

**HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2007**

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2007**

	<u>Page</u>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities	15-16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17-18
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances.....	19-20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	22
Fines and Forfeitures Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	23
Transportation Trust Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	24
Grants Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	25
Proprietary Funds – Statement of Net Assets.....	26-27
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets.....	28
Proprietary Funds – Statement of Cash Flows	29-32
Statement of Fiduciary Assets and Liabilities – Agency Fund	33
Notes to Financial Statements.....	34-57

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2007**

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds Descriptions	58
Nonmajor Government Funds – Combining Balance Sheet	59-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	61-62
Fire Control Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	63
Race Track Jai Alai Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	64
Pioneer Park Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	65
Law Enforcement Trust Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	66
Clerk’s Fine and Forfeiture Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	67
Transportation Trust Debt Service Fund - Schedule of Revenues, Expenditures and changes in Fund Balances – Budget and Actual.....	68
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds	69-71
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	72-75
 Additional Elements of Report Prepared in Accordance with <i>Government Auditing Standards</i>, Issued by The Comptroller General of The United States and The Rules of the Auditor General of the State of Florida	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2007**

	<u>Page</u>
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General	78-79
Schedule of Expenditures of Federal Awards and State Financial Assistance	80-81
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	82
Schedule of Findings and Questioned Costs – Federal Programs and State Projects	83-84
Management Letter.....	85-86

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

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hardee County, Florida

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County) as of September 30, 2007, and for the year then ended, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County at September 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated March 10, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

RSM McGladrey Network

An Independently Owned Member

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards and State Financial Assistance as of and for the year ended September 30, 2007, is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The NCT Group CPAs, LLP

THE NCT GROUP CPA'S, L.L.P.
Lakeland, Florida
March 10, 2008

**HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR 2006-2007**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2007. This report provides comparative data for fiscal years 2006 and 2007.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2007 are as follows:

- Total assets of the County exceeded total liabilities by \$75.4 million. Of this amount, \$66.6 million was invested in capital assets, net of related debt and \$231,108 is restricted for debt service. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$8.5 million.
- The total net assets increased by \$1 million. Of that amount, \$0.47 million is attributable to an increase in governmental activities and \$.56 million is attributable to an increase in business-type activities.
- The County's total liabilities decreased by \$61,816 or 0.2% from the previous year.
- As of September 30, 2007, the combined total governmental funds fund balance reflected a balance of \$13.9 million, a decrease of \$4.3 from the previous year. Determining this balance was \$21.3 million in total governmental funds assets, less \$7.4 million in total governmental funds liabilities.
- The County's total unreserved undesignated fund balance was \$13.7 million.
- Of the total unreserved undesignated fund balance, \$7.1 million was in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statement is comprised of three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Assets and the Statement of Activities distinguish between the functions that are supported by governmental activities and business type activities. Governmental activities are primarily supported by property taxes, charges for services, fuel taxes, sales taxes, and grants. Business-type activities are supported by charges to the users of those activities, such as water and sewer service charges and landfill tipping fees. The governmental activities of the County include general government, public safety, transportation, human services, culture and recreation, physical environment and economic environment. The business-type activities of the County include water, wastewater and solid waste.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements present financial information for *governmental funds*, *proprietary funds*, and *fiduciary funds*.

The ***Governmental Fund Financial Statements*** provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. Governmental funds are used to account for the same functions as reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Hardee County has 16 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues and expenditures and changes in fund balances for the General Fund, Fines and Forfeitures Fund, Transportation Trust Fund, and Grants Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements within the report. To demonstrate compliance with the Board's adopted budget, a budgetary comparison statement has been provided for the general fund and other major governmental funds.

The basic governmental fund financial statements can be found on pages 17-25 of this report.

The ***Proprietary Funds Financial Statements*** provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. An enterprise fund is a type of proprietary fund. The County maintains three enterprise funds to account for its water, wastewater, and solid waste operations. Proprietary funds provide the same type of information as the government-wide financial statements for business-type activities, only in more detail.

The basic proprietary fund financial statement can be found on pages 26-32 of this report.

The ***Fiduciary Funds Financial Statements*** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 33 of this report.

Notes to the Financial Statement

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. Those notes to the financial statements can be found on pages 34-57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as useful indicators of a government’s financial position. In our particular case, the County’s total assets exceeded liabilities by \$75.4 million at the close of the most recent fiscal year. The following schedule provides a summary of assets, liabilities and net assets of the County.

HARDEE COUNTY’S NET ASSETS

The largest portion of the County’s net assets (88 percent) reflects its investment in capital assets, (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that remain outstanding. These assets are used to provide services to citizens and are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets for its governmental activities. The same situation held true for the prior fiscal year. Overall, the County’s net assets increased \$1 million during the current fiscal year.

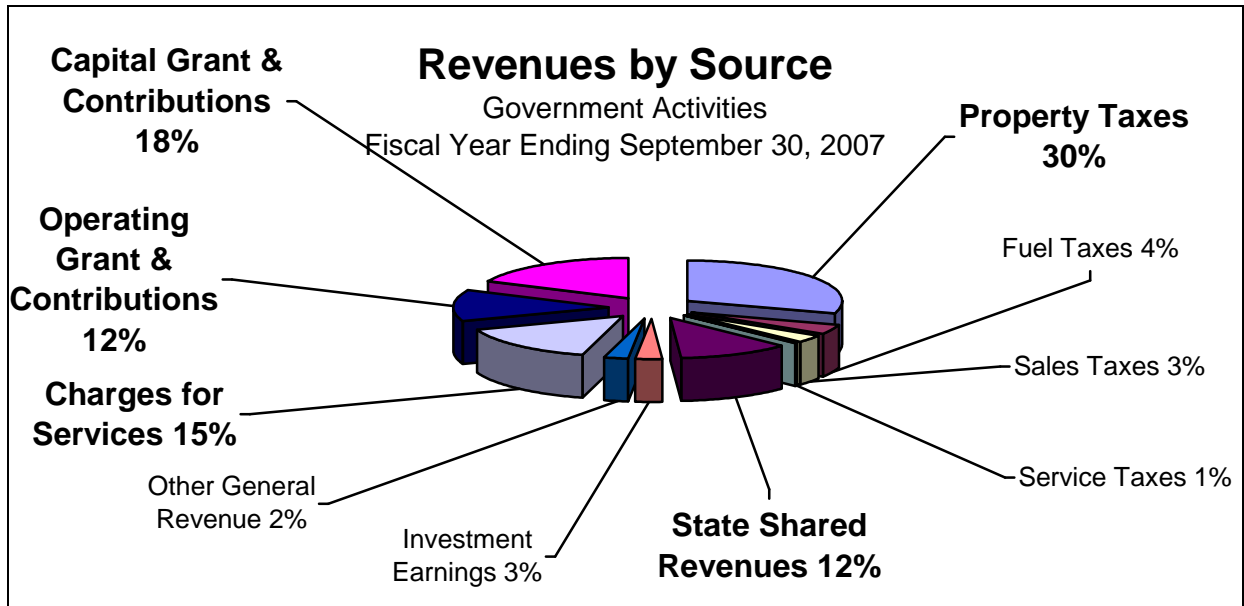
HARDEE COUNTY’S NET ASSETS

NET ASSETS COMPARISON	Governmental Activities		Business-type Activities		Total	
	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007
Current and Other Assets	\$ 25,210,487	\$ 20,380,244	\$ 5,201,297	\$ 5,377,047	\$ 30,411,784	\$ 25,757,291
Capital Assets	28,240,013	58,631,266	10,526,841	14,795,263	38,766,854	73,426,529
Total Assets	53,450,500	79,011,510	15,728,138	20,172,310	69,178,638	99,183,820
Long-term Debt Outstanding	7,787,086	4,400,285	8,315,608	12,469,135	16,102,694	16,869,420
Other Liabilities	7,029,861	6,469,133	752,569	484,755	7,782,430	6,953,888
Total Liabilities	14,816,947	10,869,418	9,068,177	12,953,890	23,885,124	23,823,308
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	25,193,686	54,995,072	8,651,841	11,645,263	33,845,527	66,640,335
Restricted	23,852	231,108	-	-	23,852	231,108
Unrestricted	13,416,015	12,915,912	(1,991,880)	(4,426,843)	11,424,135	8,489,069
Total Net Assets	\$ 38,633,553	\$ 68,142,092	\$ 6,659,961	\$ 7,218,420	\$ 45,293,514	\$ 75,360,512

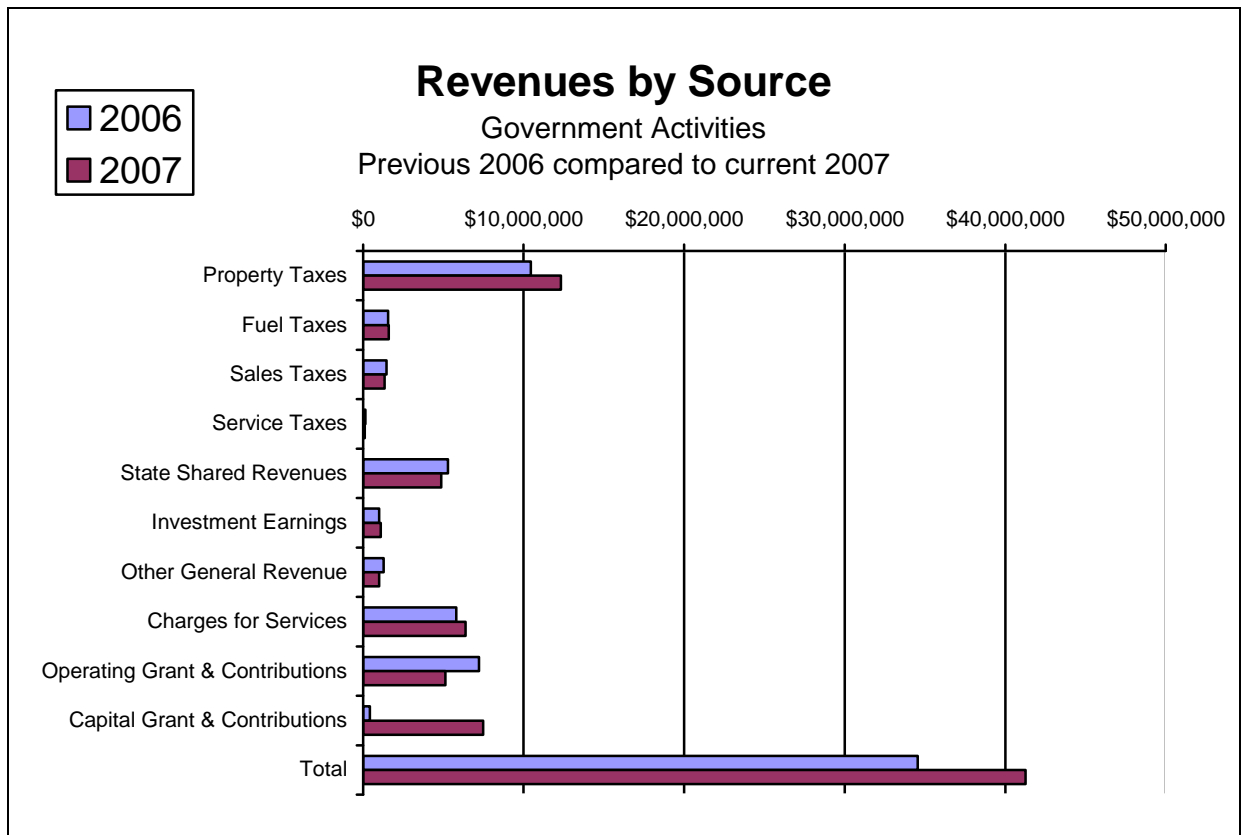
HARDEE COUNTY CHANGES IN NET ASSETS

CHANGES IN NET ASSETS	Governmental Activities		Business-type Activities		Total	
	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,790,556	\$ 6,374,749	\$ 2,016,491	\$ 2,162,786	\$ 7,807,047	\$ 8,537,535
Operating Grants & Contributions	7,214,830	5,115,689	176,056	223,799	7,390,886	5,339,488
Capital Grants & Contributions	426,719	7,460,849	172,845	269,908	599,564	7,730,757
General Revenues:						
Property taxes	10,454,298	12,335,201	-	-	10,454,298	12,335,201
Other Taxes	8,410,942	7,899,256	111,585	367,758	8,522,527	8,267,014
Other	2,254,300	2,089,958	238,323	1,359,932	2,492,623	3,449,890
Total Revenues	34,551,645	41,275,702	2,715,300	4,384,183	37,266,945	45,659,885
Expenses:						
General Government	10,731,840	9,271,188	-	-	10,731,840	9,271,188
Public Safety	10,292,094	12,254,582	-	-	10,292,094	12,254,582
Physical Environment	417,424	341,547	-	-	417,424	341,547
Transportation	3,915,045	11,117,713	-	-	3,915,045	11,117,713
Economic Environment	3,690,150	3,599,120	-	-	3,690,150	3,599,120
Human Services	1,298,539	1,345,324	-	-	1,298,539	1,345,324
Culture and Recreation	1,134,991	1,312,035	-	-	1,134,991	1,312,035
Debt Service:						
Interest on Long-Term Debt	266,212	186,453	-	-	266,212	186,453
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	2,078,197	4,639,477	2,078,197	4,639,477
Wauchula Hills Wastewater	-	-	335,571	475,661	335,571	475,661
Vandolah Wastewater	-	-	73,504	87,504	73,504	87,504
Total Expenses	31,746,295	39,427,962	2,487,272	5,202,642	34,233,567	44,630,604
Excess before transfers	2,805,350	1,847,740	228,028	(818,459)	3,033,378	1,029,281
Transfers	(265,810)	(1,376,918)	265,810	1,376,918	-	-
Changes in Net Assets	2,539,540	470,822	493,838	558,459	3,033,378	1,029,281
Net Assets-Beginning						
(as previously reported)	37,115,101	67,671,270	6,166,123	6,659,961	43,281,224	74,331,231
Prior Period Adjustment	(1,021,088)	-	-	-	(1,021,088)	-
Net Assets - Beginning restated	36,094,013	67,671,270	6,166,123	6,659,961	42,260,136	74,331,231
Net Assets-Ending	\$ 38,633,553	\$ 68,142,092	\$ 6,659,961	\$ 7,218,420	\$ 45,293,514	\$ 75,360,512

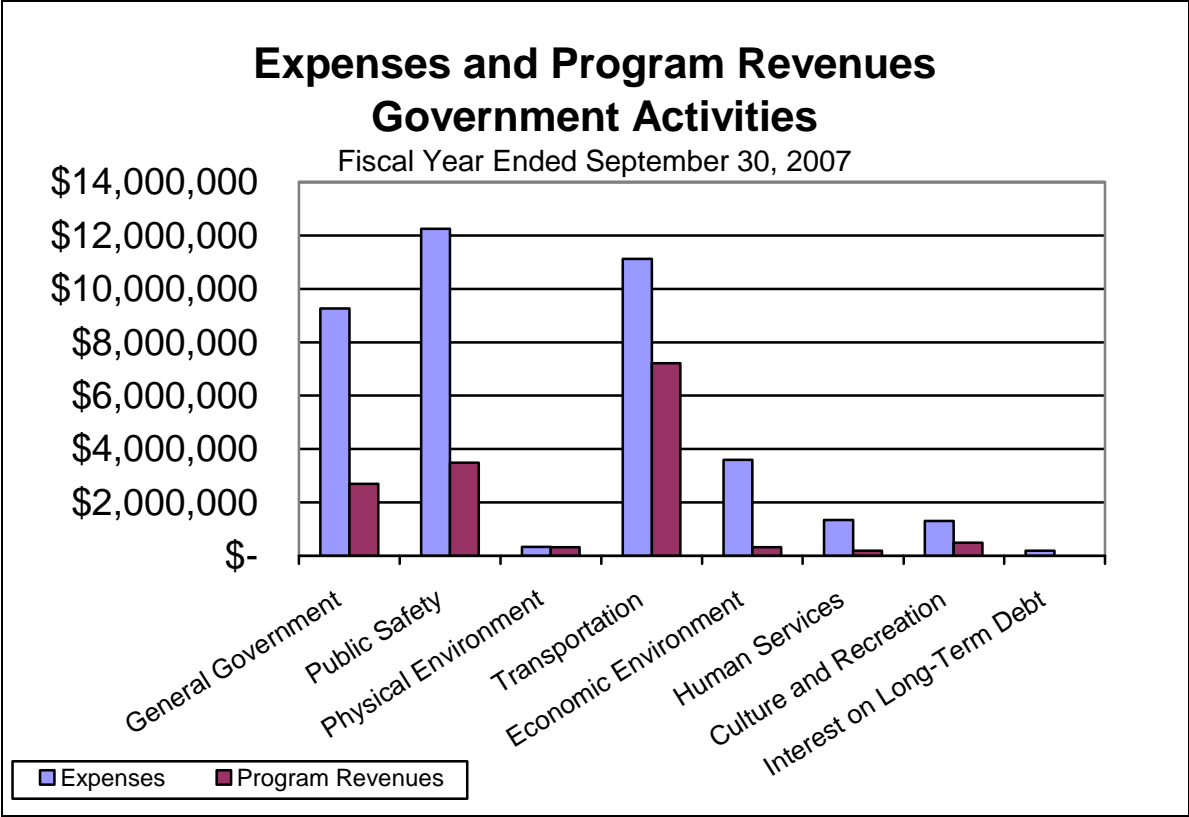
The following chart depicts revenues of the governmental activities for the year.



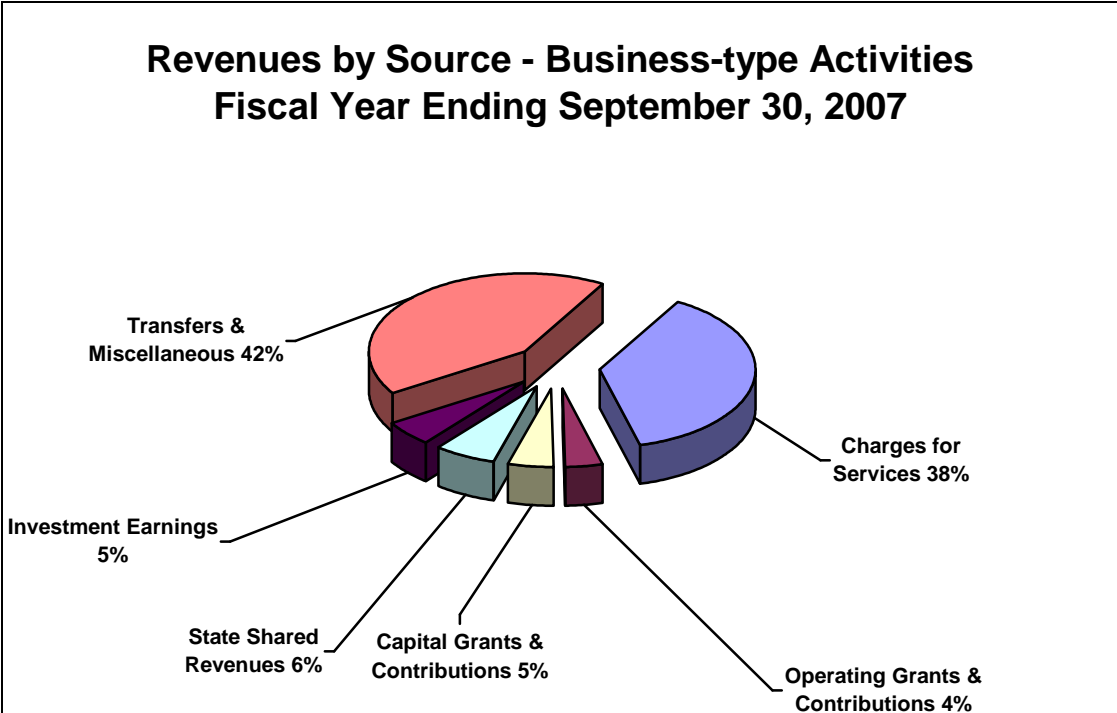
The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



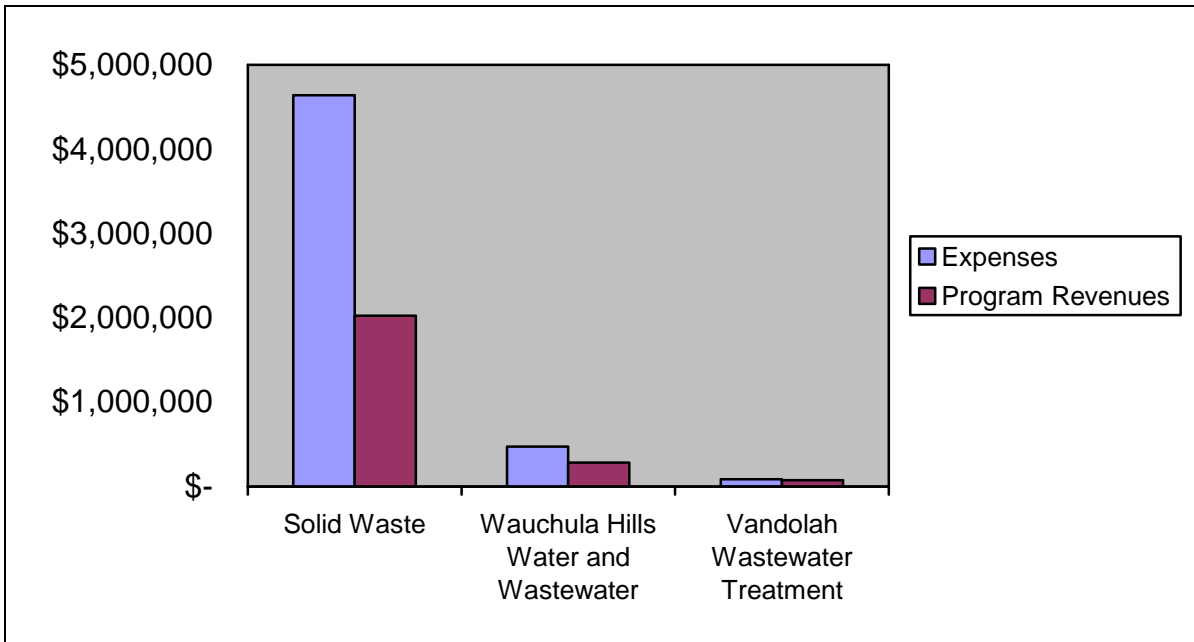
The following chart depicts governmental activity expenses compared to program revenue (e.g., charges for services, operating grants and contributions), which funded those activities for the fiscal year; the amounts not funded by program revenues were funded by general revenues (e.g., property taxes, state shared revenue, etc.). Capital Grants and Contributions are not included in Program Revenues.



The following chart depicts revenues of the business-type activities for the year:



The following chart depicts business-type activities expenses compared to program revenue (e.g., charges for services, operating grants and contributions), which funded those activities for the fiscal year.



An analysis of the County’s “Changes in Net Assets” reflects that the overall revenues have increased by \$8.4 million. Further analysis shows that the overall increase is attributed to a \$6.7 million increase in governmental type activities and a \$1.7 million increase in business type activities. Factors contributing to the increase in the government type activities include:

- A \$2 million decrease in Operating Grants and Contributions
- A \$7 million increase in Capital Grants and Contributions mostly restricted to transportation projects and final recovery efforts from 2004 hurricanes.
- A \$1.8 million increase to Property Taxes due to an increase in millage.

The increase in revenues in the business type activities can be attributed mainly to the following factor:

- State allocations awarded to improvements of the Wauchula Hills Water and Wastewater project.

County expenses illustrate an overall increase of \$10.4 million. The overall increase was due to an increase in government type activities of \$7.7 million and an increase in the business type activities of \$2.7 million. The increase of the government type activities expenses was, for the most part, reflective of the following:

- A continued decrease of \$1.5 million in General Government due mostly to progress on hurricane recovery.
- An increase in Public Safety of \$2 million can be attributed in half to increases in law enforcement and Fire/EMS.
- The major factor influencing expenses was the final phase of Hurricane Recovery which included a \$7 million increase to Transportation for hurricane repairs and capital grants.

The increase in the expenses of the business type activities were, for the most part, reflective of the increased activities related to a landfill expansion in the solid waste department as well as continued efforts to expand and improve the waste water facility in Wauchula Hills.

Overall, governmental activities increased net assets by \$.47 million while business-type activities decreased net assets by \$.53 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Hardee County's governmental funds is to provide information on near-term inflows, outflows, and balances of accessible resources. Such information is useful in assessing the County's financing requirements; in particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$13.9 million. Approximately all of the fund balance constitutes unreserved fund balances, which is available for spending at the government's discretion and approximately 2% of the remainder of the balance is reserved for debt services. The General Fund is the primary operating fund of the county. At the end of the current fiscal, the unreserved fund balance of the General Fund was \$7.1 million which represents 51% of the total fund balance in the governmental funds. As a measure of the General Fund's liquidity, the total general fund balance represents 29% of the total general fund expenditures.

Proprietary Funds

Hardee County's proprietary funds provide the same type of information found in the government wide business-type activities financial statements, but in more detail. Solid Waste operating revenues decreased by \$25,622 explained by the fact that this facility is nearing close out and certain waste has been diverted to an out-of-county facility. Unrestricted net assets of the Solid Waste Department were (\$6.3) million primarily due to long term closure and post closure care liability. The water/wastewater revenues were a combined total of \$2.1 million and the unrestricted net assets was \$1.9 million. Activities of the water/wastewater facilities do not yet reflect full scale operations.

BUDGETARY HIGHLIGHTS

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

Differences between the original budget and the final amended budget for the General Fund were relatively minor. Adjustments can mainly be attributed to grant allocations that were not anticipated during the adoption of the budget and transfers from capital to operating as the County gains a better understanding of Capital classifications.

CAPITAL ASSETS

Historically, a government's largest group of assets (e.g., infrastructure – roads, bridges, right-of-way, and sewer distribution systems) have not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the governmental column of the government-wide statements. In compliance with these requirements, Hardee County is reporting infrastructure acquired or constructed prior to fiscal year 2003 for fiscal year 2007.

The County's investment in capital assets for its governmental and business type activities as of September 30, 2007 were \$73.4 million (net of accumulated depreciation).

Hardee County's Capital Assets (Net of Depreciation)

CAPITAL ASSETS	Government Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
	Land	\$ 2,129,960	\$ 3,494,863	\$ 790,992	\$ 790,992	\$ 2,920,952
Construction in Progress	315,784	-	1,225,199	-	1,540,983	-
Buildings and Improvements	14,561,541	15,083,323	7,596,382	7,418,362	22,157,923	22,501,685
Machinery and Equipment	6,169,992	6,838,835	914,268	741,197	7,084,260	7,580,032
Infrastructure	5,062,736	33,214,245	-	5,844,712	5,062,736	39,058,957
Total Net Assets	\$ 28,240,013	\$ 58,631,266	\$ 10,526,841	\$ 14,795,263	\$ 38,766,854	\$ 73,426,529

Additional information on the County's capital assets can be found in Note 6 to the financial statements.

DEBT MANAGEMENT

As of September 30, 2007, the county had total debt outstanding of \$16.9 million. Of this amount, \$6.8 million is loans payable and capital leases, \$775 thousand is compensated absences, and \$9.3 million is landfill closure and postclosure obligations.

Hardee County's Outstanding Debt

OUTSTANDING DEBT	Government Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
	Capital Leases	\$ 1,046,327	\$ 1,336,194	\$ -	\$ -	\$ 1,046,327
Notes payable	6,000,000	2,300,000	1,875,000	3,150,000	7,875,000	5,450,000
Compensated Absences	740,759	764,091	11,265	11,265	752,024	775,356
Landfill Closure/ Post Closure Cost	-	-	6,429,343	9,307,870	6,429,343	9,307,870
Total	\$ 7,787,086	\$ 4,400,285	\$ 8,315,608	\$ 12,469,135	\$ 16,102,694	\$ 16,869,420

The County's governmental debt decreased due to the pay back of loan dollars secured for cash flow due to the 2004 Hurricanes. In business-type activities, the note payable increased due to loans for the construction on a new landfill and the closure cost increased for the same reason. Additional information on Hardee County's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services as well as state and federal grants. Economic growth in the local economy may be measured by indicators such as employment growth, unemployment, new construction, assessed valuation, and tax base.

- As referenced from the University of Florida's, Bureau of Economic and Business Research, the total estimated population for Hardee County in 2007 was 27,662 which was a 1.75% increase from the previous year's estimate of 27,186, or a net increase of 476.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2007 was 4.4% and reflected an increase from the previous year's 3.9%. The County's rate remains higher than the State of Florida's average of 4.0% and slightly lower than the national average of 4.6% for 2007.
- The total taxable value increased approximately 9%. New construction was reported as 22,890,609 in the prior year and increased to 47,423,084 in 2007. This increase is not necessarily due to economic growth in light of continued recovery efforts from the 2004 hurricanes.

The millage rate for 2007 decreased to 7.7926 mills as a result of Property Tax Reform which required the County to reduce the millage rate by 3% less than roll back. The County was forced to cut several positions, reduce operating expenditures and remove capital expenses as a result.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from the Hardee County Property Appraiser's office, the estimated annual loss of property tax revenues for Hardee County from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$570,000. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues.

Two major industries within Hardee County will have received considerable reductions to their property values. One related to the outcome of a recent litigation disputing their value and one from a fire resulting in destruction of property. The combined estimated loss of tax revenue is \$1,079,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Hardee County's finances. Questions concerning budgets, long-term financial planning, future debt issuances, or questions related to the management of the County operations should be addressed to the County Manager at:

County Commissioners Office
412 West Orange St., Rm. 103
Wauchula, FL 33873

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

Clerk of Courts
P. O. Drawer 1749
Wauchula, FL 33873

HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 18,176,473	\$ 3,220,169	\$ 21,396,642
Investments	32,627	-	32,627
Deposit	10,068	3,596	13,664
Accounts Receivable - Net	601,050	97,223	698,273
Internal Balances	661	(661)	-
Due From Other Governmental Agencies	791,163	36,855	828,018
Prepaid Expenses	391,290	11,666	402,956
Inventory of Supplies, At Cost	376,912	-	376,912
Restricted Assets:			
Cash	-	2,008,199	2,008,199
Capital Assets, Not Being Depreciated	3,494,863	790,992	4,285,855
Capital Assets, Net of Depreciation	55,136,403	14,004,272	69,140,675
Total Assets	79,011,510	20,172,311	99,183,821
Liabilities			
Accounts Payable			
and Accrued Liabilities	1,747,591	371,473	2,119,064
Deferred Revenue	4,615,197	94,455	4,709,652
Due to Other Governmental Agencies	67,509	4,999	72,508
Deposits	-	13,829	13,829
Accrued Interest Payable	38,836	-	38,836
Noncurrent Liabilities:			
Due Within One Year	1,286,297	2,161,265	3,447,562
Due in More Than One Year	3,113,988	10,307,870	13,421,858
Total Liabilities	10,869,418	12,953,891	23,823,309
Net Assets			
Invested in Capital Assets, Net of Related Debt	54,995,072	11,645,263	66,640,335
Restricted for:			
Debt Service	231,108	-	231,108
Unrestricted	12,915,912	(4,426,843)	8,489,069
Total Net Assets	\$ 68,142,092	\$ 7,218,420	\$ 75,360,512

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 9,271,188	\$ 2,612,652	\$ 80,196	\$ -
Public Safety	12,254,582	3,129,651	357,880	15,346
Physical Environment	341,547	324,643	-	-
Transportation	11,117,713	51,799	-	7,164,322
Economic Environment	3,599,120	-	4,257,558	-
Human Services	1,345,324	-	190,595	-
Culture and Recreation	1,312,035	256,004	229,460	281,181
Debt Service:				
Interest and Fiscal Charges on Long-Term Debt	186,453	-	-	-
Total Governmental Activities	<u>39,427,962</u>	<u>6,374,749</u>	<u>5,115,689</u>	<u>7,460,849</u>
Business-Type Activities:				
Solid Waste	4,639,477	1,802,318	223,799	3,200
Wauchula Hills Water & Wastewater	475,661	285,078	-	266,708
Vandolah Wastewater Treatment	87,504	75,390	-	-
Total Business-Type Activities	<u>5,202,642</u>	<u>2,162,786</u>	<u>223,799</u>	<u>269,908</u>
Total Primary Government	<u>\$ 44,630,604</u>	<u>\$ 8,537,535</u>	<u>\$ 5,339,488</u>	<u>\$ 7,730,757</u>

General Revenues:
Taxes:
Property Taxes
Fuel Taxes
Sales Tax
Services Taxes
State Shared Revenues
Investment Earnings
Gain (Loss) On Sale of Capital Assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Assets

Net Assets - Beginning
Net Assets - Ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (6,578,340)	\$ -	\$ (6,578,340)
(8,751,705)	-	(8,751,705)
(16,904)	-	(16,904)
(3,901,592)	-	(3,901,592)
658,438	-	658,438
(1,154,729)	-	(1,154,729)
(545,390)	-	(545,390)
<u>(186,453)</u>	<u>-</u>	<u>(186,453)</u>
<u>(20,476,675)</u>	<u>-</u>	<u>(20,476,675)</u>
-	(2,610,160)	(2,610,160)
-	76,125	76,125
-	(12,114)	(12,114)
<u>-</u>	<u>(2,546,149)</u>	<u>(2,546,149)</u>
\$ <u>(20,476,675)</u>	\$ <u>(2,546,149)</u>	\$ <u>(23,022,824)</u>
12,335,201	-	12,335,201
1,602,578	-	1,602,578
1,338,842	-	1,338,842
106,692	-	106,692
4,851,144	367,758	5,218,902
1,100,228	302,202	1,402,430
(50,489)	-	(50,489)
1,040,219	1,057,730	2,097,949
<u>(1,376,918)</u>	<u>1,376,918</u>	<u>-</u>
<u>20,947,497</u>	<u>3,104,608</u>	<u>24,052,105</u>
470,822	558,459	1,029,281
<u>67,671,270</u>	<u>6,659,961</u>	<u>74,331,231</u>
\$ <u>68,142,092</u>	\$ <u>7,218,420</u>	\$ <u>75,360,512</u>

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	<u>General</u>	<u>Fines and Forfeitures</u>	<u>Transportation Trust</u>
Assets			
Cash	\$ 6,221,527	\$ 1,152,072	\$ 5,357,185
Investments	32,627	-	-
Deposit	5,753	-	4,315
Accounts Receivable, net	595,974	-	-
Due From Other Funds	278,211	592,075	24,297
Due From Other Governmental Agencies	357,027	69,630	213,734
Prepaid Expenses	382,942	-	-
Inventory of Supplies, At Cost	376,912	-	-
Total Assets	<u>\$ 8,250,973</u>	<u>\$ 1,813,777</u>	<u>\$ 5,599,531</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 397,115	\$ 32,586	\$ 1,115,345
Due to Other Funds	629,228	6,227	24,084
Due to Other Governmental Agencies	44,961	19,373	2,884
Deferred Revenue	40,027	529,064	-
Total Liabilities	<u>1,111,331</u>	<u>587,250</u>	<u>1,142,313</u>
Fund Balances			
Reserved For Debt Service	-	-	-
Unreserved, reported in:			
General Fund	7,139,642	-	-
Special Revenue Funds	-	1,226,527	4,457,218
Total Fund Balances	<u>7,139,642</u>	<u>1,226,527</u>	<u>4,457,218</u>
Total Liabilities and Fund Balances	<u>\$ 8,250,973</u>	<u>\$ 1,813,777</u>	<u>\$ 5,599,531</u>

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

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

Long-term liabilities, including notes payable, capital leases, and accrued compensated absences are not due and payable in the current period, and therefore are not reported in the funds.

Accrued general long-term debt interest expenses are not financial uses, and therefore are not reported in the funds.

Net assets of governmental activities

See accompanying notes to financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,219,120	\$ 1,226,569	\$ 18,176,473
-	-	32,627
-	-	10,068
4,510	566	601,050
-	14,431	909,014
143,496	7,276	791,163
-	8,348	391,290
-	-	376,912
<u>\$ 4,367,126</u>	<u>\$ 1,257,190</u>	<u>\$ 21,288,597</u>

\$ 123,829	\$ 78,716	\$ 1,747,591
245,374	3,440	908,353
-	291	67,509
3,997,923	48,183	4,615,197
<u>4,367,126</u>	<u>130,630</u>	<u>7,338,650</u>
-	231,108	231,108
-	-	7,139,642
-	895,452	6,579,197
-	1,126,560	13,949,947
<u>\$ 4,367,126</u>	<u>\$ 1,257,190</u>	

58,631,266

(4,400,285)

(38,836)

\$ 68,142,092

HARDEE COUNTY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Fines and Forfeitures</u>
Revenues		
Taxes	\$ 5,653,481	\$ 6,239,145
Licenses and Permits	450,851	-
Intergovernmental	4,028,533	23,581
Charges For Services	530,382	1,196,988
Fines and Forfeitures	4,228	342,177
Assessments	-	-
Interest	490,730	131,239
Miscellaneous	446,183	154,847
Total Revenues	<u>11,604,388</u>	<u>8,087,977</u>
Expenditures		
Current:		
General Government	6,582,451	1,013,661
Public Safety	9,892,205	-
Physical Environment	338,902	-
Transportation	-	-
Economic Environment	-	-
Human Services	833,010	-
Culture and Recreation	951,203	-
Capital Outlay	1,800,849	99,275
Debt Service:		
Principal Retirement	4,217,442	-
Interest and fiscal charges	31,070	-
Total Expenditures	<u>24,647,132</u>	<u>1,112,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,042,744)</u>	<u>6,975,041</u>
Other Financing Sources (Uses)		
Transfers In	7,560,173	75,150
Transfers Out	(1,139,085)	(7,129,508)
Insurance Proceeds	275,479	-
Issuance of Debt	377,900	-
Total Other Financing Sources (Uses)	<u>7,074,467</u>	<u>(7,054,358)</u>
Net Change in Fund Balances	(5,968,277)	(79,317)
Fund Balances, beginning of year	<u>13,107,919</u>	<u>1,305,844</u>
Fund Balances, end of year	<u>\$ 7,139,642</u>	<u>\$ 1,226,527</u>

See accompanying notes to financial statements.

Transportation Trust	Grants	Other Governmental Funds	Total Governmental Funds
\$ 3,490,686	\$ -	\$ -	\$ 15,383,312
-	-	-	450,851
9,185,550	4,577,787	678,481	18,493,932
-	-	1,102,435	2,829,805
-	-	5,240	351,645
-	-	1,402,623	1,402,623
223,170	162,055	93,034	1,100,228
87,379	172,691	192,182	1,053,282
<u>12,986,785</u>	<u>4,912,533</u>	<u>3,473,995</u>	<u>41,065,678</u>
-	-	1,144,721	8,740,833
-	-	1,748,499	11,640,704
-	-	-	338,902
7,842,324	-	-	7,842,324
-	3,599,054	-	3,599,054
-	236,412	220,500	1,289,922
-	148,666	75,705	1,175,574
3,693,478	18,333	397,920	6,009,855
102,801	-	785,000	5,105,243
17,314	-	124,554	172,938
<u>11,655,917</u>	<u>4,002,465</u>	<u>4,496,899</u>	<u>45,915,349</u>
<u>1,330,868</u>	<u>910,068</u>	<u>(1,022,904)</u>	<u>(4,849,671)</u>
383,751	45,750	1,354,520	9,419,344
(1,099,720)	(955,818)	(472,131)	(10,796,262)
-	-	-	275,479
<u>1,000,000</u>	<u>-</u>	<u>317,210</u>	<u>1,695,110</u>
<u>284,031</u>	<u>(910,068)</u>	<u>1,199,599</u>	<u>593,671</u>
1,614,899	-	176,695	(4,256,000)
<u>2,842,319</u>	<u>-</u>	<u>949,865</u>	<u>18,205,947</u>
<u>\$ 4,457,218</u>	<u>\$ -</u>	<u>\$ 1,126,560</u>	<u>\$ 13,949,947</u>

HARDEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - total governmental funds \$ (4,256,000)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$6,042,644) exceeded depreciation (\$4,623,653) in the current period. 1,418,991

Governmental funds report the sale of general fixed assets as financial resources, but the deletion of general fixed assets are not reflected in the fund statements. (65,455)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,386,801

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (an increase in accrued interest of \$13,515). (13,515)

Change in net assets of governmental activities \$ 470,822

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 4,077,478	\$ 5,845,979	\$ 5,653,481	\$ (192,498)
Licenses and Permits	687,500	687,500	450,851	(236,649)
Intergovernmental	2,601,431	3,195,969	4,028,533	832,564
Charges For Services	1,686,920	1,232,003	530,382	(701,621)
Fines and Forfeitures	2,635	2,635	4,228	1,593
Interest	215,300	215,300	490,730	275,430
Miscellaneous	321,214	360,524	446,183	85,659
Total Revenues	9,592,478	11,539,910	11,604,388	64,478
Expenditures				
Current:				
General Government	8,448,433	8,446,338	6,582,451	1,863,887
Public Safety	10,008,343	10,549,348	9,892,205	657,143
Physical Environment	578,666	578,666	338,902	239,764
Human Services	959,406	1,007,147	833,010	174,137
Culture and Recreation	993,721	1,058,076	951,203	106,873
Capital Outlay	2,221,822	2,418,443	1,800,849	617,594
Debt Service:				
Principal Retirement	2,106,248	4,256,106	4,217,442	38,664
Interest	167,875	39,458	31,070	8,388
Total Expenditures	25,484,514	28,353,582	24,647,132	3,706,450
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(15,892,036)	(16,813,672)	(13,042,744)	3,770,928
Other Financing Sources (Uses)				
Transfers In	7,087,292	7,822,633	7,560,173	(262,460)
Transfers Out	(420,750)	(1,108,114)	(1,139,085)	(30,971)
Insurance Proceeds	-	38,800	275,479	236,679
Issuance of Debt	377,900	377,900	377,900	-
Total Other Financing Sources (Uses)	7,044,442	7,131,219	7,074,467	(56,752)
Net Change in Fund Balances	(8,847,594)	(9,682,453)	(5,968,277)	3,714,176
Fund Balances, beginning of year	9,782,519	9,790,216	13,107,919	3,317,703
Fund Balances, end of year	\$ 934,925	\$ 107,763	\$ 7,139,642	\$ 7,031,879

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
FINES AND FORFEITURES FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,702,771	\$ 6,631,594	\$ 6,239,145	\$ (392,449)
Intergovernmental	203,000	203,000	23,581	(179,419)
Charges For Services	770,000	760,000	1,196,988	436,988
Fines and Forfeitures	214,000	202,000	342,177	140,177
Interest	35,000	35,000	131,239	96,239
Miscellaneous	1,000	1,000	154,847	153,847
Total Revenues	<u>7,925,771</u>	<u>7,832,594</u>	<u>8,087,977</u>	<u>255,383</u>
Expenditures				
Current:				
General Government	1,853,632	1,574,590	1,013,661	560,929
Capital Outlay	150,815	180,615	99,275	81,340
Total Expenditures	<u>2,004,447</u>	<u>1,755,205</u>	<u>1,112,936</u>	<u>642,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,921,324</u>	<u>6,077,389</u>	<u>6,975,041</u>	<u>897,652</u>
Other Financing Sources (Uses)				
Transfers In	-	85,150	75,150	(10,000)
Transfers Out	(7,087,292)	(7,328,507)	(7,129,508)	198,999
Total Other Financing Sources (Uses)	<u>(7,087,292)</u>	<u>(7,243,357)</u>	<u>(7,054,358)</u>	<u>198,999</u>
Net Change in Fund Balances	(1,165,968)	(1,165,968)	(79,317)	1,086,651
Fund Balances, beginning of year	<u>1,165,968</u>	<u>1,165,968</u>	<u>1,305,844</u>	<u>139,876</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,527</u>	<u>\$ 1,226,527</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
TRANSPORTATION TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 5,823,397	\$ 3,985,333	\$ 3,490,686	\$ (494,647)
Intergovernmental	7,908,696	9,779,460	9,185,550	(593,910)
Interest	50,350	50,350	223,170	172,820
Miscellaneous	247,500	19,000	87,379	68,379
Total Revenues	<u>14,029,943</u>	<u>13,834,143</u>	<u>12,986,785</u>	<u>(847,358)</u>
Expenditures				
Current:				
Transportation	7,110,870	9,071,785	7,842,324	1,229,461
Capital Outlay	7,814,801	7,836,301	3,693,478	4,142,823
Debt Service:				
Principal Retirement	102,802	102,802	102,801	1
Interest	14,470	14,470	17,314	(2,844)
Total Expenditures	<u>15,042,943</u>	<u>17,025,358</u>	<u>11,655,917</u>	<u>5,369,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,013,000)</u>	<u>(3,191,215)</u>	<u>1,330,868</u>	<u>4,522,083</u>
Other Financing Sources (Uses)				
Transfers In	226,000	454,500	383,751	(70,749)
Transfers Out	(978,000)	(1,115,400)	(1,099,720)	15,680
Issuance of Debt	1,000,000	3,000,000	1,000,000	(2,000,000)
Total Other Financing Sources (Uses)	<u>248,000</u>	<u>2,339,100</u>	<u>284,031</u>	<u>(2,055,069)</u>
Net Change in Fund Balances	(765,000)	(852,115)	1,614,899	2,467,014
Fund Balances, beginning of year	<u>1,434,949</u>	<u>1,434,949</u>	<u>2,842,319</u>	<u>1,407,370</u>
Fund Balances, end of year	<u>\$ 669,949</u>	<u>\$ 582,834</u>	<u>\$ 4,457,218</u>	<u>\$ 3,874,384</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental	\$ 6,075,050	\$ 6,075,050	\$ 4,577,787	\$ (1,497,263)
Interest	-	75,595	162,055	86,460
Miscellaneous	20,000	20,000	172,691	152,691
Total Revenues	<u>6,095,050</u>	<u>6,170,645</u>	<u>4,912,533</u>	<u>(1,258,112)</u>
Expenditures				
Current:				
Economic Environment	8,650,498	8,703,383	3,599,054	5,104,329
Human Services	273,750	273,750	236,412	37,338
Culture and Recreation	40,000	120,264	148,666	(28,402)
Capital Outlay	685,903	605,148	18,333	586,815
Total Expenditures	<u>9,650,151</u>	<u>9,702,545</u>	<u>4,002,465</u>	<u>5,700,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,555,101)</u>	<u>(3,531,900)</u>	<u>910,068</u>	<u>4,441,968</u>
Other Financing Sources (Uses)				
Transfers In	45,750	45,750	45,750	-
Transfers Out	-	(41)	(955,818)	(955,777)
Total Other Financing Sources (Uses)	<u>45,750</u>	<u>45,709</u>	<u>(910,068)</u>	<u>-</u>
Net Change in Fund Balances	(3,509,351)	(3,486,191)	-	3,486,191
Fund Balances, beginning of year	<u>3,509,351</u>	<u>3,486,191</u>	<u>-</u>	<u>(3,486,191)</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2007**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	(Non-major Fund) Vandolah Wastewater Treatment	
Assets				
Current Assets				
Cash	\$ 953,590	\$ 2,032,169	\$ 234,410	\$ 3,220,169
Deposit	-	3,596	-	3,596
Accounts Receivable, net	67,148	30,075	-	97,223
Due From Other Funds	4,634	-	-	4,634
Due From Other Governmental Agencies	-	36,856	-	36,856
Prepaid Expenses	5,485	6,181	-	11,666
Total Current Assets	1,030,857	2,108,877	234,410	3,374,144
Noncurrent Assets				
Restricted Cash	2,008,199	-	-	2,008,199
Capital Assets				
Land	372,775	253,217	165,000	790,992
Buildings and Improvements	2,902,881	4,733,953	1,180,696	8,817,530
Equipment	1,431,828	15,278	7,509	1,454,615
Construction in Progress	3,779,085	2,155,235	-	5,934,320
Less Accumulated Depreciation	(1,653,323)	(445,197)	(103,674)	(2,202,194)
Total capital assets (net of accumulated depreciation)	6,833,246	6,712,486	1,249,531	14,795,263
Total Noncurrent Assets	8,841,445	6,712,486	1,249,531	16,803,462
Total Assets	\$ 9,872,302	\$ 8,821,363	\$ 1,483,941	\$ 20,177,606

(continued)

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (concluded)
SEPTEMBER 30, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Solid Waste</u>	<u>Wauchula Hills Water/ Wastewater Treatment</u>	<u>(Non-major Fund) Vandolah Wastewater Treatment</u>	
Liabilities				
Current Liabilities, payable from current assets				
Accounts Payable and Accrued Liabilities	\$ 42,860	\$ 323,707	\$ 4,906	\$ 371,473
Due to Other Funds	5,214	81	-	5,295
Due to Other Governmental Agencies	2,852	2,147	-	4,999
Deposits	13,829	-	-	13,829
Deferred Revenue	-	3,902	90,553	94,455
Accrued Compensated Absences	11,265	-	-	11,265
Notes Payable - Current Portion	500,000	1,650,000	-	2,150,000
Total Current Liabilities, payable from current assets	<u>576,020</u>	<u>1,979,837</u>	<u>95,459</u>	<u>2,651,316</u>
Noncurrent Liabilities				
Notes Payable	1,000,000	-	-	1,000,000
Long-term closure and post-closure care	9,307,870	-	-	9,307,870
Total Noncurrent Liabilities	<u>10,307,870</u>	<u>-</u>	<u>-</u>	<u>10,307,870</u>
Total Liabilities	<u>10,883,890</u>	<u>1,979,837</u>	<u>95,459</u>	<u>12,959,186</u>
Net Assets				
Invested in capital assets, net of related debt	5,333,246	5,062,486	1,249,531	11,645,263
Unrestricted	(6,344,834)	1,779,040	138,951	(4,426,843)
Total Net Assets	<u>\$ (1,011,588)</u>	<u>\$ 6,841,526</u>	<u>\$ 1,388,482</u>	<u>\$ 7,218,420</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	(Non-major Fund) Vandolah Wastewater Treatment	
Operating Revenues				
Charges For Services	\$ 1,025,025	\$ 285,078	\$ 75,390	\$ 1,385,493
Special Assessments	777,293	-	-	777,293
Total Revenues	<u>1,802,318</u>	<u>285,078</u>	<u>75,390</u>	<u>2,162,786</u>
Operating Expenses				
Personal Services	371,149	-	18,017	389,166
General and Administrative	3,912,259	297,011	45,163	4,254,433
Depreciation	356,069	103,179	24,324	483,572
Total Operating Expenses	<u>4,639,477</u>	<u>400,190</u>	<u>87,504</u>	<u>5,127,171</u>
Operating Income (Loss)	<u>(2,837,159)</u>	<u>(115,112)</u>	<u>(12,114)</u>	<u>(2,964,385)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	223,799	634,466	-	858,265
Contributions	-	1,057,495	-	1,057,495
Interest Income	208,211	81,646	12,345	302,202
Interest Expense	-	(75,471)	-	(75,471)
Miscellaneous Revenue	235	-	-	235
Total Nonoperating Revenues (Expenses) Net	<u>432,245</u>	<u>1,698,136</u>	<u>12,345</u>	<u>2,142,726</u>
Income before transfers	<u>(2,404,914)</u>	<u>1,583,024</u>	<u>231</u>	<u>(821,659)</u>
Capital Contributions	3,200	-	-	3,200
Transfers In	1,400	1,525,942	-	1,527,342
Transfers Out	(136,446)	(6,413)	(7,565)	(150,424)
Change in Net Assets	<u>(2,536,760)</u>	<u>3,102,553</u>	<u>(7,334)</u>	<u>558,459</u>
Net Assets, beginning of year	1,525,172	3,738,973	1,395,816	6,659,961
Total Net Assets, end of year	<u>\$ (1,011,588)</u>	<u>\$ 6,841,526</u>	<u>\$ 1,388,482</u>	<u>\$ 7,218,420</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,807,125	\$ 264,183
Cash paid to suppliers for goods and services	(1,607,680)	(5,185)
Cash paid to employees for services	(371,149)	-
Net cash provided by operating activities	<u>(171,704)</u>	<u>258,998</u>
Cash Flows From Noncapital and Related Financing Activities		
Grants received	223,799	-
Other non-operating revenue	235	1,057,495
Transfers in/(out)	(135,046)	1,519,530
Net cash provided (used) by noncapital and related financing activities	<u>88,988</u>	<u>2,577,025</u>
Cash Flows From Capital and Related Financing Activities		
Capital grant receipts	-	266,708
Shared revenues from state	-	358,759
Acquisition and construction of capital assets	(2,729,584)	(2,019,210)
Proceeds from capital debt	1,500,000	-
Principal paid on capital debt	-	(225,000)
Interest paid on capital debt	-	(74,986)
Net cash (used) by capital and related financing activities	<u>(1,229,584)</u>	<u>(1,693,729)</u>
Cash Flows From Investing Activities		
Interest and dividends from investments	208,211	81,646
Proceeds from sales and maturities of investments	-	-
Net cash provided by investing activities	<u>208,211</u>	<u>81,646</u>
Net Increase In Cash	(1,104,089)	1,223,940
Cash, Beginning of Year	<u>4,065,878</u>	<u>808,229</u>
Cash, End of Year	<u>\$ 2,961,789</u>	<u>\$ 2,032,169</u>

See accompanying notes to financial statements.

**Business-Type Activities -
Enterprise Funds**

Vandolah Wastewater Treatment	Total
\$ 98,000	\$ 2,169,308
(50,183)	(1,663,048)
(18,017)	(389,166)
<u>29,800</u>	<u>117,094</u>
-	223,799
-	1,057,730
<u>(7,565)</u>	<u>1,376,919</u>
<u>(7,565)</u>	<u>2,658,448</u>
-	266,708
-	358,759
-	(4,748,794)
-	1,500,000
-	(225,000)
-	(74,986)
<u>-</u>	<u>(2,923,313)</u>
12,345	302,202
-	-
<u>12,345</u>	<u>302,202</u>
34,580	154,431
<u>199,830</u>	<u>5,073,937</u>
<u>\$ 234,410</u>	<u>\$ 5,228,368</u>

(continued)

HARDEE COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Reconciliation of Net Operation Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (2,837,159)	\$ (115,112)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	356,069	103,179
(Increase) Decrease in accounts receivable	5,879	(23,934)
(Increase) Decrease in due from other funds	(853)	-
(Increase) Decrease in prepaid expenses	(5,844)	-
Increase (Decrease) in accounts payable and accrued liabilities	(497,748)	291,319
Increase (Decrease) in due to other funds	(8,337)	81
Increase (Decrease) in due to other governmental agencies	(4,428)	426
Increase (Decrease) in deferred revenues	-	3,039
Increase (Decrease) in retainage payable	(57,590)	-
Increase (Decrease) in deposits	(220)	-
Increase (Decrease) in long-term closure and post-closure care	2,878,527	-
	2,665,455	374,110
Net cash provided by operating activities	\$ (171,704)	\$ 258,998
Noncash investing, capital, and financing activities:		
Contributions of capital assets from private sources	\$ 3,200	\$ -
Reconciliation of Enterprise Fund Cash to Proprietary Funds Statement of Net Assets		
Current assets:		
Cash	\$ 953,590	\$ 2,032,169
Restricted assets:		
Cash	2,008,199	-
Total cash	\$ 2,961,789	\$ 2,032,169

See accompanying notes to financial statements.

**Business-Type Activities -
Enterprise Funds**

<u>Vandolah Wastewater Treatment</u>	<u>Total</u>
\$ (12,114)	\$ (2,964,385)
24,324	483,572
20,000	1,945
-	(853)
-	(5,844)
(4,862)	(211,291)
(158)	(8,414)
-	(4,002)
2,610	5,649
-	(57,590)
-	(220)
-	2,878,527
<u>41,914</u>	<u>3,081,479</u>
<u>\$ 29,800</u>	<u>\$ 117,094</u>
<u>\$ -</u>	<u>\$ 3,200</u>
\$ 234,410	\$ 3,220,169
-	2,008,199
<u>\$ 234,410</u>	<u>\$ 5,228,368</u>

HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2007

	Agency Funds
Assets	
Cash	\$ 829,037
Due from Individuals	56
Total Assets	\$ 829,093
Liabilities	
Due to Individuals	\$ 229,076
Due to Other Governments	422,037
Deposit - Installment Taxes	177,980
Total Liabilities	\$ 829,093

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - REPORTING ENTITY

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

The Board of County Commissioners (Board), as the legislative body for the County, budgets and provides the funding used by the separate constitutional officers with the exception of fees collected by the Tax Collector, Property Appraiser, and Clerk of Courts. The Clerk of Courts maintains the accounting system for the Board's operations. The Clerk of Courts (Clerk), Property Appraiser (Appraiser), Tax Collector (Collector), Sheriff, and Supervisor of Elections (Supervisor) each maintain their own accounting system. The operations of the Board and each constitutional officer have been combined in these financial statements.

Accounting principles generally accepted in the United States require that each unit of government define a governmental reporting entity. The accompanying financial statements present the financial position and results of operations of the applicable fund types and account groups of Hardee County, Florida.

Accounting principles generally accepted in the United States require that these financial statements include all entities for which the County is considered to be financially accountable (component units). The County is financially responsible if it appoints a voting majority of the organization's governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. If a component unit is, in substance, part of the government's operations, it should be reported as a blended component unit. Otherwise, a component unit should be discretely presented. Based on these criteria, the County management determined that the County has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gain, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the cost of the function to be financed from the government's general revenues. Program revenues include charges for services, program specific operating grants and contributions, and program specific capital grants and contributions. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

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

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

Fund Financial Statements

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (concluded)

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

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

Governmental Funds

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

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

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The County applies all Statement of Financial Accounting Standards and Interpretations issued before November 30, 1989, except those that conflict with or contradict Statements of Government Accounting Standards. The County has elected not to apply Financial Accounting Standards Board Pronouncements issued after November 30, 1989.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grants, investment earnings and miscellaneous other revenues result from nonexchange transactions or ancillary activities.

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

Basis of Presentation

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

Governmental Major Funds

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

Fines and Forfeitures Fund – Pursuant to Florida Statute 142.01, the Fine and Forfeiture Fund accounts for all fines and forfeitures collected in the county under the penal laws of the state. The fund is used to pay for criminal expenses, fees, and costs where the crime was committed in the county and to support the administrative operations of the Clerk of Courts and the Sheriff.

Transportation Trust Fund – The Transportation Trust Fund accounts for the proceeds of local, state, and federal gas taxes used in the operation of the county's road and bridge department and equipment maintenance department.

Grants Fund – The Grants Fund was established to account for all community development enhancement projects that are funded through various State, Federal and Volunteer funding agencies.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Major Funds

Solid Waste Fund – The Solid Waste Fund accounts for the fees imposed to users of the Hardee County Landfill.

Wauchula Hills Water/Wastewater Treatment Fund – The Wauchula Hills Water/Wastewater Treatment fund accounts for the fees imposed to users of the Wauchula Hills Water and Wastewater utilities.

Vandolah Wastewater Treatment Fund (non-major fund) – The Vandolah Wastewater Treatment Fund accounts for the fees imposed to users of the Vandolah Wastewater utilities.

Other Fund Types

Agency Fund – The Agency Fund accounts for all assets held by the County in its capacity as custodian or agent for individuals, other governmental units, and non-public organizations. The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Non-current Governmental Assets/Liabilities

GASB Statement No. 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net assets.

B. Budgets and Budgetary Accounting

The County follows the procedures provided by Florida Statutes in establishing final budget balances reported on the financial statements.

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for governmental fund types in accordance with procedures and time intervals prescribed by law.
- Budgets are prepared for the governmental funds on a basis consistent with accounting principles generally accepted in the United States of America and are based upon the final amended amounts.
- Appropriations lapse at year-end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis, which is the legal level of control.
- Budget amounts reported are based upon the final amended budget.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Investments

Cash consists of checking and saving accounts in banks and petty cash.

The County follows Florida Statute 218.415, regarding the investment of surplus funds. Investments of the governmental fund types consist of monies the County invested in certificates of deposit, stated at cost, which approximates fair value.

D. Receivables

Receivables are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

E. Interfund Transactions

Interfund transactions are accounted for in the following manner:

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

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

Operating transfers are reported in the "Other Financing Sources (Uses)" section in the Statement of Revenues, Expenditures, and Changes in Fund Balances and in the "Operating Transfers" section in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. As of fiscal year end, any unpaid amounts related to these transactions are reported as due to/from other funds on the balance sheet.

F. Inventories

Inventory shown in the General Fund consists of expendable supplies held for consumption and road materials valued at cost. Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory is accounted for using the purchase method.

G. Deferred Revenue

Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualified expenditures.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Revenue (concluded)

Deferred revenue is reported as a liability on the balance sheets. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheets and revenue is recognized.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-way, and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets acquired or constructed beginning with fiscal year 2003 are reported and depreciated. Retroactive reporting was implemented during fiscal year 2007 in accordance with the requirements of GASB Statement No. 34.

Capital assets are defined by the County as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Capital assets are recorded as expenditures in the general, special revenue and capital projects funds at the time of purchase. Machinery and equipment is recorded at historical cost or estimated historical cost, if actual historical cost is not available. Enterprise fund land, buildings, improvements, and equipment are valued at historical cost or at fair market value for those assets contributed.

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

The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities capital assets in the statement of net assets.

Depreciation on fixed assets is charged as an expense against operations which is closed to retained earnings. Accumulated depreciation is reported on the enterprise fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method as noted below.

The estimated useful lives are as follows:

Buildings and improvements	10 – 50 years
Operating machinery and equipment	5 – 15 years
Roads and bridges	10 – 30 years

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2007 was 8.7064 mills.

The tax levy of the County is established by the Board prior to October 1 of each year and the County Property Appraiser incorporates the County millages into the total tax levy, which includes the various municipalities, the County School Board, and other taxing authorities.

All property is assessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1 following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the tax certificate holder after a period of two years. Unsold tax certificates are held by the County.

The County does not accrue its portion of the County held tax certificates because such amounts are not measurable and available as of the balance sheet date.

J. Compensated Absences

It is the County's policy to grant employees vacation and sick leave.

The County's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for certain sick and accumulated leave if they meet certain criteria. In governmental fund types, the cost of accumulated sick and annual leave is recognized when payments are made to employees. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net assets at September 30, 2007, representing the Board's commitment to fund such costs from future operations.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net assets because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

L. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County because it is at present not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

M. Landfill Closure and Postclosure Costs

The County has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and postclosure costs. A long-term liability of accrued landfill closure and postclosure costs at September 30, 2007, has been recorded in the enterprise fund representing the County's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2007, estimated capacity used was 78.65%. In addition, the County has established a landfill escrow account in the landfill closure fund to fund estimated closure costs as required by the Florida Department of Environmental Protection.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

O. New Accounting Standard

The County implemented Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* in fiscal year 2003. A provision in the statement allowed additional time for compiling general government infrastructure assets acquired or constructed prior to October 1, 2002. Based on criteria within the statement, the County is required to report all major general infrastructure assets by fiscal year 2007. The County has implemented this provision of the statement during the year ended September 30, 2007.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

O. New Accounting Standard (concluded)

The beginning net asset amount for governmental activities reflects the following changes required by the implementation of this provision in GASB 34:

Invested in capital assets, net of related debt, September 30, 2006	\$ 25,193,686
Depreciable infrastructure (net)	<u>29,037,717</u>
Invested in capital assets, net of related debt, Sept. 30, 2006, restated	<u>\$ 54,231,403</u>

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

“Total fund balances” of the county’s governmental funds (\$13,949,947) differs from “net assets” of governmental activities (\$68,142,092) reported in the statement of net assets. This difference primarily results from the long term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net assets included those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 100,672,536
Accumulated depreciation	<u>(42,041,270)</u>
Total capital assets added	<u>\$ 58,631,266</u>

Long-term Debt Transactions

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances as of September 30, 2007 were:

Capital leases payable	\$ (1,336,194)
Notes payable	(2,300,000)
Compensated absences	<u>(764,091)</u>
Total	<u>\$ (4,400,285)</u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Accrued Interest

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on notes payable and capital leases.

Accrued interest on capital leases payable and notes payable	\$ <u>38,836</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$908,353 between governmental funds have been eliminated for the statement of net assets.

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

The “net change in fund balances” for governmental funds (-\$4,256,000) differs from the “change in net assets” for governmental activities (\$470,822) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

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

Capital outlay	\$ 6,042,644
Depreciation expense	<u>(4,623,653)</u>
Difference	<u>\$ 1,418,991</u>

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

Sale of capital assets	\$ <u>(65,455)</u>
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**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (concluded)

Long-term Debt Transactions

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

Debt issued:	
Capital leases payable	\$ (695,110)
Notes payable	(1,000,000)
Principal repayments:	
Capital leases payable	405,243
Notes payable	4,700,000
Net change in compensated absences	(23,332)
Net adjustment	<u>\$ 3,386,801</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>\$ (13,515)</u>
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Reclassification and Eliminations

Transfers in and transfers out in the amount of \$9,274,046 between governmental activities are eliminated.

NOTE 4 – CASH AND INVESTMENTS

Deposits

The County's carrying amount of cash deposits was \$24,231,853 and the bank balances were \$24,986,380 at September 30, 2007.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 4 – CASH AND INVESTMENTS (concluded)

Investments

At September 30, 2007, the Board’s investments consisted of the following:

Investment Type	Fair Value
Certificates of Deposit	\$ 32,627

Interest rate risk. In accordance with the County’s investment policy, authorized investments shall be invested to match investment maturities with known cash needs and anticipated cash-flow requirements.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County had no policy on credit risk.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. Procedures are established to control risks and diversify investments regarding specific security types, maturities, and financial institutions.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it.

All bank accounts of the County are placed in banks that qualify as a public depository, as required by law (Florida Security For Public Deposits Act, Chapter 280, Florida Statutes). Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the County’s name, nor specify which collateral is held for the County’s benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the County for any deposits not covered by depository insurance or collateral pledged by the depository as previously described.

The above bank balances are considered 100% insured for risk disclosure purposes.

Custodial Credit Risk – Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 5 – RECEIVABLES

Receivables consist of the following at September 30, 2007:

	General Fund	Grants	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Non-Major and Other Funds	Total
Emergency Medical Services	\$ 870,917	\$ -	\$	\$	\$	\$ 870,917
Landfill Charges	-	-	67,148			67,148
Accounts	3,750	4,510		30,075	566	38,901
Accounts						
Receivable, gross	874,667	4,510	67,148	30,075	566	976,966
(Allowance for uncollectibles)	(278,693)					(278,693)
Accounts Receivable, net	\$ 595,974	\$ 4,510	\$ 67,148	\$ 30,075	\$ 566	\$ 698,273

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 6 - DETAIL OF CAPITAL ASSETS

A summary of changes in capital assets for the year follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,494,863	\$ -	\$ -	\$ -	\$ 3,494,863
Construction in progress	315,784	-	-	(315,784)	-
Total capital assets, not being depreciated	<u>3,810,647</u>	<u>-</u>	<u>-</u>	<u>(315,784)</u>	<u>3,494,863</u>
Capital assets, being depreciated:					
Buildings and improvements	20,124,947	696,806	(15,443)	105,423	20,911,733
Machinery and equipment	13,421,439	1,893,056	(498,555)	-	14,815,940
Infrastructure	57,788,828	3,452,782	-	208,390	61,450,000
Total capital assets, being depreciated:	<u>91,335,214</u>	<u>6,042,644</u>	<u>(513,998)</u>	<u>313,813</u>	<u>97,177,673</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,365,488)	(463,849)	927	-	(5,828,410)
Machinery and equipment	(7,214,991)	(1,211,701)	447,616	1,971	(7,977,105)
Infrastructure	(25,287,652)	(2,948,103)	-	-	(28,235,755)
Total accumulated depreciation	<u>(37,868,131)</u>	<u>(4,623,653)</u>	<u>448,543</u>	<u>1,971</u>	<u>(42,041,270)</u>
Total capital assets, being depreciated, net	<u>53,467,083</u>	<u>1,418,991</u>	<u>(65,455)</u>	<u>315,784</u>	<u>55,136,403</u>
Governmental activities capital assets, net	<u>\$ 57,277,730</u>	<u>\$ 1,418,991</u>	<u>\$ (65,455)</u>	<u>\$ -</u>	<u>\$ 58,631,266</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 790,992	\$ -	\$ -	\$ -	\$ 790,992
Construction in progress	1,225,199	-	(1,225,199)	-	-
Total capital assets, not being depreciated	<u>2,016,191</u>	<u>-</u>	<u>(1,225,199)</u>	<u>-</u>	<u>790,992</u>
Capital assets, being depreciated:					
Buildings and improvements	8,783,137	34,392	-	-	8,817,529
Machinery and equipment	1,450,249	10,877	(6,510)	-	1,454,616
Infrastructure	-	5,934,320	-	-	5,934,320
Total capital assets, being depreciated:	<u>10,233,386</u>	<u>5,979,589</u>	<u>(6,510)</u>	<u>-</u>	<u>16,206,465</u>
Less accumulated depreciation for:					
Buildings and system	(1,186,755)	(212,412)	-	-	(1,399,167)
Machinery and equipment	(535,981)	(181,552)	4,114	-	(713,419)
Infrastructure	-	(89,608)	-	-	(89,608)
Total accumulated depreciation	<u>(1,722,736)</u>	<u>(483,572)</u>	<u>4,114</u>	<u>-</u>	<u>(2,202,194)</u>
Total capital assets, being depreciated, net	<u>8,510,650</u>	<u>5,496,017</u>	<u>(2,396)</u>	<u>-</u>	<u>14,004,271</u>
Business-type activities capital assets, net	<u>\$ 10,526,841</u>	<u>\$ 5,496,017</u>	<u>\$ (1,227,595)</u>	<u>\$ -</u>	<u>\$ 14,795,263</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 6 - DETAIL OF CAPITAL ASSETS (concluded)

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

Governmental activities:	
General government	\$ 575,435
Public safety	581,589
Physical environment	2,034
Transportation	3,273,305
Human services	55,402
Culture/recreation	135,888
Total depreciation expense - governmental activities	<u>\$ 4,623,653</u>
Business-type activities:	
Solid Waste	\$ 356,069
Wauchula Hills Water/Wastewater Treatment	103,179
Vandolah Wastewater Treatment	24,324
Total depreciation expense - business-type activities	<u>\$ 483,572</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended September 30, 2007:

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007	Due Within One Year
Governmental Activities:					
Capital leases	\$ 1,046,327	695,110	(405,243)	\$ 1,336,194	\$ 274,315
Notes payable	6,000,000	1,000,000	(4,700,000)	2,300,000	700,000
Compensated absences	740,759	23,332	-	764,091	311,982
Total Governmental Activities:	<u>\$ 7,787,086</u>	<u>\$ 1,718,442</u>	<u>\$ (5,105,243)</u>	<u>\$ 4,400,285</u>	<u>\$ 1,286,297</u>
Business-Type Activities:					
Notes payable	\$ 1,875,000	1,500,000	(225,000)	\$ 3,150,000	\$ 2,150,000
Compensated absences	11,265	-	-	11,265	11,265
Landfill closure and postclosure costs	6,429,343	2,878,527	-	9,307,870	-
Total Business-Type Activities:	<u>\$ 8,315,608</u>	<u>\$ 4,378,527</u>	<u>\$ (225,000)</u>	<u>\$ 12,469,135</u>	<u>\$ 2,161,265</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 7 - LONG-TERM DEBT (continued)

Capital Leases

The County purchased an Excavator under capital lease for \$257,241 during the 2002-2003 fiscal year. Monthly payments of \$6,161 include interest of 5.0%

The County purchased 911 equipment under capital lease for \$149,904 during the 2002-2003 fiscal year. Monthly payments of \$2,933 include interest at 6.49%.

The County purchased two fire trucks under capital lease for \$490,739 during the 2004-2005 fiscal year. Annual payments of \$61,483 include interest at 4.717%.

The County purchased two ambulances under capital lease for \$171,108 during the 2004-2005 fiscal year. Annual payments of \$38,436 include interest at 4%.

The County purchased a fire truck for \$216,964, with a down payment of \$108,964 and a capital lease of \$108,000, during the 2005-2006 fiscal year. Annual payments of \$18,762 include interest at 4.38%.

The County purchased a hydraulic excavator under capital lease for \$277,032 during the 2005-2006 fiscal year. Annual payments of \$61,283 include interest at 5.8%.

The County purchased a copier under capital lease for \$8,030 during the 2005-2006 fiscal year. Monthly payments of \$258 include interest at 9.64%.

The Board purchased radio equipment under a capital lease for \$377,900 during the 2006-2007 fiscal year. Annual payments of \$85,030 include interest at 4.06%.

The Board purchased a heavy-duty pump under a capital lease for \$317,210 during the 2006-2007 fiscal year. Annual payments of \$40,484 include interest at 4.7%.

The assets acquired through long-term leases are as follows:

Asset:	
Machinery and Equipment	\$ 2,385,070
Less: Accumulated Depreciation	<u>(490,212)</u>
Total	<u><u>\$ 1,894,858</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 7 - LONG-TERM DEBT (continued)

Capital Leases (concluded)

Future minimum lease payments due under the capital leases are as follows:

Year Ending September 30,	Governmental Activities
2008	\$ 337,486
2009	308,516
2010	268,588
2011	206,765
2012	206,763
thereafter	224,932
Total payments	\$ 1,553,050
Less: Amount representing interest	(216,856)
Total	\$ 1,336,194

Notes Payable

The County issued a note payable to the Florida Local Government Finance Commission for \$1,000,000 during the 2006-2007 fiscal year for the purpose of transportation improvements. Principal payments are due annually, beginning June 5, 2007. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by designated revenue derived from the local option fuel tax and the constitutional fuel tax.

The County issued a note payable to the Florida Local Government Finance Commission for \$2,000,000 during the 2005-2006 fiscal year for the purposes of providing the Board with sufficient funds to refinance a portion of the 2000-2001 note payable that became due during the 2005-2006 fiscal year. Principal payments are due annually, beginning December 5, 2006. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by designated revenues derived from the local option fuel tax and the constitutional fuel tax.

The County issued a note payable to the Florida Local Government Finance Commission for \$1,650,000 during the 2005-2006 fiscal year for Wauchula Hills Wastewater Treatment Plant. Principal payments are due annually beginning December 7, 2004. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by the ½ cent sales tax.

The County issued a note payable to the Florida Local Government Finance Commission for \$1,500,000 during the 2006-2007 fiscal year for expansion of the landfill. Principal payments are due annually beginning March 8, 2008. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by revenues derived from the landfill operation.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 7 - LONG-TERM DEBT (concluded)

Notes Payable (concluded)

Maturities of notes payable are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Florida Local Government		Florida Local Government	
	Finance Commission		Finance Commission	
	Principal	Interest	Principal	Interest
2008	\$ 700,000	\$ 65,736	\$ 2,150,000	\$ 89,965
2009	700,000	43,581	500,000	-
2010	700,000	17,645	500,000	-
2011	200,000	5,595	-	-
	<u>\$ 2,300,000</u>	<u>\$ 132,557</u>	<u>\$ 3,150,000</u>	<u>\$ 89,965</u>

NOTE 8 – OTHER DISCLOSURES

The balance of interfund receivables and payables were as follows at September 30, 2007:

	Interfund Receivable	Interfund Payable
General Fund	\$ 278,211	629,228
Fines and Forfeitures	592,075	6,227
Transportation Trust	24,297	24,084
Grants	-	245,374
Non-Major Governmental Funds	14,431	3,440
Solid Waste	4,634	5,214
Vandolah Wastewater Treatment	-	81
Total	<u>\$ 913,648</u>	<u>\$ 913,648</u>

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN

All full-time employees of the County participate in the Florida Retirement System (the System). The System was created by the Florida Legislature and is a cost-sharing, multiple-employer public retirement plan available to governmental units within the state of Florida. Participants can choose from two options: the FRS Pension Plan or the FRS Investment Plan.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 9 - DEFINED BENEFIT PENSION PLAN (concluded)

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

The County and all full-time employees are eligible to participate in the System. Special risk employees who retire at or after age 55 with six years of creditable service and all other employees who retire at or after age 62 with six years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average monthly compensation in the highest five years of creditable service; 2) creditable service during the appropriate period; and 3) the appropriate benefit percentage. Benefits are fully vested on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost-of-living adjustments. Benefits are established by Florida Statute.

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 plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the County, are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk members, 13.12% for the county manager (senior management), 10.42% for the extension agent (SUS Optional), 10.91% for DROP employees, and 16.53% for elected County officials, which includes the health insurance subsidy contribution of 1.11%.

The County's contributions to the System for the years ended September 30, 2007, 2005, and 2004 were \$1,880,609, \$1,503,866, and \$1,197,319, respectively, equal to the required contributions for each year.

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County is a member of Public Risk Management of Florida (PRM), a local government risk management pool. The PRM program is structured under a self-insured retention insurance program, whereby PRM pays claims up to a specified amount annually for property and general liability, public officials' liability, automobile liability and workers' compensation. PRM purchases excess insurance or stop loss insurance from commercial carriers to cover losses above the self-insured retention amounts.

PRM assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments (premiums) do not produce sufficient funds to meet its obligations, PRM can make additional limited assessments. Losses, if any, in excess of PRM's ability to assess its members would revert back to the member that incurred the loss.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Landfill Closure Commitments

The County adopted a resolution to set aside funds for the closure costs of the County's landfill in the years prior to closure, which is expected to occur in approximately one year. Closure costs include the engineering and construction of covers, gas systems, and revegetation costs.

Hardee County has one landfill site which is comprised of one cell which is currently in operation. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and postclosure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and postclosure care liability of \$9,307,870 at September 30, 2007, represents the cumulative amount reported to date based on an average use of 78.65% of the total estimated capacity. The remaining \$2,526,054 will be recognized as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2007 with \$2,008,199 held in a separate cash account to fund the following year's long-term care costs, as well as a portion of the estimated closure costs of the regional landfill, materials recovery facility, and waste tire facility. The County expects that future inflation costs will be paid from future contributions and interest earnings on these contributions. In the event closure escrow and interest earnings prove inadequate due to higher than expected inflation changes in technology or changes in laws and regulations, these costs may need to be financed by future landfill uses or future tax revenue. The County intends to fund these costs annually through its solid waste special assessment.

Contingencies

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. It is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of Hardee County, Florida.

The County is subject to various grant program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2007 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 12 – FUND BALANCE DEFICIT

Enterprise Funds

Solid Waste Fund – The unrestricted net assets deficit of \$6,344,834 is due to the landfill closure and post-closure care liability which is not fully funded. Management will continue to fund the required portion of the liability annually.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 13 - TRANSFERS

Transfers during the year ended September 30, 2007, consisted of the following:

Transfers to the General Fund from:

Transportation Trust	\$	121,720
Fines and Forfeitures		7,129,508
Grants		38,001
Non-Major Governmental Funds		204,099
Solid Waste Fund		59,140
Wauchula Hills Water/Wastewater Treatment		5,600
Non-Major Enterprise Fund		2,105
	<u>\$</u>	<u>7,560,173</u>

Transfers to the Transportation Trust Fund from:

General		40,185
Non-Major Governmental Funds		265,332
Solid Waste Fund		77,086
Wauchula Hills Water/Wastewater Treatment		813
Non-Major Enterprise Fund		335
	<u>\$</u>	<u>383,751</u>

Transfers to the Fines and Forfeitures Fund from:

General		75,150
	<u>\$</u>	<u>75,150</u>

Transfers to the Grants Fund from:

General	<u>\$</u>	<u>45,750</u>
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Transfers to Non-Major Governmental Funds from:

General		375,000
Transportation Trust		978,000
Non-Major Governmental Funds		1,300
Solid Waste Fund		220
	<u>\$</u>	<u>1,354,520</u>

Transfers to Wauchula Hills Water/Wastewater Treatment from:

General		603,000
Grants		917,817
Non-Major Enterprise Fund		5,125
	<u>\$</u>	<u>1,525,942</u>

Transfers to the Solid Waste Fund from:

Non-Major Governmental Funds	<u>\$</u>	<u>1,400</u>
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Transfers are used to 1) move revenues from the fund that state law required to collect them to the fund that state law requires to expend them, 2) provide matching funds for grants, 3) use unrestricted fund revenues to finance activities which must be accounted for in another fund.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 14 - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)

The State Housing Initiative Partnership Program (SHIP) is included in the Grants Fund major fund. Separate financial information for this fund is reported below:

**Balance Sheet
September 30, 2007**

Assets	
Cash	\$ 920,110
Due from Other Governments	4,510
Total Assets	\$ 924,620
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 114,640
Due to Other Funds	12,117
Deferred Revenue	797,863
Total Liabilities	924,620
Fund Balance	-
Total Liabilities and Fund Balance	\$ 924,620

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 401,502	\$ 51,502
Interest	-	-	40,612	40,612
Miscellaneous	-	-	155,057	155,057
Total Revenues	350,000	350,000	597,171	247,171
Expenditures:				
Economic Environment	853,900	849,270	597,171	252,099
Total Expenditures	853,900	849,270	597,171	252,099
Net change in fund balance	(503,900)	(499,270)	-	499,270
Fund balance, beginning of year	503,900	499,270	-	(499,270)
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE 15 – HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND

The Hurricane Housing Recovery Program Trust Fund is included in the Grants Fund major fund. Separate financial information for this fund is reported below:

**Balance Sheet
September 30, 2007**

Assets	
Cash	\$ 3,203,068
Total Assets	<u><u>\$ 3,203,068</u></u>
 Liabilities and Fund Balance	
Liabilities	
Due to Other Funds	\$ 16,158
Deferred Revenue	3,186,910
Total Liabilities	<u><u>\$ 3,203,068</u></u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,203,068</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,542,448	\$ 2,542,448	\$ 2,137,841	\$ (404,607)
Interest	-	75,595	121,376	45,781
Total Revenues	<u>2,542,448</u>	<u>2,618,043</u>	<u>2,259,217</u>	<u>(358,826)</u>
Expenditures:				
Economic Environment	5,301,730	5,412,247	2,240,884	3,171,363
Capital Outlay	23,786	25,413	18,333	7,080
Total Expenditures	<u>5,325,516</u>	<u>5,437,660</u>	<u>2,259,217</u>	<u>3,178,443</u>
Net change in fund balance	(2,783,068)	(2,819,617)	-	2,819,617
Fund balance, beginning of year	<u>2,783,068</u>	<u>2,819,693</u>	<u>-</u>	<u>(2,819,693)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 76</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (76)</u></u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Following are descriptions of each special revenue fund.

Fire Control Fund – The Fire Control Fund accounts for assessments related to providing countywide fire protection services.

Race Track Jai Alai Fund – The Race Track Jai Alai Fund accounts for the proceeds of sales and use taxes distributed to the county pursuant to Florida Statute 212.20(6)(d)7.a. A portion of the proceeds are distributed in accordance with Special Act 59-857 House Bill 1338.

Pioneer Park Days Fund – The Pioneer Park Days Fund accounts for the proceeds received during the annual Pioneer Park Days show. Any excess proceeds are set aside to be utilized for park related improvements.

Law Enforcement Trust Fund – The Law Enforcement Trust Fund accounts for proceeds received pursuant to Florida Statute 932.7055 and are used for law enforcement related purposes as defined in the statute.

Clerk's Fine and Forfeiture Fund – The Clerk's Fine and Forfeiture Fund is established in accordance with Florida Statutes. It is used to account for court fines, fees, service charges, liabilities, and costs.

Clerk's Records Modernization Fund – The Records Modernization Fund accounts for the additional service charges on recorded instruments for modernizing the official record keeping systems in the Clerk's office.

Clerk's Child Support IV-D Fund – The child support enforcement grant fund is used to account for the child support enforcement grant and related expenditures.

Sheriff's Commissary Fund – The commissary fund accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, cigarettes, toothpaste, etc. to the inmates. Profits from these sales can only be spent for the welfare of the inmates.

Sheriff's Department Education Fund – The Sheriff's Department Education Fund accounts for an assessment added to all fines and forfeitures. These monies can only be used for approved education and training of law enforcement, correctional and administrative personnel.

DEBT SERVICE FUNDS

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

Transportation Trust Debt Service Fund – This fund accounts for the accumulation of resources set aside for the payment of debt and interest to the Florida Government Finance Commission.

**HARDEE COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

	<u>Special Revenue</u>				
	Race				
	Fire Control	Track Jai Alai	Pioneer Park	Law Enforcement Trust	Clerk's Fine and Forfeiture
Assets					
Cash	\$ 386,442	\$ 2,337	\$ 153,298	\$ 75,809	\$ 34,788
Accounts Receivable, net	195	-	361	-	10
Due From Other Funds	4,757	-	-	5,913	-
Due From Other Governmental Agencies	-	-	-	-	3,793
Prepaid Expenses	-	-	-	-	-
Total Assets	<u>\$ 391,394</u>	<u>\$ 2,337</u>	<u>\$ 153,659</u>	<u>\$ 81,722</u>	<u>\$ 38,591</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued					
Liabilities	\$ 37,992	\$ -	\$ 596	\$ -	\$ 38,546
Due to Other Funds	3,395	-	-	-	45
Due to Other Governmental Agencies	291	-	-	-	-
Deferred Revenue	-	-	48,183	-	-
Total Liabilities	<u>41,678</u>	<u>-</u>	<u>48,779</u>	<u>-</u>	<u>38,591</u>
Fund Balances					
Reserved for Debt Service	-	-	-	-	-
Unreserved	349,716	2,337	104,880	81,722	-
Total Fund Balances	<u>349,716</u>	<u>2,337</u>	<u>104,880</u>	<u>81,722</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 391,394</u>	<u>\$ 2,337</u>	<u>\$ 153,659</u>	<u>\$ 81,722</u>	<u>\$ 38,591</u>

				<u>Debt Service</u>	
<u>Clerk's Records Modernization</u>	<u>Clerk's Child Support IV-D</u>	<u>Sheriff's Commissary</u>	<u>Sheriff's Department Education</u>	<u>Transportation Trust</u>	<u>Total All Nonmajor Governmental Funds</u>
\$ 167,235	\$ 26,162	\$ 122,099	\$ 35,639	\$ 222,760	\$ 1,226,569
-	-	-	-	-	566
3,761	-	-	-	-	14,431
-	3,483	-	-	-	7,276
-	-	-	-	8,348	8,348
<u>\$ 170,996</u>	<u>\$ 29,645</u>	<u>\$ 122,099</u>	<u>\$ 35,639</u>	<u>\$ 231,108</u>	<u>\$ 1,257,190</u>
\$ 299	\$ 1,283	\$ -	\$ -	\$ -	\$ 78,716
-	-	-	-	-	3,440
-	-	-	-	-	291
-	-	-	-	-	48,183
<u>299</u>	<u>1,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,630</u>
-	-	-	-	231,108	231,108
<u>170,697</u>	<u>28,362</u>	<u>122,099</u>	<u>35,639</u>	<u>-</u>	<u>895,452</u>
<u>170,697</u>	<u>28,362</u>	<u>122,099</u>	<u>35,639</u>	<u>231,108</u>	<u>1,126,560</u>
<u>\$ 170,996</u>	<u>\$ 29,645</u>	<u>\$ 122,099</u>	<u>\$ 35,639</u>	<u>\$ 231,108</u>	<u>\$ 1,257,190</u>

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Special Revenue</u>				
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park</u>	<u>Law Enforcement Trust</u>	<u>Clerk's Fine and Forfeiture</u>
Revenues					
Intergovernmental	\$ 15,500	\$ 446,500	\$ -	\$ -	\$ 170,514
Charges For Services	32,124	-	130,160	-	881,067
Fines and Forfeitures	-	-	-	-	-
Assessments	1,402,623	-	-	-	-
Interest	31,435	1,303	9,680	5,300	18,582
Miscellaneous	21,023	-	3,040	36,174	18,399
Total Revenues	<u>1,502,705</u>	<u>447,803</u>	<u>142,880</u>	<u>41,474</u>	<u>1,088,562</u>
Expenditures					
Current:					
General Government	-	-	-	-	1,072,773
Public Safety	1,672,587	-	-	46,500	-
Human Services	-	220,500	-	-	-
Culture and Recreation	-	-	75,705	-	-
Capital Outlay	371,097	-	-	-	15,789
Debt Service:					
Principal Retirement	85,000	-	-	-	-
Interest	36,734	-	-	-	-
Total Expenditures	<u>2,165,418</u>	<u>220,500</u>	<u>75,705</u>	<u>46,500</u>	<u>1,088,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(662,713)</u>	<u>227,303</u>	<u>67,175</u>	<u>(5,026)</u>	<u>-</u>
Other Financing Sources (Uses)					
Operating Transfers In	376,520	-	-	-	-
Operating Transfers Out	(94,045)	(226,000)	(70,087)	-	-
Issuance of Debt	317,210	-	-	-	-
Total Other Financing Sources (Uses)	<u>599,685</u>	<u>(226,000)</u>	<u>(70,087)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(63,028)	1,303	(2,912)	(5,026)	-
Fund Balance, beginning of year	<u>412,744</u>	<u>1,034</u>	<u>107,792</u>	<u>86,748</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 349,716</u>	<u>\$ 2,337</u>	<u>\$ 104,880</u>	<u>\$ 81,722</u>	<u>\$ -</u>

				Debt Service	
Clerk's Records Modernization	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Transportation Trust	Total All Nonmajor Governmental Funds
\$ -	\$ 45,967	\$ -	\$ -	\$ -	\$ 678,481
59,084	-	-	-	-	1,102,435
-	-	-	5,240	-	5,240
-	-	-	-	-	1,402,623
7,731	1,927	-	-	17,076	93,034
-	-	113,546	-	-	192,182
<u>66,815</u>	<u>47,894</u>	<u>113,546</u>	<u>5,240</u>	<u>17,076</u>	<u>3,473,995</u>
25,488	46,460	-	-	-	1,144,721
-	-	24,962	4,450	-	1,748,499
-	-	-	-	-	220,500
-	-	-	-	-	75,705
11,034	-	-	-	-	397,920
-	-	-	-	700,000	785,000
-	-	-	-	87,820	124,554
<u>36,522</u>	<u>46,460</u>	<u>24,962</u>	<u>4,450</u>	<u>787,820</u>	<u>4,496,899</u>
<u>30,293</u>	<u>1,434</u>	<u>88,584</u>	<u>790</u>	<u>(770,744)</u>	<u>(1,022,904)</u>
-	-	-	-	978,000	1,354,520
-	-	(81,999)	-	-	(472,131)
-	-	-	-	-	317,210
-	-	(81,999)	-	978,000	1,199,599
30,293	1,434	6,585	790	207,256	176,695
<u>140,404</u>	<u>26,928</u>	<u>115,514</u>	<u>34,849</u>	<u>23,852</u>	<u>949,865</u>
<u>\$ 170,697</u>	<u>\$ 28,362</u>	<u>\$ 122,099</u>	<u>\$ 35,639</u>	<u>\$ 231,108</u>	<u>\$ 1,126,560</u>

(continued)

**HARDEE COUNTY, FLORIDA
FIRE CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 15,500	\$ 15,500	\$ -
Charges For Services	529,220	529,220	32,124	(497,096)
Assessments	1,287,500	1,287,500	1,402,623	115,123
Interest	10,000	10,000	31,435	21,435
Miscellaneous	800	1,800	21,023	19,223
Total Revenues	<u>1,827,520</u>	<u>1,844,020</u>	<u>1,502,705</u>	<u>(341,315)</u>
Expenditures				
Current:				
Public Safety	1,914,480	1,834,261	1,672,587	161,674
Capital Outlay	378,377	384,377	371,097	13,280
Debt Service:				
Principal Retirement	122,791	130,655	85,000	45,655
Interest	43,980	36,735	36,734	1
Total Expenditures	<u>2,459,628</u>	<u>2,386,028</u>	<u>2,165,418</u>	<u>220,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(632,108)</u>	<u>(542,008)</u>	<u>(662,713)</u>	<u>(120,705)</u>
Other Financing Sources (Uses)				
Transfers In	375,000	375,000	376,520	1,520
Transfers In	-	(90,100)	(94,045)	(3,945)
Issuance of Debt	329,977	329,977	317,210	(12,767)
Total Other Financing Sources (Uses)	<u>704,977</u>	<u>614,877</u>	<u>599,685</u>	<u>(15,192)</u>
Net Change in Fund Balances	72,869	72,869	(63,028)	(135,897)
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>412,744</u>	<u>412,744</u>
Fund Balances, end of year	<u>\$ 72,869</u>	<u>\$ 72,869</u>	<u>\$ 349,716</u>	<u>\$ 276,847</u>

**HARDEE COUNTY, FLORIDA
RACE TRACK JAI ALAI FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	1,303	1,303
Total Revenues	<u>446,500</u>	<u>446,500</u>	<u>447,803</u>	<u>1,303</u>
Expenditures				
Current:				
Human Services	220,500	220,500	220,500	-
Total Expenditures	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,000</u>	<u>226,000</u>	<u>227,303</u>	<u>1,303</u>
Other Financing Sources (Uses)				
Transfers Out	(226,000)	(226,000)	(226,000)	-
Total Other Financing Sources (Uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	1,303	1,303
Fund Balances, beginning of year	-	-	1,034	1,034
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337</u>	<u>\$ 2,337</u>

HARDEE COUNTY, FLORIDA
PIONEER PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 140,000	\$ 140,000	\$ 130,160	\$ (9,840)
Interest	1,200	1,200	9,680	8,480
Miscellaneous	-	1,000	3,040	2,040
Total Revenues	<u>141,200</u>	<u>142,200</u>	<u>142,880</u>	<u>680</u>
Expenditures				
Current:				
Culture and Recreation	135,582	85,882	75,705	10,177
Total Expenditures	<u>135,582</u>	<u>85,882</u>	<u>75,705</u>	<u>10,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,618</u>	<u>56,318</u>	<u>67,175</u>	<u>10,857</u>
Other Financing Sources (Uses)				
Transfers Out	(30,000)	(80,700)	(70,087)	10,613
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(80,700)</u>	<u>(70,087)</u>	<u>10,613</u>
Net Change in Fund Balances	(24,382)	(24,382)	(2,912)	21,470
Fund Balances, beginning of year	<u>61,940</u>	<u>61,940</u>	<u>107,792</u>	<u>45,852</u>
Fund Balances, end of year	<u>\$ 37,558</u>	<u>\$ 37,558</u>	<u>\$ 104,880</u>	<u>\$ 67,322</u>

**HARDEE COUNTY, FLORIDA
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 300	\$ 300	\$ 5,300	\$ 5,000
Miscellaneous	8,000	8,000	36,174	28,174
Total Revenues	<u>8,300</u>	<u>8,300</u>	<u>41,474</u>	<u>33,174</u>
Expenditures				
Current:				
Public Safety	50,000	52,462	46,500	5,962
Total Expenditures	<u>50,000</u>	<u>52,462</u>	<u>46,500</u>	<u>5,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,700)	(44,162)	(5,026)	39,136
Fund Balances, beginning of year	<u>87,042</u>	<u>87,042</u>	<u>86,748</u>	<u>(294)</u>
Fund Balances, end of year	<u>\$ 45,342</u>	<u>\$ 42,880</u>	<u>\$ 81,722</u>	<u>\$ 38,842</u>

**HARDEE COUNTY, FLORIDA
CLERK'S FINE & FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 227,354	\$ 227,354	\$ 170,514	\$ (56,840)
Charges for Services	746,872	746,872	881,067	134,195
Interest	17,000	17,000	18,582	1,582
Miscellaneous	12,650	12,650	18,399	5,749
Total Revenues	<u>1,003,876</u>	<u>1,003,876</u>	<u>1,088,562</u>	<u>84,686</u>
Expenditures				
Current:				
General Government	996,876	987,996	1,072,773	(84,777)
Capital Outlay	7,000	15,880	15,789	91
Total Expenditures	<u>1,003,876</u>	<u>1,003,876</u>	<u>1,088,562</u>	<u>(84,686)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARDEE COUNTY, FLORIDA
TRANSPORTATION TRUST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 17,076	\$ 17,076
Total Revenues	<u>-</u>	<u>-</u>	<u>17,076</u>	<u>17,076</u>
Expenditures				
Debt Service:				
Principal Retirement	865,500	700,500	700,000	500
Interest	112,500	277,500	87,820	189,680
Total Expenditures	<u>978,000</u>	<u>978,000</u>	<u>787,820</u>	<u>190,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(978,000)</u>	<u>(978,000)</u>	<u>(770,744)</u>	<u>207,256</u>
Other Financing Sources (Uses)				
Transfers In	978,000	978,000	978,000	-
Total Other Financing Sources (Uses)	<u>978,000</u>	<u>978,000</u>	<u>978,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	207,256	207,256
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>23,852</u>	<u>23,852</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,108</u>	<u>\$ 231,108</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2007

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's State Juror & Witness</u>
Assets				
Cash	\$ 397,841	\$ 787	\$ 95,640	\$ 770
Due from Individuals	-	-	-	-
Total Assets	<u>\$ 397,841</u>	<u>\$ 787</u>	<u>\$ 95,640</u>	<u>\$ 770</u>
 Liabilities				
Due to Individuals	\$ 27,864	\$ 14	\$ 95,640	\$ 770
Due to Other Governments	369,977	773	-	-
Deposit - Installment Taxes	-	-	-	-
Total Liabilities	<u>\$ 397,841</u>	<u>\$ 787</u>	<u>\$ 95,640</u>	<u>\$ 770</u>

<u>Clerk's County Witness</u>	<u>Clerk's Cash Bond</u>	<u>Clerk's Condemnation Right-of Way</u>	<u>Sheriff's Suspense</u>	<u>Sheriff's Collections</u>	<u>Sheriff's Inmate</u>	<u>Sheriff's Youth</u>
\$ 264	\$ 46,782	\$ 1,095	\$ 16,348	\$ -	\$ 3,763	\$ 5,364
-	-	-	-	-	-	-
<u>\$ 264</u>	<u>\$ 46,782</u>	<u>\$ 1,095</u>	<u>\$ 16,348</u>	<u>\$ -</u>	<u>\$ 3,763</u>	<u>\$ 5,364</u>
\$ 22	\$ 46,782	\$ 1,095	\$ 16,348	\$ -	\$ 3,763	\$ 5,364
242	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 264</u>	<u>\$ 46,782</u>	<u>\$ 1,095</u>	<u>\$ 16,348</u>	<u>\$ -</u>	<u>\$ 3,763</u>	<u>\$ 5,364</u>

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS (Concluded)
SEPTEMBER 30, 2007

	<u>Sheriff's Flower</u>	<u>Tax Collector Fund</u>	<u>Tax Collector's Motor Vehicle Fund</u>	<u>Total</u>
Assets				
Cash	\$ 1,928	\$ 216,616	\$ 41,839	\$ 829,037
Due from Individuals	-	-	56	56
Total Assets	<u>\$ 1,928</u>	<u>\$ 216,616</u>	<u>\$ 41,895</u>	<u>\$ 829,093</u>
Liabilities				
Due to Individuals	\$ 1,928	\$ 29,486	-	\$ 229,076
Due to Other Governments	-	9,150	41,895	422,037
Deposit - Installment Taxes	-	177,980	-	177,980
Total Liabilities	<u>\$ 1,928</u>	<u>\$ 216,616</u>	<u>\$ 41,895</u>	<u>\$ 829,093</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
<u>CLERK'S SPECIAL TRUST</u>				
Assets				
Cash	\$ 188,215	\$ 3,272,983	\$ (3,063,357)	\$ 397,841
Liabilities				
Due to Individuals	\$ 21,839	\$ 84,955	\$ (78,930)	\$ 27,864
Due to Other Governments	166,376	3,188,028	(2,984,427)	369,977
Total Liabilities	<u>\$ 188,215</u>	<u>\$ 3,272,983</u>	<u>\$ (3,063,357)</u>	<u>\$ 397,841</u>
<u>CLERK'S SUPPORT</u>				
Assets				
Cash	\$ 793	\$ 10,298	\$ (10,304)	\$ 787
Liabilities				
Due to Individuals	\$ 14	\$ 63	\$ (63)	\$ 14
Due to Other Governments	779	10,235	(10,241)	773
Total Liabilities	<u>\$ 793</u>	<u>\$ 10,298</u>	<u>\$ (10,304)</u>	<u>\$ 787</u>
<u>CLERK'S COURT REGISTRY</u>				
Assets				
Cash	\$ 36,316	\$ 182,707	\$ (123,383)	\$ 95,640
Liabilities				
Due to Individuals	\$ 36,316	\$ 182,707	\$ (123,383)	\$ 95,640
<u>CLERK'S STATE JUROR AND WITNESS</u>				
Assets				
Cash	\$ 408	\$ 9,195	\$ (8,833)	\$ 770
Liabilities				
Due to Individuals	\$ 408	\$ 9,195	\$ (8,833)	\$ 770

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
<u>CLERK'S COUNTY WITNESS</u>				
Assets				
Cash	\$ 289	\$ 87	\$ (112)	\$ 264
Liabilities				
Due to Individuals	\$ 22	\$ 12	\$ (12)	\$ 22
Due to Other Governments	267	75	(100)	242
Total Liabilities	<u>\$ 289</u>	<u>\$ 87</u>	<u>\$ (112)</u>	<u>\$ 264</u>
 <u>CLERK'S CASH BOND</u>				
Assets				
Cash	\$ 48,353	\$ 261,682	\$ (263,253)	\$ 46,782
Liabilities				
Due to Individuals	\$ 48,353	\$ 261,682	\$ (263,253)	\$ 46,782
 <u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u>				
Assets				
Cash	\$ 29,412	\$ -	\$ (28,317)	\$ 1,095
Liabilities				
Due to Individuals	\$ 29,412	\$ -	\$ (28,317)	\$ 1,095
 <u>SHERIFF'S SUSPENSE</u>				
Assets				
Cash	\$ 14,991	\$ 90,425	\$ (89,068)	\$ 16,348
Liabilities				
Due to individuals	\$ 14,991	\$ 90,425	\$ (89,068)	\$ 16,348

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
<u>SHERIFF'S COLLECTIONS</u>				
Assets				
Cash	\$ 981	\$ 19,370	\$ (20,351)	\$ -
Liabilities				
Due to individuals	\$ 981	\$ 19,370	\$ (20,351)	\$ -
 <u>SHERIFF'S INMATE</u>				
Assets				
Cash	\$ 4,908	\$ 250,625	\$ (251,770)	\$ 3,763
Liabilities				
Due to individuals	\$ 4,908	\$ 250,625	\$ (251,770)	\$ 3,763
 <u>SHERIFF'S YOUTH</u>				
Assets				
Cash	\$ 5,992	\$ 6,224	\$ (6,852)	\$ 5,364
Liabilities				
Due to individuals	\$ 5,992	\$ 6,224	\$ (6,852)	\$ 5,364
 <u>SHERIFF'S FLOWER</u>				
Assets				
Cash	\$ 2,042	\$ 1,094	\$ (1,208)	\$ 1,928
Liabilities				
Due to Individuals	\$ 2,042	\$ 1,094	\$ (1,208)	\$ 1,928

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
<u>TAX COLLECTOR FUND</u>				
Assets				
Cash	\$ 176,870	\$ 3,516,023	\$ (3,476,277)	\$ 216,616
Liabilities				
Due to Individuals	\$ 31,835	\$ 989,972	\$ (992,321)	\$ 29,486
Due to Other Governments	11,805	2,348,071	(2,350,726)	9,150
Deposit - Installment Taxes	133,230	177,980	(133,230)	177,980
	\$ 176,870	\$ 3,516,023	\$ (3,476,277)	\$ 216,616
 <u>TAX COLLECTOR'S MOTOR VEHICLE FUND</u>				
Assets				
Cash	\$ 30,116	\$ 2,165,393	\$ (2,153,670)	\$ 41,839
Due from Individuals	529	56	(529)	56
Total Assets	\$ 30,645	\$ 2,165,449	\$ (2,154,199)	\$ 41,895
Liabilities				
Due to Other Governments	\$ 30,645	\$ 2,165,449	\$ (2,154,199)	\$ 41,895
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 539,686	\$ 9,786,106	\$ (9,496,755)	\$ 829,037
Due from Individuals	529	56	(529)	56
Total Assets	\$ 540,215	\$ 9,786,162	\$ (9,497,284)	\$ 829,093
Liabilities				
Due to Individuals	\$ 197,113	\$ 1,896,324	\$ (1,864,361)	\$ 229,076
Due to Other Governments	209,872	7,711,858	(7,499,693)	422,037
Deposit - Installment Taxes	133,230	177,980	(133,230)	177,980
Total Liabilities	\$ 540,215	\$ 9,786,162	\$ (9,497,284)	\$ 829,093

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES AND THE *RULES OF THE AUDITOR GENERAL*
OF THE STATE OF FLORIDA**

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

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S 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 Board of County Commissioners
Hardee County, Florida

We have audited the financial statements of the Hardee County, Florida (County), as of and for the year ended September 30, 2007, and have issued our report thereon dated March 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

RSM McGladrey Network

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07-01: Material audit adjustments

Finding:

Our audit procedures disclosed certain adjusting entries that were necessary to post to the trial balance of the County, as originally presented for audit, in order for the financial statements to be presented fairly in accordance with generally accepted accounting principles.

Several material adjusting journal entries needed to be posted to the trial balance. The annual adjustment to the landfill closure liability was not calculated by management. Fixed asset balances from the capital asset management system did not agree to balances in the general ledger. Deferred grant revenues were also not calculated.

Recommendation:

We recommend that management identify recurring material adjustments and perform the calculations necessary to assure that the trial balance, as originally presented for audit, is fairly stated.

Management Response:

Management will coordinate with the accounting department in identifying and calculating material audit adjustments.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted other matters that we have reported to the County's management in a separate letter dated March 10, 2008.

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



THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 10, 2008

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

Certified Public Accountants and Consultants

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

The Honorable Board of County Commissioners
Hardee County, Florida

Compliance

We have audited the compliance of Hardee County, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007.

RSM McGladrey Network

An Independently Owned Member

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of the Hardee County Board of County Commissioners, management, specific legislative or regulatory bodies, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 10, 2008

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor/Pass-Through Program Title	CFDA CSFA Number	Contract Grant Number	Expenditures
<u>Federal Awards</u>			
U.S. Department of Agriculture - Forestry Service			
Pass-through Florida Department of Forestry			
Emergency Supplemental Forestry & Community Grant	10.664	10334	\$ 133,332
U.S. Department of Housing and Urban Development			
Pass-through Florida Department of Community Affairs:			
Community Development Block Grant - Housing	14.228	OSDB-2Q-07-35-01-H01	193,454
Community Development Block Grant - DRI	14.228	06DB-3C-07-35-01-W13	1,245,088
Pass-through Florida Housing Finance Corporation:			
Home Investments Partnership Program	14.239	HA04-730	239,711
U.S. Department of the Interior - National Park Service			
Pass-through Florida Department of Forestry			
Land and Water Conservation Fund Grant	15.916	12-00408	150,000
U.S. Department of Transportation			
Recreational Trails Program	20.219	T24001	72,339
U.S. Department of Justice			
Pass-through from Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-JAGD-HARD-1-M9-098	7,448
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-JAGD-HARD-1-P4-046	4,180
Pass-through from City of Wauchula, Florida			
Edward Byrne Memorial Justice Assistance Grant	16.738	2006CKWX0088	49,361
Edward Byrne Memorial Formula Grant Program	16.579		47,225
Department of Homeland Security			
Pass-through from Florida Department of Community Affairs:			
Disaster Grants - Public Assistance - Charley	97.036	05-PA-C%-07-35-01-574	4,381,685
Emergency Management Performance Grants	97.042	06-BG-04-07-35-079	209,776
Homeland Security Grant Program	97.067	07-DS-5N-07-35-01-420	8,694
Homeland Security Grant Program	97.067	07-DS-5N-07-35-01-334	12,842
Total Expenditures of Federal Awards			<u>\$ 6,755,135</u>
<u>State Financial Assistance</u>			
Florida Department of Health			
Small County Courthouse Facilities	22.004		\$ 34,828

(continued next page)

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

State Grantor/Pass-Through Program Title	CFDA CSFA Number	Contract Grant Number	Expenditures
<u>State Financial Assistance - continued</u>			
Florida Department of Environmental Protection			
Small County Solid Waste Grant	37.012	SC-714	\$ 223,799
Florida Recreational Development Assistance Program	37.017	F07200	41,815
Florida Recreational Development Assistance Program	37.017	F6054	34,513
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP0511 / WAP	159,517
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP6036	107,191
Florida Department of State			
State Aid to Libraries	45.030	07-ST-18	88,227
Florida Department of Community Affairs			
Emergency Management Programs	52.008	06-BG-04-07-35-079	133,172
Hazardous Mitigation Grant	52.010	07HM-42-07-35-01-025	58,993
Hazardous Analysis Grant	52.023	07-CP-11-07-35-01-017	3,887
Technical Assistance Planning Grants	52.028	07-DR-78-07-35-01-035	5,000
Disaster Relief Funding Agreement - Charley	52.600	N/A	486,874
Florida Housing Finance Corporation			
State Housing Initiative Partnership (SHIP)	52.901	N/A	597,171
Hurricane Housing Recovery Program	52.902	N/A	2,259,217
Florida Department of Transportation			
Small County Outreach Program - Florida Avenue	55.009	FM 414514-1-58-01	162,159
Small County Road Assistance - Sweetwater	55.016	FM 414049-1-58-01	1,402,792
Small County Road Assistance - Dansby	55.016	FM 418662-1-58-01	21,100
Florida Department of Health			
County Grant Awards	64.005	C5025	15,000
Primary Care Challenge Grant	64.007	PCCG-0607-03	126,151
Closing the Gap Grant - Diabetes	64.053	COHYR	110,260
Florida Department of Management Services			
Wireless 911 Emergency Telephone System	72.001	N/A	17,228
Florida Department of Highway Safety and Motor Vehicles			
Animal Friend Grant	76.076	N/A	15,110
Total Expenditures of State Financial Assistance			<u><u>\$ 6,104,004</u></u>

HARDEE COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
For the Year Ended September 30, 2007

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial award programs of Hardee County, Florida (County). The County reporting entity is defined in Note 1 to the County's basic financial statements for the year ended September 30, 2007. All federal financial awards received directly from federal agencies as well as federal financial awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for awards recorded in governmental fund types and the accrual basis of accounting for awards recorded in the proprietary fund types which are described in Note 2 to the County's basic financial statements for the year ended September 30, 2007.

HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
For the Year Ended September 30, 2007

A. SUMMARY OF AUDITOR’S RESULTS

PART I – SUMMARY OF AUDITOR’S RESULTS

Basic Financial Statement Section

Type of auditor's report issued	Unqualified Opinion
Internal control over financial reporting:	
Significant deficiencies identified?	Yes
Significant deficiencies considered to be material weaknesses?	Yes
Noncompliance material to basic financial statements noted?	No

Federal Awards Section

Dollar threshold used to determine Type A program:	Federal Programs - \$300,000 State Projects - \$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report on compliance for major programs	Unqualified Opinion
Internal control over compliance:	
Material weakness (es) identified?	No
Were significant deficiencies identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a)) or Chapter 10.650, Rules of the Auditor General?	Yes

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Disaster Relief Funding – (FEMA)	97.036
<u>State Projects</u>	<u>CSFA No.</u>
Florida Department of Community Affairs (FEMA)	N/A
Hurricane Housing Recovery Program	52.902
Statewide Surface Water Restoration and Wastewater Projects	37.039
Primary Care Challenge Grant	64.007

HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS (continued)
For the Year Ended September 30, 2007

PART II – SCHEDULE OF BASIC FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 07-01:

Condition:

Our audit procedures disclosed certain adjusting entries that were necessary for the financial statements to be presented fairly in accordance with generally accepted accounting principles.

Criteria:

Accounting principles generally accepted in the United States of America.

Context:

Substantive testing of account balances to supporting documentation disclosed the differences and related necessary adjustments.

Cause:

Certain contractors are not timely in submitting invoices, some of which were not known or discovered during the year end closing.

Recommendation:

We recommend the County ensure that all necessary adjustments are posted prior to closing the general ledger at year end.

Management Response:

Management will coordinate with the accounting department in identifying and calculating material audit adjustments.

PART III – SCHEDULE OF FEDERAL AWARD AND STATE PROJECTS
FINDINGS AND QUESTIONED COSTS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs as required to be reported by circular A-133 Section .510.

No significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the major federal programs were noted.

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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

The Honorable Board of County Commissioners
Hardee County, Florida

We have audited the financial statements of Hardee County, Florida (County), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated March 10, 2007.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, March 10, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be address in this letter.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been take to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report, except as noted in the individual constitutional officer's management letters under the heading Status of Prior Year Comments.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, see the individual constitutional officer's management letters under the heading Current Year Comments.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

RSM McGladrey Network

An Independently Owned Member

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violation of laws, rules, regulations, and contractual provisions or abuse that have occurred or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the Notes to the Financial Statements. See Note 1 in the Notes to the Financial Statements.

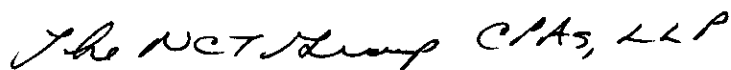
Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 281.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representation made by management and the review of financial information provided by same.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 10, 2008