

**SHERIFF
HIGHLANDS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Highlands County, Florida (Sheriff), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Highlands County that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Highlands County as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the financial statements as a whole.

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report 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 included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The 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* in considering the Sheriff's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2014

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Inmate Welfare Fund</u>	<u>Non-Major Fund Community Donations Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,277,390	\$ 145,685	\$ 15,960	\$ 1,439,035
Accounts Receivable	5,672	21,275	-	26,947
Prepaid Items	60,884	7,830	-	68,714
Other Assets	10,000	-	-	10,000
	<u>1,353,946</u>	<u>174,790</u>	<u>15,960</u>	<u>1,544,696</u>
Total Assets	<u>\$ 1,353,946</u>	<u>\$ 174,790</u>	<u>\$ 15,960</u>	<u>\$ 1,544,696</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Vouchers Payable	\$ 219,724	\$ 14,637	\$ -	\$ 234,361
Due to Board of County Commissioners	424,899	-	-	424,899
Accrued Wages Payable	709,323	1,139	-	710,462
Total Liabilities	<u>1,353,946</u>	<u>15,776</u>	<u>-</u>	<u>1,369,722</u>
FUND BALANCE				
Nonspendable	60,884	7,830	-	68,714
Restricted	-	151,184	15,960	167,144
Unassigned	(60,884)	-	-	(60,884)
Total Fund Balance	<u>-</u>	<u>159,014</u>	<u>15,960</u>	<u>174,974</u>
Total Liabilities and Fund Balance	<u>\$ 1,353,946</u>	<u>\$ 174,790</u>	<u>\$ 15,960</u>	<u>\$ 1,544,696</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Inmate Welfare Fund	Non-Major Fund Community Donations Fund	Total Governmental Funds
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 25,945,700	\$ -	\$ -	\$ 25,945,700
Miscellaneous Revenues:				
Commissary Sales	-	34,380	-	34,380
Miscellaneous Revenues	-	135,519	3,663	139,182
Total Revenues	<u>25,945,700</u>	<u>169,899</u>	<u>3,663</u>	<u>26,119,262</u>
EXPENDITURES				
Court Related:				
Courthouse Security:				
Personal Services	836,350	-	-	836,350
Operating Expenditures	10,506	-	-	10,506
Total Court Related	<u>846,856</u>	<u>-</u>	<u>-</u>	<u>846,856</u>
Public Safety:				
Law Enforcement:				
Personal Services	13,665,972	-	-	13,665,972
Operating Expenditures	2,146,384	-	1,115	2,147,499
Capital Outlay	192,412	-	1,500	193,912
Total Law Enforcement	<u>16,004,768</u>	<u>-</u>	<u>2,615</u>	<u>16,007,383</u>
Corrections and Detention:				
Personal Services	7,554,672	34,637	-	7,589,309
Operating Expenditures	691,483	204,808	-	896,291
Capital Outlay	23,021	-	-	23,021
Total Corrections and Detention	<u>8,269,176</u>	<u>239,445</u>	<u>-</u>	<u>8,508,621</u>
Total Expenditures	<u>25,120,800</u>	<u>239,445</u>	<u>2,615</u>	<u>25,362,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	824,900	(69,546)	1,048	756,402
OTHER FINANCING (USES)				
Unexpended Budget Balance Reverting to Board of County Commissioners	(824,900)	-	-	(824,900)
NET CHANGE IN FUND BALANCE	-	(69,546)	1,048	(68,498)
Fund Balance - October 1, 2013	-	228,560	14,912	243,472
FUND BALANCE - SEPTEMBER 30, 2014	<u>\$ -</u>	<u>\$ 159,014</u>	<u>\$ 15,960</u>	<u>\$ 174,974</u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund			Variance - Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Appropriation from Board of County Commissioners	\$ 23,233,177	\$ 25,945,700	\$ 25,945,700	\$ -
EXPENDITURES				
Court Related:				
Courthouse Security:				
Personal Services	836,867	852,350	836,350	16,000
Operating Expenditures	17,050	15,178	10,506	4,672
Total Court Related	853,917	867,528	846,856	20,672
Public Safety:				
Law Enforcement:				
Personal Services	11,975,011	13,913,972	13,665,972	248,000
Operating Expenditures	2,117,694	2,450,644	2,146,384	304,260
Capital Outlay	7,668	192,412	192,412	-
Total Law Enforcement	14,100,373	16,557,028	16,004,768	552,260
Corrections and Detention:				
Personal Services	7,507,209	7,782,130	7,554,672	227,458
Operating Expenditures	746,678	715,993	691,483	24,510
Capital Outlay	25,000	23,021	23,021	-
Total Corrections and Detention	8,278,887	8,521,144	8,269,176	251,968
Total Expenditures	23,233,177	25,945,700	25,120,800	824,900
EXCESS OF REVENUES OVER EXPENDITURES	-	-	824,900	824,900
OTHER FINANCING (USES)				
Unexpended Budget Balance Reverting to Board of County Commissioners	-	-	(824,900)	(824,900)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - October 1, 2013	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**SHERIFF
 HIGHLANDS COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 SEPTEMBER 30, 2014**

	Internal Service Fund
	Compensated Absences
ASSETS	
Cash and Cash Equivalents	\$ 2,078,855
LIABILITIES	
Accrued Compensated Absences Payable	2,078,855
NET POSITION	
Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Financial Statements.

**SHERIFF
 HIGHLANDS COUNTY, FLORIDA
 STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 YEAR ENDED SEPTEMBER 30, 2014**

	Internal Service Fund
	Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 423,004
OPERATING EXPENSES	
Compensated Absences Expense	423,004
CHANGE IN NET POSITION	-
Net Position - October 1, 2013	-
NET POSITION - SEPTEMBER 30, 2014	\$ -

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Internal Service Fund
	Compensated Absences
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 423,004
Cash Paid to Employees for Services	(556,023)
Net Cash Used by Operating Activities	(133,019)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(133,019)
Cash and Cash Equivalents - October 1, 2013	2,211,874
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2014	\$ 2,078,855
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ -
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Decrease in Compensated Absences	(133,019)
Net Cash Used by Operating Activities	\$ (133,019)

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 99,729
Due from Other Governmental Units	<u>644</u>
Total Assets	<u><u>\$ 100,373</u></u>
LIABILITIES	
Due to Others	\$ 90,928
Due to Other Governmental Units	<u>9,445</u>
Total Liabilities	<u><u>\$ 100,373</u></u>

See accompanying Notes to Financial Statements.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 of Highlands County, Florida (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 Sheriff's financial statements include only the funds of the Sheriff's office. There are no separate legal entities (component units) for which the Sheriff is financially accountable.

The Sheriff is elected every four years to serve as the Keeper of the Peace for Highlands County.

The Sheriff is a "budget" officer in that all of the Sheriff's operating revenues are received from the Board of County Commissioners (Board) in the form of an appropriation. Any fees collected by the office in carrying out duties as Sheriff, with the exception of reimbursements for extra duty pay or reimbursements for overtime incurred while assisting other federal and state agencies, are remitted to the Board at the end of each month. The Sheriff is also required to submit back to the Board any excess revenues over expenditures as of September 30 of each year.

The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the financial statements. The following is a summary of the more significant policies:

Basis of Presentation

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which allows the Sheriff to present only fund financial statements. These financial statements present only the portion of the funds of Highlands County, Florida that are attributable to the Sheriff. They are not intended to present fairly the financial position and results of operations of Highlands County, Florida in conformity with accounting principles generally accepted in the United States of America.

Fund Accounting

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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

Major Governmental Funds

General Fund – The General Fund is the general operating fund of the Sheriff. The majority of the Sheriff's day-to-day operations are accounted for in this fund. It is used to account for all financial resources not required to be accounted for in another fund. Appropriations received from the Board of County Commissioners are recorded in this fund. Expenditures for general government services are paid through this fund.

Inmate Welfare Fund – The Inmate Welfare Fund is a special revenue fund used to account for the profits earned from telephone services and commissary services operated within the County jail. Profits are earned from sales of products such as candy and toothpaste to the inmates. Profits from these sales can only be spent for the benefit of the inmates.

Nonmajor Governmental Fund

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

Proprietary Fund

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

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Capital Assets

All capital assets purchased are recorded as expenditures in the governmental funds at the time of purchase. Capital assets used by the Sheriff are capitalized in the basic financial statements of the County rather than in the governmental funds of the Sheriff. Capital assets are valued at historical cost or estimated historical cost if actual is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The Sheriff maintains custodial responsibility for the capital assets used by her office.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

Governmental Funds – The governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported unassigned fund balances (net current assets) are considered a measure of "available, spendable or appropriable resources." Governmental fund operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Proprietary Fund – The Internal Service Fund is accounted for on a cost of services measurement focus which is referred to as a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included in the statement of net position. Proprietary Fund operating statements present increases (revenues) and decreases (expenses) in net total position.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The accrual basis of accounting is utilized by the fiduciary fund and proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Data

The following are the procedures followed in establishing the budget for the Sheriff's office:

1. On or before June 1 of each year, the Sheriff submits to the Board 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.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

3. By Board resolution, a tentative budget is submitted to the public. Public hearings are held to obtain taxpayers' comments.
4. Within 20 days after adoption of the tentative budget, a final budget is submitted for review and adoption at a final public hearing.
5. Prior to, or on, September 30, the County's operating budget is legally enacted through passage of a resolution.
6. If the Board of County Commissioners adopts a budget that includes amendments, modifications, increases, or reductions to the Sheriff's proposed budget, they must provide the Sheriff written notice of the changes.
7. The Sheriff receives her budgeted revenues from the Board in installments. One twelfth of the budget is received in all months except January and September. One sixth of the budget is received in January, and no appropriation is received in September.
8. Section 129.07, Florida Statutes, provides that only expenditures in excess of total fund budgets are unlawful. However, because the Sheriff acts on all budget changes between departments, this becomes the level of control.
9. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
10. Annual appropriated budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
11. All appropriations lapse at the close of the fiscal year.

Cash and Cash Equivalents

The Sheriff considers the following as cash and cash equivalents:

1. Cash on hand, demand deposits; and
2. Deposits in the Local Government Surplus Funds Trust Fund (Florida PRIME) under the management of the State Board of Administration.

Investments

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Sheriff earn annual and sick leave in varying amounts. Upon retirement, death, resignation or separation in good standing, employees are eligible to receive payment for accumulated annual and sick leave. Annual leave will be paid out 100% at the current rate of pay. There is no limit on the amount of sick leave that can be accumulated by an employee. Sick leave will be paid out at varying rates based on years of service and minimum balances, and payout is capped at 2,080 hours.

In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Annual and sick leave credits for the Sheriff's Office employees have been fully funded and are recorded as an expenditure in the Internal Service Fund. No liability has been recorded for the nonvesting accumulating rights to receive sick leave pay benefits.

Fund Balance

Governmental funds report fund balances as either spendable or nonspendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of the fund balances. The classifications of fund balances are described as follows:

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

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The Sheriff is reporting restricted fund balances in the Inmate Welfare fund and Community Donations fund.

Committed Fund Balance – Amounts that can be spent only for specific purposes determined by a formal action of the Sheriff's highest level of decision-making authority.

Assigned Fund Balance – Amounts the Sheriff intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available. The Board of County Commissioners adopted a fund balance policy for the county as a whole. The Sheriff does not have a separate fund balance policy.

Unexpended Budget Balance Reverting to Board of County Commissioners

Chapter 218, Florida Statutes, requires that any excess of revenues over expenditures in the General Fund held by the Sheriff at the end of each fiscal year shall be remitted to the Board of County Commissioners. Therefore, the excess of revenues over expenditures in the General Fund at the end of each fiscal year is reflected as unexpended budget balance reverting to Board of County Commissioners on the statement of revenues, expenditures and changes in fund balance, and the related liability is included in due to Board of County Commissioners.

Use of Estimates

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

Other Post Employment Benefit Obligations

Other postemployment benefit obligations are reported in conformity with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. The Sheriff's employees are included as part of the Other Postemployment Health Benefits Plan (OPEB plan) administered by the Board and the Constitutional Officers of the County. The OPEB plan currently covers certain eligible retirees of the Board and the Constitutional Officers of the County. Retirees participating in the group insurance plans offered by the County are required to contribute 100% of the active premiums. Accounting for OPEB under GASB No. 45 results in the County reporting a significant actuarially-based liability for benefits.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2014, the Sheriff's deposits were \$3,584,007. The entire amount of the demand deposits is deposited in a State of Florida qualified depository and, therefore, is fully collateralized.

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

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

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

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

The Sheriff invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2014, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments represented 30.9% of Florida PRIME's portfolio at September 30, 2014.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

Florida PRIME is considered to be in a Rule 2a7-like pool and is reported, at amortized cost, as a cash equivalent. On September 30, 2014, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating. The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2014 was 39 days. As of September 30, 2014, the Sheriff has \$31,692 invested in Florida PRIME.

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

Demand Deposits	\$ 3,584,007
Petty Cash and Change Fund	1,920
Florida PRIME	31,692
Total	<u>\$ 3,617,619</u>
Balance Sheet:	
Cash and Cash Equivalents	\$ 1,439,035
Statement of Net Position:	
Cash and Cash Equivalents	2,078,855
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	99,729
Total Cash and Cash Equivalents	<u>\$ 3,617,619</u>

NOTE 3 PERSONNEL COMMITMENTS

Employees of the Sheriff earn annual leave and sick leave in varying amounts. In the event of retirement or termination of employment, an employee is paid for accumulated leave credits unused. Employees may be paid for accumulated sick leave benefits at varying amounts based on years of service. The cash benefit of these compensated absences is determined by multiplying the employee's current wage rate by the number of unused credits.

The following shows the change in compensated absences for the fiscal year ended September 30, 2014:

Compensated Absences - September 30, 2013	\$ 2,211,874
Leave Earned by Employees	423,004
Payments to Employees	<u>(556,023)</u>
Compensated Absences - September 30, 2014	<u>\$ 2,078,855</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 PENSION PLAN

Eligible full-time employees of the Sheriff are participants in the Florida Retirement System (the 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, Department of Administration, Division of Retirement, covers more than 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is 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 eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the FRS Investment Plan). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The Sheriff has no responsibility to the System other than to make the periodic contributions required by 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, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 PENSION PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18%; DROP employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; special risk, 19.06% and 14.90%; and senior management, 18.31% and 6.30%; for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DROP employees, 12.28%; elected officials, 43.24%; special risk, 19.82%; and senior management, 21.14%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The Sheriff's contributions made during the years ended September 30, 2014, 2013 and 2012 were \$2,541,002, \$2,080,359 and \$1,820,408, respectively, equal to the actuarially determined contribution requirements for each year.

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, 2014 was 3%. There were no employee contributions. Contributions to the Plan for fiscal years ended September 30, 2014, 2013 and 2012 were \$38,880, \$41,243 and \$31,653, 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, 2014 were as follows:

Budget Appropriation

The General Fund of the Sheriff received revenues from the Board of County Commissioners in the amount of \$25,945,700 for the year ended September 30, 2014. Amounts payable to the Board at September 30, 2014 was \$424,899.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

Various Goods and Services

The Board of County Commissioners provides various goods and services to the Sheriff. The charges for these goods and services for the fiscal year ended September 30, 2014 amounted to \$569,715. Additionally, the Clerk of the Circuit Courts provides the Sheriff various software maintenance and licensing services. The charges for these services for the fiscal year ended September 30, 2014 amounted to \$6,960.

NOTE 7 RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sheriff is a member of the Florida Sheriffs Risk Management Fund and participates in the following programs: Florida Sheriffs' Self-Insurance Program, Florida Sheriffs' Workers' Compensation Self Insurance Program, and the Sheriffs' Automobile Risk Program, governmental insurance carriers. These agencies administer insurance activities relating to property, general liability, public official's and employment practices liability, automobile, crime, and worker compensation. The Sheriff is liable for deductibles on certain coverage.

NOTE 8 CAPITAL ASSETS

The Sheriff's capital assets include furniture, equipment, computer equipment, vehicles and software. The threshold for capitalizing all capital assets, except software, is \$5,000. The threshold for capitalizing software is \$15,000 for internally generated software and \$25,000 for purchased software. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated fair value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	3 - 40
Machinery and Equipment	4 - 20
Software - Internally Generated	3 - 10
Software - Purchased/Leased	3 - 10

Detailed information concerning capital assets is recorded and reported in the government-wide financial statement of the County.

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 8 CAPITAL ASSETS (CONTINUED)

The following is a summary of the changes in capital assets for which the Sheriff is custodian during fiscal year 2014:

	Beginning Balance	Additions	Deletions	Ending Balances
Capital Assets, Being				
Depreciated/Amortized:				
Equipment	\$ 8,227,615	\$ 1,319,375	\$ (570,617)	\$ 8,976,373
Leasehold Improvements	340,846	-	-	340,846
Computer Software	195,730	-	-	195,730
Total Capital Assets Being				
Depreciated/Amortized	8,764,191	1,319,375	(570,617)	9,512,949
Less: Accumulated				
Depreciation/Amortization:				
Equipment	(4,850,183)	(923,541)	542,013	(5,231,711)
Leasehold Improvements	(340,845)	-	-	(340,845)
Computer Software	(122,160)	(25,126)	-	(147,286)
Total Accumulated				
Depreciation/Amortization	(5,313,188)	(948,667)	542,013	(5,719,842)
Total Capital Assets, Net	<u>\$ 3,451,003</u>	<u>\$ 370,708</u>	<u>\$ (28,604)</u>	<u>\$ 3,793,107</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

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

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
AGENCY FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2014**

These funds are used to account for assets held by the Sheriff as an agent for individuals, other governmental units and/or other funds.

Agency Funds:

Inmates – To account for monies collected from inmates who have money in their possession at the time of their arrest and/or monies deposited on their behalf while incarcerated.

Cash Bond – To account for cash appearance bonds collected by the Sheriff on behalf of the Clerk of Courts. These funds are disbursed to the Clerk of Courts weekly.

Unclaimed Evidence – To account for monies seized by law enforcement. These funds are maintained until final determination by Florida Statute or the court.

Individual Depositors – To account for fees charged to serve civil process. Fees are collected and held until service is complete and then remitted to other entities or individuals.

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

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

	<u>Inmates</u>	<u>Cash Bond</u>	<u>Unclaimed Evidence</u>	<u>Individual Depositors</u>	<u>Suspense</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 20,327	\$ -	\$ 58,270	\$ 790	\$ 20,342	\$ 99,729
Due from Other Governmental Units	-	-	-	-	644	644
Total Assets	<u>\$ 20,327</u>	<u>\$ -</u>	<u>\$ 58,270</u>	<u>\$ 790</u>	<u>\$ 20,986</u>	<u>\$ 100,373</u>
LIABILITIES						
Due to Others	\$ 14,605	\$ -	\$ 58,270	\$ 790	17,263	\$ 90,928
Due to Other Governmental Units	5,722	-	-	-	3,723	9,445
Total Liabilities	<u>\$ 20,327</u>	<u>\$ -</u>	<u>\$ 58,270</u>	<u>\$ 790</u>	<u>\$ 20,986</u>	<u>\$ 100,373</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
INMATES				
ASSETS				
Cash and Cash Equivalents	\$ 14,720	\$ 397,513	\$ 391,906	\$ 20,327
Due from Others	5,748	64,583	70,331	-
Total Assets	<u>\$ 20,468</u>	<u>\$ 462,096</u>	<u>\$ 462,237</u>	<u>\$ 20,327</u>
LIABILITIES				
Due to Others	\$ 10,755	\$ 446,357	\$ 442,507	\$ 14,605
Due to Other Governmental Units	9,713	164,852	168,843	5,722
Total Liabilities	<u>\$ 20,468</u>	<u>\$ 611,209</u>	<u>\$ 611,350</u>	<u>\$ 20,327</u>
CASH BOND				
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 127,210</u>	<u>\$ 127,210</u>	<u>\$ -</u>
LIABILITIES				
Deposits	<u>\$ -</u>	<u>\$ 118,159</u>	<u>\$ 118,159</u>	<u>\$ -</u>
UNCLAIMED EVIDENCE				
ASSETS				
Cash and Cash Equivalents	<u>\$ 62,192</u>	<u>\$ 50,062</u>	<u>\$ 53,984</u>	<u>\$ 58,270</u>
LIABILITIES				
Due to Others	<u>\$ 62,192</u>	<u>\$ 50,062</u>	<u>\$ 53,984</u>	<u>\$ 58,270</u>

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
INDIVIDUAL DEPOSITORS				
ASSETS				
Cash and Cash Equivalents	\$ 4,290	\$ 31,293	\$ 34,793	\$ 790
LIABILITIES				
Due to Others	\$ 4,290	\$ 31,553	\$ 35,053	\$ 790
SUSPENSE				
ASSETS				
Cash and Cash Equivalents	\$ 1,957	\$ 282,679	\$ 264,294	\$ 20,342
Due from Other Governmental Units	1,315	7,835	8,506	644
Total Assets	<u>\$ 3,272</u>	<u>\$ 290,514</u>	<u>\$ 272,800</u>	<u>\$ 20,986</u>
LIABILITIES				
Due to Others	\$ 142	\$ 171,618	\$ 154,497	\$ 17,263
Due to Other Governmental Units	3,130	104,256	103,663	3,723
Total Liabilities	<u>\$ 3,272</u>	<u>\$ 275,874</u>	<u>\$ 258,160</u>	<u>\$ 20,986</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 83,159	\$ 888,757	\$ 872,187	\$ 99,729
Due from Other Governmental Units	1,315	7,835	8,506	644
Due from Others	5,748	64,583	70,331	-
Total Assets	<u>\$ 90,222</u>	<u>\$ 961,175</u>	<u>\$ 951,024</u>	<u>\$ 100,373</u>
LIABILITIES				
Due to Others	\$ 77,379	\$ 699,590	\$ 686,041	\$ 90,928
Due to Other Governmental Units	12,843	269,108	272,506	9,445
Deposits	-	118,159	118,159	-
Total Liabilities	<u>\$ 90,222</u>	<u>\$ 1,086,857</u>	<u>\$ 1,076,706</u>	<u>\$ 100,373</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Susan Benton
Sheriff
Highlands County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Highlands County, Florida (Sheriff), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

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

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

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

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2014

MANAGEMENT LETTER

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sheriff of Highlands County, Florida (Sheriff), as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated December 19, 2014.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 19, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See note 1 to the financial statements.

Other Matters

Section 10.554(1)(i)2., 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.

The Honorable Susan Benton
Sheriff
Highlands County, Florida

Other Matters (Continued)

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such recommendations.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2014

**SHERIFF
HIGHLANDS COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2014**

PRIOR YEAR

Prior Year Findings		Current Year Status
2013-001 - Security for Public Deposits	Deficiency in Internal Control	Cleared

CURRENT YEAR

None

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Susan Benton
Sheriff
Highlands County, Florida

We have examined the Sheriff of Highlands County, Florida's (Sheriff) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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



CliftonLarsonAllen LLP

Sebring, Florida
December 19, 2014