparation of the County's financial statements requires gathering information that is not available in a standardized report generated by the accounting software. This information is gathered through a report developed internally using a report writing software. The County's internal controls should include reconciling the information captured in the subsidiary report to source data in the accounting software. Tests of data should also be performed to ensure the information is captured and calculated accurately.

Condition:

Compensated absence accruals at September 30 are calculated using an internally developed subsidiary report. For the years ended September 30, 2008 and 2009, our audit procedures identified individuals who met the criteria to accrue leave under the County's policy; however, those individuals were not included in the Compensated Absences Report generated at year-end. For the year ended September 30, 2009, our procedures also identified errors in the calculation of the benefits portion of accrual for four employees.

Context:

Substantive testing of account balances noted the omissions and errors in the report.

Effect:

Subsidiary reports are used to adjust the liability recorded in the general ledger account balances. The omission and miscalculation resulted in understatement of the account balances.

Cause:

A review and reconciliation of the report for completeness and accuracy was not performed.

Recommendation:

We recommend developing a procedure to review subsidiary reports before adjustments are made to the general ledger. In this specific instance, the review should include a reconciliation of the number of employees on the Compensated Absences Report to the number of employees included in the last payroll of the year to ensure the report is complete. Recalculations should also be performed on a test basis to ensure the data is accurate.

Management Response:

Clerk management concurs with the audit finding. The subsidiary report is being reviewed in an effort to identify and correct report errors. The Clerk's Office will assist Board Staff with reconciliation efforts to ensure the completeness and accuracy of the subsidiary reports utilized.

Board management concurs with the finding, and staff will reconcile the Compensated Absences report against the final payroll reports as a year-end closing procedure.

Current Year Comments

2009-01: Internal Control Over Financial Reporting

Criteria:

Internal control over financial reporting should be in place to ensure that financial statements are fairly presented in accordance with accounting principles generally accepted in the United States (GAAP).

Condition:

A material weakness in internal control over financial reporting existed as of September 30, 2009 because material adjusting journal entries needed to be posted to the trial balances originally presented for audit in order for the financial statements to be presented fairly in accordance with GAAP.

Context:

Substantive testing of account balances noted the necessary adjustments.

Effect:

This weakness resulted in material misstatements of the County's account balances at September 30, 2009.

Cause:

Review and reconciliation of account balances during the year-end closing process did not identify the misstated account balances.

Recommendation:

We recommend developing additional year-end closing procedures to ensure account balances are correctly stated in accordance with GAAP. These procedures should specifically include focus on the areas of intergovernmental revenue, grant and project revenue, and the corresponding balance sheet accounts.

Management Response:

Clerk management concurs with the audit finding. A review of year-end closing procedures, specifically grants and projects, was performed and additional procedures will be implemented to ensure all appropriate information has been obtained.

Board management concurs with the audit finding, and will instruct grant managers on proper grant revenue and grant expenditure identification in association with year-end closing procedures.

2009-02: Home Initiatives Partnership Program

Criteria:

The Home Initiatives Partnership (HOME) Program requires each participant to provide a \$500 contribution toward the purchase of a home.

Condition:

Our audit procedures identified two participant files that did not contain documentation of the required \$500 participant contribution.

Context:

The finding was identified during testing of compliance with the HOME program requirements. Sixteen participant files were tested.

Effect:

The participant file does not contain the required documentation.

Cause:

Documentation of the participant's \$500 contribution was not maintained in the file.

Recommendation:

We recommend reviewing the HOME participant files to ensure proper documentation is retained for all grant requirements.

Management Response:

Management concurs with the finding, Board staff will revise the existing Home File checklist form and implement corresponding procedural changes to verify and document participant contributions.

2009-03: Small County Road Assistance Program**Criteria:**

The County received funding under the Small County Road Assistance Program (SCRAP) for use in road construction projects. The County used in-house labor for the project, and time sheets and pay rates were used to calculate the reimbursement requests.

Condition:

One reimbursement request included personnel costs calculated at an incorrect pay rate. The rate used was lower than the employee's actual pay rate.

Context:

The finding was identified during testing of compliance with the SCRAP program requirements. A sample of forty payroll charges was tested.

Effect:

The reimbursement request identified was less than the allowable reimbursement amount. It should be noted that the County expended more for the project than the total grant amount, and the entire grant amount has been reimbursed to the County; therefore, no additional reimbursement from the state is due.

Cause:

Incorrect pay rates were used when the reimbursement request was prepared.

Recommendation:

We recommend developing a review process to ensure that accurate rates are used in the preparation of grant reimbursement requests.

Management Response:

Management concurs with the finding, and will insure that grant managers receive training on updating employee pay and benefit rates for grant reimbursement requests regularly.

During our review of reports issued by the Clerk of Court's Compliance and Internal Audit Division, we noted the following control deficiencies:

Asphalt Plant Internal Audit Report Finding 10 Computer Records Are Not Backed-Up:

The Asphalt Plant has a computer system that maintains data related to daily operations; including asphalt production, disposition tickets, date/time, waste produced, asphalt mix produced, etc. This data is maintained on a stand alone computer that is not connected to the

County network. As a result, data is not routinely backed-up by the Clerk's IT Department's automated processes.

This situation creates the potential for partial or complete loss of production data if the stand alone computer is compromised. Without production data, an impairment to the billing of asphalt, inventory tracking, and production trending may result.

Recommendation:

Asphalt Plant Management is encouraged to develop a formal / routine process that ensures the system is backed-up daily. Discussion with the Clerk's IT Department concerning the feasibility of a network connection or other method to back-up data would be beneficial.

It should be noted that upon communicating this concern to Management, the Solid Waste Department and the Clerk's IT Department implemented a process to back-up computer records.

County Administration Management Response:

Management concurs that the computer records must be backed up regularly. Much of the system was already backed-up regularly and improvements were implemented by the IT department for full back-up compliance.

Asphalt Plant Internal Audit Report Finding 11: Personnel Time:

Landfill Department time spent on Asphalt Plant operations are currently not billed to the Asphalt Plant cost center. All time spent is paid for by the Landfill Department. In addition, the Clerk's Payables / Receivables Department has spent excessive time processing inventory and finished product billings. Costs associated with the operation of the Asphalt Plant are currently not reflective of actual expenses and the calculation of cost per ton of asphalt is impacted. It should be noted this is the first year of production and time spent on Asphalt Plant operations are likely to decrease as processes are established and refined.

Recommendation:

Asphalt Plant Management and Board Administration are encouraged to identify a process to track Landfill Department time spent on Asphalt Plant operations and charge the cost to the Asphalt Plant cost center (4230). In addition, potential reimbursement to the Clerk's Payables / Receivables Department should be considered.

County Administration Management Response:

Management concurs with the recommendation. The plant will be included in the next Cost Allocation Plan conducted by the consultant.

Section 10.554 (1)(i)6., 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 the management letter, unless disclosed in the notes to the financial statements. See Note 1 in the Notes to Financial Statements.

Section 10.554 (1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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.

Section 10.554 (1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the review of financial information provided by same.

This management letter is intended solely for the information of the County, management and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties. However, this management letter is a public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPA's L.L.P.

March 10, 2010

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

September 30, 2009

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Robert W. Germaine
Clerk of the Courts
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund, court fund, public records modernization trust fund, other governmental funds, internal service fund, and aggregate agency fund information of the Clerk of the Courts of Highlands County, Florida (the Clerk) as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Clerk. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Clerk and are not intended to present fairly the financial position and changes in financial position of Highlands County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly in all material respects, the respective financial position of the general fund, court fund, public records modernization trust fund, other governmental funds, internal service fund, and the aggregate agency fund information of the Clerk as of September 30, 2009; the changes in financial position of its general fund, court fund, public records modernization trust fund, other governmental funds, and internal service fund; budgetary comparison of its general fund and court fund; and cash flows of its internal service fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund financial statements taken as a whole. The accompanying information identified in the Table of Contents as Combining Individual Fund Special-purpose Financial Statements and Schedules are presented for the purpose of additional analysis and is not a required part of the fund financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the fund financial statements taken as a whole.

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.

The NCT Group CPAs, LLP

February 11, 2010

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS AND
INTERNAL SERVICE FUND
September 30, 2009**

	General	Court Fund	Public Records Modernization Trust	Nonmajor Governmental Funds
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$344,160	\$ 197,558	\$ 132,750	\$ 143,259
Due from other governmental units	6,222	27,767	-	-
Prepaid items	2,225	-	12,600	-
Total Assets	\$352,607	\$ 225,325	\$ 145,350	\$ 143,259
LIABILITIES AND FUND BALANCE				
Liabilities:				
Vouchers payable	\$208,581	\$ 123	\$ -	\$ 1,843
Due to other governmental units	593	100	-	1,106
Due to others	-	221,292	-	239
Due to constitutional officers	57,042	-	-	-
Accrued payroll and related liabilities	86,391	3,810	-	39,597
Deferred revenue	-	-	-	37,612
Accrued compensated absences payable	-	-	-	-
Total Liabilities	352,607	225,325	-	80,397
Equity:				
Net Assets:				
Unreserved	-	-	-	-
Fund Balance:				
Reserved for public records modernization	-	-	145,350	50,995
Reserved for teen court	-	-	-	11,867
Total Fund Balance	-	-	145,350	62,862
Total Liabilities and Fund Balance	\$352,607	\$ 225,325	\$ 145,350	\$ 143,259

See accompanying notes to financial statements

Total Governmental Funds	Governmental Activities - Internal Service Fund
\$ 817,727	\$ 344,627
33,989	-
14,825	-
<u>\$ 866,541</u>	<u>\$ 344,627</u>

\$ 210,547	\$ -
1,799	-
221,531	-
57,042	70
129,798	-
37,612	-
-	344,557
<u>658,329</u>	<u>344,627</u>

-	-
196,345	-
11,867	-
<u>208,212</u>	<u>-</u>
<u>\$ 866,541</u>	<u>\$ 344,627</u>

CLERK OF THE COURTS
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended September 30, 2009

	<u>General</u>	<u>Court Fund</u>	<u>Public Records Modernization Trust</u>
REVENUES:			
Intergovernmental:			
Appropriation from Board of County Commissioners	\$ 3,589,475	\$ -	\$ -
Miscellaneous revenues:			
Recording fees	-	-	40,782
Intergovernmental	-	142,017	-
Court related service charge	-	1,210,635	-
Fines and forfeitures	-	558,467	-
Interest earnings	-	-	22
Total Revenues	3,589,475	1,911,119	40,804
EXPENDITURES:			
General Government:			
Financial and Administrative:			
Personal services	2,475,897	-	-
Operating expenditures	754,939	-	178,913
Capital outlay	301,549	-	2,900
Total Financial and Administrative	3,532,385	-	181,813
Court Related:			
Personal services	-	1,587,224	-
Operating expenditures	-	326,174	-
Total Court Related	-	1,913,398	-
Total Expenditures	3,532,385	1,913,398	181,813
Excess (Deficit) of Revenues			
Over (Under) Expenditures	57,090	(2,279)	(141,009)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	2,279	-
Transfers out	-	-	-
Unexpended budget balance reverting to			
Board of County Commissioners	(57,090)	-	-
Total Other Financing Sources (Uses)	(57,090)	2,279	-
Excess (Deficit) of Revenues Over			
(Under) Expenditures and Other			
Financing Sources (Uses)	-	-	(141,009)
FUND BALANCE - October 1, 2008	-	-	286,359
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ 145,350

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,589,475
115,782	156,564
428,036	570,053
75,496	1,286,131
-	558,467
-	22
<u>619,314</u>	<u>6,160,712</u>
133,444	2,609,341
63,129	996,981
1,069	305,518
<u>197,642</u>	<u>3,911,840</u>
423,677	2,010,901
2,080	328,254
<u>425,757</u>	<u>2,339,155</u>
<u>623,399</u>	<u>6,250,995</u>
<u>(4,085)</u>	<u>(90,283)</u>
-	2,279
(2,279)	(2,279)
-	(57,090)
<u>(2,279)</u>	<u>(57,090)</u>
(6,364)	(147,373)
69,226	355,585
<u>\$ 62,862</u>	<u>\$ 208,212</u>

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2009**

	Budget			Variance -
	Original	Final	Actual	Favorable
				(Unfavorable)
REVENUES:				
Intergovernmental:				
Appropriation from Board of				
County Commissioners	\$ 3,418,475	\$ 3,589,475	\$ 3,589,475	\$ -
Total Revenues	3,418,475	3,589,475	3,589,475	-
EXPENDITURES:				
General Government:				
Financial and Administrative:				
Personal services	2,515,700	2,517,151	2,475,897	41,254
Operating expenditures	902,775	770,775	754,939	15,836
Capital outlay	-	301,549	301,549	-
Total Expenditures	3,418,475	3,589,475	3,532,385	57,090
Excess of Revenues Over Expenditures	-	-	57,090	57,090
OTHER FINANCING (USES):				
Unexpended budget balance reverting to				
Board of County Commissioners	-	-	(57,090)	(57,090)
Total Other Financing (Uses)	-	-	(57,090)	(57,090)
Excess of Revenues Over Expenditures				
and Other Financing (Uses)	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT FUND
For the Fiscal Year Ended September 30, 2009**

	<u>Budget</u>			Variance -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
REVENUES:				
Miscellaneous revenues:				
Intergovernmental	\$ 156,000	\$ 142,017	\$ 142,017	\$ -
Court related service charge	1,730,660	1,210,634	1,210,635	1
Fines and forfeitures	967,684	558,248	558,467	219
Interest earnings	6,380	-	-	-
Total Revenues	2,860,724	1,910,899	1,911,119	220
EXPENDITURES:				
General Government:				
Court Related:				
Personal services	2,239,073	1,587,224	1,587,224	-
Operating expenditures	621,651	325,954	326,174	(220)
Total Expenditures	2,860,724	1,913,178	1,913,398	(220)
Deficit of Revenues (Under) Expenditures	-	(2,279)	(2,279)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,279	2,279	-
Total Other Financing Sources (Uses)	-	2,279	2,279	-
Net Change in Fund Balances		-	-	
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009

	Governmental Activities - Internal Service Fund
	<hr/>
OPERATING REVENUES	\$ -
OPERATING EXPENSES	-
	<hr/>
Change in net assets	-
	<hr/>
NET ASSETS - October 1, 2008	-
	<hr/>
NET ASSETS - September 30, 2009	\$ -
	<hr/> <hr/>

See accompanying notes to financial statements.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities - Internal Service Fund
	<hr/>
CASH FLOW FROM OPERATING ACTIVITIES	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payments to other Funds	(114,338)
<hr/> Net Cash Provided by Noncapital Financing Activities	<hr/> (114,338)
Net decrease in cash and cash equivalents	(114,338)
Cash and Cash Equivalents - October 1, 2008	458,965
<hr/> Cash and Cash Equivalents - September 30, 2009	<hr/> \$ 344,627 <hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
<hr/> Net cash provided by operating activities	<hr/> \$ - <hr/>

See accompanying notes to financial statements.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,721,204
Accounts receivable	308
Due from other governmental units	1,607
Total Assets	\$ 1,723,119
LIABILITIES	
Vouchers payable	\$ 83,550
Due to others	231,876
Due to constitutional officers	87,420
Due to other governmental units	509,823
Deposits	810,450
Total Liabilities	\$ 1,723,119

See accompanying notes to financial statements.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter County established on April 23, 1921, under the laws of the State of Florida, Chapter 8513. The Clerk of the Courts (Clerk) is one of six constitutional officers elected to serve within the County and receives a significant portion of its revenue from the Board of County Commissioners, Highlands County, Florida.

The financial statements contained herein represent the financial transactions of the Clerk only. These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Clerk, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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. 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 non-court functions of the Clerk are funded by revenues that are received from the Board of County Commissioners in the form of an appropriation. The Clerk is required to submit to the Board of County Commissioners excess revenues over expenditures as of September 30 of each year for the non-court 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 s. 28.36, F.S. and s.28.37, F.S.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America as applicable to governments. The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Clerk are organized on the basis of funds and account groups, 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 Clerk's various funds and account groups is as follows:

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting (continued)

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 Circuit Courts that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Court Fund – To account for IV-D reimbursements, child support activity, and bond estreatment activity.

Public Records Modernization Trust Fund – This fund accounts for the additional service charges on recorded instruments for modernizing the official recordkeeping systems in the Clerk's office per s 28.24(12)(d)FS.

PROPRIETARY FUNDS

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

Management has elected to apply to the Proprietary Fund all Statements of Financial Accounting Standards and Interpretations issued on or before November 30, 1989 except for those that conflict with or contradict statements of *Government Accounting Standards*.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds.

CAPITAL ASSETS

The Clerk does not maintain capital assets. All capital assets purchased are recorded as expenditures in the General Fund at the time of purchase. The Clerk notifies the Board of County Commissioners of capital assets purchased and the original cost is recorded in the General Fixed Assets Account Group of the Board of County Commissioners. The Clerk may not dispose of any capital assets in his custody. The Clerk is to notify the Board of County Commissioners of any unused or obsolete assets and it is the Board's responsibility to dispose of these assets in accordance with the applicable Florida Statutes.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus

Governmental Fund Types - 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 their balance sheets. Their reported undesignated fund balances (net current assets) are considered a measure of "available, spendable or appropriable resources." Governmental Fund type 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 Types – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Fund Types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. 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 shall be filed with the Clerk of Courts Operations Conference. The other budget relates to the requirement of the Clerk as Clerk to the Board and shall be filed with the Board.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Data (continued)

Clerk to the Board Budget:

1. On or before June 1 of each year, the Clerk submits to the Board of County Commissioners a tentative budget for the ensuing fiscal year.
2. Within fifteen 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 twenty 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 Fund Types.
9. 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).
10. All appropriations lapse at the close of the fiscal year.
11. The Public Records Modernization Trust Fund, Court Related Technology Modernization Trust Fund, Court Operations Modernization Trust Fund and Teen Court Fund are not legally required to have budgets.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Data (continued)

Clerk's Court Related Budget October 1, 2008 – June 30, 2009:

The Florida Clerks of the Court are required to follow a budget procedure for the court-related functions they perform pursuant to s. 28.36, F.S. Section 23 of ch. 2004-265, L.O.F, created the Clerk of Court Operations Corporation (the Corporation) to perform various fiscal and budget related duties, including certifying to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Department of Revenue by October 15 of each year: the amount of the proposed budget certified for each clerk; the revenue projection supporting each clerk's budget; each clerk eligible to retain some or all of the state's share of fines, fees, service charges, and costs; and the amount to be paid to each clerk from the Clerks of the Court Trust Fund.

Clerk's Court Related Budget July 1, 2009 – June 30, 2010:

Senate Bill 2108 placed the Clerk's budgets in to the State appropriation process. On July 1, 2009, the revenue based budget model was replaced by a needs and expenditure based model which operates on the State fiscal year (July 1 – June 30). Between November 17 and December 1 of each year, the Clerk of Courts Operations Corporation completes its budget reviews and makes adjustments and then transmits the Clerks' Legislative Budget Request to the Legislature and to the Supreme Court.

E. Cash and Cash Equivalents

The Clerk 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 under the management of the State Board of Administration.

F. Investments

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

G. Compensated Absences

Employees of the Clerk earn annual and sick leave credits in varying amounts. Upon retirement, death, resignation, or separation in good standing, employees are eligible to receive payment, at their current rates of pay, of 100% of accumulated annual leave. However, employees having less

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

than six months of service will not be paid for any accumulated annual leave time. Employees of the Clerk are limited to no more than 280 hours of annual leave carryover at year-end.

There is no limit on the amount of sick leave that may be accumulated by employees of the Clerk. Lump-sum payouts of sick leave credits are based on years of continuous service and accrual of sick leave hours.

Annual and sick leave credits for the Clerk have been fully funded and are recorded in the internal service fund for the vested annual and sick leave credits.

H. 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 Fund types. No encumbrances are outstanding at fiscal year-end.

I. 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 non-court functions 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 the Board of County Commissioners on the statement of revenues, expenditures and changes in fund balance, and the related liability is included in due to constitutional officers.

J. Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

K. Other

Chapter 218, Florida Statutes, requires that the Clerk submit an annual report to the Board of County Commissioners within 31 days of the close of its fiscal year reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the state statute, it is the policy of the Clerk that the accounting period

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Other (continued)

be held open several days after the close of the fiscal year so that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Demand deposits	\$ 1,367,653
Petty cash and change funds	6,700
Local Government Surplus Funds Trust Fund	<u>1,509,205</u>
	<u>\$ 2,883,558</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Clerk's monies must be deposited in banks designated as qualified public depositories by the Florida Department of Insurance and State Treasurer. Therefore, the Clerk's total deposits are insured by the Florida Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, Florida Department of Insurance. The law requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 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 125%, 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 State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer. On a monthly basis, the State Treasurer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

Investments in the Local Government Surplus Funds Trust Fund are made pursuant to Chapter 125.31, Florida Statutes. The investments with the State Board of Administration are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

The Clerk invests funds throughout the year with the Local Government Surplus Trust Fund (SBA), an investment pool administered by the State Board of Administration under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA's portfolio at September 30, 2009. Local Government Surplus Funds Trust Fund Investments are considered to be in a Rule 2a-7 like pool and are reported, at amortized cost, as cash equivalents. On September 30, 2009, Standard & Poor's Ratings Services assigned the SBA "AAAm" principal stability funding rating. The weighted average number of days to maturity (WAM) of the SBA as of September 30, 2009 was 33 days.

The Clerk also has funds invested in the Fund B Surplus Trust Fund (Fund B). Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2009 was .54915069. As of September 30, 2009, the Clerk has \$104,585 invested in Fund B. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years.

NOTE 3 - PERSONNEL COMMITMENTS

Employees of the Clerk earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated annual leave and a portion of sick leave credits unused.

The following shows the change in compensated absences for the fiscal year ended September 30, 2009:

Accrued compensated absences - September 30, 2008	\$458,359
Leave earned by employees	62,809
Payments to employees	<u>(176,611)</u>
Accrued compensated absences - September 30, 2009	<u>\$344,557</u>

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

NOTE 4 - RETIREMENT PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 4 - RETIREMENT PLAN (continued)

normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The Clerk's office has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates, which include the health insurance subsidy contribution of 1.11%, are applied to employee salaries as follows: regular employees – 9.85%; senior management – 13.12%; drop – 10.91%; and elected officials – 16.53%. The Clerk's contributions made during the years ended September 30, 2009, 2008, and 2007 were \$367,885, \$370,097, and \$332,480, respectively, equal to the actuarially determined contribution requirements for each year. The Clerk has determined, in accordance with Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, that there was no pension liability before or at transition.

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, 2009 were as follows:

<u>Budget Appropriation</u>	The General Fund of the Clerk received payments from the Board of County Commissioners in the amount of \$3,589,475 for the year ended September 30, 2009.
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<u>Various Services</u>	The Board of County Commissioners provides various services to the Clerk. The charges for these services for the fiscal year ended September 30, 2009, amounted to \$569,069.
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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific revenue sources which by law are designated to finance particular functions or activities of the Clerk's office. The purpose of the individual funds is as follows:

Court Related Technology Modernization Trust Fund – This fund accounts for the recording fees used to fund court related technology information needs for the Clerk of Courts.

Court Operations Modernization Trust Fund – To account for retainage of 10 percent of all court-related fines collected by the Clerk to be used exclusively for additional Clerk court-related operational needs and program enhancements.

Teen Court Fund – To account for assessment of mandatory court costs for the operation and administration of the Highlands County Court Program per section 939.185(1)(a)4FS.

Court Services Fund – To account for state appropriated court related operations.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009**

	Court Related Technology Modernization Trust	Court Operations Modernization Trust	Teen Court Fund
ASSETS			
Cash and cash equivalents	\$ 29,045	\$ 26,051	\$ 12,356
Total Assets	\$ 29,045	\$ 26,051	\$ 12,356
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ -	\$ 1,748	\$ -
Due to other governmental units	-	-	-
Due to others	-	239	-
Accrued payroll and related liabilities	2,088	26	489
Deferred Revenue	-	-	-
Total Liabilities	2,088	2,013	489
Equity:			
Net Assets:			
Unreserved	-	-	-
Fund Balance:			
Reserved for public records modernization	26,957	24,038	-
Reserved for teen court	-	-	11,867
Total Fund Balances	26,957	24,038	11,867
Total Liabilities and Fund Balances	\$ 29,045	\$ 26,051	\$ 12,356

Court Services Fund	Total Nonmajor Governmental Funds
\$ 75,807	\$ 143,259
<u>\$ 75,807</u>	<u>\$ 143,259</u>

\$ 95	\$ 1,843
1,106	1,106
-	239
36,994	39,597
37,612	37,612
<u>75,807</u>	<u>80,397</u>

-	-
-	50,995
-	11,867
-	62,862
<u>\$ 75,807</u>	<u>\$ 143,259</u>

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009**

	Court Related Technology Modernization Trust	Court Operations Modernization Trust	Teen Court Fund
REVENUES:			
Miscellaneous revenues:			
Recording fees	\$ 115,782	\$ -	\$ -
Intergovernmental	-	-	-
Court related service charge	-	34,376	41,120
Total Revenues	115,782	34,376	41,120
EXPENDITURES:			
General Government:			
Financial and Administrative:			
Personal services	103,134	-	30,310
Operating expenditures	51,455	10,338	1,336
Capital outlay	1,069	-	-
Total Financial and Administrative	155,658	10,338	31,646
Court Related:			
Personal services	-	-	-
Operating expenditures	-	-	-
Total Court Related	-	-	-
Total Expenditures	155,658	10,338	31,646
Excess (Deficit) of Revenues Over (Under) Expenditures	(39,876)	24,038	9,474
OTHER FINANCING SOURCES (USES):			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(39,876)	24,038	9,474
FUND BALANCES - October 1, 2008	66,833	-	2,393
FUND BALANCES - September 30, 2009	\$ 26,957	\$ 24,038	\$ 11,867

Court Services Fund	Total Nonmajor Governmental Funds
\$ -	\$ 115,782
428,036	428,036
-	75,496
<u>428,036</u>	<u>619,314</u>
-	133,444
-	63,129
-	1,069
<u>-</u>	<u>197,642</u>
423,677	423,677
2,080	2,080
<u>425,757</u>	<u>425,757</u>
<u>425,757</u>	<u>623,399</u>
2,279	(4,085)
<u>(2,279)</u>	<u>(2,279)</u>
<u>(2,279)</u>	<u>(2,279)</u>
-	(6,364)
-	69,226
<u>\$ -</u>	<u>\$ 62,862</u>

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SERVICES FUND
For the Fiscal Year Ended September 30, 2009**

	Budget			Variance -
	Original	Final	Actual	Favorable
				(Unfavorable)
REVENUES:				
Miscellaneous revenues:				
Intergovernmental	\$ -	\$ 465,645	\$ 428,036	\$ (37,609)
Interest earnings	-	3	-	(3)
Total Revenues	-	465,648	428,036	(37,612)
EXPENDITURES:				
General Government:				
Court Related:				
Personal services	-	441,900	423,677	18,223
Operating expenditures	-	2,400	2,080	320
Total Expenditures	-	444,300	425,757	18,543
Excess of Revenues Over Expenditures	-	21,348	2,279	(19,069)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(21,348)	(2,279)	19,069
Total Other Financing Sources (Uses)	-	(21,348)	(2,279)	19,069
Net Change in Fund Balances	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

AGENCY FUNDS

The Clerk maintains the following Agency Funds:

Child Support – To account for child support and/or alimony payments collected by the Clerk and remitted to the appropriate recipients.

Suspense – Used by the Clerk to account for documentary stamp fees and recording fees, jury and witness payments and fines and forfeitures collected through the court system and remitted to other governmental agencies.

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
September 30, 2009**

	<u>Agency Funds</u>		
	<u>Child Support</u>	<u>Suspense</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 12,643	\$ 1,708,561	\$ 1,721,204
Accounts receivable	270	38	308
Due from other governmental units	-	1,607	1,607
Total Assets	\$ 12,913	\$ 1,710,206	\$ 1,723,119
LIABILITIES AND NET ASSETS			
Liabilities:			
Vouchers payable	\$ -	\$ 83,550	\$ 83,550
Due to others	12,913	218,963	231,876
Due to constitutional officers	-	87,420	87,420
Due to other governmental units	-	509,823	509,823
Deposits	-	810,450	810,450
Total Liabilities	\$ 12,913	\$ 1,710,206	\$ 1,723,119

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF
CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
CHILD SUPPORT FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,337,139	\$ 1,324,496	\$ 12,643
Accounts receivable	-	270	-	270
Due from others	-	19	19	-
Total Assets	\$ -	\$ 1,337,428	\$ 1,324,515	\$ 12,913
LIABILITIES				
Due to others	\$ -	\$ 1,337,894	\$ 1,324,981	\$ 12,913
Due to other governmental units	-	823	823	-
Total Liabilities	\$ -	\$ 1,338,717	\$ 1,325,804	\$ 12,913
SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 1,981,604	\$ 11,206,607	\$ 11,479,650	\$ 1,708,561
Accounts receivable	33	1,521	1,516	38
Due from other governmental units	1,652	10,194	10,239	1,607
Total Assets	\$ 1,983,289	\$ 11,218,322	\$ 11,491,405	\$ 1,710,206
LIABILITIES				
Vouchers payable	\$ 40,580	\$ 3,332,528	\$ 3,289,558	\$ 83,550
Due to others	328,246	889,868	999,151	218,963
Due to constitutional officers	81,553	1,081,608	1,075,741	87,420
Due to other governmental units	202,910	7,647,357	7,340,444	509,823
Deposits	1,330,000	601,560	1,121,110	810,450
Total Liabilities	\$ 1,983,289	\$ 13,552,921	\$ 13,826,004	\$ 1,710,206

(continued)

**CLERK OF THE COURTS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF
CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,981,604	\$ 12,543,746	\$ 12,804,146	\$ 1,721,204
Accounts receivable	33	1,791	1,516	308
Due from others	-	19	19	-
Due from other governmental units	1,652	10,194	10,239	1,607
Total Assets	\$ 1,983,289	\$ 12,555,750	\$ 12,815,920	\$ 1,723,119
LIABILITIES				
Vouchers payable	\$ 40,580	\$ 3,332,528	\$ 3,289,558	\$ 83,550
Due to others	328,246	2,227,762	2,324,132	231,876
Due to constitutional officers	81,553	1,081,608	1,075,741	87,420
Due to other governmental units	202,910	7,648,180	7,341,267	509,823
Deposits	1,330,000	601,560	1,121,110	810,450
Total Liabilities	\$ 1,983,289	\$ 14,891,638	\$ 15,151,808	\$ 1,723,119



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Robert W. Germaine
Clerk of the Courts
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund, court fund, public records modernization trust fund, other governmental funds, internal service fund, and aggregate agency fund information of the Clerk of the Courts of Highlands County, Florida (Clerk) as of and for the year ended September 30, 2009 and have issued our report thereon dated February 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Clerk in a separate letter dated February 11, 2010.

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

The NCT Group CPA's, LLP

February 11, 2010



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Honorable Robert W. Germaine
Clerk of Courts
Highlands County, Florida

We have audited the special-purpose financial statements of the Clerk of the Courts of Highlands County, Florida (Clerk), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated February 11, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 11, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

Section 10.554 (1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except for the items listed below under the heading Status of Prior Year Findings.

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

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554 (1)(i) 4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554 (1)(i)5., Rules of the Auditor General, provides that the auditor may, based upon professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we have the following recommendations:

STATUS OF PRIOR YEAR COMMENTS

08-01 – Distribution of Fines and Fees

Criteria:

The Clerk's office collects fines and fees and distributes those collections to other agencies based on allocation methodologies outlined in Florida Statutes and other regulatory guidelines.

Condition:

During our prior year audit testing, we noted one type of traffic fine where the distribution of the fine to certain agencies was not correctly calculated. During our current year audit we noted another type of traffic fine where the distribution was not correctly calculated.

Context:

Testing of internal controls over traffic receipts and distributions noted the differences. Of the various fines and fees tested, this finding was noted for one specific type of fine for the prior year, and another specific type of traffic fine in the current year.

Effect:

Amounts distributed to agencies who receive a portion of the fine were incorrectly calculated and remitted.

Cause:

The internal controls related to processing the transactions did not identify the allocation error.

Recommendation:

We recommend developing a process to review the allocation of fines and fees to ensure proper distribution is made.

Management Response:

Management concurs. The problem has been identified as a vendor issue and has been corrected in both the fee tables and in the accounting records. Procedures will be developed to ensure compliance prior to production implementation.

Section 10.554 (1) (i) 6., 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 the management letter, unless disclosed in the Notes to the financial statements. See Note 1 in the Notes to Special-Purpose Financial Statements.

Section 10.554(1)(i)8., Rules of the Auditor General requires a statement as to whether or not the Clerk of the Courts complied with Section 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with the requirements except as follows:

09-01 – Reporting of Performance Data

Criteria:

The Clerk of Courts Operations Corporation (Corporation) has developed performance standards for court-related functions. The standards are intended to provide an objective determination of the performance of each Clerk in accordance with standards established by the Corporation. The Clerk's office is required to report performance data to the Corporation.

Condition:

During our testing of data reported to the Corporation, we noted the number of new civil cases reported on the September 30, 2009 report, in total, was incorrect.

Context:

Data reported to the Corporation was tested in accordance with the Auditor General's Compliance Supplement.

Effect:

Data reported did not accurately reflect the Clerk's performance for the first half of the year, thus the total for the year was not accurately reflected. Approximately 50 new civil cases were not reported.

Cause:

Incorrect data was used in preparation of the report.

Recommendation:

We recommend developing a process so that a second individual reviews reports and supporting backup documentation before the reports are submitted to the Corporation.

Management Response:

Management concurs. The problem has been identified as a vendor issue and has been corrected. The error was reporting 44 fewer civil cases to CCOC (out of 20,835 total civil cases filed). This represents a .21% difference of total cases filed. Procedures have been developed to review and verify future vendor reports.

This letter is intended solely for the information and use of the Clerk, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties; however, this management letter is a public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPA's, LLP

February 11, 2010

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

September 30, 2009

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Susan Benton
Sheriff of Highlands County, Florida
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund, other governmental funds, internal service fund, and aggregate agency fund information of the Highlands County, Florida, Sheriff (Sheriff) as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Sheriff. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Sheriff and are not intended to present fairly the financial position and changes in financial position of Highlands County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, other governmental funds, internal service fund, and the aggregate agency fund information of the Sheriff as of September 30, 2009, and the changes in financial position of its general fund, other governmental funds, and internal service fund; budgetary comparison of its general fund and cash flows of its internal service fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund financial statements taken as a whole. The accompanying information identified in the Table of Contents as Combining Individual Fund Special-purpose Financial Statements and schedules are presented for the purpose of additional analysis and are not a required part of the fund financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the fund financial statements taken as a whole.

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.

The NCT Group CPA's, LLP

December 15, 2009

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS AND
INTERNAL SERVICE FUND
September 30, 2009**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 2,056,992	\$ 174,800	\$ 2,231,792
Accounts receivable	55,750	13,871	69,621
Due from other governmental units	1,567	-	1,567
Other assets	66,590	-	66,590
Total Assets	\$ 2,180,899	\$ 188,671	\$ 2,369,570
LIABILITIES AND FUND BALANCE			
Liabilities:			
Vouchers payable	\$ 126,089	\$ 971	\$ 127,060
Due to Board of County Commissioners	1,510,091	-	1,510,091
Accrued wages payable	306,565	1,460	308,025
Cafeteria deductions payable	62,231	-	62,231
Insurance deductions payable	5,862	-	5,862
County benefits payable	170,061	-	170,061
Accrued compensated absences payable	-	-	-
Total Liabilities	2,180,899	2,431	2,183,330
Equity:			
Net Assets:			
Unreserved	-	-	-
Fund Balance:			
Unreserved	-	186,240	186,240
Total Fund Balance	-	186,240	186,240
Total Liabilities and Fund Balance	\$ 2,180,899	\$ 188,671	\$ 2,369,570

See accompanying notes to financial statements.

**Governmental
Activities-
Internal Service
Fund Type**

\$ 1,897,911

-

-

-

\$ 1,897,911

\$ -

-

-

-

-

-

1,897,911

1,897,911

-

-

-

\$ 1,897,911

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended September 30, 2009**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Intergovernmental:			
Appropriation from Board of County Commissioners	\$ 28,406,690	\$ -	\$ 28,406,690
Miscellaneous revenues:			
Commissary sales	-	27,832	27,832
Interest earnings	4,580	-	4,580
Miscellaneous revenues	51,038	177,315	228,353
Total Revenues	28,462,308	205,147	28,667,455
EXPENDITURES:			
Court Related:			
Courthouse Security:			
Personal services	981,338	-	981,338
Operating expenditures	17,918	-	17,918
Total Court Related	999,256	-	999,256
Public Safety:			
Law Enforcement:			
Personal services	13,108,803	-	13,108,803
Operating expenditures	1,996,438	4,594	2,001,032
Capital outlay	910,719	-	910,719
Total Law Enforcement	16,015,960	4,594	16,020,554
Corrections and Detention:			
Personal services	8,284,477	93,049	8,377,526
Operating expenditures	1,603,909	137,287	1,741,196
Capital outlay	48,615	-	48,615
Total Corrections and Detention	9,937,001	230,336	10,167,337
Total Expenditures	26,952,217	234,930	27,187,147
Excess (Deficit) of Revenues Over Expenditures	1,510,091	(29,783)	1,480,308
OTHER FINANCING (USES):			
Unexpended budget balance reverting to			
Board of County Commissioners	(1,510,091)	-	(1,510,091)
Total Other Financing (Uses)	(1,510,091)	-	(1,510,091)
Excess (Deficit) of Revenues Over Expenditures and Other Financing (Uses)	-	(29,783)	(29,783)
FUND BALANCE - October 1, 2008	-	216,023	216,023
FUND BALANCE - September 30, 2009	\$ -	\$ 186,240	\$ 186,240

See accompanying notes to financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2009**

	General Fund			
	Budget			Variance - Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 26,559,169	\$ 28,945,241	\$ 28,406,690	\$ (538,551)
Miscellaneous revenues:				
Interest earnings	-	-	4,580	4,580
Miscellaneous revenues	-	66,350	51,038	(15,312)
Total Revenues	26,559,169	29,011,591	28,462,308	(549,283)
EXPENDITURES:				
Court Related:				
Courthouse Security:				
Personal services	1,045,401	1,035,465	981,338	54,127
Operating expenditures	25,392	25,392	17,918	7,474
Total Court Related	1,070,793	1,060,857	999,256	61,601
Public Safety:				
Law Enforcement:				
Personal services	12,480,520	13,448,920	13,108,803	340,117
Operating expenditures	2,428,531	3,045,496	1,996,438	1,049,058
Capital outlay	412,515	1,312,468	910,719	401,749
Total Law Enforcement	15,321,566	17,806,884	16,015,960	1,790,924
Corrections and Detention:				
Personal services	8,230,997	8,284,877	8,284,477	400
Operating expenditures	1,935,813	1,770,357	1,603,909	166,448
Capital outlay	-	88,616	48,615	40,001
Total Corrections and Detention	10,166,810	10,143,850	9,937,001	206,849
Total Expenditures	26,559,169	29,011,591	26,952,217	2,059,374
Excess of Revenues Over Expenditures	-	-	1,510,091	1,510,091
OTHER FINANCING (USES):				
Unexpended budget balance reverting to Board of County Commissioners	-	-	(1,510,091)	(1,510,091)
Total Other Financing (Uses)	-	-	(1,510,091)	(1,510,091)
Excess of Revenues Over Expenditures and Other Financing (Uses)	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities- Internal Service Fund Type
	Compensated Absences
OPERATING REVENUES	\$ -
OPERATING EXPENSES	-
Net Income	-
NET ASSETS - October 1, 2008	-
NET ASSETS - September 30, 2009	\$ -

See accompanying notes to financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities- Internal Service Fund Type
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payment from general fund	60,277
Net Cash Provided by Noncapital Financing Activities	60,277
Net increase in cash and cash equivalents	60,277
Cash and Cash Equivalents - October 1, 2008	1,837,634
Cash and Cash Equivalents - September 30, 2009	\$ 1,897,911
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Net cash provided by operating activities	\$ -

See accompanying notes to financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 174,840
Due from other governmental units	87
Accounts Receivable	4,814
Total Assets	\$ 179,741
LIABILITIES	
Vouchers payable	\$ 2,405
Due to others	58,042
Due to other governmental units	12,544
Deposits	106,750
Total Liabilities	\$ 179,741

See accompanying notes to financial statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter County established April 23, 1921 under the laws of Florida 1921, Chapter 8513. The Sheriff is one of six constitutional officers elected to serve within the County and receives a significant portion of her revenue from the Board of County Commissioners, Highlands County, Florida.

The financial statements contained herein represent the financial transactions of the Sheriff only. These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County, as a whole, which includes the funds of the Sheriff, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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 in the form of an appropriation. Any fees collected by the office in carrying out duties as Sheriff 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 accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. 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. Fund Accounting

The accounts of the Sheriff are organized on the basis of funds and account groups, 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 Sheriff's various funds and account groups is as follows:

MAJOR GOVERNMENTAL FUND

General Fund - The General Fund is the general operating fund of the Sheriff. The majority of the Sheriff's day-to-day operations are accounted for in this fund. It is used to account for all financial resources not required to be accounted for in another fund. Appropriations received from the Board of County Commissioners are recorded in this fund. Expenditures for general government services are paid through this fund.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

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

Management has elected to apply to the Proprietary Fund all Statements of Financial Accounting Standards and Interpretations issued on or before November 30, 1989 except for those that conflict with or contradict statements of *Government Accounting Standards*.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CAPITAL ASSETS

All capital assets purchased are recorded as expenditures in the general fund at the time of purchase. The Sheriff notifies the Board of County Commissioners of capital assets purchased and the original cost is recorded in the capital asset records of Highlands County as a whole. The Sheriff may not dispose of any capital assets in his custody. The Sheriff 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.

B. Measurement Focus

Governmental Fund Types - The General Fund and special revenue 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 undesignated fund balances (net current assets) are considered a measure of "available, spendable or appropriable resources." Governmental fund type 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 Types – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Fund Type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. 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 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 Sheriff 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. However, because the Sheriff acts on all budget changes between departments, this becomes the level of control.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Data (continued)

8. Formal budgetary integration is employed as a management control device during the year for all Governmental Fund Types.
9. 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).
10. All appropriations lapse at the close of the fiscal year.

E. 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 under the management of the State Board of Administration.

F. Investments

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

G. Compensated Absences

Employees of the Sheriff earn annual and sick leave in varying amounts. Upon retirement, death, resignation or separation in good standing, employees are eligible to receive payment at their current rate of pay 100% of accumulated annual leave.

There is no limit on the amount of sick leave that can be accumulated by an employee. The limit of lump-sum reimbursements of sick leave credits is based on years of continuous service. Employees with ten or more years' service upon termination of employment are eligible to receive payment of up to 2,080 hours of accumulated sick leave in varying percentage amounts up to 50% at their current rate of pay. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The entire liability for accrued compensated absences has been fully funded. The entire accrued liability for compensated absences is recorded. No liability has been recorded for the nonvesting accumulating rights to receive sick leave pay benefits.

Annual and sick leave credits for the Sheriff's Office employees have been fully funded and are recorded as an expenditure in the Internal Service Fund.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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 Fund types. Since any excess revenues over expenditures are returned to the Board of County Commissioners, no encumbrances are outstanding at fiscal year end.

I. 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 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.

J. Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

K. Other

Chapter 218, Florida Statutes, requires that the Sheriff make an annual report to the Board of County Commissioners within 31 days of the close of the fiscal year reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statutes, it is the policy of the Sheriff that the accounting period be held open several days after the close of the fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivable or payable, as applicable.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2009, consist of:

Demand deposits	\$4,270,798
Petty cash and change fund	2,242
Local Government Surplus Trust Fund	<u>31,503</u>
	<u>\$4,304,543</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

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 Sheriff's monies are deposited in banks designated as qualified public depositories by the Florida Department of Insurance and State Treasurer. Therefore, the Sheriff's total deposits are insured by the Florida Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, Florida Department of Insurance. The law requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks' and savings associations' procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 50% 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 125%, 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 State Treasurer or with the approval of the State Treasurer, to a bank, savings association or trust company provided a power of attorney is delivered to the State Treasurer. On a monthly basis, the State Treasurer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

Investments in the Local Government Surplus Funds Trust Fund are made pursuant to Chapter 125.31, Florida Statutes. The investments with the State Board of Administration are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The Sheriff invests funds throughout the year with the Local Government Surplus Trust Fund (SBA), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA's portfolio at September 30, 2009. Local Government Surplus Funds Trust Fund Investments are considered to be in a Rule 2a7-like pool and are reported, at amortized cost, as cash equivalents. On September 30, 2009, Standard and Poor's Ratings Services assigned the SBA "AAAm" principal stability funding rating. The weighted average days to maturity (WAM) of the SBA at September 30, 2009 were 33 days.

The Sheriff also has funds invested in the Fund B Surplus Trust Fund (Fund B). Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2009 was .54915069. As of September 30, 2009, the Sheriff has \$27,854 invested in Fund B. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 3 - PERSONNEL COMMITMENTS

Employees of the Sheriff earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated leave credits unused. Employees are also paid for accumulated sick leave benefits at varying amounts based on years of service. The cash benefit of these compensated absences is determined by multiplying the employee's current wage rate by the number of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2009:

Compensated absences - September 30, 2008	\$ 1,837,634
Leave earned by employees	1,400,392
Payments to employees	<u>(1,340,115)</u>
Compensated absences - September 30, 2009	<u>\$ 1,897,911</u>

The Sheriff is obligated to make available to retired employees the option to maintain coverage with the County group health insurance plan. The County incurs no cost for this as the retired employee makes monthly payments to the County for this insurance, unless otherwise required by law.

NOTE 4 - PENSION PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a five percent reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The Sheriff's office has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT
September 30, 2009**

NOTE 4 - PENSION PLAN (continued)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates, which include the health insurance subsidy contribution of 1.11%, are applied to employee salaries as follows: regular employees – 9.85%; special risk employees – 20.92%; senior management – 13.12%; drop program – 10.91%; and elected officials – 16.53%.

The Sheriff's contributions made during the years ended September 30, 2009, 2008, and 2007 were \$2,727,503, \$2,612,515 and \$2,415,910, respectively, equal to the actuarially determined contribution requirements for each year. The Sheriff has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

NOTE 5 – DEFINED CONTRIBUTION PENSION 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, 2009 was 3%. There were no employee contributions. Contributions to the Plan for fiscal years ended September 30, 2009, 2008 and 2007 were \$31,149, \$29,698 and \$33,561, 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, 2009, were as follows:

<u>Budget Appropriation</u>	The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$28,406,690 for the year ended September 30, 2009. Excess fees payable to the Board at September 30, 2009 was \$1,510,091.
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<u>Various Services</u>	The Board of County Commissioners provides various services to the Sheriff. The charges for these services for the fiscal year ended September 30, 2009, amounted to \$2,356,781.
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NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Sheriff 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 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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific revenue sources which by law are designated to finance particular functions or activities of the Sheriff's office. The purpose of the individual funds is depicted as follows:

Community Donations Fund – To account for public donations received by the Sheriff's office.

Inmate Welfare Fund – To account for the commissary operated at the County jail. Revenues are provided by sales of products such as candy, cigarettes and toothpaste to the inmates. Profits from these sales can only be spent on educational and vocational training for the inmates.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009**

	Special Revenue Funds		
	Community Donation Fund	Inmate Welfare Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,609	\$ 170,191	\$ 174,800
Accounts receivable	-	13,871	13,871
Total Assets	\$ 4,609	\$ 184,062	\$ 188,671
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ -	\$ 971	\$ 971
Due to other governmental units	-	-	-
Accrued wages payable	-	1,460	1,460
Total Liabilities	-	2,431	2,431
Equity:			
Net Assets:			
Unreserved	-	-	-
Fund Balance:			
Unreserved	4,609	181,631	186,240
Total Fund Balances	4,609	181,631	186,240
Total Liabilities and Fund Balances	\$ 4,609	\$ 184,062	\$ 188,671

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009**

	Special Revenue Funds		
	Community Donation Fund	Inmate Welfare Fund	Total Nonmajor Governmental Funds
REVENUES:			
Miscellaneous revenues:			
Commissary sales	\$ -	\$ 27,832	\$ 27,832
Miscellaneous revenues	3,335	173,980	177,315
Total Revenues	3,335	201,812	205,147
EXPENDITURES:			
Public Safety:			
Law Enforcement:			
Operating expenditures	4,594	-	4,594
Total Law Enforcement	4,594	-	4,594
Corrections and Detention:			
Personal services	-	93,049	93,049
Operating expenditures	-	137,287	137,287
Total Corrections and Detention	-	230,336	230,336
Total Expenditures	4,594	230,336	234,930
Excess (Deficit) of Revenues Over Expenditures	(1,259)	(28,524)	(29,783)
FUND BALANCES - October 1, 2008	5,868	210,155	216,023
FUND BALANCES - September 30, 2009	\$ 4,609	\$ 181,631	\$ 186,240

AGENCY FUNDS

These funds are used to account for assets held by the Sheriff as an agent for individuals, other governmental units and/or other funds.

Inmate – To account for monies collected from inmates who have money in their possession at the time of their arrest and subsequent incarceration.

Cash Bonds – To account for cash appearance bonds. These funds are maintained until disposition is ordered by the court.

Unclaimed Evidence – To account for monies seized by law enforcement. These funds are maintained until final determination by the court.

Individual Depositors – To account for fees charged to serve civil process. Fees are collected and held until service is complete and then remitted to other governmental agencies.

Suspense – To account for fees and court ordered payments collected for various agencies. These funds are remitted to the County or other governmental agencies.

SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009

	Agency Funds			
	<u>Inmates</u>	<u>Cash Bond</u>	<u>Unclaimed Evidence</u>	<u>Individual Depositors</u>
ASSETS				
Cash and cash equivalents	\$ 10,909	\$ 106,750	\$ 52,963	\$ 2,610
Due from other governmental units	-	-	-	-
Accounts receivable	4,814	-	-	-
Total Assets	\$ 15,723	\$ 106,750	\$ 52,963	\$ 2,610
LIABILITIES				
Vouchers payable	\$ 2,405	\$ -	\$ -	\$ -
Due to others	2,469	-	52,963	2,610
Due to other governmental units	10,849	-	-	-
Deposits	-	106,750	-	-
Total Liabilities	\$ 15,723	\$ 106,750	\$ 52,963	\$ 2,610

<u>Suspense</u>	<u>Total</u>
\$ 1,608	\$ 174,840
87	87
-	4,814
<u>\$ 1,695</u>	<u>\$ 179,741</u>

\$ -	\$ 2,405
-	58,042
1,695	12,544
-	106,750
<u>\$ 1,695</u>	<u>\$ 179,741</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN NET ASSETS
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
INMATES				
ASSETS				
Cash and cash equivalents	\$ 21,107	\$ 351,746	\$ 361,944	\$ 10,909
Accounts receivable	-	4,814	-	4,814
Total Assets	\$ 21,107	\$ 356,560	\$ 361,944	\$ 15,723

LIABILITIES				
Vouchers payable	\$ -	\$ 2,405	\$ -	\$ 2,405
Due to others	6,400	357,900	361,831	2,469
Due to other governmental units	14,707	9	3,867	10,849
Total Liabilities	\$ 21,107	\$ 360,314	\$ 365,698	\$ 15,723

CASH BOND				
ASSETS				
Cash and cash equivalents	\$ 94,600	\$ 358,608	\$ 346,458	\$ 106,750
Total Assets	\$ 94,600	\$ 358,608	\$ 346,458	\$ 106,750

LIABILITIES				
Vouchers payable	\$ -	\$ 412,006	\$ 412,006	\$ -
Deposits	94,600	434,906	422,756	106,750
Total Liabilities	\$ 94,600	\$ 846,912	\$ 834,762	\$ 106,750

UNCLAIMED EVIDENCE				
ASSETS				
Cash and cash equivalents	\$ 42,473	\$ 301,653	\$ 291,163	\$ 52,963
Total Assets	\$ 42,473	\$ 301,653	\$ 291,163	\$ 52,963

LIABILITIES				
Due to others	\$ 42,473	\$ 357,511	\$ 347,021	\$ 52,963
Total Liabilities	\$ 42,473	\$ 357,511	\$ 347,021	\$ 52,963

(continued)

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN NET ASSETS
ALL AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and cash equivalents	\$ 6,780	\$ 101,994	\$ 106,164	\$ 2,610
Total Assets	\$ 6,780	\$ 101,994	\$ 106,164	\$ 2,610
LIABILITIES				
Vouchers payable	\$ -	\$ 115,505	\$ 115,505	\$ -
Due to others	6,780	111,335	115,505	2,610
Total Liabilities	\$ 6,780	\$ 226,840	\$ 231,010	\$ 2,610
SUSPENSE				
ASSETS				
Cash and cash equivalents	\$ 2,634	\$ 931,546	\$ 932,572	\$ 1,608
Accounts receivable	-	400	400	-
Due from other governmental units	1,211	3,326	4,450	87
Total Assets	\$ 3,845	\$ 935,272	\$ 937,422	\$ 1,695
LIABILITIES				
Vouchers payable	\$ 3,845	\$ 934,660	\$ 938,505	\$ -
Due to other governmental units	-	936,887	935,192	1,695
Total Liabilities	\$ 3,845	\$ 1,871,547	\$ 1,873,697	\$ 1,695
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 167,594	\$ 2,045,547	\$ 2,038,301	\$ 174,840
Due from other governmental units	1,211	3,326	4,450	87
Accounts receivable	-	5,214	400	4,814
Total Assets	\$ 168,805	\$ 2,054,087	\$ 2,043,151	\$ 179,741
LIABILITIES				
Vouchers payable	\$ 3,845	\$ 1,464,576	\$ 1,466,016	\$ 2,405
Due to others	55,653	826,746	824,357	58,042
Due to other governmental units	14,707	936,896	939,059	12,544
Deposits	94,600	434,906	422,756	106,750
Total Liabilities	\$ 168,805	\$ 3,663,124	\$ 3,652,188	\$ 179,741



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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Susan Benton
Sheriff of Highlands County, Florida
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund, other governmental funds, internal service fund, and aggregate agency fund information of the Sheriff of Highlands County, Florida (Sheriff), as of and for the year ended September 30, 2009 and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Sheriff in a separate letter dated November XX, 2009.

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

The NCT Group CPA's, LLP

December 15, 2009



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Honorable Susan Benton
Sheriff of Highlands County, Florida

We have audited the special-purpose financial statements of the Sheriff of Highlands County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated November XX, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and other matters. Disclosures in that report, which is dated December 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

Section 10.554 (1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

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

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554 (1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we have the following findings:

09-01: Internal Controls Over Payroll

Condition:

Payroll and related expenditures are a significant portion of the Sheriff's expenditures. During our testing of internal controls over the payroll cycle we noted the following:

- Two of 40 Payroll Action Forms tested were not signed by the Sheriff.
- Payroll Edit Reports are reviewed by the Finance Director before the final payroll is processed. However, the copies of the reports retained in the payroll records do not contain evidence of review or approval by the Finance Director.
- Employees in the Finance Department make changes in the accounting software to reflect employee pay rate and benefit changes. These employees are also responsible for entering employee time records and processing payroll.

Recommendation:

To strengthen internal control over the payroll process, we recommend the following:

- Only Personnel Action Forms containing the signature of the Sheriff should be used to make wage changes in the payroll system.
- Payroll Edit Reports should be reviewed before the payroll is finalized. Evidence of that review should be documented by signing the report.
- Responsibility for entering changes to employee data, including pay rate and benefit changes, should be transferred to the Human Resources Department.

Management Response:

- There currently is no policy in place that mandates the Sheriff's signature for Payroll Action Forms; however we agree that any changes or additions made to salary, wages, or benefits of employees should, and have been pre-empted by authorization by Sheriff via written correspondence. The PAF's will be signed by the Sheriff, Majors, Chief of Staff, or Human Resource Administrator, with the appropriate written authorization attached from the Sheriff to assure proper control.
- Agree: All payroll edit reports will continue to be reviewed by a member of the Finance Unit and will further be signed off and documented for each payroll that is processed.
- Agree: Responsibility for entering changes to employee data, including pay rate and benefit changes will be transferred to the Human Resources Unit to assure appropriate separation of duties and assure maximum control.

Management concurs with all findings and will set forth procedures to rectify control issues with each condition.

Section 10.554 (1)(i)6., 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.

This letter is intended solely for the information of the Sheriff, management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties; however, this management letter is a public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPA's, LLP

December 15, 2009

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

September 30, 2009

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Charles L. Bryan
Tax Collector
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund, internal service fund and aggregate agency fund information of the Tax Collector of Highlands County, Florida (Collector) as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with and on the basis of accounting practices specified by the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Collector and are not intended to present fairly the financial position and changes in financial position of Highlands County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, internal service fund and the aggregate agency fund information of the Collector as of September 30, 2009, the changes in financial position of the general fund and internal service fund, cash flows of its internal service fund, and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2010 on our consideration of the Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund financial statements taken as a whole. The accompanying information identified in the table of contents as combining individual fund special-purpose financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the fund financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the fund financial statements taken as a whole.

This report is intended solely for the information and use of the 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.

The NCT Group CPA's, L.L.P.

January 20, 2010

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUND AND
INTERNAL SERVICE FUND
September 30, 2009**

	Governmental Fund Type	Governmental Activities- Internal Service Fund Type
	General Fund	Compensated Absences
ASSETS		
Cash and cash equivalents	\$ 1,021,694	\$ 179,167
Accounts receivable, net	303	-
Total Assets	\$ 1,021,997	\$ 179,167
LIABILITIES AND FUND BALANCE		
Liabilities:		
Vouchers payable	\$ 34,223	\$ -
Due to other governmental units	46,724	-
Due to Board of County Commissioners	857,903	-
Accrued wages payable	26,734	-
Deferred revenue	56,413	-
Accrued compensated absences payable	-	179,167
Total Liabilities	1,021,997	179,167
Equity:		
Net Assets:		
Unreserved	-	-
Fund Balance:		
Unreserved	-	-
Total Equity	-	-
Total Liabilities and Fund Balance	\$ 1,021,997	\$ 179,167

See accompanying notes to financial statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2009**

	General Fund			Variance -
	Budget		Actual	Favorable
	Original	Final		(Unfavorable)
REVENUES:				
Charges for services:				
Commissions from:				
Board of County Commissioners	\$1,825,412	\$1,825,412	\$ 2,048,778	\$ 223,366
South Florida Water Management District	18,882	18,882	21,622	2,740
Southwest Florida Water Management District	61,532	61,532	69,963	8,431
Other taxing districts	121,189	121,189	140,980	19,791
Other fees	590,560	590,560	1,032,976	442,416
Total Charges for Services	2,617,575	2,617,575	3,314,319	696,744
Miscellaneous revenues:				
Interest earnings	5,000	5,000	214	(4,786)
Other miscellaneous revenues	23,315	23,315	49,208	25,893
Total Miscellaneous Revenues	28,315	28,315	49,422	21,107
Total Revenues	2,645,890	2,645,890	3,363,741	717,851
EXPENDITURES:				
General government:				
Financial and administrative:				
Personal services	2,035,261	1,884,907	1,773,205	111,702
Operating expenses	535,563	661,282	661,275	7
Capital outlay	-	24,635	24,634	1
Total Expenditures	2,570,824	2,570,824	2,459,114	111,710
Excess (Deficit) of Revenues Over Expenditures	75,066	75,066	904,627	829,561
OTHER FINANCING (USES):				
Transfer of excess fees	-	-	(904,627)	(904,627)
Unbudgeted excess fees	(75,066)	(75,066)	-	75,066
Total Other Financing (Uses)	(75,066)	(75,066)	(904,627)	(829,561)
Excess Revenues Over Expenditures and				
Other Financing (Uses)	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities- Internal Service Fund Type Compensated Absences
<hr/>	
OPERATING REVENUES:	
Other miscellaneous revenues	\$ 2,470
Total Operating Revenues	2,470
<hr/>	
OPERATING EXPENSES:	
Compensated absence expense	2,696
Total Operating Expenses	2,696
<hr/>	
Loss from Operations	(226)
<hr/>	
NONOPERATING REVENUES:	
Interest earnings	226
Total Nonoperating Revenues	226
<hr/>	
Change in Net Assets	-
<hr/>	
Net Assets - October 1, 2008	-
Net Assets September 30, 2009	\$ -
<hr/>	

See accompanying notes to financial statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities- Internal Service Fund Type Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES:	
Payment to general fund - net	\$ (2,696)
Payments to employees - net	(64)
Net Cash Used By Operating Activities	(2,760)
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest received	226
Net Cash Provided By Investment Activities	226
Net decrease in cash and cash equivalents	(2,534)
Cash and Cash Equivalents - October 1, 2008	181,701
Cash and Cash Equivalents - September 30, 2009	\$ 179,167
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (226)
Decrease in accrued compensated absences payable	(2,534)
Net Cash Used By Operating Activities	\$ (2,760)

See accompanying notes to financial statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,716,641
Accounts receivable, net	1,879
Total Assets	\$ 1,718,520
LIABILITIES	
Vouchers payable	\$ 8,428
Due to other governmental units	1,275,481
Due to others	434,611
Total Liabilities	\$ 1,718,520

See accompanying notes to financial statements.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

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**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter County established under the Constitution and laws of the State of Florida. The Tax Collector (Collector) is one of six constitutional officers elected to serve within the County and receives a significant portion of revenue through the fees and commissions that are generated by the Collector's office pursuant to the provisions of Section 192.091, Florida Statutes. These financial statements present all fund types and account groups of the Collector and are not meant to represent Highlands County, Florida, as a whole.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which include the funds of the Collector, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Collector is elected every four years to serve as the public official charged with the responsibility for collecting and disbursing ad valorem taxes for the County as well as various other taxes and licenses. Additional duties of the Collector include motor vehicle and mobile home registrations, vessel registrations and yard sales permits.

The Collector is a "fee" officer in that operating revenues are received based upon the services rendered to the various taxing governmental units within the County as well as the general public. 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 Collector during the year bear to the total payments received from all taxing units.

The accounting policies of the Collector conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Collector are organized on the basis of funds and account groups, 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 Collector's various funds and account groups is as follows:

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting (continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Collector. The majority of the 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 for through this fund.

PROPRIETARY FUNDS

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

Management has elected to apply to the Proprietary Fund all Statements of Financial Accounting Standards and Interpretations issued on or before November 30, 1989 except for those that conflict with or contradict statements of *Government Accounting Standards*.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CAPITAL ASSETS

The Collector does not maintain capital assets. All capital assets purchased are recorded in the General Fund at the time of purchase. The Collector notifies the Board of County Commissioners of capital assets purchased and the original cost is recorded in the General Fixed Assets Account Group of the Board of County Commissioners. The Collector may not dispose of any capital assets in his custody. The Collector must notify the Board of County Commissioners when a moveable asset is obsolete, the continued use is uneconomical or inefficient or it serves no useful function. It is the responsibility of the Board of County Commissioners to dispose of these assets in accordance with state statutes.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus

Governmental Fund Types - 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 undesignated fund balances (net current assets) are considered a measure of "available, spendable or appropriable resources." Governmental fund type 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 Types - The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by the Proprietary Fund Type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets and Budgetary Accounting

The following are the procedures followed in establishing the budget for the Collector's office:

1. On or before August 1 of each year, the 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.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting (continued)

2. The 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 Fund Types.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

E. Cash and Cash Equivalents

Cash and cash equivalents is cash on hand as well as demand deposits and investments in the Local Government Surplus Funds Trust Fund with original maturities of three months or less from the date of acquisition.

The 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 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.

F. Investments

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

G. Compensated Absences

Employees of the Collector earn annual and sick leave in varying amounts. Employees may accumulate annual leave credits in excess of the maximum of 30 days; however, annual leave credits earned in excess of 30 days which are not used by the close of business on December 31 of each calendar year shall be canceled. Upon terminal separation from the Collector's office, employees having six months of satisfactory, continuous and creditable service will receive payment for accrued annual leave up to 30 days at their current rate of pay. There is no limit on

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

the amount of sick leave that can be accumulated by employees of the Collector. The limit of lump-sum reimbursements of sick leave credits is based on years of continuous service. Employees of the Collector with ten or more years of creditable service with the Collector's office are fully vested for a maximum of 500 hours of unused sick leave credits at their current rate of pay.

H. Excess Fees

Section 218.36(2), Florida Statutes, requires that any excess of revenues over expenditures in the General Fund (excess fees) held by the 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 balances and the related receivable or liability is recorded as due to/from the Board of County Commissioners and other governmental units.

I. Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

J. Other

Section 218.36(1), Florida Statutes, requires that the Collector make an annual report to the Board of County Commissioners within 31 days of the close of the fiscal year reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the statutes, it is the policy of the Collector that the accounting records be held open several days after the close of the fiscal year so that all receipts and expenditures applicable to the fiscal year can be recorded in the records.

The financial statements prepared on a generally accepted accounting principles basis reflect any receipts or disbursements made after the close of the fiscal year as receivable or payable, as applicable.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the Collector had cash and cash equivalents as follows:

Petty cash and change funds	\$ 8,306
Demand deposits	<u>2,909,196</u>
	<u>\$2,917,502</u>

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. At year end, the government's deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

The Collector has an account with the Local Government Surplus Funds Trust Fund, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. After January 1, 2008 the only amounts invested in the SBA were amounts liquidated in Fund B, which is described below. After January 1, 2008 the Collector did not deposit any additional funds in the SBA, and funds transferred from Fund B to the SBA were moved to other cash accounts. Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA's portfolio at September 30, 2009. Local Government Surplus Trust Fund investments are considered to be in a Rule 2a7-like pool and are reported at amortized cost as cash equivalents. On September 30, 2009, Standard and Poor's Ratings Services assigned the SBA "AAAm" principal stability funding rating. The weighted average days to maturity (WAM) of the SBA at September 30, 2009 were 33 days.

The Collector also has funds invested in the Fund B Surplus Trust Fund (Fund B). Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2009 was .54915069. As of September 30, 2009, the Collector has \$8,843 invested in Fund B. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years.

NOTE 3 - PERSONNEL COMMITMENTS

The following shows the change in compensated absences for the fiscal year ended September 30, 2009:

Compensated absences – September 30, 2008	\$181,701
Leave used by employees	(2,470)
Payments to employees	<u>(64)</u>
Compensated absences – September 30, 2009	<u>\$179,167</u>

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 3 - PERSONNEL COMMITMENTS (continued)

Post-Employment Benefits

The Collector is obligated to make available to retired employees the option to maintain coverage with the County group health and life insurance plan. The Collector incurs no cost for this as the retired employee makes monthly payments to the Board of County Commissioners for his or her health and life insurance premiums.

NOTE 4 - PENSION PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The Collector's office has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates which include the health insurance subsidy contribution of 1.11% are applied to employee salaries as follows: regular employees – 9.85%, senior management – 13.12%, drop - 10.91%, and elected officials - 16.53%. The Collector's contributions made during the years ended September 30, 2009, 2008 and 2007 were \$145,612, \$149,687 and \$143,384, respectively, equal to the actuarially determined contribution requirements for each year. The Collector has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 5 - CONTINGENCIES

The Collector is a defendant in various lawsuits concerning assessment and collection of prior years' ad valorem and non-ad valorem taxes on real property located in Highlands County, Florida, as of September 30, 2009. The outcome of these matters turn upon disputed questions of property tax values. As of September 30, 2009, based on management's opinion, it does not appear the Collector's assets will be affected, and consequently, no provision has been made in any of the funds for any liability that might arise from these claims.

FIDUCIARY FUNDS

The Collector maintains the following Fiduciary Funds:

Agency Funds:

Tag Agency

Used by the Collector to account for motor vehicle and vessel registrations, title transfer fees and sales tax remitted to the State of Florida.

Tax and License

Used by the 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 Collector to account for collection of redeemed tax certificates issued in connection with delinquent ad valorem and non-ad valorem taxes and tangible taxes and remittance to certificate holders.

Special Payroll

Used by the Collector to account for payroll deductions withheld from the Collector's employees for remittance to other governmental agencies and benefits paid on behalf of employees by the Collector.

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
September 30, 2009**

	Tag Agency	Tax and License	Tax Redemption	Special Payroll	Total
ASSETS					
Cash and cash equivalents	\$ 97,289	\$ 1,186,768	\$ 432,584	\$ -	\$ 1,716,641
Accounts receivable, net	1,879	-	-	-	1,879
Total Assets	\$ 99,168	\$ 1,186,768	\$ 432,584	\$ -	\$ 1,718,520
LIABILITIES					
Vouchers payable	\$ 133	\$ 8,295	\$ -	\$ -	\$ 8,428
Due to other governmental units	97,151	1,178,330	-	-	1,275,481
Due to others	1,884	143	432,584	-	434,611
Total Liabilities	\$ 99,168	\$ 1,186,768	\$ 432,584	\$ -	\$ 1,718,520

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
TAG AGENCY				
ASSETS				
Cash and cash equivalents	\$ 136,890	\$ 8,901,868	\$ 8,941,469	\$ 97,289
Accounts receivable, net	1,840	10,601	10,562	1,879
Total Assets	\$ 138,730	\$ 8,912,469	\$ 8,952,031	\$ 99,168

LIABILITIES				
Vouchers payable	\$ 211	\$ 15,840	\$ 15,918	\$ 133
Due to other governmental units	138,259	8,852,091	8,893,199	97,151
Due to others	260	38,742	37,118	1,884
Total Liabilities	\$ 138,730	\$ 8,906,673	\$ 8,946,235	\$ 99,168

TAX AND LICENSE				
ASSETS				
Cash and cash equivalents	\$ 1,176,851	\$ 158,266,760	\$ 158,256,843	\$ 1,186,768
Accounts receivable, net	17,978	-	17,978	-
Total Assets	\$ 1,194,829	\$ 158,266,760	\$ 158,274,821	\$ 1,186,768

LIABILITIES				
Vouchers payable	\$ 4,426	\$ 610,626	\$ 606,757	\$ 8,295
Due to other governmental units	1,190,101	113,333,728	113,345,499	1,178,330
Due to others	302	510,920	511,079	143
Total Liabilities	\$ 1,194,829	\$ 114,455,274	\$ 114,463,335	\$ 1,186,768

TAX REDEMPTION				
ASSETS				
Cash and cash equivalents	\$ 224,697	\$ 8,163,600	\$ 7,955,713	\$ 432,584
Accounts receivable, net	-			-
Total Assets	\$ 224,697	\$ 8,163,600	\$ 7,955,713	\$ 432,584

LIABILITIES				
Vouchers payable	\$ 4,134	\$ 34,838	\$ 38,972	\$ -
Due to others	220,563	8,166,485	7,954,464	432,584
Total Liabilities	\$ 224,697	\$ 8,201,323	\$ 7,993,436	\$ 432,584

(continued)

**TAX COLLECTOR
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (continued)
For the Fiscal Year Ended September 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
SPECIAL PAYROLL				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,565,772	\$ 1,565,772	\$ -
LIABILITIES				
Vouchers payable	\$ -	\$ 726,897	\$ 726,897	\$ -
Accrued payroll deductions and matching expense	-	835,495	835,495	-
Total Liabilities	\$ -	\$ 1,562,392	\$ 1,562,392	\$ -
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,538,438	\$ 176,898,000	\$ 176,719,797	\$ 1,716,641
Accounts receivable, net	19,818	10,601	28,540	1,879
Total Assets	\$ 1,558,256	\$ 176,908,601	\$ 176,748,337	\$ 1,718,520
LIABILITIES				
Vouchers payable	\$ 8,771	\$ 1,388,201	\$ 1,388,544	\$ 8,428
Due to other governmental units	1,328,360	122,185,819	122,238,698	1,275,481
Due to others	221,125	8,716,147	8,502,661	434,611
Accrued payroll deductions and matching expense	-	835,495	835,495	-
Total Liabilities	\$ 1,558,256	\$ 133,125,662	\$ 132,965,398	\$ 1,718,520



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Charles L. Bryan
Tax Collector
Highlands County, Florida

We have audited the financial statements of the Tax Collector of Highlands County, Florida (Collector) as of and for the year ended September 30, 2009 and have issued our report thereon dated January 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

The NCT Group CPAs, LLP

January 20, 2010



MANAGEMENT LETTER

Honorable Charles L. Bryan
Tax Collector
Highlands County, Florida

We have audited the special-purpose financial statements of the Tax Collector of Highlands County, Florida (Collector), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated January 20, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated January 20, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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 prior year report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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 the management letter unless disclosed in the notes to the financial statements. See Note 1 in the notes to financial statements.

This management letter is intended solely for the information of the Collector, management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPA's, LLP

January 20, 2010

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

September 30, 2009

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund and internal service fund of the Property Appraiser of Highlands County, Florida (Appraiser), as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Appraiser. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Appraiser and are not intended to present fairly the financial position and changes in financial position of Highlands County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the internal service fund of the Appraiser as of September 30, 2009, and the changes in financial position and budgetary comparison of its general fund and cash flows of its internal service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2010 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

The NCT Group CPAs, LLP

January 7, 2010

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND AND
INTERNAL SERVICE FUND
September 30, 2009**

	<u>Governmental Fund Type</u>	<u>Governmental Activities - Internal Service Fund Type</u>
	<u>General Fund</u>	<u>Compensated Absences</u>
ASSETS		
Cash and cash equivalents	\$ 377,276	\$ 583,939
Accounts receivable	54	-
Total Assets	\$ 377,330	\$ 583,939
LIABILITIES AND EQUITY		
Liabilities:		
Vouchers payable	\$ 18,523	\$ -
Accrued wages payable	29,881	-
Revenue collected in advance	328,926	-
Accrued compensated absences payable	-	583,939
Total Liabilities	377,330	583,939
Equity:		
Net Assets:		
Unreserved	-	-
Fund Balance:		
Unreserved	-	-
Total Equity	-	-
Total Liabilities and Fund Balance	\$ 377,330	\$ 583,939

See accompanying notes to financial statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND**

For the Fiscal Year Ended September 30, 2009

	General Fund			
	Budget			Variance - Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Intergovernmental:				
Appropriations from Board of County Commissioners	\$ 2,936,535	\$2,936,535	\$ 2,619,069	\$ (317,466)
South Florida Water Management District	15,252	15,252	13,603	(1,649)
Southwest Florida Water Management District	90,753	90,753	80,943	(9,810)
Total Intergovernmental Revenues	3,042,540	3,042,540	2,713,615	(328,925)
Miscellaneous revenues:				
Interest earnings	-	-	541	541
Other miscellaneous revenues	-	-	4,961	4,961
Total Miscellaneous Revenues	-	-	5,502	5,502
Total Revenues	3,042,540	3,042,540	2,719,117	(323,423)
EXPENDITURES:				
General government:				
Financial and administrative:				
Personal services	2,081,228	2,081,228	1,993,525	87,703
Operating expenditures	911,262	887,836	668,096	219,740
Capital outlay	50,050	73,476	57,496	15,980
Total Expenditures	3,042,540	3,042,540	2,719,117	323,423
Excess of Revenues Over Expenditures	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009

	Governmental Activities - Internal Service Fund Type
	Compensated Absences
OPERATING REVENUES	\$ -
OPERATING EXPENSES	-
Net Income	-
Net Assets - October 1, 2008	-
Net Assets - September 30, 2009	\$ -

See accompanying notes to financial statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities - Internal Service Fund Type
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payment from general fund, net	59,372
Net Cash Provided by Non-capital Financing Activities	59,372
Net increase in cash and cash equivalents	59,372
Cash and Cash Equivalents - October 1, 2008	524,567
Cash and Cash Equivalents - September 30, 2009	\$ 583,939
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Net cash provided by operating activities	\$ -

See accompanying notes to financial statements.

**PROPERTY APPRAISER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter county established April 23, 1921 under the laws of Florida 1921, Chapter 8513. The Property Appraiser of Highlands County, Florida (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, Highlands County, Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Appraiser, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The 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 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 Appraiser is responsible to ensure that all taxable tangible personal property is properly reflected on the tax rolls.

The 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 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 shall be divided among the various taxing governmental units in the same proportion as that particular unit's payments to the Appraiser during the year relates to the total payments from all taxing governmental units. These excess fees shall be applied as an advance payment to the ensuing year's total fees due.

The accounting policies of the Appraiser conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. 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. Fund Accounting

The accounts of the Appraiser are organized on the basis of fund types, 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 Appraiser's various funds and account groups is as follows:

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting (continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the 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 – Internal Service Fund is used to account for the accumulation of funded compensated absences.

Management has elected to apply to the Proprietary Fund all Statements of Financial Accounting Standards and Interpretations issued on or before November 30, 1989 except for those that conflict with or contradict statements of *Government Accounting Standards*.

Capital Assets - The Appraiser does not maintain capital assets. All capital assets purchased are recorded as expenditures in the General Fund at the time of purchase. The Appraiser notifies the Board of County Commissioners of capital assets purchased and the original cost is recorded in the capital assets records of the Board of County Commissioners. The Appraiser may not dispose of any capital assets in his custody. The Appraiser 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.

B. Measurement Focus

Governmental Fund Types - 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 their balance sheets. Their reported undesignated fund balances (net current assets) are considered a measure of "available, spendable or appropriable resources." Governmental fund type 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 APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus (continued)

Proprietary Fund Types - The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Fund Types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Appraiser's office:

1. On or before June 1 of each year, the Appraiser submits an annual budget for the operations of his office to the State of Florida, Department of Revenue (Department). A copy of his budget is also furnished to the Board of County Commissioners. After his budget has been reviewed and approved by the Department, it becomes his operating budget for the ensuing fiscal year.
2. The Appraiser's operating budget can only be amended after written approval has been received from the Department.
3. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. The Department of Revenue approves all transfers between appropriation categories, and this becomes the level of control for budgetary considerations.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Data (continued)

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.

E. Cash and Cash Equivalents

The 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 under the management of the State Board of Administration.

F. Investments

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

G. Revenue Collected in Advance

Revenues in the Governmental Fund Types which are measurable, but not available, are reported in accordance with the modified accrual basis of accounting as revenue collected in advance. The revenues collected in advance will be recognized as revenue in the fiscal year they become available.

Section 218.36(2), Florida Statutes, requires that any excess of revenues over expenditures held by the Appraiser shall be allocated to each governmental unit which was billed and paid for the operation of the Appraiser's office. This excess shall be treated as an advance on the following year's bill. Therefore, the excess of revenues over expenditures at the end of each fiscal year is reflected as advance payments reverting to taxing authorities on the balance sheet. As of September 30, 2009, there was \$328,926 collected in advance reflected in the accompanying financial statements.

H. Compensated Absences

Employees of the Appraiser earn annual and sick leave in varying amounts. Upon retirement, death, resignation, or separation in good standing, employees are eligible to receive payment at their current rate of pay 100% of accumulated annual leave.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences (continued)

There is no limit on the amount of sick leave that can be accumulated by employees of the Appraiser. The limit of lump-sum reimbursements of sick leave credits is based on years of continuous service. Employees of the Appraiser with ten or more years of continuous service are fully vested for sick leave. Upon termination of employment, these employees are eligible to receive payment for accumulated sick leave up to 500 hours at their current rate of pay.

In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The liability for accrued compensated absences has been budgeted for and fully funded by the General Fund.

I. Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting practices prescribed the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

J. Other

Section 218.36(1), Florida Statutes, requires that the Appraiser make an annual report to the Board of County Commissioners within 31 days of the close of his fiscal year reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statutes, it is the policy of the Appraiser that the accounting period be held open several days after the close of the fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared in accordance with accounting principles generally accepted in the United States reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Demand deposits	\$873,908
Petty cash and change funds	201
Local Government Surplus Funds Trust Fund	<u>87,106</u>
	<u>\$961,215</u>

The entire amount of the demand deposits is deposited in a State of Florida qualified depository and, therefore, is fully collateralized.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

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 Appraiser's monies must be deposited in banks designated as qualified public depositories by the Florida Department of Insurance and State Treasurer. Therefore, the Appraiser's total deposits are insured by the Florida Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, Florida Department of Insurance. The law requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 50% 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 125%, 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 State Treasurer or, with the approval of the State Treasurer, to a bank, savings association or trust company provided a power of attorney is delivered to the State Treasurer. On a monthly basis, the State Treasurer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

Investments in the Local Government Surplus Funds Trust Fund are made pursuant to Chapter 125.31, Florida Statutes. The investments with the State Board of Administration are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The Appraiser invests funds throughout the year with the Local Government Surplus Trust Fund (SBA), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA's portfolio at September 30, 2009.

Local Government Surplus Funds Trust Fund Investments are considered to be in a Rule 2a7-like pool and are reported, at amortized cost, as cash equivalents. On September 30, 2009, Standard and Poor's Ratings Services assigned the SBA "AAAm" principal stability funding rating. The weighted average days to maturity (WAM) of the SBA at September 30, 2009 was 33 days.

The Appraiser also has funds invested in the Fund B Surplus Trust Fund (Fund B). Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2009 was .54915069. As of September 30, 2009, the Appraiser has \$22,515 invested in Fund B. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 3 - PERSONNEL COMMITMENTS

Employees of the Appraiser earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated unused credits. The cash benefit of compensated absences is determined by multiplying the employee's current wage rate by the number of hours of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2009:

Compensated absences September 30, 2008	\$ 524,567
Leave earned by employees	176,568
Payments to employees	<u>(117,196)</u>
Compensated absences September 30, 2009	<u>\$ 583,939</u>

The Appraiser is obligated to make available to retired employees the option to maintain coverage with the County group health insurance plan. The County incurs no cost for this as the retired employee makes monthly payments to the County for this insurance.

NOTE 4 - PENSION PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The Appraiser's office has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

**PROPERTY APPRIASER
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 4 - PENSION PLAN (continued)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates, which include the health insurance subsidy contribution of 1.11%, are applied to employee salaries as follows: regular employees - 9.85%; senior management – 13.12%; drop – 10.91%; and elected officials – 16.53%. The Appraiser's contributions made during the years ended September 30, 2009, 2008 and 2007 were \$166,832, \$161,606 and \$154,709, respectively, equal to the actuarially determined contribution requirements for each year. The Appraiser has determined in accordance with GASB Statement No. 27 that there was no pension liability before or at transition.

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, 2009 were as follows:

Budget Appropriation - The General Fund of the Appraiser received revenue from the Board of County Commissioners in the amount of \$2,619,069 for the year ended September 30, 2009.

Various Services - The Board of County Commissioners provides various services to the Appraiser. The charges for these services for the fiscal year ended September 30, 2009 amounted to \$252,466.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund and internal service fund of the Property Appraiser of Highlands County, Florida (Appraiser), as of and for the year ended September 30, 2009 and have issued our report thereon dated January 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 or correct, misstatements 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.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Appraiser's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Appraiser in a separate letter dated January 7, 2010.

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

The NCT Group CPAs, LLP

January 7, 2010



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Honorable C. Raymond McIntyre
Property Appraiser
Highlands County, Florida

We have audited the special-purpose financial statements of the Property Appraiser of Highlands County, Florida (Appraiser), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated January 7, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated January 7, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

Section 10.554 (1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

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

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554 (1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we had the following findings:

Prior Year Findings and Recommendations

08-02: Segregation of Duties – Payroll

Criteria:

Segregation of duties divides responsibility in a transaction cycle to multiple individuals thereby reducing the risk of error or fraud.

Condition:

A fundamental concept of a system of internal controls is adequate segregation of duties. In the prior year we noted that the Appraiser's internal controls over payroll processing assigned one staff member responsibility for all aspects of payroll processing. During the current year we noted that the review process was not conducted consistently, and often the review was conducted several days after the payroll was completed.

Context:

Understanding of the internal control processes over payroll resulted in the finding.

Effect:

Misstatements in the financial statements may remain undetected.

Cause:

The Appraiser's small staff devoted to accounting functions results in the lack of segregation of duties.

Recommendation:

We recommend adopting procedures to ensure that payroll reports for each pay period are reviewed, and that they are reviewed in a timely manner.

Management Response:

As of January 6, 2010, either C. Raymond McIntyre, Highlands County Property Appraiser or Wanda Whitehouse, Administrative Director will sign off on all P.A.F. (Personal Action Forms) and verify all changes made to payroll per the pre calculation journal and deduction summary. He will review and approve the payroll to reduce any errors or misstatements in the financial statements that might normally be undetected with only one staff member involved in the payroll process.

Section 10.554 (1)(i)6., 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 Financial Statements.

This letter is intended solely for the information of the Appraiser, management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties; however, this letter is a public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPAs, LLP

January 7, 2010

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

September 30, 2009

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
September 30, 2009**

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The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Joe Campbell
Supervisor of Elections
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund and internal service fund of the Supervisor of Elections of Highlands County, Florida (Supervisor), as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Supervisor. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Supervisor and are not intended to present fairly the financial position and changes in financial position of Highlands County, Florida, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the internal service fund of the Supervisor as of September 30, 2009 and the changes in financial position and budgetary comparison of its general fund and cash flows of the internal service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2010 on our consideration of the Supervisor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Supervisor 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.

The NCT Group CPA's, LLP

January 14, 2010

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND AND
INTERNAL SERVICE FUND
September 30, 2009**

	<u>Governmental Fund Type</u>	<u>Governmental Activities- Internal Service Fund Type</u>
	<u>General Fund</u>	<u>Compensated Absences</u>
ASSETS		
Cash and cash equivalents	\$ 203,673	\$ 11,283
Due from other governments	20	-
Prepaid items	9,969	-
Total Assets	\$ 213,662	\$ 11,283
LIABILITIES AND EQUITY		
Liabilities:		
Vouchers payable	\$ 35,533	\$ -
Due to other constitutional officers	170,843	-
Accrued wages	7,286	-
Accrued compensated absences payable	-	11,283
Total Liabilities	213,662	11,283
Equity:		
Net Assets:		
Unreserved	-	-
Fund Balance:		
Unreserved	-	-
Total Equity	-	-
Total Liabilities and Fund Balance	\$ 213,662	\$ 11,283

See accompanying notes to financial statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2009**

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 821,227	\$ 861,648	\$ 855,148	\$ (6,500)
Total Revenues	821,227	861,648	855,148	(6,500)
EXPENDITURES:				
General government:				
Financial and administrative:				
Personal services	518,636	527,843	480,869	46,974
Operating expenditures	302,591	248,015	175,033	72,982
Capital Outlay	-	85,790	28,428	57,362
Total Financial and Administrative	821,227	861,648	684,330	177,318
Excess of Revenues Over Expenditures	-	-	170,818	170,818
OTHER FINANCING (USES):				
Unexpended budget balance reverting to Board of County Commissioners	-	-	(170,818)	(170,818)
Total Other Financing (Uses)	-	-	(170,818)	(170,818)
Excess of Revenues Over Expenditures and Other Financing (Uses)	-	-	-	-
FUND BALANCE - October 1, 2008	-	-	-	-
FUND BALANCE - September 30, 2009	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009

	Governmental Activities- Internal Service Fund Type
	Compensated Absences
OPERATING REVENUES	\$ -
OPERATING EXPENSES	-
Net Income	-
Net Assets - October 1, 2008	-
Net Assets - September 30, 2009	\$ -

See accompanying notes to financial statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 2009**

	Governmental Activities- Internal Service Fund Type
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payment to general fund	(1,023)
Net Cash Used by Noncapital Financing Activities	(1,023)
Net increase in cash and cash equivalents	(1,023)
Cash and Cash Equivalents - October 1, 2008	12,306
Cash and Cash Equivalents - September 30, 2009	\$ 11,283
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Net cash provided by operating activities	\$ -

See accompanying notes to financial statements.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highlands County is a non-charter County established on April 23, 1921, under the laws of the State of Florida 1921, Chapter 8513. The Supervisor of Elections (Supervisor) 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.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Supervisor, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Supervisor 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 is a "budget" officer in that all of the Supervisor's operating revenues are received from the Board of County Commissioners in the form of an appropriation. Any fees collected by the Supervisor in carrying out his duties are remitted to the Board at the end of each month. The Supervisor is also required to submit back to the Board any excess revenues over expenditures as of September 30 of each year.

The accounting policies of the Supervisor conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. 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. Fund Accounting

The accounts of the Supervisor are organized on the basis of fund types, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the Supervisor's various funds and account groups is as follows:

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting (continued)

GOVERNMENTAL FUND

General Fund - The General Fund is the general operating fund of the Supervisor. The majority of the Supervisor's day-to-day operations is 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 of County Commissioners are recorded in this fund. Expenditures for general governmental services are paid for through this fund.

PROPRIETARY FUND

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

Management has elected to apply to the Proprietary Fund all Statements of Financial Accounting Standards and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict statements of *Government Accounting Standards*.

CAPITAL ASSETS

The Supervisor does not maintain Capital Assets. All Capital Assets purchased are recorded as expenditures in the General Fund at the time of purchase. The Supervisor notifies the Board of County Commissioners of assets purchased and the original cost is recorded in the records of the Board of County Commissioners. The Supervisor may not dispose of any assets in his custody. The Supervisor is to notify the Board of County Commissioners of any unused or obsolete assets and it is the Board's responsibility to dispose of these assets in accordance with the applicable Florida Statutes.

B. Measurement Focus

Governmental Fund Type - General 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 undesignated fund balances (net current assets) are considered a measure of "available, spendable, or appropriable resources". Governmental fund type operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus (continued)

Proprietary Fund Type – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized by Proprietary Fund Types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Supervisor's office:

1. On or before June 1 of each year, the Supervisor shall submit to the Board of County Commissioners a tentative budget for the ensuing fiscal year.
2. Within fifteen 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.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Data (continued)

4. Within twenty 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 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. The Supervisor's 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 all Governmental Fund Types.
9. Annual appropriated budgets for the General Fund are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America.
10. All appropriations lapse at the close of the fiscal year.

E. Cash and Cash Equivalents

The Supervisor 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 under the management of the State Board of Administration.

F. Investments

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

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences

Employees of the Supervisor earn annual and sick leave in varying amounts. Upon retirement, death, resignation, or separation in good standing, employees are eligible to receive 100% of accumulated annual leave at their current rates of pay.

There is no limit on the amount of sick leave that can be accumulated by employees of the Supervisor. The limit of lump-sum reimbursements of sick leave credits is based on years of continuous service and accrual of sick leave hours. Employees of the Supervisor with ten or more years of continuous service are fully vested for sick leave. Upon termination of employment, these employees are eligible to receive payment for accumulated sick leave in varying percentage amounts up to 50% at their current rate of pay.

Annual and sick leave credits for the Supervisor have been fully funded and are recorded as an expenditure in the Governmental Fund Types.

H. 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 at the end of each fiscal year shall be remitted to the Board of County Commissioners. Therefore, the excess of revenues over expenditures in the General Fund at the end of each fiscal year is reflected as unexpended budget balance reverting to Board of County Commissioners on the statement of revenues, expenditures and changes in fund balance, and the related liability is included in due to constitutional officers.

I. Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting practices prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

J. Other

Section 218.36(2), Florida Statutes, requires that the Supervisor make an annual report to the Board of County Commissioners, within 31 days of the close of his fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statutes, it is the policy of the Supervisor that the accounting records be held open several days after the close of the fiscal year in order that

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Other (continued)

all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared in accordance with accounting principles generally accepted in the United States of America reflect any receipts or disbursements made after the close of the fiscal year as receivable or payable, as applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Demand deposits	\$ 130,282
Petty cash and change funds	150
Local government surplus trust fund	<u>84,524</u>
	<u>\$214,956</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Supervisor's monies must be deposited in banks designated as qualified public depositories by the Florida Department of Insurance and State Treasurer. Therefore, the Supervisor's total deposits are insured by the Florida Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, Florida Department of Insurance. The law requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 50% 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 125%, 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 State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer. On a monthly basis, the State Treasurer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

Investments in the Local Government Surplus Funds Trust Fund are made pursuant to Chapter 125.31, Florida Statutes. The investments with the State Board of Administration are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

The Supervisor invests funds throughout the year with the Local Government Surplus Trust Fund (SBA), an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Throughout the year and as of September 30, 2009, the SBA 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 1.2% of the SBA's portfolio at September 30, 2009. Local Government Surplus Funds Trust Fund Investments are considered to be in a Rule 2a7-like pool and are reported, at amortized cost, as cash equivalents. On September 30, 2009, Standard and Poor's Ratings Services assigned the SBA "AAAm" principal stability funding rating. The weighted average days to maturity (WAM) of the SBA as of September 30, 2009 was 33 days.

The Supervisor also has funds invested in the Fund B Surplus Trust Fund (Fund B). Fund B is accounted for as a fluctuating NAV pool. The Fair Value factor for September 30, 2009 was .54915069. As of September 30, 2009, the Supervisor has \$2,399 invested in Fund B. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years.

NOTE 3 - PERSONNEL COMMITMENTS

Employees of the Supervisor earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated unused credits. The cash benefit of compensated absences is determined by multiplying the employee's current wage rate by the number of hours of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2009:

Compensated absences - September 30, 2008	\$ 12,306
Leave earned by employees	17,321
Payments to employees	<u>(18,344)</u>
Compensated absences - September 30, 2009	<u>\$ 11,283</u>

The Supervisor is obligated to make available to retired employees the option to maintain coverage with the County group health insurance plan. The County incurs no cost for this as the retired employee makes monthly payments to the County for this insurance.

NOTE 4 - PENSION PLAN

All full-time employees are participants in the Florida Retirement System (System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Division of Retirement, is available to governmental units within the State of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

**SUPERVISOR OF ELECTIONS
HIGHLANDS COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2009**

NOTE 4 - PENSION PLAN (continued)

The Pension Plan provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to the Pension Plan.

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The Supervisor's office has no responsibility to the System other than to make the periodic payments required by the state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates, which include the health insurance subsidy contribution of 1.11%, are applied to employee salaries as follows: regular employees – 9.85%; senior management – 13.12%; drop – 10.91%; and elected officials – 16.53%. The Supervisor's contributions made during the years ended September 30, 2009, 2008 and 2007 were \$31,891, \$33,678, and \$33,981, respectively, equal to the actuarially determined contribution requirements for each year. The Supervisor has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

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, 2009, were as follows:

<u>Budget Appropriation</u>	The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$855,148 for the fiscal year ended September 30, 2009.
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<u>Various Services</u>	The Board of County Commissioners provides various services to the Supervisor. The charges for these services for the fiscal year ended September 30, 2009, amounted to \$42,730.
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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Joe Campbell
Supervisor of Elections
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund and internal service fund of the Supervisor of Elections of Highlands County, Florida (Supervisor), as of and for the year ended September 30, 2009 and have issued our report thereon dated January 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

The NCT Group CPA's, LLP

January 14, 2010



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Honorable Joe Campbell
Supervisor of Elections
Highlands County, Florida

We have audited the special-purpose financial statements of the general fund and internal service funds of the Supervisor of Elections, (Supervisor), Highlands County, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated January 14, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated January 14, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

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 prior year findings or recommendations.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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.

This letter is intended solely for the information of the Supervisor, management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties; however, this management letter is public record and its distribution is not limited.

We would like to take this opportunity to thank management and staff for their courtesy and cooperation extended to our representatives during the course of our audit.

The NCT Group CPA's, LLP

January 14, 2010