

**SHERIFF  
HIGHLANDS COUNTY, FLORIDA**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**September 30, 2007**

**SHERIFF**

**HIGHLANDS COUNTY, FLORIDA**

**September 30, 2007**

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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, 2007. 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 Highlands County, Florida, Sheriff as of September 30, 2007, 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.



**SHERIFF  
HIGHLANDS COUNTY, FLORIDA  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS AND  
INTERNAL SERVICE FUND  
September 30, 2007**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS AND OTHER DEBITS</b>			
Cash and cash equivalents	\$ 2,187,069	\$ 178,001	\$ 2,365,070
Accounts receivable	21,395	17,902	39,297
Due from other funds	-	2,907	2,907
Other assets	16,225	-	16,225
<b>Total Assets</b>	<b>\$ 2,224,689</b>	<b>\$ 198,810</b>	<b>\$ 2,423,499</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Vouchers payable	\$ 476,975	\$ 687	\$ 477,662
Due to Board of County Commissioners	1,319,788	-	1,319,788
Due to other governmental units	-	220	220
Accrued wages payable	195,534	884	196,418
Cafeteria deductions payable	56,093	-	56,093
Insurance deductions payable	6,177	-	6,177
County benefits payable	170,122	-	170,122
Accrued compensated absences payable	-	-	-
<b>Total Liabilities</b>	<b>2,224,689</b>	<b>1,791</b>	<b>2,226,480</b>
<b>Equity:</b>			
<b>Net Assets:</b>			
Unreserved	-	-	-
<b>Fund Balance:</b>			
Unreserved	-	197,019	197,019
<b>Total Fund Balance</b>	<b>-</b>	<b>197,019</b>	<b>197,019</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,224,689</b>	<b>\$ 198,810</b>	<b>\$ 2,423,499</b>

See accompanying notes to financial statements.

**Governmental  
Activities-  
Internal Service  
Fund Type**

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\$ 1,561,632  
-  
-  
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\$ 1,561,632

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1,561,632

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\$ 1,561,632

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**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, 2007**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
<b>Intergovernmental:</b>			
Appropriation from Board of County Commissioners	\$ 28,336,609	\$ -	\$ 28,336,609
<b>Miscellaneous revenues:</b>			
Commissary sales	-	31,933	31,933
Interest earnings	300,560	-	300,560
Miscellaneous revenues:	-	240,884	240,884
<b>Total Revenues</b>	<b>28,637,169</b>	<b>272,817</b>	<b>28,909,986</b>
<b>EXPENDITURES:</b>			
<b>Court Related:</b>			
<b>Courthouse Security:</b>			
Personal services	790,942	-	790,942
Operating expenditures	8,365	-	8,365
<b>Total Court Related</b>	<b>799,307</b>	<b>-</b>	<b>799,307</b>
<b>Public Safety:</b>			
<b>Law Enforcement:</b>			
Personal services	13,128,973	-	13,128,973
Operating expenditures	2,262,941	14,332	2,277,273
Capital outlay	1,509,802	-	1,509,802
Debt service	157,503	-	157,503
<b>Total Law Enforcement</b>	<b>17,059,219</b>	<b>14,332</b>	<b>17,073,551</b>
<b>Corrections and Detention:</b>			
Personal services	7,417,600	100,971	7,518,571
Operating expenditures	1,768,894	74,011	1,842,905
Capital outlay	90,449	32,064	122,513
Debt service	181,942	-	181,942
<b>Total Corrections and Detention</b>	<b>9,458,885</b>	<b>207,046</b>	<b>9,665,931</b>
<b>Total Expenditures</b>	<b>27,317,411</b>	<b>221,378</b>	<b>27,538,789</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>1,319,758</b>	<b>51,439</b>	<b>1,371,197</b>
<b>OTHER FINANCING (USES):</b>			
Unexpended budget balance reverting to Board of County Commissioners	(1,319,758)	-	(1,319,758)
<b>Total Other Financing (Uses)</b>	<b>(1,319,758)</b>	<b>-</b>	<b>(1,319,758)</b>
Excess (Deficit) of Revenues Over Expenditures and Other Financing (Uses)	-	51,439	51,439
<b>FUND BALANCE - October 1, 2006</b>	<b>-</b>	<b>145,580</b>	<b>145,580</b>
<b>FUND BALANCE - September 30, 2007</b>	<b>\$ -</b>	<b>\$ 197,019</b>	<b>\$ 197,019</b>

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, 2007**

	General Fund			
	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
<b>Intergovernmental:</b>				
Appropriation from Board of County Commissioners	\$ 27,101,777	\$ 28,336,609	\$ 28,336,609	\$ -
<b>Miscellaneous revenues:</b>				
Interest earnings	-	-	300,560	300,560
<b>Total Revenues</b>	<b>27,101,777</b>	<b>28,336,609</b>	<b>28,637,169</b>	<b>300,560</b>
<b>EXPENDITURES:</b>				
<b>Court Related:</b>				
<b>Courthouse Security:</b>				
Personal services	900,580	882,970	790,942	92,028
Operating expenditures	22,420	9,730	8,365	1,365
<b>Total Court Related</b>	<b>923,000</b>	<b>892,700</b>	<b>799,307</b>	<b>93,393</b>
<b>Public Safety:</b>				
<b>Law Enforcement:</b>				
Personal services	13,220,257	13,293,214	13,128,973	164,241
Operating expenditures	2,675,113	2,406,147	2,262,941	143,206
Capital outlay	506,525	1,681,706	1,509,802	171,904
Debt service	-	157,503	157,503	-
<b>Total Law Enforcement</b>	<b>16,401,895</b>	<b>17,538,570</b>	<b>17,059,219</b>	<b>479,351</b>
<b>Corrections and Detention:</b>				
Personal services	7,677,895	7,616,596	7,417,600	198,996
Operating expenditures	2,008,987	1,860,433	1,768,894	91,539
Capital outlay	-	246,368	90,449	155,919
Debt service	90,000	181,942	181,942	-
<b>Total Corrections and Detention</b>	<b>9,776,882</b>	<b>9,905,339</b>	<b>9,458,885</b>	<b>446,454</b>
<b>Total Expenditures</b>	<b>27,101,777</b>	<b>28,336,609</b>	<b>27,317,411</b>	<b>1,019,198</b>
<b>Excess of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>1,319,758</b>	<b>1,319,758</b>
<b>OTHER FINANCING (USES):</b>				
Unexpended budget balance reverting to Board of County Commissioners	-	-	(1,319,758)	(1,319,758)
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,319,758)</b>	<b>(1,319,758)</b>
Excess of Revenues Over Expenditures and Other Financing (Uses)	-	-	-	-
<b>FUND BALANCE - October 1, 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - September 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2007**

		<u>Governmental Activities- Internal Service Fund Type</u>
		<u>Compensated Absences</u>
<b>OPERATING REVENUES</b>	\$	-
<b>OPERATING EXPENSES</b>		-
<hr/>		
Net Income		-
<hr/>		
<b>NET ASSETS - October 1, 2006</b>		-
<b>NET ASSETS - September 30, 2007</b>	\$	-
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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, 2007**

	<b>Governmental Activities- Internal Service Fund Type</b>
	<b>Compensated Absences</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ -
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Payment from general fund	129,468
<b>Net Cash Provided by Noncapital Financing Activities</b>	129,468
Net increase in cash and cash equivalents	129,468
<b>Cash and Cash Equivalents - October 1, 2006</b>	1,432,164
<b>Cash and Cash Equivalents - September 30, 2007</b>	\$ 1,561,632
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ -
<b>Net cash provided by operating activities</b>	\$ -

See accompanying notes to financial statements.

**SHERIFF  
HIGHLANDS COUNTY, FLORIDA  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2007**

		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	208,345
Accounts receivable		320
<hr/>		
Total Assets	\$	208,665
<hr/>		
<b>LIABILITIES</b>		
Vouchers payable	\$	18,897
Due to others		55,841
Due to other funds		2,907
Due to other governmental units		37,170
Deposits		93,850
<hr/>		
Total Liabilities		208,665
<hr/>		
<b>NET ASSETS</b>	<b>\$</b>	<b>-</b>
<hr/>		

See accompanying notes to financial statements.

## **SHERIFF**

### **HIGHLANDS COUNTY, FLORIDA**

#### **NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**September 30, 2007**

##### **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 his 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 STATEMENTS

September 30, 2007

#### 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 STATEMENTS**

**September 30, 2007**

**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 Sheriff, 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 his budgeted revenues from the Board in monthly installments beginning in October.

**SHERIFF**

**HIGHLANDS COUNTY, FLORIDA**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets and Budgetary Data (continued)**

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.
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.

**SHERIFF**

**HIGHLANDS COUNTY, FLORIDA**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Compensated Absences (continued)**

Annual and sick leave credits for the Sheriff have been fully funded and are recorded as an expenditure in the Internal Service Fund.

**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 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 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.



**SHERIFF**

**HIGHLANDS COUNTY, FLORIDA**

**NOTES TO SPEICAL-PURPOSE FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, 2007, consist of:

Demand deposits	\$3,381,008
Petty cash and change fund	1,470
Local Government Surplus Trust Fund	<u>752,569</u>
	<u>\$4,135,047</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 Sheriff's monies must be 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.

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.

The Sheriff invests funds throughout the year with the Local Government Surplus Funds 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, 2007, 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 64.14% of the SBA's portfolio at September 30, 2007.

**SHERIFF**

**HIGHLANDS COUNTY, FLORIDA**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**September 30, 2007**

**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, 2007:

Compensated absences - September 30, 2006	\$1,432,164
Leave earned by employees	811,795
Payments to employees	<u>(682,327)</u>
Compensated absences - September 30, 2007	<u>\$1,561,632</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 STATEMENTS**

**September 30, 2007**

**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, 2007, 2006, and 2005 were \$2,415,910, \$1,883,035 and \$1,541,500, 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, 2007 was 3%. There were no employee contributions. Contributions to the plan for fiscal years ended September 30, 2007, 2006 and 2005 were \$33,561, \$0, and \$0 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, 2006, were as follows:

Budget Appropriation The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$28,336,609 for the year ended September 30, 2007.

Various Services The Board of County Commissioners provides various services to the Sheriff. The charges for these services for the fiscal year ended September 30, 2007, amounted to \$2,145,776.

## 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, 2007**

	<b>Special Revenue Funds</b>		
	<b>Community Donation Fund</b>	<b>Inmate Welfare Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,951	\$ 171,050	\$ 178,001
Accounts receivable	-	17,902	17,902
Due from other funds	-	2,907	2,907
<b>Total Assets</b>	<b>\$ 6,951</b>	<b>\$ 191,859</b>	<b>\$ 198,810</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Vouchers payable	\$ -	\$ 687	\$ 687
Due to other governmental units	-	220	220
Accrued wages payable	-	884	884
<b>Total Liabilities</b>	<b>-</b>	<b>1,791</b>	<b>1,791</b>
<b>Equity:</b>			
<b>Net Assets:</b>			
Unreserved	-	-	-
<b>Fund Balance:</b>			
Unreserved	6,951	190,068	197,019
<b>Total Fund Balances</b>	<b>6,951</b>	<b>190,068</b>	<b>197,019</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,951</b>	<b>\$ 191,859</b>	<b>\$ 198,810</b>

**SHERIFF  
HIGHLANDS COUNTY, FLORIDA  
SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2007**

	<b>Special Revenue Funds</b>		
	<b>Community Donation Fund</b>	<b>Inmate Welfare Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES:</b>			
<b>Miscellaneous revenues:</b>			
Commissary sales	-	31,933	31,933
Miscellaneous revenues	20,492	220,392	240,884
<b>Total Revenues</b>	<b>20,492</b>	<b>252,325</b>	<b>272,817</b>
<b>EXPENDITURES:</b>			
<b>Public Safety:</b>			
<b>Law Enforcement:</b>			
Operating expenditures	14,332	-	14,332
<b>Total Law Enforcement</b>	<b>14,332</b>	<b>-</b>	<b>14,332</b>
<b>Corrections and Detention:</b>			
Personal services	-	100,971	100,971
Operating expenditures	-	74,011	74,011
Capital outlay	-	32,064	32,064
<b>Total Corrections and Detention</b>	<b>-</b>	<b>207,046</b>	<b>207,046</b>
<b>Total Expenditures</b>	<b>14,332</b>	<b>207,046</b>	<b>221,378</b>
Excess (Deficit) of Revenues Over Expenditures	6,160	45,279	51,439
<b>FUND BALANCES - October 1, 2006</b>	<b>791</b>	<b>144,789</b>	<b>145,580</b>
<b>FUND BALANCES - September 30, 2007</b>	<b>6,951</b>	<b>190,068</b>	<b>197,019</b>

## 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.

### **Agency 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, 2007**

	Agency Funds			
	Inmates	Cash Bond	Unclaimed Evidence	Individual Depositors
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,787	\$ 109,350	\$ 52,505	\$ 21,353
Accounts receivable	-	-	-	-
Total Assets	\$ 21,787	\$ 109,350	\$ 52,505	\$ 21,353
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Vouchers payable	\$ -	\$ 15,500	\$ -	\$ -
Due to others	3,336	-	52,505	-
Due to other funds	2,907	-	-	-
Due to other governmental units	15,544	-	-	21,353
Deposits	-	93,850	-	-
Total Liabilities	21,787	109,350	52,505	21,353
<b>NET ASSETS</b>	\$ -	\$ -	\$ -	\$ -



<b>Suspense</b>		<b>Total</b>	
\$	3,350	\$	208,345
	320		320
<b>\$</b>	<b>3,670</b>	<b>\$</b>	<b>208,665</b>

\$	3,397	\$	18,897
	-		55,841
	-		2,907
	273		37,170
	-		93,850
	<b>3,670</b>		<b>208,665</b>

<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
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**SHERIFF  
HIGHLANDS COUNTY, FLORIDA  
SPECIAL-PURPOSE COMBINING STATEMENT OF CHANGES IN NET ASSETS  
ALL AGENCY FUNDS  
For the Fiscal Year Ended September 30, 2007**

	<b>Balance October 1, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2007</b>
<b>INMATES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,564	\$ 438,443	\$ 435,220	\$ 21,787
<b>Total Assets</b>	<b>\$ 18,564</b>	<b>\$ 438,443</b>	<b>\$ 435,220</b>	<b>\$ 21,787</b>
<b>LIABILITIES</b>				
Due to others	\$ 5,497	\$ 440,495	\$ 442,656	\$ 3,336
Due to other funds	2,054	2,905	2,052	2,907
Due to other governmental units	11,013	4,531	-	15,544
<b>Total Liabilities</b>	<b>\$ 18,564</b>	<b>\$ 447,931</b>	<b>\$ 444,708</b>	<b>\$ 21,787</b>
<b>CASH BOND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 109,850	\$ 520,398	\$ 520,898	\$ 109,350
<b>Total Assets</b>	<b>\$ 109,850</b>	<b>\$ 520,398</b>	<b>\$ 520,898</b>	<b>\$ 109,350</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ -	\$ 572,390	\$ 556,890	\$ 15,500
Deposits	109,850	556,390	572,390	93,850
<b>Total Liabilities</b>	<b>\$ 109,850</b>	<b>\$ 1,128,780</b>	<b>\$ 1,129,280</b>	<b>\$ 109,350</b>
<b>UNCLAIMED EVIDENCE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,476	\$ 20,623	\$ 594	\$ 52,505
<b>Total Assets</b>	<b>\$ 32,476</b>	<b>\$ 20,623</b>	<b>\$ 594</b>	<b>\$ 52,505</b>
<b>LIABILITIES</b>				
Due to others	\$ 32,476	\$ 20,623	\$ 594	\$ 52,505
<b>Total Liabilities</b>	<b>\$ 32,476</b>	<b>\$ 20,623</b>	<b>\$ 594</b>	<b>\$ 52,505</b>

(continued)

**SHERIFF  
HIGHLANDS COUNTY, FLORIDA  
SPECIAL-PURPOSE COMBINING STATEMENT OF CHANGES IN NET ASSETS  
ALL AGENCY FUNDS (concluded)  
For the Fiscal Year Ended September 30, 2007**

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
<b>INDIVIDUAL DEPOSITORS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,380	\$ 134,337	\$ 114,364	\$ 21,353
<b>Total Assets</b>	<b>\$ 1,380</b>	<b>\$ 134,337</b>	<b>\$ 114,364</b>	<b>\$ 21,353</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ -	\$ 124,988	\$ 124,988	\$ -
Due to other governmental units	1,380	155,997	136,024	21,353
<b>Total Liabilities</b>	<b>\$ 1,380</b>	<b>\$ 280,985</b>	<b>\$ 261,012</b>	<b>\$ 21,353</b>
<b>SUSPENSE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,352	\$ 729,298	\$ 727,300	\$ 3,350
Accounts receivable	34,008	3,390	37,078	320
<b>Total Assets</b>	<b>\$ 35,360</b>	<b>\$ 732,688</b>	<b>\$ 764,378</b>	<b>\$ 3,670</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ 35,360	\$ 624,609	\$ 656,572	\$ 3,397
Due to other governmental units	-	695,666	695,393	273
<b>Total Liabilities</b>	<b>\$ 35,360</b>	<b>\$ 1,320,275</b>	<b>\$ 1,351,965</b>	<b>\$ 3,670</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 163,622	\$ 1,843,099	\$ 1,798,376	\$ 208,345
Accounts receivable	34,008	3,390	37,078	320
<b>Total Assets</b>	<b>\$ 197,630</b>	<b>\$ 1,846,489</b>	<b>\$ 1,835,454</b>	<b>\$ 208,665</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ 35,360	\$ 1,321,987	\$ 1,338,450	\$ 18,897
Due to others	37,973	461,118	443,250	55,841
Due to other funds	2,054	2,905	2,052	2,907
Due to other governmental units	12,393	856,194	831,417	37,170
Deposits	109,850	556,390	572,390	93,850
<b>Total Liabilities</b>	<b>\$ 197,630</b>	<b>\$ 3,198,594</b>	<b>\$ 3,187,559</b>	<b>\$ 208,665</b>







