

**HARDEE COUNTY, FLORIDA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY, FLORIDA  
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## 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, 2011, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 as of September 30, 2011, and the respective changes in financial position and, where applicable, the cash flows and the respective budgetary comparison for the General fund and Major Special Revenue Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended September 30, 2011. This statement results in the County reporting nonspendable, restricted, committed, assigned and unassigned fund balances in its governmental fund types.

As described in Note 16 to the financial statements, the County corrected an error in the Wauchula Hills Water/Wastewater Treatment Fund (major fund) financial statements involving a capital asset that should have been recorded in prior years.

Honorable Board of County Commissioners  
Hardee County, Florida

In accordance with *Government Auditing Standards*, we have issued our report dated June 7, 2012, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 14 and the schedule of funding progress – other postemployment benefits on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2011. This report provides comparative data for fiscal years 2010 and 2011.

**FINANCIAL HIGHLIGHTS**

Significant financial highlights for fiscal year 2011 are as follows:

- Total assets of the County exceeded total liabilities by \$77 million. Of this amount, \$67.8 million was invested in capital assets, net of related debt and \$7 million is restricted for various purposes. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$2.1 million.
- The total net assets remained consistent.
- The County's total liabilities decreased by \$3 million or 18% from the previous year.
- As of September 30, 2011, the combined total governmental funds' fund balance reflected a balance of \$14.7 million, a decrease of 1% from the previous year. Determining this balance was \$18 million in total governmental funds assets, less \$3.4 million in total governmental funds liabilities.
- The County's total unassigned fund balance was \$6.4 million. Of that amount \$6.5 million was in General Fund.

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).

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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 15-17 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 14 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, Fire Control 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 18-25 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 26-30 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.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

The basic fiduciary fund financial statement can be found on page 31 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 32-60 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 \$77 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 remained constant.

**HARDEE COUNTY'S NET ASSETS**

| NET ASSETS COMPARISON      | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                            | FY 2010                 | FY 2011              | FY 2010                  | FY 2011              | FY 2010              | FY 2011              |
| Current and Other Assets   | \$ 16,935,371           | \$ 17,799,312        | \$ 6,364,488             | \$ 3,337,113         | \$ 23,299,859        | \$ 21,136,425        |
| Capital Assets             | 52,376,444              | 49,526,461           | 17,380,892               | 19,508,573           | 69,757,336           | 69,035,034           |
| Total Assets               | <u>\$ 69,311,815</u>    | <u>\$ 67,325,773</u> | <u>\$ 23,745,380</u>     | <u>\$ 22,845,686</u> | <u>\$ 93,057,195</u> | <u>\$ 90,171,459</u> |
| Long-Term Debt Outstanding | \$ 1,706,207            | \$ 1,587,240         | \$ 12,246,420            | \$ 8,140,439         | \$ 13,952,627        | \$ 9,727,679         |
| Other Liabilities          | 2,042,247               | 3,093,076            | 181,609                  | 389,698              | 2,223,856            | 3,482,774            |
| Total Liabilities          | <u>\$ 3,748,454</u>     | <u>\$ 4,680,316</u>  | <u>\$ 12,428,029</u>     | <u>\$ 8,530,137</u>  | <u>\$ 16,176,483</u> | <u>\$ 13,210,453</u> |
| Net Assets:                |                         |                      |                          |                      |                      |                      |
| Invested in Capital Assets |                         |                      |                          |                      |                      |                      |
| Net of Related Debt        | \$ 52,016,206           | \$ 49,444,748        | \$ 15,805,892            | \$ 18,358,573        | \$ 67,822,098        | \$ 67,803,321        |
| Restricted                 | 5,892,858               | 7,052,928            | -                        | -                    | 5,892,858            | 7,052,928            |
| Unrestricted               | 7,654,297               | 6,147,781            | (4,488,541)              | (4,043,024)          | 3,165,756            | 2,104,757            |
| Total Net Assets           | <u>\$ 65,563,361</u>    | <u>\$ 62,645,457</u> | <u>\$ 11,317,351</u>     | <u>\$ 14,315,549</u> | <u>\$ 76,880,712</u> | <u>\$ 76,961,006</u> |

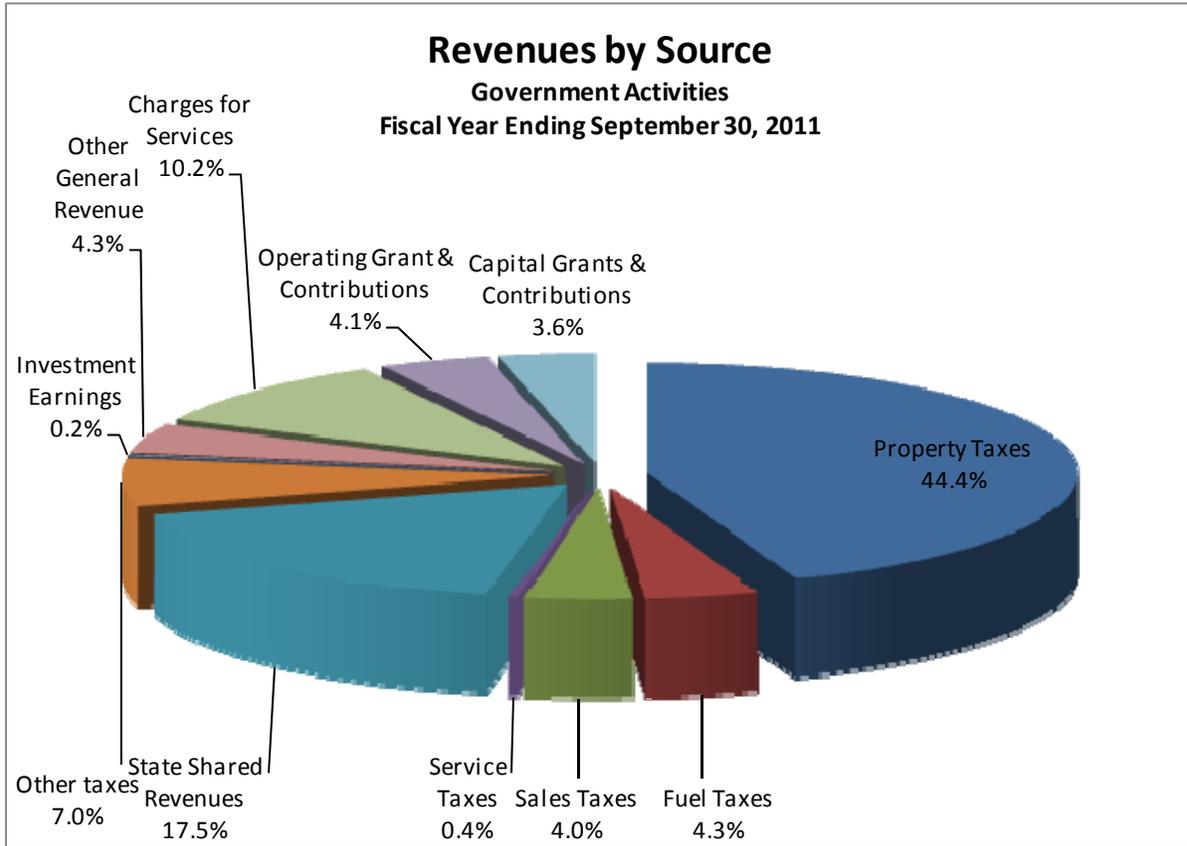
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**HARDEE COUNTY CHANGES IN NET ASSETS**

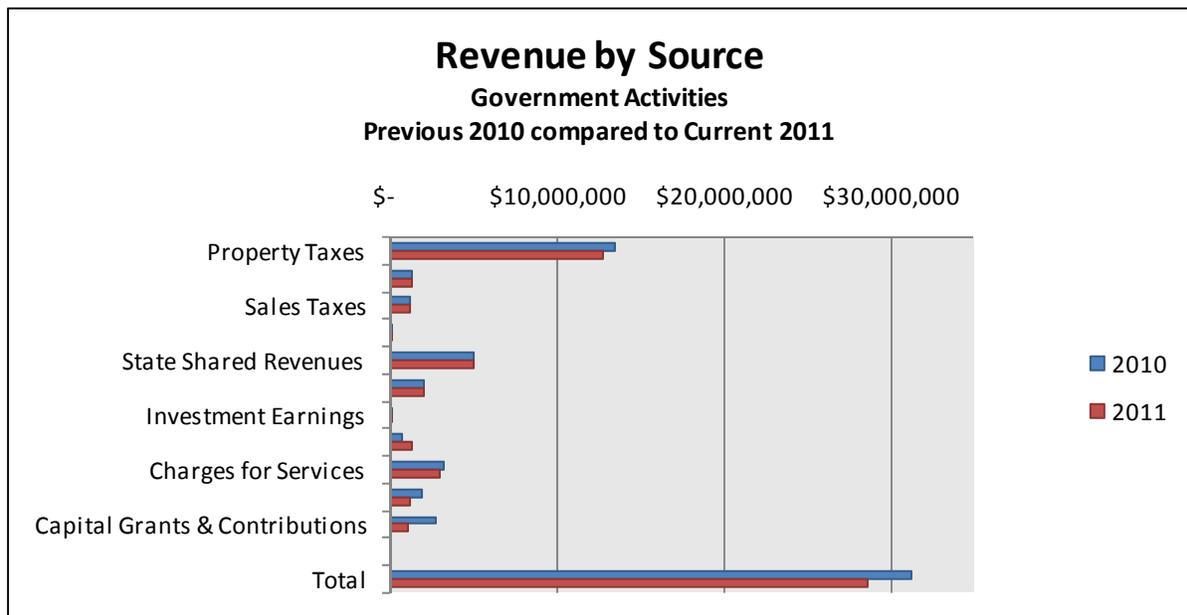
| CHANGE IN NET ASSETS               | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                    | FY 2010                 | FY 2011              | FY 2010                  | FY 2011              | FY 2010              | FY 2011              |
| <b>REVENUES</b>                    |                         |                      |                          |                      |                      |                      |
| Program Revenues:                  |                         |                      |                          |                      |                      |                      |
| Charges for Services               | \$ 3,189,616            | \$ 2,925,477         | \$ 2,156,626             | \$ 1,281,843         | \$ 5,346,242         | \$ 4,207,320         |
| Operating Grants and Contributions | 1,878,094               | 1,183,470            | 370,222                  | 1,337,695            | 2,248,316            | 2,521,165            |
| Capital Grants and Contributions   | 2,722,465               | 1,039,443            | 855,317                  | 321,596              | 3,577,782            | 1,361,039            |
| General Revenues:                  |                         |                      |                          |                      |                      |                      |
| Property Taxes                     | 13,418,857              | 12,730,412           | -                        | -                    | 13,418,857           | 12,730,412           |
| Other Taxes                        | 9,428,125               | 9,501,543            | 437,248                  | 1,256,236            | 9,865,373            | 10,757,779           |
| Other                              | 666,345                 | 1,284,859            | 26,009                   | 22,743               | 692,354              | 1,307,602            |
| Total Revenues                     | <u>31,303,502</u>       | <u>28,665,204</u>    | <u>3,845,422</u>         | <u>4,220,113</u>     | <u>35,148,924</u>    | <u>32,885,317</u>    |
| <b>EXPENSES</b>                    |                         |                      |                          |                      |                      |                      |
| General Government                 | 8,427,024               | 8,789,620            | -                        | -                    | 8,427,024            | 8,789,620            |
| Public Safety                      | 12,259,705              | 12,161,518           | -                        | -                    | 12,259,705           | 12,161,518           |
| Physical Environment               | 284,321                 | 453,246              | -                        | -                    | 284,321              | 453,246              |
| Transportation                     | 6,184,482               | 6,994,433            | -                        | -                    | 6,184,482            | 6,994,433            |
| Economic Environment               | 1,005,437               | 324,635              | -                        | -                    | 1,005,437            | 324,635              |
| Human Services                     | 790,363                 | 917,745              | -                        | -                    | 790,363              | 917,745              |
| Culture and Recreation             | 1,066,574               | 1,264,044            | -                        | -                    | 1,066,574            | 1,264,044            |
| Debt Service:                      |                         |                      |                          |                      |                      |                      |
| Interest on Long-Term Debt         | 10,703                  | 5,142                | -                        | -                    | 10,703               | 5,142                |
| Other Debt Service                 | -                       | -                    | -                        | -                    | -                    | -                    |
| Solid Waste                        | -                       | -                    | 3,169,715                | 1,060,369            | 3,169,715            | 1,060,369            |
| Wauchula Hills Wastewater          | -                       | -                    | 944,519                  | 1,089,175            | 944,519              | 1,089,175            |
| Vandolah Wastewater                | -                       | -                    | 107,973                  | 101,511              | 107,973              | 101,511              |
| Total Expenses                     | <u>30,028,609</u>       | <u>30,910,383</u>    | <u>4,222,207</u>         | <u>2,251,055</u>     | <u>34,250,816</u>    | <u>33,161,438</u>    |
| Excess before Transfers            | 1,274,893               | (2,245,179)          | (376,785)                | 1,969,058            | 898,108              | (276,121)            |
| Transfers                          | 79,700                  | (672,725)            | (79,700)                 | 672,725              | -                    | -                    |
| Changes in Net Assets              | <u>1,354,593</u>        | <u>(2,917,904)</u>   | <u>(456,485)</u>         | <u>2,641,783</u>     | <u>898,108</u>       | <u>(276,121)</u>     |
| Net Assets - Beginning, Restated   | 64,208,768              | 65,563,361           | 11,773,836               | 11,673,766           | 75,982,604           | 77,237,127           |
| Net Assets - Ending                | <u>\$ 65,563,361</u>    | <u>\$ 62,645,457</u> | <u>\$ 11,317,351</u>     | <u>\$ 14,315,549</u> | <u>\$ 76,880,712</u> | <u>\$ 76,961,006</u> |

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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

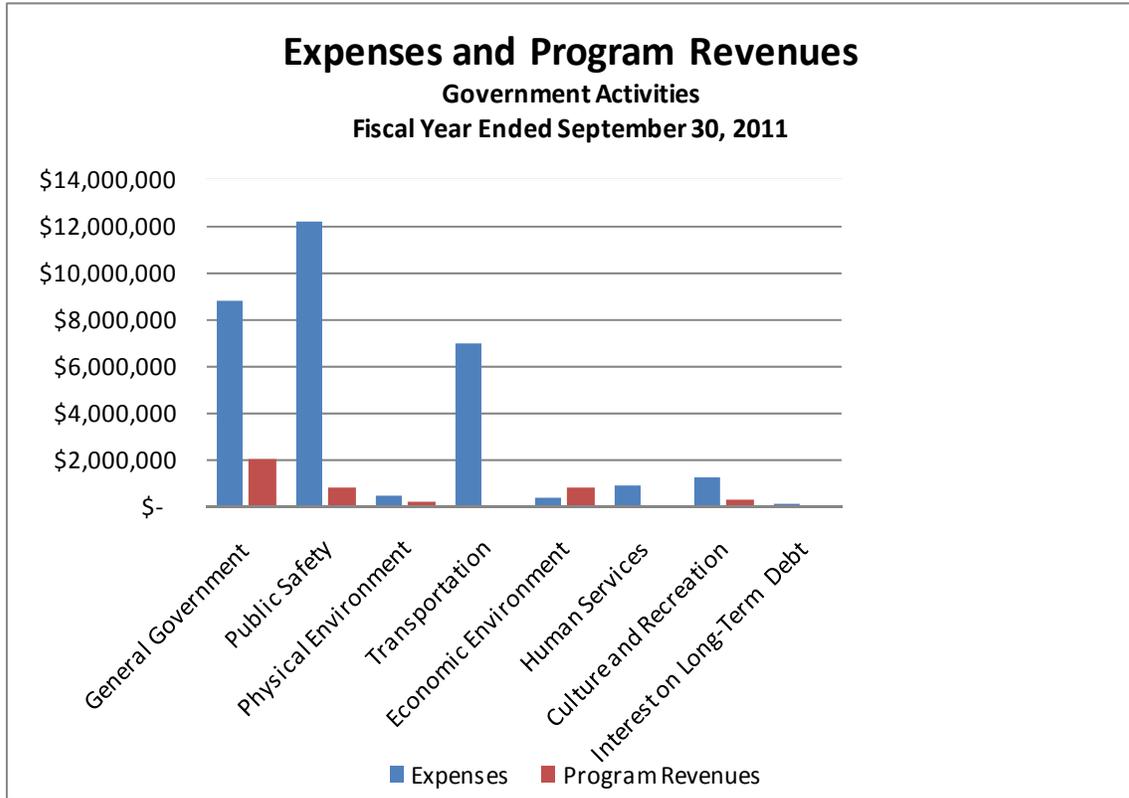


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



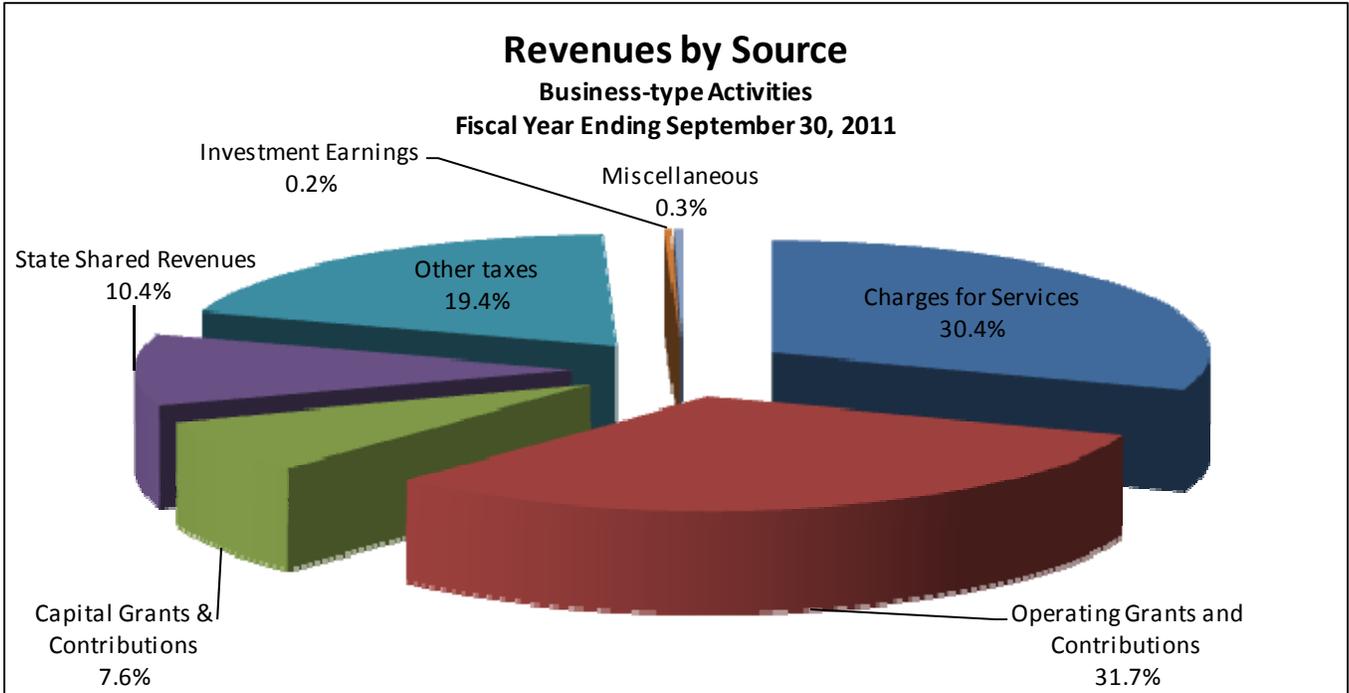
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following chart depicts governmental activity expenses compared to program revenue (e.g., charges for services, operating grants and contributions), which funded those activities 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.

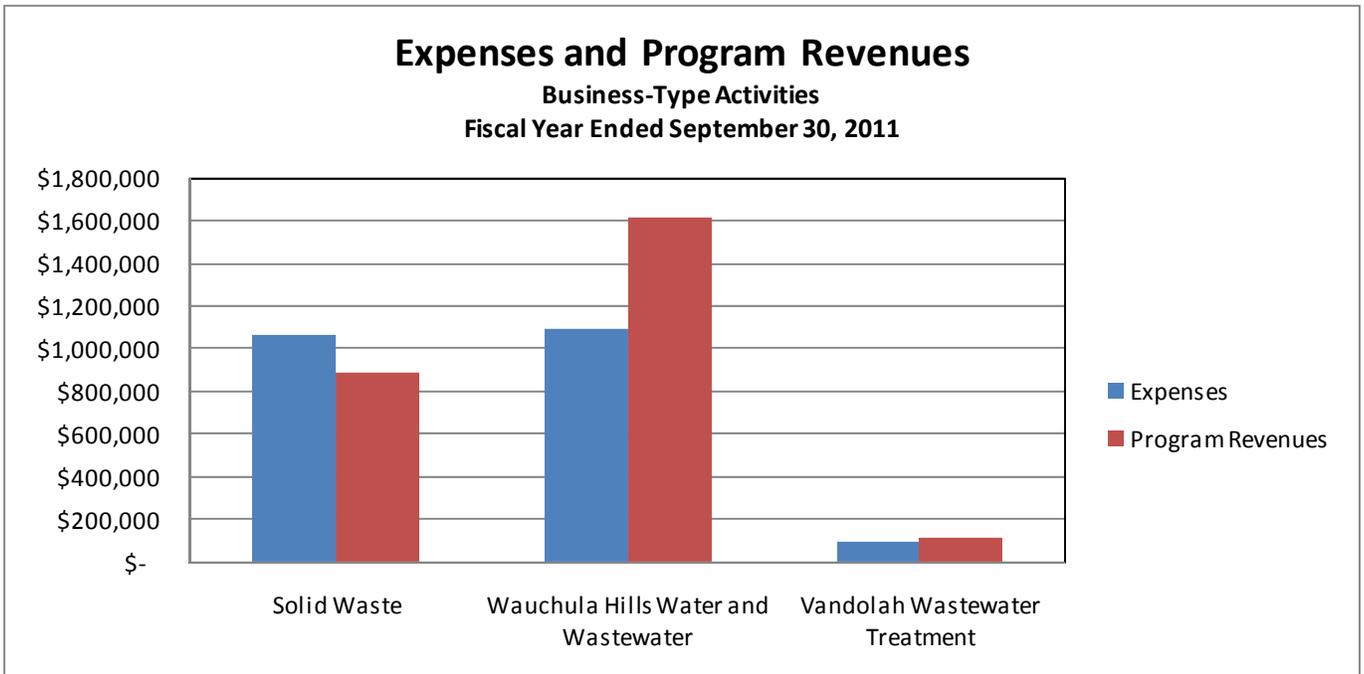


**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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.



**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

An analysis of the County's "Changes in Net Assets" reflects that the overall revenues have decreased by \$3.3 million. Further analysis shows that the overall decrease is attributed to a \$2.9 million decrease in governmental type activities and a \$2.6 thousand increase in business type activities. Major factors contributing to the decrease in the government type activities include:

- A \$264 thousand decrease in Charges for Services
- A \$695 thousand decrease in Operating Grants
- A \$1.7 million decrease in Capital Grants
- A \$688 thousand decrease in Property Taxes
- A \$73 thousand increase in Other Taxes
- A \$619 thousand increase in Other Sources.

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

- A \$875 thousand decrease in Charges for Services
- A \$967 thousand increase in Operating Grants
- A \$534 thousand decrease in Capital Grants
- A \$819 thousand increase in Other Taxes
- A \$3 thousand decrease in Other Sources

County expenses illustrate an overall decrease of \$1.1 million. The overall decrease was due to a increase in government type activities of \$882 thousand and a decrease in the business type activities of \$1.97 million. The decrease of the government type activities expenses was, for the most part, reflective of the following:

- A \$362 thousand increase in General Government
- A \$98 thousand decrease in Public Safety
- A \$169 thousand increase in Physical Environment
- A \$810 thousand increase in Transportation
- A \$681 thousand decrease in Economic Environment
- A \$1,271 thousand increase in Human Services
- A \$197 thousand increase in Culture and Recreation

The decrease in the expenses of the business type activities were, for the most part, reflective of the \$2 million spent prior year in capital activities related to a landfill activities.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**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, unassigned 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 \$14.7 million. Approximately \$6.2 million of the fund balance has been deemed restricted to Transportation and Fire Control. Another \$6.4 million of the fund balance constitutes unassigned fund balances, which is available for spending at the government's discretion. The General Fund is the primary operating fund of the county. At the end of the current fiscal, the unassigned fund balance of the General Fund was \$6.5 million, which represents 44% of the total fund balance in the governmental funds. As a measure of the General Fund's liquidity, the total general fund balance represents 39% 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 \$48 thousand and may be explained by economic conditions specifically related to a decrease in special assessments. Unrestricted net assets of the Solid Waste Department were (\$5.4) million primarily due to closure and long term care liability. The water/wastewater revenues were a combined total of \$460 thousand and the unrestricted net assets was \$1.4 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.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**CAPITAL ASSETS**

The County's investments in capital assets for its governmental and business type activities as of September 30, 2011 were \$134 million (net of accumulated depreciation).

**Hardee County's Capital Assets  
(Net of Depreciation)**

| CAPITAL ASSETS             | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|----------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                            | FY 2010                 | FY 2011               | FY 2010                  | FY 2011              | FY 2010               | FY 2011               |
| Land                       | \$ 3,490,408            | \$ 3,490,408          | \$ 962,625               | \$ 962,625           | \$ 4,453,033          | \$ 4,453,033          |
| Construction in Progress   | 833,313                 | 90,993                | -                        | 1,108,995            | 833,313               | 1,199,988             |
| Buildings and Improvements | 21,717,454              | 22,201,529            | 8,769,029                | 8,772,931            | 30,486,483            | 30,974,460            |
| Machinery and Equipment    | 16,878,439              | 16,676,868            | 1,483,628                | 1,637,662            | 18,362,067            | 18,314,530            |
| Infrastructure             | 64,835,602              | 66,546,180            | 10,861,702               | 12,984,193           | 75,697,304            | 79,530,373            |
| Total Capital Assets       | <u>\$ 107,755,216</u>   | <u>\$ 109,005,978</u> | <u>\$ 22,076,984</u>     | <u>\$ 25,466,406</u> | <u>\$ 129,832,200</u> | <u>\$ 134,472,384</u> |

Additional information on the County's capital assets can be found in Note 5 to the financial statements.

**DEBT MANAGEMENT**

As of September 30, 2011, the county had total debt outstanding of \$9.7 million. Of this amount, \$1.2 million is notes payable and capital leases, \$686 thousand is compensated absences, and \$6.9 million is landfill closure and post closure obligations.

**Hardee County's Outstanding Debt**

|                                    | Governmental Activities |                     | Business-Type Activities |                     | Total                |                     |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
|                                    | FY 2010                 | FY 2011             | FY 2010                  | FY 2011             | FY 2010              | FY 2011             |
| Capital Leases                     | \$ 160,238              | \$ 81,713           | \$ -                     | \$ -                | \$ 160,238           | \$ 81,713           |
| Notes Payable                      | 200,000                 | -                   | 1,575,000                | 1,150,000           | 1,775,000            | 1,150,000           |
| Postemployment Healthcare          | 592,000                 | 836,000             | -                        | -                   | 592,000              | 836,000             |
| Compensated Absences               | 753,969                 | 669,527             | 14,216                   | 16,900              | 768,185              | 686,427             |
| Landfill Closure/Post Closure Cost | -                       | -                   | 10,657,204               | 6,973,539           | 10,657,204           | 6,973,539           |
| Total                              | <u>\$ 1,706,207</u>     | <u>\$ 1,587,240</u> | <u>\$ 12,246,420</u>     | <u>\$ 8,140,439</u> | <u>\$ 13,952,627</u> | <u>\$ 9,727,679</u> |

The County's debt under governmental activities decreased \$119 thousand due to payments on notes payable and capital leases. In business-type activities, debt decreased \$4 million due to a decrease of \$425 thousand for payments on notes payable and an decrease of \$3.7 million for landfill closure and post closure obligations. Additional information on Hardee County's long-term debt can be found in Note 6 of this report.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**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 United State Census the total estimated population for Hardee County for 2010 is 27,731. As a comparison, the University of Florida's Bureau of Economic and Business Research, estimated population for Hardee County for 2009 was 28,333. This is a decrease of approximately 2%. This is also an indicator for the reduction in revenues generated by property values.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2011 is 6.8% and reflects a decrease from the previous year's 8.3%. The County's rate is lower than the State of Florida's average of 8.7% and lower than the national average of 8.9% for 2011.
- The final taxable value for fiscal year 2011 decreased by 4.4% over fiscal year 2010. New construction was reported as \$17,073,439 in the prior year and decreased to \$12,408,916 in 2011.

The millage rate for fiscal year 2010-11 was set at 6.31% less than the roll back rate and adopted at 8.5540 mills. This can be confusing as the prior years millage was 8.5540 mills but Truth in Millage requires that each county determine the adopted rate as a percent change from the roll back rate and as property values decrease we will actually experience roll back rates that are higher than the previous year.

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

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

Based on information submitted to the State from the Hardee County Property Appraiser's office, the loss of property values for Hardee County from the additional homestead exemption and the \$25,000 exemption for tangible personal property was approximately \$73 million which equates to approximately \$627 thousand decrease in revenues. 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.

Hardee County continues to suffer a loss in values due to Amendment 1 and economic conditions with a decrease in total taxable value of \$71 million in fiscal year 2010-11.

**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, 2011**

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>                                   |                            |                             |                      |
| Cash and Cash Equivalents                       | \$ 16,149,987              | \$ 2,563,480                | \$ 18,713,467        |
| Deposit   | 10,068                     | 3,596                       | 13,664               |
| Accounts Receivable, Net                        | 394,435                    | 136,386                     | 530,821              |
| Internal Balances                               | (4,128)                    | 4,128                       | -                    |
| Due from Other Governmental Agencies            | 600,952                    | 288,154                     | 889,106              |
| Prepaid Expenses                                | 291,979                    | -                           | 291,979              |
| Inventory of Supplies, at Cost                  | 356,019                    | -                           | 356,019              |
| Restricted Assets:                              |                            |                             |                      |
| Cash and Cash Equivalents                       | -                          | 341,369                     | 341,369              |
| Capital Assets, Not Being Depreciated           | 3,581,401                  | 2,071,620                   | 5,653,021            |
| Capital Assets, Net of Depreciation             | 45,945,060                 | 17,436,953                  | 63,382,013           |
| Total Assets                                    | <u>67,325,773</u>          | <u>22,845,686</u>           | <u>90,171,459</u>    |
| <b>LIABILITIES</b>                              |                            |                             |                      |
| Accounts Payable and Accrued Liabilities        | 770,831                    | 300,166                     | 1,070,997            |
| Deferred Revenue                                | 1,310,961                  | 36,997                      | 1,347,958            |
| Due to Other Governmental Agencies              | 1,007,967                  | 31,106                      | 1,039,073            |
| Deposits  | -                          | 21,429                      | 21,429               |
| Accrued Interest Payable                        | 3,317                      | -                           | 3,317                |
| Noncurrent Liabilities:                         |                            |                             |                      |
| Due within One Year                             | 673,716                    | 826,146                     | 1,499,862            |
| Due in More than One Year                       | 913,524                    | 7,314,293                   | 8,227,817            |
| Total Liabilities                               | <u>4,680,316</u>           | <u>8,530,137</u>            | <u>13,210,453</u>    |
| <b>NET ASSETS</b>                               |                            |                             |                      |
| Invested in Capital Assets, Net of Related Debt | 49,444,748                 | 18,358,573                  | 67,803,321           |
| Restricted for:                                 |                            |                             |                      |
| Jail Drainage Improvements                      | 7,194                      | -                           | 7,194                |
| Transportation                                  | 3,878,597                  | -                           | 3,878,597            |
| Fire Control                                    | 2,300,456                  | -                           | 2,300,456            |
| Court Innovations                               | 270,465                    | -                           | 270,465              |
| Law Enforcement Trust                           | 102,136                    | -                           | 102,136              |
| E-911   | 39,311                     | -                           | 39,311               |
| Court   | 12,674                     | -                           | 12,674               |
| Court Operational Needs                         | 82,037                     | -                           | 82,037               |
| Court Technology                                | 3,857                      | -                           | 3,857                |
| Official Records                                | 78,524                     | -                           | 78,524               |
| Clerk Operational Needs                         | 140,129                    | -                           | 140,129              |
| Inmate Welfare                                  | 87,173                     | -                           | 87,173               |
| Education                                       | 50,375                     | -                           | 50,375               |
| Total Restricted Net Assets                     | <u>7,052,928</u>           | <u>-</u>                    | <u>7,052,928</u>     |
| Unrestricted                                    | 6,147,781                  | (4,043,024)                 | 2,104,757            |
| Total Net Assets                                | <u>\$ 62,645,457</u>       | <u>\$ 14,315,549</u>        | <u>\$ 76,961,006</u> |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

| Functions/Programs                            | Expenses     | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                |
|---|--------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
|   |              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Business-Type Activities | Total          |
| <b>Primary Government</b>                     |              |                      |                                    |                                  |   |                          |                |
| Governmental Activities:                      |              |                      |                                    |                                  |   |                          |                |
| General Government                            | \$ 8,789,620 | \$ 1,831,037         | \$ 197,501                         | \$ -                             | \$ (6,761,082)                                  | \$ -                     | \$ (6,761,082) |
| Public Safety                                 | 12,161,518   | 680,042              | 151,426                            | -                                | (11,330,050)                                    | -                        | (11,330,050)   |
| Physical Environment                          | 453,246      | 211,050              | -                                  | -                                | (242,196)                                       | -                        | (242,196)      |
| Transportation                                | 6,994,433    | -                    | -                                  | 1,039,443                        | (5,954,990)                                     | -                        | (5,954,990)    |
| Economic Environment                          | 324,635      | -                    | 791,774                            | -                                | 467,139   | -                        | 467,139        |
| Human Services                                | 917,745      | -                    | -                                  | -                                | (917,745)                                       | -                        | (917,745)      |
| Culture and Recreation                        | 1,264,044    | 203,348              | 42,769                             | -                                | (1,017,927)                                     | -                        | (1,017,927)    |
| Debt Service:                                 |              |                      |                                    |                                  |   |                          |                |
| Interest and Fiscal Charges on Long-Term Debt | 5,142        | -                    | -                                  | -                                | (5,142)   | -                        | (5,142)        |
| Total Governmental Activities                 | 30,910,383   | 2,925,477            | 1,183,470                          | 1,039,443                        | (25,761,993)                                    | -                        | (25,761,993)   |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

| Functions/Programs                           | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                      |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
|  |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Business-Type Activities | Total                |
| <b>Business-Type Activities:</b>             |                      |                      |                                    |                                  |   |                          |                      |
| Solid Waste                                  | 1,060,369            | 821,426              | 70,588                             | -                                | -   | (168,355)                | (168,355)            |
| Wauchula Hills Water and Wastewater          | 1,089,175            | 347,610              | 1,267,107                          | 321,596                          | -   | 847,138                  | 847,138              |
| Vandolah Wastewater Treatment                | 101,511              | 112,807              | -                                  | -                                | -   | 11,296                   | 11,296               |
| Total Business-Type Activities               | <u>2,251,055</u>     | <u>1,281,843</u>     | <u>1,337,695</u>                   | <u>321,596</u>                   | <u>-</u>  | <u>690,079</u>           | <u>690,079</u>       |
| Total Primary Government                     | <u>\$ 33,161,438</u> | <u>\$ 4,207,320</u>  | <u>\$ 2,521,165</u>                | <u>\$ 1,361,039</u>              | (25,761,993)                                    | 690,079                  | (25,071,914)         |
| <b>General Revenues</b>                      |                      |                      |                                    |                                  |   |                          |                      |
| <b>Taxes:</b>                                |                      |                      |                                    |                                  |   |                          |                      |
| Property Taxes                               |                      |                      |                                    |                                  | 12,730,412                                      | -                        | 12,730,412           |
| Fuel Taxes                                   |                      |                      |                                    |                                  | 1,236,798                                       | -                        | 1,236,798            |
| Sales Tax                                    |                      |                      |                                    |                                  | 1,145,865                                       | -                        | 1,145,865            |
| Service Taxes                                |                      |                      |                                    |                                  | 102,522   | -                        | 102,522              |
| State Shared Revenues                        |                      |                      |                                    |                                  | 5,007,254                                       | 437,765                  | 5,445,019            |
| Other Taxes                                  |                      |                      |                                    |                                  | 2,009,104                                       | 818,471                  | 2,827,575            |
| Investment Earnings                          |                      |                      |                                    |                                  | 48,870  | 10,523                   | 59,393               |
| Gain on Sale of Capital Assets               |                      |                      |                                    |                                  | -   | 2,588                    | 2,588                |
| Miscellaneous                                |                      |                      |                                    |                                  | 1,235,989                                       | 9,632                    | 1,245,621            |
| Capital Contributions and Transfers          |                      |                      |                                    |                                  | (672,725)                                       | 672,725                  | -                    |
| Total General Revenues and Transfers         |                      |                      |                                    |                                  | <u>22,844,089</u>                               | <u>1,951,704</u>         | <u>24,795,793</u>    |
| Change in Net Assets                         |                      |                      |                                    |                                  | (2,917,904)                                     | 2,641,783                | (276,121)            |
| Net Assets - Beginning, as Previously Stated |                      |                      |                                    |                                  | 65,563,361                                      | 11,317,351               | 76,880,712           |
| Prior Period Restatement                     |                      |                      |                                    |                                  | -   | 356,415                  | 356,415              |
| Net Assets - Beginning, as Restated          |                      |                      |                                    |                                  | <u>65,563,361</u>                               | <u>11,673,766</u>        | <u>77,237,127</u>    |
| Net Assets - Ending                          |                      |                      |                                    |                                  | <u>\$ 62,645,457</u>                            | <u>\$ 14,315,549</u>     | <u>\$ 76,961,006</u> |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|                                | Major               |                         |                         |                   | Non-Major                      | Total<br>Governmental<br>Funds |
|--------------------------------|---------------------|-------------------------|-------------------------|-------------------|--------------------------------|--------------------------------|
|                                | General<br>Fund     | Transportation<br>Trust | Fire<br>Control<br>Fund | Grants<br>Fund    | Other<br>Governmental<br>Funds |                                |
| <b>ASSETS</b>                  |                     |                         |                         |                   |                                |                                |
| Cash and Cash Equivalents      | \$ 6,567,751        | \$ 4,314,669            | \$ 2,337,795            | \$ 737,591        | \$ 2,192,181                   | \$ 16,149,987                  |
| Deposits                       | 5,753               | 4,315                   | -                       | -                 | -                              | 10,068                         |
| Accounts Receivable, Net       | 368,067             | 8,269                   | -                       | 220               | 17,879                         | 394,435                        |
| Due from Other Funds           | 222,767             | 19,715                  | 4,348                   | -                 | 33,829                         | 280,659                        |
| Due from Other Governments     | 207,242             | 265,717                 | 4,488                   | 116,382           | 7,123                          | 600,952                        |
| Prepaid Expenses               | 288,904             | -                       | -                       | -                 | 3,075                          | 291,979                        |
| Inventory of Supplies, at Cost | 356,019             | -                       | -                       | -                 | -                              | 356,019                        |
| <b>Total Assets</b>            | <b>\$ 8,016,503</b> | <b>\$ 4,612,685</b>     | <b>\$ 2,346,631</b>     | <b>\$ 854,193</b> | <b>\$ 2,254,087</b>            | <b>\$ 18,084,099</b>           |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Major               |                         |                         |                   | Non-Major                      | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------|-------------------------|-------------------|--------------------------------|--------------------------------|
|  | General<br>Fund     | Transportation<br>Trust | Fire<br>Control<br>Fund | Grants<br>Fund    | Other<br>Governmental<br>Funds |                                |
| <b>LIABILITIES AND FUND BALANCES</b>     |                     |                         |                         |                   |                                |                                |
| <b>Liabilities:</b>                      |                     |                         |                         |                   |                                |                                |
| Accounts Payable and Accrued Liabilities | \$ 379,756          | \$ 109,419              | \$ 45,855               | \$ 27,460         | \$ 208,341                     | \$ 770,831                     |
| Due to Other Funds                       | 61,761              | 38,578                  | -                       | 178,918           | 5,530                          | 284,787                        |
| Due to Other Governments                 | 421,638             | 586,009                 | 320                     | -                 | -                              | 1,007,967                      |
| Deferred Revenue                         | 7,331               | 82                      | -                       | 647,815           | 655,733                        | 1,310,961                      |
| Total Liabilities                        | <u>870,486</u>      | <u>734,088</u>          | <u>46,175</u>           | <u>854,193</u>    | <u>869,604</u>                 | <u>3,374,546</u>               |
| <b>Fund Balances:</b>                    |                     |                         |                         |                   |                                |                                |
| Nonspendable                             | 644,923             | -                       | -                       | -                 | 3,075                          | 647,998                        |
| Retricted                                | 7,194               | 3,878,597               | 2,300,456               | -                 | 863,606                        | 7,049,853                      |
| Committed                                | -                   | -                       | -                       | -                 | 340,057                        | 340,057                        |
| Assigned                                 | -                   | -                       | -                       | -                 | 265,681                        | 265,681                        |
| Unassigned                               | 6,493,900           | -                       | -                       | -                 | (87,936)                       | 6,405,964                      |
| Total Fund Balances                      | <u>7,146,017</u>    | <u>3,878,597</u>        | <u>2,300,456</u>        | <u>-</u>          | <u>1,384,483</u>               | <u>14,709,553</u>              |
| Total Liabilities and Fund Balances      | <u>\$ 8,016,503</u> | <u>\$ 4,612,685</u>     | <u>\$ 2,346,631</u>     | <u>\$ 854,193</u> | <u>\$ 2,254,087</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.  | 49,526,461           |
| Long-term liabilities, including notes payable, capital leases, post employment healthcare and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | (1,587,240)          |
| Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the funds.   | (3,317)              |
| Net Assets of Governmental Activities  | <u>\$ 62,645,457</u> |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Major               |                                 |                     |                  | Non-Major                      | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------|---------------------|------------------|--------------------------------|--------------------------------|
|  | General<br>Fund     | Transportation<br>Trust<br>Fund | Fire<br>Control     | Grants<br>Fund   | Other<br>Governmental<br>Funds |                                |
| <b>REVENUES</b>  |                     |                                 |                     |                  |                                |                                |
| Taxes  | \$ 13,978,799       | \$ 1,236,798                    | \$ -                | \$ -             | \$ -                           | \$ 15,215,597                  |
| Licenses and Permits   | 120,065             | -                               | -                   | -                | -                              | 120,065                        |
| Intergovernmental  | 2,761,544           | 2,954,395                       | -                   | 734,382          | 779,846                        | 7,230,167                      |
| Charges for Services   | 1,217,396           | -                               | 26,518              | -                | 1,248,505                      | 2,492,419                      |
| Fines and Forfeitures  | 18,779              | -                               | -                   | -                | 294,214                        | 312,993                        |
| Assessments  | -                   | -                               | 2,009,104           | -                | -                              | 2,009,104                      |
| Interest   | 28,627              | 9,839                           | 4,352               | 1,017            | 5,035                          | 48,870                         |
| Miscellaneous  | 393,075             | 670,430                         | 13,558              | 47,379           | 50,421                         | 1,174,863                      |
| Total Revenues   | <u>18,518,285</u>   | <u>4,871,462</u>                | <u>2,053,532</u>    | <u>782,778</u>   | <u>2,378,021</u>               | <u>28,604,078</u>              |
| <b>EXPENDITURES</b>  |                     |                                 |                     |                  |                                |                                |
| Current:   |                     |                                 |                     |                  |                                |                                |
| General Government   | 6,588,351           | -                               | -                   | -                | 1,420,993                      | 8,009,344                      |
| Public Safety  | 9,146,957           | -                               | 1,951,852           | -                | 220,810                        | 11,319,619                     |
| Physical Environment   | 42,223              | -                               | -                   | 191,054          | 215,339                        | 448,616                        |
| Transportation   | -                   | 3,657,861                       | -                   | -                | -                              | 3,657,861                      |
| Economic Environment   | -                   | -                               | -                   | 329,623          | -                              | 329,623                        |
| Human Services   | 729,802             | -                               | -                   | 129,969          | 26,500                         | 886,271                        |
| Culture and Recreation   | 825,419             | -                               | -                   | -                | 254,963                        | 1,080,382                      |
| Capital Outlay   | 775,005             | 1,132,683                       | 30,215              | 16,464           | 178,073                        | 2,132,440                      |
| Debt Service:  |                     |                                 |                     |                  |                                |                                |
| Principal Retirement   | 53,138              | -                               | 25,387              | -                | 200,000                        | 278,525                        |
| Interest   | 4,402               | -                               | 2,103               | -                | 1,036                          | 7,541                          |
| Total Expenditures   | <u>18,165,297</u>   | <u>4,790,544</u>                | <u>2,009,557</u>    | <u>667,110</u>   | <u>2,517,714</u>               | <u>28,150,222</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 352,988             | 80,918                          | 43,975              | 115,668          | (139,693)                      | 453,856                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                                 |                     |                  |                                |                                |
| Transfers in   | 295,662             | 41,302                          | 1,058,954           | 110,000          | 115,700                        | 1,621,618                      |
| Transfers out  | (1,414,446)         | (237,715)                       | (88,271)            | (225,668)        | (298,661)                      | (2,264,761)                    |
| Total Other Financing Sources (Uses)                                 | <u>(1,118,784)</u>  | <u>(196,413)</u>                | <u>970,683</u>      | <u>(115,668)</u> | <u>(182,961)</u>               | <u>(643,143)</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (765,796)           | (115,495)                       | 1,014,658           | -                | (322,654)                      | (189,287)                      |
| Fund Balances - Beginning of Year                                    | 7,911,813           | 3,994,092                       | 1,285,798           | -                | 1,707,137                      | 14,898,840                     |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 7,146,017</u> | <u>\$ 3,878,597</u>             | <u>\$ 2,300,456</u> | <u>\$ -</u>      | <u>\$ 1,384,483</u>            | <u>\$ 14,709,553</u>           |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ (189,287)

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

Governmental funds report capital outlay 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 (\$2,132,440) exceeded depreciation (\$4,976,855) in the current period. (2,844,415)

In the statement of activities, only the gain on the sale of capital assets is reported. In the statement of activities, donated capital assets increase revenues. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets deleted and the contributed capital. 61,126

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. 278,525

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 (a change in accrued interest, accrued compensated absences, other postemployment benefits, loss on sale of capital assets and capital contribution). (223,853)

Change in Net Assets of Governmental Activities \$ (2,917,904)

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts      |                       | Actual              | Variance with                            |
|--|-----------------------|-----------------------|---------------------|--|
|  | Original              | Final                 |                     | Final Budget -<br>Positive<br>(Negative) |
| <b>REVENUES</b>  |                       |                       |                     |  |
| Taxes  | \$ 14,109,153         | \$ 14,109,153         | \$ 13,978,799       | \$ (130,354)                             |
| Licenses and Permits   | 102,875               | 102,875               | 120,065             | 17,190                                   |
| Intergovernmental  | 2,545,872             | 2,721,791             | 2,761,544           | 39,753                                   |
| Charges for Services   | 1,142,672             | 1,153,084             | 1,217,396           | 64,312                                   |
| Fines and Forfeitures  | 6,725                 | 6,725                 | 18,779              | 12,054                                   |
| Interest   | 22,640                | 22,640                | 28,627              | 5,987                                    |
| Miscellaneous  | 291,835               | 355,613               | 393,075             | 37,462                                   |
| <b>Total Revenues</b>  | <b>18,221,772</b>     | <b>18,471,881</b>     | <b>18,518,285</b>   | <b>46,404</b>                            |
| <b>EXPENDITURES</b>  |                       |                       |                     |  |
| Current:   |                       |                       |                     |  |
| General Government   | 10,720,315            | 10,557,945            | 6,588,351           | 3,969,594                                |
| Public Safety  | 9,703,053             | 9,724,100             | 9,146,957           | 577,143                                  |
| Physical Environment   | 76,390                | 76,390                | 42,223              | 34,167                                   |
| Human Services   | 650,284               | 817,784               | 729,802             | 87,982                                   |
| Culture and Recreation   | 876,126               | 877,861               | 825,419             | 52,442                                   |
| Capital Outlay   | 541,188               | 664,535               | 775,005             | (110,470)                                |
| Debt Service:  |                       |                       |                     |  |
| Principal Retirement   | 53,138                | 53,138                | 53,138              | -  |
| Interest   | 4,403                 | 4,403                 | 4,402               | 1  |
| <b>Total Expenditures</b>  | <b>22,624,897</b>     | <b>22,776,156</b>     | <b>18,165,297</b>   | <b>4,610,859</b>                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(4,403,125)</b>    | <b>(4,304,275)</b>    | <b>352,988</b>      | <b>4,657,263</b>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                       |                     |  |
| Transfers In   | 953,979               | 965,129               | 295,662             | (669,467)                                |
| Transfers Out  | (1,376,456)           | (1,486,456)           | (1,414,446)         | 72,010                                   |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(422,477)</b>      | <b>(521,327)</b>      | <b>(1,118,784)</b>  | <b>(597,457)</b>                         |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>(4,825,602)</b>    | <b>(4,825,602)</b>    | <b>(765,796)</b>    | <b>4,059,806</b>                         |
| Fund Balances - Beginning of Year                                    | 3,370,831             | 3,378,225             | 7,911,813           | 4,533,588                                |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <b>\$ (1,454,771)</b> | <b>\$ (1,447,377)</b> | <b>\$ 7,146,017</b> | <b>\$ 8,593,394</b>                      |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**TRANSPORTATION TRUST FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts             |                              | Actual                     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------------------|------------------------------|----------------------------|---|
|  | Original                     | Final                        |                            |   |
| <b>REVENUES</b>  |                              |                              |                            |   |
| Taxes  | \$ 1,288,964                 | \$ 1,288,964                 | \$ 1,236,798               | \$ (52,166)   |
| Licenses and Permits   | 250                          | 250                          | -                          | (250)   |
| Intergovernmental  | 5,315,517                    | 5,469,592                    | 2,954,395                  | (2,515,197)   |
| Interest   | 12,000                       | 12,000                       | 9,839                      | (2,161)   |
| Miscellaneous  | 137,250                      | 637,250                      | 670,430                    | 33,180  |
| Total Revenues   | <u>6,753,981</u>             | <u>7,408,056</u>             | <u>4,871,462</u>           | <u>(2,536,594)</u>  |
| <b>EXPENDITURES</b>  |                              |                              |                            |   |
| Current:   |                              |                              |                            |   |
| Transportation   | 3,952,790                    | 3,965,865                    | 3,657,861                  | 308,004   |
| Capital Outlay   | 5,147,652                    | 5,293,652                    | 1,132,683                  | 4,160,969   |
| Total Expenditures   | <u>9,100,442</u>             | <u>9,259,517</u>             | <u>4,790,544</u>           | <u>4,468,973</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (2,346,461)                  | (1,851,461)                  | 80,918                     | 1,932,379   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                              |                              |                            |   |
| Transfers in   | 47,100                       | 55,600                       | 41,302                     | (14,298)  |
| Transfers out  | (305,655)                    | (305,655)                    | (237,715)                  | 67,940  |
| Total Other Financing Sources (Uses)                                 | <u>(258,555)</u>             | <u>(250,055)</u>             | <u>(196,413)</u>           | <u>53,642</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (2,605,016)                  | (2,101,516)                  | (115,495)                  | 1,986,021   |
| Fund Balances - Beginning of Year                                    | <u>(872,890)</u>             | <u>(872,890)</u>             | <u>3,994,092</u>           | <u>4,866,982</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (3,477,906)</u></u> | <u><u>\$ (2,974,406)</u></u> | <u><u>\$ 3,878,597</u></u> | <u><u>\$ 6,853,003</u></u>                                |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**FIRE CONTROL FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts  |                   | Actual              | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---------------------|---|
|  | Original          | Final             |                     |   |
| <b>REVENUES</b>  |                   |                   |                     |   |
| Charges for services   | \$ 28,000         | \$ 28,000         | \$ 26,518           | \$ (1,482)  |
| Assessments  | 1,868,507         | 1,868,507         | 2,009,104           | 140,597   |
| Interest   | 2,000             | 2,000             | 4,352               | 2,352   |
| Miscellaneous  | 500               | 500               | 13,558              | 13,058  |
| Total Revenues   | <u>1,899,007</u>  | <u>1,899,007</u>  | <u>2,053,532</u>    | <u>154,525</u>  |
| <b>EXPENDITURES</b>  |                   |                   |                     |   |
| Current:   |                   |                   |                     |   |
| Public Safety  | 2,228,067         | 2,228,282         | 1,951,852           | 276,430   |
| Capital Outlay   | 30,215            | 30,000            | 30,215              | (215)   |
| Debt Service:  |                   |                   |                     |   |
| Principal Retirement   | 25,387            | 25,387            | 25,387              | -   |
| Interest   | 2,104             | 2,104             | 2,103               | 1   |
| Total Expenditures   | <u>2,285,773</u>  | <u>2,285,773</u>  | <u>2,009,557</u>    | <u>276,216</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (386,766)         | (386,766)         | 43,975              | 430,741   |
| <b>OTHER FINANCING USES</b>  |                   |                   |                     |   |
| Transfers in   | 1,059,454         | 1,059,954         | 1,058,954           | (1,000)   |
| Transfers out  | (94,835)          | (94,835)          | (88,271)            | 6,564   |
| Total Other Financing Sources (Uses)                                 | <u>964,619</u>    | <u>965,119</u>    | <u>970,683</u>      | <u>5,564</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 577,853           | 578,353           | 1,014,658           | 436,305   |
| Fund Balances - Beginning of Year                                    | <u>(67,724)</u>   | <u>(108,466)</u>  | <u>1,285,798</u>    | <u>1,394,264</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 510,129</u> | <u>\$ 469,887</u> | <u>\$ 2,300,456</u> | <u>\$ 1,830,569</u>                                       |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**GRANTS FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|                                       | Budgeted Amounts    |                     | Actual           | Variance with                            |
|---------------------------------------|---------------------|---------------------|------------------|--|
|                                       | Original            | Final               |                  | Final Budget -<br>Positive<br>(Negative) |
| <b>REVENUES</b>                       |                     |                     |                  |  |
| Intergovernmental                     | \$ 1,008,220        | \$ 1,212,365        | \$ 734,382       | \$ (477,983)                             |
| Interest                              | 500                 | 500                 | 1,017            | 517                                      |
| Miscellaneous                         | 15,000              | 15,000              | 47,379           | 32,379                                   |
| Total Revenues                        | <u>1,023,720</u>    | <u>1,227,865</u>    | <u>782,778</u>   | <u>(445,087)</u>                         |
| <b>EXPENDITURES</b>                   |                     |                     |                  |  |
| Current:                              |                     |                     |                  |  |
| Economic Environment                  | 331,330             | 746,728             | 329,623          | 417,105                                  |
| Physical Environment                  | 241,500             | 246,345             | 191,054          | 55,291                                   |
| Human Services                        | 125,000             | 124,475             | 129,969          | (5,494)                                  |
| Capital Outlay                        | 8,500               | 16,875              | 16,464           | 411                                      |
| Total Expenditures                    | <u>706,330</u>      | <u>1,134,423</u>    | <u>667,110</u>   | <u>467,313</u>                           |
| <b>EXCESS OF REVENUES OVER</b>        |                     |                     |                  |  |
| <b>EXPENDITURES</b>                   | 317,390             | 93,442              | 115,668          | 22,226                                   |
| <b>OTHER FINANCING SOURCES (USES)</b> |                     |                     |                  |  |
| Transfers in                          | -                   | 110,000             | 110,000          | -  |
| Transfers out                         | (617,390)           | (588,740)           | (225,668)        | 363,072                                  |
| Total Other Financing Sources (Uses)  | <u>(617,390)</u>    | <u>(478,740)</u>    | <u>(115,668)</u> | <u>363,072</u>                           |
| <b>NET CHANGE IN FUND BALANCES</b>    | (300,000)           | (385,298)           | -                | 385,298                                  |
| Fund Balances - Beginning of Year     | <u>-</u>            | <u>-</u>            | <u>-</u>         | <u>-</u>                                 |
| <b>FUND BALANCES - END OF YEAR</b>    | <u>\$ (300,000)</u> | <u>\$ (385,298)</u> | <u>\$ -</u>      | <u>\$ 385,298</u>                        |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF NET ASSETS –  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

|   | Business-Type Activities - Enterprise Funds |  |  | Total<br>Enterprise<br>Funds |
|---|---|--|--|------------------------------|
|   | Solid<br>Waste<br>Fund                      | Wauchula<br>Hills<br>Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) |                              |
| <b>ASSETS</b>   |   |  |  |                              |
| <b>CURRENT ASSETS</b>                                     |   |  |  |                              |
| Cash  | \$ 1,182,085                                | \$ 1,156,395   | \$ 225,000   | \$ 2,563,480                 |
| Deposits  | -   | 3,596  | -  | 3,596                        |
| Accounts Receivable, Net                                  | 73,829                                      | 44,505   | 18,052   | 136,386                      |
| Due from Other Funds                                      | 4,128                                       | -  | -  | 4,128                        |
| Due from Other Governmental Agencies                      | 22,518                                      | 265,636  | -  | 288,154                      |
| Total Current Assets                                      | <u>1,282,560</u>                            | <u>1,470,132</u>   | <u>243,052</u>   | <u>2,995,744</u>             |
| <b>NONCURRENT ASSETS</b>                                  |   |  |  |                              |
| Restricted Cash and Cash Equivalents                      | 341,369                                     | -  | -  | 341,369                      |
| Capital Assets:   |   |  |  |                              |
| Land  | 372,775                                     | 424,850  | 165,000  | 962,625                      |
| Construction in Progress                                  | -   | 1,108,995  | -  | 1,108,995                    |
| Buildings and Improvements                                | 2,902,881                                   | 4,685,452  | 1,184,598  | 8,772,931                    |
| Equipment   | 1,386,251                                   | 242,450  | 8,961  | 1,637,662                    |
| Infrastructure  | 3,967,410                                   | 9,016,783  | -  | 12,984,193                   |
| Less: Accumulated Depreciation                            | <u>(3,804,669)</u>                          | <u>(1,952,867)</u>   | <u>(200,297)</u>   | <u>(5,957,833)</u>           |
| Total Capital Assets (Net of<br>Accumulated Depreciation) | <u>4,824,648</u>                            | <u>13,525,663</u>  | <u>1,158,262</u>   | <u>19,508,573</u>            |
| Total Noncurrent Assets                                   | <u>5,166,017</u>                            | <u>13,525,663</u>  | <u>1,158,262</u>   | <u>19,849,942</u>            |
| Total Assets  | <u>\$ 6,448,577</u>                         | <u>\$ 14,995,795</u>   | <u>\$ 1,401,314</u>  | <u>\$ 22,845,686</u>         |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF NET ASSETS (CONTINUED)  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

|   | Business-Type Activities - Enterprise Funds |  |  |                              |
|---|---|--|--|------------------------------|
|   | Solid<br>Waste<br>Fund                      | Wauchula<br>Hills<br>Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) | Total<br>Enterprise<br>Funds |
| <b>LIABILITIES</b>  |   |  |  |                              |
| <b>CURRENT LIABILITIES, PAYABLE FROM<br/>CURRENT ASSETS</b>     |   |  |  |                              |
| Accounts Payable and Accrued Liabilities                        | \$ 43,743                                   | \$ 254,496   | \$ 1,927   | \$ 300,166                   |
| Due to Other Governmental Agencies                              | -   | 31,106   | -  | 31,106                       |
| Deposits  | 13,929                                      | 7,500  | -  | 21,429                       |
| Deferred Revenue  | -   | 619  | 36,378   | 36,997                       |
| Accrued Compensated Absences,<br>Current Portion                | 10,654                                      | -  | -  | 10,654                       |
| Notes Payable, Current Portion                                  | 200,000                                     | 225,000  | -  | 425,000                      |
| Landfill Closure and Postclosure Costs,<br>Current Portion      | 390,492                                     | -  | -  | 390,492                      |
| Total Current Liabilities, Payable from<br>Current Assets       | 658,818                                     | 518,721  | 38,305   | 1,215,844                    |
| <b>NONCURRENT LIABILITIES</b>                                   |   |  |  |                              |
| Accrued Compensated Absences                                    | 6,246                                       | -  | -  | 6,246                        |
| Notes Payable, Less Current Portion                             | 200,000                                     | 525,000  | -  | 725,000                      |
| Landfill Closure and Postclosure Costs                          | 6,583,047                                   | -  | -  | 6,583,047                    |
| Total Noncurrent Liabilities                                    | 6,789,293                                   | 525,000  | -  | 7,314,293                    |
| Total Liabilities   | 7,448,111                                   | 1,043,721  | 38,305   | 8,530,137                    |
| <b>NET ASSETS</b>   |   |  |  |                              |
| Invested in Capital Assets, Net of Related Debt<br>Unrestricted | 4,424,648<br>(5,424,182)                    | 12,775,663<br>1,176,411  | 1,158,262<br>204,747                                       | 18,358,573<br>(4,043,024)    |
| Total Net Assets  | \$ (999,534)                                | \$ 13,952,074  | \$ 1,363,009   | \$ 14,315,549                |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS –  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Business-Type Activities - Enterprise Funds |   |  | Total<br>Enterprise<br>Funds |
|---|---|---|--|------------------------------|
|   | Solid<br>Waste<br>Fund                      | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) |                              |
| <b>OPERATING REVENUES</b>                               |   |   |  |                              |
| Sales and Charges for Services                          | \$ 821,426                                  | \$ 347,610  | \$ 112,807   | \$ 1,281,843                 |
| Special Assessments                                     | 818,471                                     | -   | -  | 818,471                      |
| Total Operating Revenues                                | <u>1,639,897</u>                            | <u>347,610</u>  | <u>112,807</u>   | <u>2,100,314</u>             |
| <b>OPERATING EXPENSES</b>                               |   |   |  |                              |
| Personal Services                                       | 346,446                                     | 261,870   | 53,688   | 662,004                      |
| General and Administrative                              | 102,236                                     | 308,876   | 22,371   | 433,483                      |
| Depreciation  | 606,268                                     | 510,107   | 25,452   | 1,141,827                    |
| Total Operating Expenses                                | <u>1,054,950</u>                            | <u>1,080,853</u>  | <u>101,511</u>   | <u>2,237,314</u>             |
| <b>OPERATING INCOME (LOSS)</b>                          | 584,947                                     | (733,243)   | 11,296   | (137,000)                    |
| <b>NONOPERATING REVENUES<br/>(EXPENSES)</b>             |   |   |  |                              |
| Intergovernmental                                       | 70,588                                      | 2,026,468   | -  | 2,097,056                    |
| Interest Income   | 5,887                                       | 3,996   | 640  | 10,523                       |
| Interest Expense  | (5,419)                                     | (8,322)   | -  | (13,741)                     |
| Gain on Disposal of Capital Assets                      | 2,588                                       | -   | -  | 2,588                        |
| Miscellaneous Revenue                                   | 13  | 3,494   | 6,125  | 9,632                        |
| Total Nonoperating Revenues<br>(Expenses), Net          | <u>73,657</u>                               | <u>2,025,636</u>  | <u>6,765</u>   | <u>2,106,058</u>             |
| <b>INCOME BEFORE TRANSFERS</b>                          | 658,604                                     | 1,292,393   | 18,061   | 1,969,058                    |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                      |   |   |  |                              |
| Capital Contributions                                   | 8,718                                       | 20,864  | -  | 29,582                       |
| Transfers in  | 455,342                                     | 244,899   | -  | 700,241                      |
| Transfers out   | (12,774)                                    | (17,000)  | (27,324)   | (57,098)                     |
| Total Transfers   | <u>451,286</u>                              | <u>248,763</u>  | <u>(27,324)</u>  | <u>672,725</u>               |
| <b>CHANGE IN NET ASSETS</b>                             | 1,109,890                                   | 1,541,156   | (9,263)  | 2,641,783                    |
| Net Assets - Beginning of Year, as<br>Previously Stated | (2,109,424)                                 | 12,054,503  | 1,372,272  | 11,317,351                   |
| Prior Period Restatement                                | -   | 356,415   | -  | 356,415                      |
| Net Assets - Beginning of Year,<br>as Restated          | <u>(2,109,424)</u>                          | <u>12,410,918</u>   | <u>1,372,272</u>   | <u>11,673,766</u>            |
| <b>NET ASSETS - END OF YEAR</b>                         | <u>\$ (999,534)</u>                         | <u>\$ 13,952,074</u>  | <u>\$ 1,363,009</u>  | <u>\$ 14,315,549</u>         |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Business-Type Activities - Enterprise Funds |   |  | Total<br>Enterprise<br>Funds |
|---|---|---|--|------------------------------|
|   | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |   |   |  |                              |
| Cash Received from Customers  | \$ 1,640,979                                | \$ 344,065  | \$ 92,096  | \$ 2,077,140                 |
| Cash Paid to Employees for Services                                 | (343,762)                                   | (261,870)   | (53,688)   | (659,320)                    |
| Cash Paid to Suppliers for Goods and Services                       | (3,781,377)                                 | (98,628)  | (22,409)   | (3,902,414)                  |
| Net Cash Provided (Used) by<br>Operating Activities                 | (2,484,160)                                 | (16,433)  | 15,999   | (2,484,594)                  |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>          |   |   |  |                              |
| Other Nonoperating Revenue  | 70,601                                      | 3,494   | 6,125  | 80,220                       |
| Transfers In (Out)  | 442,568                                     | 227,899   | (27,324)   | 643,143                      |
| Net Cash Provided (Used) by<br>Noncapital Financing Activities      | 513,169                                     | 231,393   | (21,199)   | 723,363                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b> |   |   |  |                              |
| Capital Grant Receipts  | -   | 1,588,703   | -  | 1,588,703                    |
| Shared Revenue From State   | -   | 497,199   | -  | 497,199                      |
| Acquisition and Construction of Capital Assets                      | 1   | (2,875,158)   | (8,354)  | (2,883,511)                  |
| Principal Payments on Long-Term Debt                                | (200,000)                                   | (225,000)   | -  | (425,000)                    |
| Interest Paid   | (5,419)                                     | (8,322)   | -  | (13,741)                     |
| Net Cash Used by Capital<br>and Related Financing Activities        | (205,418)                                   | (1,022,578)   | (8,354)  | (1,236,350)                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |   |   |  |                              |
| Interest from Investments   | 5,887                                       | 3,996   | 640  | 10,523                       |
| Net Cash Provided by Investing Activities                           | 5,887                                       | 3,996   | 640  | 10,523                       |
| <b>NET DECREASE IN CASH<br/>AND CASH EQUIVALENTS</b>                |   |   |  |                              |
|   | (2,170,522)                                 | (803,622)   | (12,914)   | (2,987,058)                  |
| Cash and Cash Equivalents - Beginning of Year                       | 3,693,976                                   | 1,960,017   | 237,914  | 5,891,907                    |
| <b>CASH AND CASH EQUIVALENTS -<br/>END OF YEAR</b>                  | <b>\$ 1,523,454</b>                         | <b>\$ 1,156,395</b>   | <b>\$ 225,000</b>  | <b>\$ 2,904,849</b>          |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Business-Type Activities - Enterprise Funds |   |  |                              |
|--|---|---|--|------------------------------|
|  | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) | Total<br>Enterprise<br>Funds |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED)<br/>BY OPERATING ACTIVITIES</b> |   |   |  |                              |
| Operating Income (Loss)  | \$ 584,947                                  | \$ (733,243)  | \$ 11,296  | \$ (137,000)                 |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:  |   |   |  |                              |
| Depreciation   | 606,268                                     | 510,107   | 25,452   | 1,141,827                    |
| Gain on Disposal of Capital Assets   | 2,588                                       | -   | -  | 2,588                        |
| (Increase) Decrease in Assets:   |   |   |  |                              |
| Accounts Receivable  | 23,323                                      | 1,013   | (18,052)   | 6,284                        |
| Due from Other Governments   | (22,501)                                    | -   | -  | (22,501)                     |
| Increase (Decrease) in Liabilities:  |   |   |  |                              |
| Accounts Payable and Accrued Liabilities   | 5,411                                       | 179,871   | 55   | 185,337                      |
| Due to Other Funds   | (2,078)                                     | (729)   | (93)   | (2,900)                      |
| Due to Other Government Agencies   | (887)                                       | 31,106  | -  | 30,219                       |
| Deposits   | (250)                                       | -   | -  | (250)                        |
| Deferred Revenue   | -   | (4,558)   | (2,659)  | (7,217)                      |
| Accrued Compensated Absences   | 2,684                                       | -   | -  | 2,684                        |
| Landfill Closure and<br>Postclosure Costs  | (3,683,665)                                 | -   | -  | (3,683,665)                  |
| Net Cash Provided (Used) by<br>Operating Activities  | <u>\$ (2,484,160)</u>                       | <u>\$ (16,433)</u>  | <u>\$ 15,999</u>   | <u>\$ (2,484,594)</u>        |
| <b>RECONCILIATION OF CASH AND CASH<br/>EQUIVALENTS TO THE STATEMENT OF<br/>NET ASSETS</b>                    |   |   |  |                              |
| Current Assets:  |   |   |  |                              |
| Cash   | \$ 1,182,085                                | \$ 1,156,395  | \$ 225,000   | \$ 2,563,480                 |
| Noncurrent Assets:   |   |   |  |                              |
| Restricted Cash and Cash Equivalents   | 341,369                                     | -   | -  | 341,369                      |
| Total Cash and Cash Equivalents  | <u>\$ 1,523,454</u>                         | <u>\$ 1,156,395</u>   | <u>\$ 225,000</u>  | <u>\$ 2,904,849</u>          |
| <b>NONCASH INVESTING, CAPITAL AND<br/>FINANCING ACTIVITIES</b>   |   |   |  |                              |
| Contribution of Capital Assets   | <u>\$ 8,718</u>                             | <u>\$ 20,864</u>  | <u>\$ -</u>  | <u>\$ 29,582</u>             |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
AGENCY FUNDS  
SEPTEMBER 30, 2011**

|  | Agency<br>Funds |
|--|-----------------|
| <b>ASSETS</b>                                |                 |
| Cash   | \$ 622,644      |
| Due from Individuals                         | 1,613           |
|  | 624,257         |
| Total Assets                                 | \$ 624,257      |
| <br><b>LIABILITIES</b>                       |                 |
| Due to Individuals                           | \$ 229,757      |
| Vouchers Payable                             | 684             |
| Due to Other Governments                     | 168,447         |
| Due to Indigent Health Care Special District | 671             |
| Deposit - Installment Taxes                  | 224,698         |
|  | 224,698         |
| Total Liabilities                            | \$ 624,257      |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Circuit Court, 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 Circuit Court. The Clerk of Circuit Court maintains the accounting system for the Board's operations. The Clerk of Circuit Court (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 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 the criteria, the County management determined that the County has no component units.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

The accounting principles of the County conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting**

The accounts of the County are organized on the basis of 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 balances or equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

**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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide Financial Statements (Continued)**

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 expenditures.

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.

**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. Ambulance fees, 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds (Continued)**

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 other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Proprietary Funds**

The County's enterprise funds 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 expenditures. 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 nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

**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.

**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.

**Fire Control Fund** – The Fire Control Fund accounts for assessments related to providing county-wide fire protection services.

**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.

**Proprietary Major Funds**

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

**Wauchula Hills Water/Wastewater Treatment Fund** – The Wauchula Hills Water/Wastewater Treatment fund accounts for the operations of the Wauchula Hills Water and 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.

**Noncurrent Governmental Assets/Liabilities**

GASB Statement No. 34 requires noncurrent 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.

**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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)**

- 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.
- Final budget amounts reported are based upon the final amended budget.

**Accounts Receivable**

Accounts receivable is shown at its net realizable value and reduced by an allowance for uncollectible accounts.

**Due from/to Other Funds**

Interfund transactions are accounted for in the following manner:

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

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.

**Inventory of Supplies**

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 consumption method.

**Deferred Revenue**

Deferred revenue arises when 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, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Revenue (Continued)**

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.

**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.

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, Appraiser, Supervisor 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 net assets. 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 |
| Equipment                  | 5 – 15 Years  |
| Infrastructure             | 10 – 50 Years |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2011 was 8.5540 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 millage rate 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 percent in the month of November, 3 percent in the month of December, 2 percent in the month of February and 1 percent 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 percent 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay**

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, 2011, representing the Board's commitment to fund such costs from future operations.

**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.

**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.

**Landfill Closure and Post-closure 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 post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2011 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, 2011, estimated capacity used was 90.39%. 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. At September 30, 2011, the Solid Waste Fund had deficit net assets of \$999,534 and had deficit unrestricted net assets of \$5,424,182 due to beginning phases of the partial closure to the landfill and because of a \$6,973,539 landfill closure and post-closure liability.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Other Post-employment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Post-retirement Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. Employees who retire from employment with the County under the County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100 percent of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the County. The liabilities and expenses associated with the OPEB Plan have been recorded in the accompanying financial statements.

**New Pronouncements for Financial Reporting**

In accordance with GASB Statement No. 54 – Fund Balance reporting and Governmental Fund Type Definitions, which was implemented by the County for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The fund balance in the governmental funds are appropriately classified as nonspendable, restricted, committed, assigned and unassigned fund balance. When an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the County will first use restricted amounts, then committed amounts, then assigned amounts and finally unassigned amounts.

**NOTE 2 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 (\$14,709,556) differs from *net assets* of governmental activities (\$62,645,458) 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

**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   | \$ 109,005,978              |
| Accumulated Depreciation | <u>(59,479,517)</u>         |
| Total                    | <u><u>\$ 49,526,461</u></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, 2011 were:

|                           |                            |
|---------------------------|----------------------------|
| Capital Leases Payable    | \$ 81,713                  |
| Postemployment Healthcare | 836,000                    |
| Compensated Absences      | <u>669,527</u>             |
| Total                     | <u><u>\$ 1,587,240</u></u> |

**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<br>Notes Payable | <u><u>\$ 3,317</u></u> |
|---|------------------------|

**Elimination of Interfund Receivables/Payables**

Interfund receivables and payables in the amount of \$284,787 between governmental funds have been eliminated for the statement of net assets.

**Explanation of Differences Between the Governmental Statement of Revenues,  
Expenditures, and Changes in Fund Balances**

The *net change in fund balances* for governmental funds (\$189,286) differs from the *change in net assets* for governmental activities (\$2,917,903) 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 effects of the differences are illustrated below.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

**Explanation of Differences Between the Governmental Statement of Revenues,  
Expenditures, and Changes in Fund Balances (Continued)**

**Capital Related Items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation 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       | \$ 2,132,440          |
| Depreciation Expense | (4,976,855)           |
| Difference           | <u>\$ (2,844,415)</u> |

**Long-Term Debt Transactions**

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.

|                        |                   |
|------------------------|-------------------|
| Principal Repayments:  |                   |
| Capital Leases Payable | \$ 78,525         |
| Notes Payable          | 200,000           |
| Net Adjustment         | <u>\$ 278,525</u> |

In the Statement of Activities, donated capital assets increase revenues. However, in the governmental funds, the donated capital assets are not recorded. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets.

|                |                  |
|----------------|------------------|
| Donated Assets | <u>\$ 61,126</u> |
|----------------|------------------|

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

**Explanation of Differences Between the Governmental Statement of Revenues,  
Expenditures, and Changes in Fund Balances (Continued)**

**Expense Transactions**

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

|   |                     |
|---|---------------------|
| Net Change in Postemployment Healthcare | \$ (244,000)        |
| Net Change in Compensated Absences      | 84,442              |
| Net Change in Accrued Interest Payable  | 2,399               |
| Net Change in Sale of Capital Asset     | (37,112)            |
| Net Change in Capital Contribution      | (29,582)            |
| Net Adjustment                          | <u>\$ (223,853)</u> |

**Reclassification and Eliminations**

Transfers in and transfers out in the amount of \$2,264,761 between governmental activities are eliminated.

**NOTE 3 CASH AND CASH EQUIVALENTS**

**Cash Deposits and Cash Equivalents**

Certain funds of the county participate in pooled cash. The earnings of the pool are allocated on a monthly basis to individual funds based upon their average monthly balance in the pool.

In accordance with GASB Statement No. 9, each fund's equity in the County's pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. The County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Custodial risk relating to cash deposits is the risk that in the event of a bank failure, the government will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party.

At September 30, 2011, the carrying amount of the County's deposits was \$19,677,481 and the bank balances were \$20,041,409. The County's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivables consist of the following at September 30, 2011 for the governmental funds individual major funds and non-major funds:

|   | Major             |                        |                | Non-Major                      | Total<br>Governmental<br>Funds |
|---|-------------------|------------------------|----------------|--------------------------------|--------------------------------|
|   | General<br>Fund   | Transportation<br>Fund | Grants<br>Fund | Other<br>Governmental<br>Funds |                                |
| Emergency Medical Services              | \$ 526,259        | \$ -                   | \$ -           | \$ -                           | \$ 526,259                     |
| Trade Accounts                          | 25,999            | 8,269                  | 220            | 17,879                         | 52,367                         |
| Accounts Receivable, Gross              | 552,258           | 8,269                  | 220            | 17,879                         | 578,626                        |
| Allowance for<br>Uncollectible Accounts | (184,191)         | -                      | -              | -                              | (184,191)                      |
| Accounts Receivable, Net                | <u>\$ 368,067</u> | <u>\$ 8,269</u>        | <u>\$ 220</u>  | <u>\$ 17,879</u>               | <u>\$ 394,435</u>              |

Accounts receivables consist of the following at September 30, 2011 for the enterprise funds individual major funds and non-major fund:

|                              | Major               |  | Non-Major                                   | Total<br>Enterprise<br>Funds |
|------------------------------|---------------------|--|---|------------------------------|
|                              | Solid Waste<br>Fund | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Trust<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>Fund |                              |
| Landfill Charges             | \$ 73,585           | \$ 44,030  | \$ 52                                       | \$ 117,667                   |
| Trade Accounts               | 244                 | 475  | 18,000                                      | 18,719                       |
| Accounts Receivable, Gross   | 73,829              | 44,505   | 18,052                                      | 136,386                      |
| Allowance for Uncollectibles | -                   | -  | -   | -                            |
| Accounts Receivable, Net     | <u>\$ 73,829</u>    | <u>\$ 44,505</u>   | <u>\$ 18,052</u>                            | <u>\$ 136,386</u>            |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 DETAIL OF CAPITAL ASSETS**

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

|   | Balance<br>October 1,<br>2010 | Additions             | (Deletions)        | Capital<br>Contribution<br>& Transfers | Donations        | Balance<br>September 30,<br>2011 |
|---|-------------------------------|-----------------------|--------------------|--|------------------|----------------------------------|
| <b>GOVERNMENT ACTIVITIES</b>                    |                               |                       |                    |  |                  |                                  |
| Capital Assets, Not Being Depreciated:          |                               |                       |                    |  |                  |                                  |
| Land  | \$ 3,490,408                  | \$ -                  | \$ -               | \$ -                                   | \$ -             | \$ 3,490,408                     |
| Construction in Progress                        | 833,313                       | 90,993                | -                  | (833,313)                              | -                | 90,993                           |
| Total Capital Assets,<br>Not Being Depreciated  | 4,323,721                     | 90,993                | -                  | (833,313)                              | -                | 3,581,401                        |
| Capital Assets, Being Depreciated:              |                               |                       |                    |  |                  |                                  |
| Buildings and Improvements                      | 21,717,454                    | 442,095               | (4,429)            | 36,409                                 | 10,000           | 22,201,529                       |
| Equipment                                       | 16,878,439                    | 685,677               | (848,591)          | (89,783)                               | 51,126           | 16,676,868                       |
| Infrastructure                                  | 64,835,601                    | 913,675               | -                  | 796,904                                | -                | 66,546,180                       |
| Total Capital Assets,<br>Being Depreciated      | 103,431,494                   | 2,041,447             | (853,020)          | 743,530                                | 61,126           | 105,424,577                      |
| Less Accumulated Depreciation for:              |                               |                       |                    |  |                  |                                  |
| Buildings and Improvements                      | (7,290,555)                   | (518,201)             | 1,569              | -                                      | -                | (7,807,187)                      |
| Equipment                                       | (10,843,723)                  | (1,317,636)           | 814,339            | 60,201                                 | -                | (11,286,819)                     |
| Infrastructure                                  | (37,244,493)                  | (3,141,018)           | -                  | -                                      | -                | (40,385,511)                     |
| Total Accumulated Depreciation                  | (55,378,771)                  | (4,976,855)           | 815,908            | 60,201                                 | -                | (59,479,517)                     |
| Total Capital Assets,<br>Being Depreciated, Net | 48,052,723                    | (2,935,408)           | (37,112)           | 803,731                                | 61,126           | 45,945,060                       |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 52,376,444</u>          | <u>\$ (2,844,415)</u> | <u>\$ (37,112)</u> | <u>\$ (29,582)</u>                     | <u>\$ 61,126</u> | <u>\$ 49,526,461</u>             |
| <b>BUSINESS-TYPE ACTIVITIES</b>                 |                               |                       |                    |  |                  |                                  |
| Capital Assets, Not Being Depreciated:          |                               |                       |                    |  |                  |                                  |
| Land  | \$ 962,625                    | \$ -                  | \$ -               | \$ -                                   | \$ -             | \$ 962,625                       |
| Construction in Progress                        | -                             | 1,108,995             | -                  | -                                      | -                | 1,108,995                        |
| Total Capital Assets,<br>Not Being Depreciated  | 962,625                       | 1,108,995             | -                  | -                                      | -                | 2,071,620                        |
| Capital Assets, Being Depreciated:              |                               |                       |                    |  |                  |                                  |
| Buildings and Improvements                      | 8,769,029                     | 3,902                 | -                  | -                                      | -                | 8,772,931                        |
| Equipment                                       | 1,483,628                     | 93,642                | (29,391)           | 89,783                                 | -                | 1,637,662                        |
| Infrastructure                                  | 11,307,221                    | 1,676,973             | (1)                | -                                      | -                | 12,984,193                       |
| Total Capital Assets,<br>Being Depreciated      | 21,559,878                    | 1,774,517             | (29,392)           | 89,783                                 | -                | 23,394,786                       |
| Less Accumulated Depreciation for:              |                               |                       |                    |  |                  |                                  |
| Buildings and Improvements                      | (1,604,892)                   | (25,252)              | -                  | -                                      | -                | (1,630,144)                      |
| Equipment                                       | (943,723)                     | (135,368)             | 29,391             | (60,201)                               | -                | (1,109,901)                      |
| Infrastructure                                  | (2,236,581)                   | (981,207)             | -                  | -                                      | -                | (3,217,788)                      |
| Total Accumulated Depreciation                  | (4,785,196)                   | (1,141,827)           | 29,391             | (60,201)                               | -                | (5,957,833)                      |
| Total Capital Assets,<br>Being Depreciated, Net | 16,774,682                    | 632,690               | (1)                | 29,582                                 | -                | 17,436,953                       |
| Business-Type Activities<br>Capital Assets, Net | <u>\$ 17,737,307</u>          | <u>\$ 1,741,685</u>   | <u>\$ (1)</u>      | <u>\$ 29,582</u>                       | <u>\$ -</u>      | <u>\$ 19,508,573</u>             |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)**

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

**GOVERNMENTAL ACTIVITIES**

|   |                     |
|---|---------------------|
| General Government                                      | \$ 618,198          |
| Public Safety   | 834,233             |
| Physical Environment                                    | 2,856               |
| Transportation  | 3,312,873           |
| Human Services  | 31,474              |
| Culture/Recreation                                      | 177,221             |
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 4,976,855</u> |

**BUSINESS-TYPE ACTIVITIES**

|  |                     |
|--|---------------------|
| Solid Waste  | \$ 606,268          |
| Wauchula Hills Water/Wastewater Treatment                | 510,107             |
| Vandolah Wastewater Treatment                            | 25,452              |
| Total Depreciation Expense -<br>Business-Type Activities | <u>\$ 1,141,827</u> |

**NOTE 6 LONG-TERM DEBT**

A summary of the changes in long-term debt for the year follows:

|  | Balance<br>October 1,<br>2010 | Additions         | Reductions            | Balance<br>September 30,<br>2011 | Due Within<br>One Year |
|--|-------------------------------|-------------------|-----------------------|----------------------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>             |                               |                   |                       |                                  |                        |
| Capital Leases                             | \$ 160,238                    | \$ -              | \$ (78,525)           | \$ 81,713                        | \$ 81,713              |
| Notes Payable                              | 200,000                       | -                 | (200,000)             | -                                | -                      |
| Postemployment Healthcare                  | 592,000                       | 296,000           | (52,000)              | 836,000                          | -                      |
| Accrued Compensated<br>Absences            | 753,969                       | -                 | (84,442)              | 669,527                          | 592,003                |
| Total Governmental Activities              | <u>\$ 1,706,207</u>           | <u>\$ 296,000</u> | <u>\$ (414,967)</u>   | <u>\$ 1,587,240</u>              | <u>\$ 673,716</u>      |
| <b>BUSINESS-TYPE ACTIVITIES</b>            |                               |                   |                       |                                  |                        |
| Notes Payable                              | \$ 1,575,000                  | \$ -              | \$ (425,000)          | \$ 1,150,000                     | \$ 425,000             |
| Accrued Compensated<br>Absences            | 14,216                        | 2,684             | -                     | 16,900                           | 10,654                 |
| Landfill Closure and<br>Post Closure Costs | 10,657,204                    | -                 | (3,683,665)           | 6,973,539                        | 390,492                |
| Total Business-Type Activities             | <u>\$ 12,246,420</u>          | <u>\$ 2,684</u>   | <u>\$ (4,108,665)</u> | <u>\$ 8,140,439</u>              | <u>\$ 826,146</u>      |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Long-term liabilities are typically liquidated by the individual fund to which the liability is directly associated. Claims and judgments are typically liquidated by the General Fund and charged to the funds to which a portion of the liabilities directly relates.

**Capital Leases**

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 assets acquired through long-term leases are as follows:

|                                |                   |
|--------------------------------|-------------------|
| Equipment                      | \$ 377,900        |
| Less: Accumulated Depreciation | (166,906)         |
| Net                            | <u>\$ 210,994</u> |

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

| <u>Year Ending September 30,</u>   | <u>Amount</u>    |
|------------------------------------|------------------|
| 2012                               | \$ 85,030        |
| Less: Amount Representing Interest | (3,317)          |
| Total                              | <u>\$ 81,713</u> |

**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. This note was paid off during the current fiscal year.

The County issued a note payable to the Florida Local Government Finance Commission for \$1,425,000 during the 2005-2006 fiscal year for Wauchula Hills Wastewater Treatment Plant. Principal payments are due annually beginning December 7, 2006. 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 \$1,000,000 during the 2008-2009 fiscal year for the purpose of providing the County with sufficient funds to refinance a portion of the 2006-2007 note payable that became due during the 2008-2009 fiscal year. Principal payments are due annually, beginning March 3, 2009. Interest payments are due monthly based on the market rate of commercial paper. The note is payable from and secured by designated revenues of the County.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**Notes Payable (Continued)**

Maturities of notes payable are as follows:

| Year Ending<br>September 30, | Business-Type Activities                       |                 |
|------------------------------|--|-----------------|
|                              | Florida Local Government<br>Finance Commission |                 |
|                              | Principal                                      | Interest        |
| 2012                         | \$ 425,000                                     | \$ 2,996        |
| 2013                         | 725,000  | 598             |
| Total                        | <u>\$ 1,150,000</u>                            | <u>\$ 3,594</u> |

**NOTE 7 DUE TO/DUE FROM OTHER FUNDS**

The balance of due from other funds and due to other funds are as follows at September 30, 2011:

|                             | Due from<br>Other Funds | Due to<br>Other Funds |
|-----------------------------|-------------------------|-----------------------|
| General Fund                | \$ 222,767              | \$ 61,761             |
| Transportation Trust        | 19,715                  | 38,578                |
| Fire Control Fund           | 4,348                   | -                     |
| Grants Fund                 | -                       | 178,918               |
| Nonmajor Governmental Funds | 33,829                  | 5,530                 |
| Solid Waste Fund            | 4,128                   | -                     |
| Total                       | <u>\$ 284,787</u>       | <u>\$ 284,787</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 8 FUND BALANCE AND SPENDING POLICY**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Board for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 8 FUND BALANCE AND SPENDING POLICY (CONTINUED)**

- Restricted – amounts that can be spent only for specific purposes because of charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to grant funds awarded and passed by the Board, the Authority’s highest level of decision making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority’s adopted policy, only the Board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The governmental funds are classified as follows:

|                            |           |           |                   |
|----------------------------|-----------|-----------|-------------------|
| Nonspendable               |           | \$        | 647,998           |
| Retricted                  |           |           |                   |
| Jail Drainage Improvements | 7,194     |           |                   |
| Transportation             | 3,878,597 |           |                   |
| Fire Control               | 2,300,456 |           |                   |
| Court Innovations          | 270,465   |           |                   |
| Law Enforcement Trust      | 102,136   |           |                   |
| E-911                      | 39,311    |           |                   |
| Court                      | 9,599     |           |                   |
| Court Operational Needs    | 82,037    |           |                   |
| Court Technology           | 3,857     |           |                   |
| Official Records           | 78,524    |           |                   |
| Clerk Operational Needs    | 140,129   |           |                   |
| Inmate Welfare             | 87,173    |           |                   |
| Education                  | 50,375    |           |                   |
| Total Retricted            |           |           | 7,049,853         |
| Committed                  |           |           |                   |
| Pioneer Park Days          | 175,872   |           |                   |
| Mining                     | 164,185   |           |                   |
| Total Committed            |           |           | 340,057           |
| Assigned                   |           |           |                   |
| Fines and Forfeitures      | 262,140   |           |                   |
| Race Track                 | 3,541     |           |                   |
| Total Assigned             |           |           | 265,681           |
| Unassigned                 |           |           | 6,405,964         |
| Total Fund Balances        |           | <b>\$</b> | <b>14,709,553</b> |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 8 FUND BALANCE AND SPENDING POLICY (CONTINUED)**

The Board has not formally adopted fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. When a general fund expenditure is incurred which restricted, committed, assigned, or unassigned amounts are available to be used, the Board will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**NOTE 9 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the DRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account amount to investment funds available through the Plan. These investment accounts vest to the employee after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System.

Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees are not required to contribute to the FRS Investment Plan.

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

Participating employer contributions are based upon state-wide rates established by the State of Florida.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; senior management – 14.57%; deferred retirement option plan – 12.25%, and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan.

The employer contribution rates effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The County's contributions to the System for the years ended September 30, 2011, 2010 and 2009 were \$1,680,456, \$1,802,355 and \$1,782,718, respectively, equal to the required contributions for each year.

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

Employees who retire from employment with the County under the County-wide sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. Retirees who do not choose to continue to participate within thirty days of their employment termination date lose eligibility to participate in the future. The OPEB plan currently covers certain eligible retirees of the County. For Sheriff's Office employees the normal retirement provisions states that the employees must be a minimum of age 55 with 6 or more years of service or have at least 25 years of service at any age. For all other employees, the normal retirement provisions states that employees must be a minimum of age 62 with 6 or more years of service or have at least 30 years of service at any age. There is an early retirement provision that allows employees to be eligible for retiree health benefits with 6 years of service. The premiums for the retirees and dependents participating in the group insurance and self-insured health plans are the same as that of active employees. Employees pay 100% of the active premium rate, and the County pays any remaining amount necessary for payment of claims. For Sheriff's Office employees, the County provides a subsidy equal to the single employee premium less the Florida Retirement System (FRS) subsidy. The FRS subsidy is equal to \$5 per year of subsidy. This subsidy is available until a retiree reaches age 65. The County subsidizes the premium rates paid by the retirees and their dependents by allowing them to participate in the health plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The postemployment healthcare plan does not issue a stand-alone report.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Funding Policy**

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) or the net OPEB obligation. For the year ended September 30, 2011, 11 retirees and dependents received healthcare benefits. The County provided contributions of \$52,000 toward the annual OPEB cost comprised of premium contributions. There were no claim benefit payments made on behalf of retirees net of retiree contributions.

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the annual required contributions of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the County's annual OPEB cost for the year ended September 30, 2011, the amount contributed to the plan and changes in the County's net OPEB obligation:

|  |                          |
|--|--------------------------|
| Annual Required Contribution             | \$ 294,000               |
| Interest on Net OPEB Obligation          | 24,000                   |
| Less Amortization of Net OPEB Obligation | <u>(22,000)</u>          |
| Annual OPEB Cost (Expense)               | 296,000                  |
| Contributions Made                       | <u>(52,000)</u>          |
| Increase in Net OPEB Obligation          | 244,000                  |
| Net OPEB Obligation - Beginning of Year  | 592,000                  |
| Net OPEB Obligation - End of Year        | <u><u>\$ 836,000</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of September 30, 2011 were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|--------------------------|-----------------------------|---|--------------------------------|
| September 30, 2011       | \$ 296,000                  | 17.57%  | \$ 836,000                     |
| September 30, 2010       | \$ 274,000                  | 18.98%  | \$ 592,000                     |
| September 30, 2009       | \$ 453,000                  | 18.32%  | \$ 370,000                     |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Funded Status and Funding Progress**

The funding status as of September 30, 2011 was as follows

|  |              |
|--|--------------|
| Actuarial Accrued Liability (a)                  | \$ 2,385,000 |
| Actuarial Value of Plan Assets (b)               | -            |
| Unfunded Actuarial Accrued Liability (c) = (a-b) | 2,385,000    |
| Funded Ratio (b/a)                               | 0%           |
| <br>   |              |
| Covered Payroll (Active Plan Member) (d)         | N/A          |
| UALL as a Percentage of Covered Payroll (c/d)    | N/A          |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare costs trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as below, presents multiyear trend for benefits.

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan provisions as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

In the October 1, 2010, OPEB actuarial valuation, the projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions include a four percent rate of return on invested assets, which is the County's long-term expectation of investment returns under its investment policy. The actuarial assumptions also include a payroll growth of four percent per year, and an annual healthcare cost trend rate of eleven percent initially for fiscal year 2008, reduced by one-half percent per year to an ultimate rate of five percent beginning in 2020. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2011, is twenty-seven years.

**NOTE 11 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.

**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, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Landfill Closure Commitments (Continued)**

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 post-closure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs are 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 post-closure care liability of \$6,973,539 at September 30, 2011, represents the cumulative amount reported to date based on an average use of 90.39% of the total estimated capacity. The remaining \$1,052,876 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 not in compliance with these requirements at September 30, 2011. At September 30, 2011, \$341,369 is 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 landfill management escrow account was underfunded. On October 28, 2011, a deposit was made into the landfill management escrow account in the amount of \$215,000. This amount was intended to be deposited prior to September 30, 2011.

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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitment**

The Board has committed payment of funds with respect to disallowed costs assessed by the Federal Emergency Management Agency (FEMA). Hardee County was hit by tropical storms and hurricanes dating back to 2003. FEMA had obligated and de-obligated funds pertaining to the storms. FEMA reconciled the small projects grants during the 2011 year. FEMA also determined revenues received were disallowed due to insurance reimbursement. In total, FEMA determined \$962,359 was due.

**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, 2011 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 13 FUND BALANCE DEFICIT**

**Enterprise Funds**

Solid Waste Fund – The unrestricted net assets deficit of \$999,534 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, 2011**

**NOTE 14 TRANSFERS**

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.

Transfers during the year ended September 30, 2011 consisted of the following:

Transfers to the General Fund from:

|  |                   |
|--|-------------------|
| Transportation Trust Fund                      | \$ 137,515        |
| Fire Control Fund                              | 88,271            |
| Grants Fund                                    | 2,151             |
| Non-Major Governmental Funds                   | 44,783            |
| Wauchula Hills Water/Wastewater Treatment Fund | 17,000            |
| Non-Major Enterprise Fund                      | 5,942             |
| Total  | <u>\$ 295,662</u> |

Transfers to the Transportation Trust Fund from:

|                              |                  |
|------------------------------|------------------|
| General Fund                 | \$ 1,864         |
| Non-Major Governmental Funds | 26,664           |
| Solid Waste Fund             | 12,774           |
| Total                        | <u>\$ 41,302</u> |

Transfers to the Fire Control Fund from:

|                              |                     |
|------------------------------|---------------------|
| General Fund                 | \$ 832,954          |
| Non-Major Governmental Funds | 226,000             |
| Total                        | <u>\$ 1,058,954</u> |

Transfers to the Grants Fund from:

|              |                   |
|--------------|-------------------|
| General Fund | <u>\$ 110,000</u> |
|--------------|-------------------|

Transfers to Non-Major Governmental Funds from:

|                           |                   |
|---------------------------|-------------------|
| General Fund              | \$ 15,500         |
| Transportation Trust Fund | 100,200           |
| Total                     | <u>\$ 115,700</u> |

Transfers to the Solid Waste Fund from:

|                              |                   |
|------------------------------|-------------------|
| General Fund                 | \$ 454,128        |
| Non-Major Governmental Funds | 1,214             |
| Total                        | <u>\$ 455,342</u> |

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

|                           |                   |
|---------------------------|-------------------|
| Grants Fund               | \$ 223,517        |
| Non-Major Enterprise Fund | 21,382            |
| Total                     | <u>\$ 244,899</u> |

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 15 STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)**

The Florida Homebuyer Opportunity Program (FHOP), formerly known as the State Housing Initiative Partnership Program Trust Fund (SHIP) is included in the Grants Fund. Separate financial information for this program is reported below:

**Balance Sheet  
September 30, 2011**

**ASSETS**

|                            |            |
|----------------------------|------------|
| Cash                       | \$ 657,857 |
| Due from Other Governments | 86         |
|                            | 86         |
| Total Assets               | \$ 657,943 |

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

|                    |          |
|--------------------|----------|
| Accounts Payable   | \$ 9,871 |
| Due to Other Funds | 259      |
| Deferred Revenue   | 647,813  |
|                    | 657,943  |
| Total Liabilities  | 657,943  |

**Fund Balance**

|                                    |            |
|------------------------------------|------------|
| Total Liabilities and Fund Balance | \$ 657,943 |
|------------------------------------|------------|

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP basis) and Actual  
Year Ended September 30, 2011**

|   | Budgeted Amounts |              | Actual    | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------|--------------|-----------|---|
|   | Original         | Final        |           |   |
| <b>REVENUES</b>   |                  |              |           |   |
| Intergovernmental   | \$ -             | \$ -         | \$ 87,484 | \$ 87,484   |
| Interest  | 500              | 500          | 968       | 468   |
| Miscellaneous   | 15,000           | 15,000       | 47,379    | 32,379  |
| Total Revenues  | 15,500           | 15,500       | 135,831   | 120,331   |
| <b>EXPENDITURES</b>   |                  |              |           |   |
| Economic Environment  | 315,500          | 510,798      | 245,831   | (264,967)   |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER (UNDER) EXPENDITURES</b> | (300,000)        | (495,298)    | (110,000) | 385,298   |
| <b>OTHER FINANCING SOURCES (USES)</b>                               |                  |              |           |   |
| Transfers in  | -                | 110,000      | 110,000   | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                                  | (300,000)        | (385,298)    | -         | 385,298   |
| Fund Balances - Beginning of Year                                   | -                | (9)          | -         | 9   |
| <b>FUND BALANCES - END OF YEAR</b>                                  | \$ (300,000)     | \$ (385,307) | \$ -      | \$ 385,307  |

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 16 PRIOR PERIOD RESTATEMENT**

During the current year, it was determined that prior years Wauchula Hills Water/Wastewater Treatment Fund capital assets were understated and incorrectly recorded. To correct this error, the beginning fund balance of \$12,054,503, as originally reported, has been increased to \$12,410,918. Beginning infrastructure capital assets of \$10,861,702, as originally reported, has been increased to \$11,307,221. In addition, beginning accumulated depreciation for the capital asset of \$2,147,477, as originally reported, has been increased to \$2,236,581.

**NOTE 17 SUBSEQUENT EVENTS**

Florida Counties are required to pay a portion of the State's share of Medicaid services. In the past each County would be billed, would review the bill, and most counties (including Hardee) would pay the amount that was confirmed to be appropriately billed. Hardee County normally would pay around 87% of the total bill after the review, primarily because around 13% of the bill was found to be inappropriate (not county residents, duplicate bills, etc.). Medicaid conforming bill, HB 5301, proposes a statutory change that would require every county to pay inaccurate, old bills and withhold their ½ cent sales tax distribution for Medicaid each month moving forward, regardless of the bill's accuracy. Local governments would have to apply to the State for a refund if they believe a charge is incorrect. In addition, the bill establishes a backlog that is owed for each County, based on the portions of the bills that were not paid, which will be withheld from Counties State Revenue Sharing over 5 years. For Hardee County, HB 5301 will mean a backlog payment which has not been projected. HB 5301 has been signed into law by the Governor of Florida; however, it is currently being litigated. No contingent liability has been recorded in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS**  
**YEAR ENDED SEPTEMBER 30, 2011**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>- Unit Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as<br>% of<br>Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 10/1/2008                      | \$ -                                   | \$ 3,985,000  | \$ 3,985,000                       | 0.00%                    | N/A                       | N/A  |
| 10/1/2009                      | \$ -                                   | \$ 2,154,000  | \$ 2,154,000                       | 0.00%                    | N/A                       | N/A  |
| 10/1/2010                      | \$ -                                   | \$ 2,385,000  | \$ 2,385,000                       | 0.00%                    | N/A                       | N/A  |

**HARDEE COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2011**

**NOTE 1 OTHER POSTEMPLOYMENT BENEFITS**

As noted in the previous schedule, the County's Unfunded Actuarial Liability (UAL) increased \$231,000. The liability increase is attributed to actuarial estimates for the change in both the contribution schedule and retirees eligible.

**HARDEE COUNTY, FLORIDA  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

**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.

**Fines and Forfeitures Fund** – Pursuant to Florida Statute 142.01, the Fines 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 and the Sheriff.

**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.

**E-911 Fund** – The E-911 Fund accounts for proceeds received from 911 fees and grants related to providing E-911 services within the County.

**Mining Fund** – The Mining Fund accounts for mining fees and mining reimbursements related to mining activities within the County.

**Clerk's Records Modernization Fund** – The Clerk's Records Modernization Fund accounts for court technology revenues and expenditures.

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

**Sheriff's Commissary Fund** – The Sheriff's 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.

**HARDEE COUNTY, FLORIDA  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

**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  
COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|  |                     | Special Revenue Funds                     |                   |                      |                             |                                   |                   |        |
|--|---------------------|---|-------------------|----------------------|-----------------------------|-----------------------------------|-------------------|--------|
|  |                     | Race<br>Track<br>Fines and<br>Forfeitures | Jai<br>Alai       | Pioneer<br>Park Days | Law<br>Enforcement<br>Trust | Clerk's<br>Fine and<br>Forfeiture | E-911             | Mining |
| <b>ASSETS</b>                              |                     |   |                   |                      |                             |                                   |                   |        |
| Cash and Cash Equivalents                  | \$ 1,060,932        | \$ 3,541                                  | \$ 117,382        | \$ 102,136           | \$ 156,644                  | \$ 184,081                        | \$ 162,801        |        |
| Accounts Receivable, Net                   | -                   | -   | -                 | -                    | 10                          | -                                 | 17,869            |        |
| Due from Other Funds                       | -                   | -   | -                 | -                    | -                           | -                                 | -                 |        |
| Due from Other Governmental Agencies       | -                   | -   | -                 | -                    | 140                         | -                                 | -                 |        |
| Prepaid Expense                            | -                   | -   | -                 | -                    | 3,075                       | -                                 | -                 |        |
| <b>Total Assets</b>                        | <b>\$ 1,060,932</b> | <b>\$ 3,541</b>                           | <b>\$ 117,382</b> | <b>\$ 102,136</b>    | <b>\$ 159,869</b>           | <b>\$ 184,081</b>                 | <b>\$ 180,670</b> |        |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |   |                   |                      |                             |                                   |                   |        |
| <b>Liabilities:</b>                        |                     |   |                   |                      |                             |                                   |                   |        |
| Accounts Payable and Accrued Liabilities   | \$ 30,465           | \$ -                                      | \$ 9,960          | \$ -                 | \$ 147,195                  | \$ 860                            | \$ 16,485         |        |
| Due to Other Funds                         | 5,525               | -   | -                 | -                    | -                           | -                                 | -                 |        |
| Deferred Revenue                           | 492,337             | -   | 19,486            | -                    | -                           | 143,910                           | -                 |        |
| <b>Total Liabilities</b>                   | <b>528,327</b>      | <b>-</b>                                  | <b>29,446</b>     | <b>-</b>             | <b>147,195</b>              | <b>144,770</b>                    | <b>16,485</b>     |        |
| <b>Fund Balances:</b>                      |                     |   |                   |                      |                             |                                   |                   |        |
| Nonspendable                               | -                   | -   | -                 | -                    | 3,075                       | -                                 | -                 |        |
| Retricted                                  | 270,465             | -   | -                 | 102,136              | 9,599                       | 39,311                            | -                 |        |
| Committed                                  | -                   | -   | 87,936            | -                    | -                           | -                                 | 164,185           |        |
| Assigned                                   | 262,140             | 3,541                                     | -                 | -                    | -                           | -                                 | -                 |        |
| Unassigned                                 | -                   | -   | -                 | -                    | -                           | -                                 | -                 |        |
| <b>Total Fund Balances</b>                 | <b>532,605</b>      | <b>3,541</b>                              | <b>87,936</b>     | <b>102,136</b>       | <b>12,674</b>               | <b>39,311</b>                     | <b>164,185</b>    |        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,060,932</b> | <b>\$ 3,541</b>                           | <b>\$ 117,382</b> | <b>\$ 102,136</b>    | <b>\$ 159,869</b>           | <b>\$ 184,081</b>                 | <b>\$ 180,670</b> |        |

**HARDEE COUNTY, FLORIDA  
COMBINING BALANCE SHEET - (CONTINUED)  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|  | Special Revenue Funds (Continued)                      |                                  |                         |                                      | Debt Service<br>Fund    | Total All<br>Non-major<br>Governmental<br>Funds |
|--|--|----------------------------------|-------------------------|--------------------------------------|-------------------------|---|
|  | Clerk's<br>Public<br>Records<br>Modernization<br>Trust | Clerk's<br>Child<br>Support IV-D | Sheriff's<br>Commissary | Sheriff's<br>Department<br>Education | Transportation<br>Trust |   |
| <b>ASSETS</b>                              |  |                                  |                         |                                      |                         |   |
| Cash and Cash Equivalents                  | \$ 133,876   | \$ 133,240                       | \$ 87,173               | \$ 50,375                            | \$ -                    | \$ 2,192,181                                    |
| Accounts Receivable, Net                   | -  | -                                | -                       | -                                    | -                       | 17,879  |
| Due from Other Funds                       | 33,829   | -                                | -                       | -                                    | -                       | 33,829  |
| Due from Other Governmental Agencies       | -  | 6,983                            | -                       | -                                    | -                       | 7,123   |
| Prepaid Expense                            | -  | -                                | -                       | -                                    | -                       | 3,075   |
| <b>Total Assets</b>                        | <b>\$ 167,705</b>                                      | <b>\$ 140,223</b>                | <b>\$ 87,173</b>        | <b>\$ 50,375</b>                     | <b>\$ -</b>             | <b>\$ 2,254,087</b>                             |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |                                  |                         |                                      |                         |   |
| <b>Liabilities:</b>                        |  |                                  |                         |                                      |                         |   |
| Accounts Payable and Accrued Liabilities   | \$ 3,282   | \$ 94                            | \$ -                    | \$ -                                 | \$ -                    | \$ 208,341                                      |
| Due to Other Funds                         | 5  | -                                | -                       | -                                    | -                       | 5,530   |
| Deferred Revenue                           | -  | -                                | -                       | -                                    | -                       | 655,733   |
| <b>Total Liabilities</b>                   | <b>3,287</b>   | <b>94</b>                        | <b>-</b>                | <b>-</b>                             | <b>-</b>                | <b>869,604</b>                                  |
| <b>Fund Balances:</b>                      |  |                                  |                         |                                      |                         |   |
| Nonspendable                               | -  | -                                | -                       | -                                    | -                       | 3,075   |
| Retricted                                  | 164,418  | 140,129                          | 87,173                  | 50,375                               | -                       | 863,606   |
| Committed                                  | -  | -                                | -                       | -                                    | -                       | 340,057   |
| Unassigned                                 | -  | -                                | -                       | -                                    | -                       | 265,681   |
| <b>Total Fund Balances</b>                 | <b>164,418</b>   | <b>140,129</b>                   | <b>87,173</b>           | <b>50,375</b>                        | <b>-</b>                | <b>1,384,483</b>                                |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 167,705</b>                                      | <b>\$ 140,223</b>                | <b>\$ 87,173</b>        | <b>\$ 50,375</b>                     | <b>\$ -</b>             | <b>\$ 2,254,087</b>                             |

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

Special Revenue Funds

|  | Fines and<br>Forfeitures | Race<br>Track<br>Jai Alai | Pioneer<br>Park Days | Law<br>Enforcement<br>Trust | Clerk's<br>Fine and<br>Forfeiture | E-911            | Mining            |
|--|--------------------------|---------------------------|----------------------|-----------------------------|-----------------------------------|------------------|-------------------|
| <b>REVENUES</b>  |                          |                           |                      |                             |                                   |                  |                   |
| Intergovernmental  | \$ 74,465                | \$ 446,500                | \$ -                 | \$ -                        | \$ -                              | \$ 179,524       | \$ -              |
| Charges for Services   | 20,114                   | -                         | 93,719               | -                           | 850,107                           | -                | 211,050           |
| Fines and Forfeitures  | 289,561                  | -                         | -                    | -                           | -                                 | -                | -                 |
| Interest   | 2,990                    | 36                        | 424                  | 258                         | -                                 | 169              | 538               |
| Miscellaneous  | 4,744                    | -                         | 1,246                | 2,763                       | -                                 | -                | -                 |
| Total Revenues   | <u>391,874</u>           | <u>446,536</u>            | <u>95,389</u>        | <u>3,021</u>                | <u>850,107</u>                    | <u>179,693</u>   | <u>211,588</u>    |
| <b>EXPENDITURES</b>  |                          |                           |                      |                             |                                   |                  |                   |
| Current:   |                          |                           |                      |                             |                                   |                  |                   |
| General Government   | 477,367                  | -                         | -                    | -                           | 845,677                           | -                | -                 |
| Public Safety  | 9,585                    | -                         | -                    | -                           | -                                 | 166,564          | -                 |
| Physical Environment   | -                        | -                         | -                    | -                           | -                                 | -                | 215,339           |
| Human Services   | -                        | 26,500                    | -                    | -                           | -                                 | -                | -                 |
| Culture and Recreation   | -                        | 194,000                   | 60,963               | -                           | -                                 | -                | -                 |
| Capital Outlay   | 89,876                   | -                         | 55,465               | -                           | -                                 | 19,682           | -                 |
| Debt Service:  |                          |                           |                      |                             |                                   |                  |                   |
| Principal Retirement   | -                        | -                         | -                    | -                           | -                                 | -                | -                 |
| Interest   | -                        | -                         | -                    | -                           | -                                 | -                | -                 |
| Total Expenditures   | <u>576,828</u>           | <u>220,500</u>            | <u>116,428</u>       | <u>-</u>                    | <u>845,677</u>                    | <u>186,246</u>   | <u>215,339</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (184,954)                | 226,036                   | (21,039)             | 3,021                       | 4,430                             | (6,553)          | (3,751)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                          |                           |                      |                             |                                   |                  |                   |
| Transfers in   | -                        | -                         | -                    | -                           | -                                 | 15,500           | -                 |
| Transfers out  | -                        | (226,000)                 | (34,335)             | -                           | -                                 | -                | (35,000)          |
| Total Other Financing Sources (Uses)                                 | <u>-</u>                 | <u>(226,000)</u>          | <u>(34,335)</u>      | <u>-</u>                    | <u>-</u>                          | <u>15,500</u>    | <u>(35,000)</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (184,954)                | 36                        | (55,374)             | 3,021                       | 4,430                             | 8,947            | (38,751)          |
| Fund Balances - Beginning of Year                                    | <u>717,559</u>           | <u>3,505</u>              | <u>143,310</u>       | <u>99,115</u>               | <u>8,244</u>                      | <u>30,364</u>    | <u>202,936</u>    |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 532,605</u>        | <u>\$ 3,541</u>           | <u>\$ 87,936</u>     | <u>\$ 102,136</u>           | <u>\$ 12,674</u>                  | <u>\$ 39,311</u> | <u>\$ 164,185</u> |

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Special Revenue Funds (Continued)                      |                                  |                         |                                      | Debt Service            | Total All<br>Nonmajor<br>Governmental<br>Funds |
|--|--|----------------------------------|-------------------------|--------------------------------------|-------------------------|--|
|  | Clerk's<br>Public<br>Records<br>Modernization<br>Trust | Clerk's<br>Child<br>Support IV-D | Sheriff's<br>Commissary | Sheriff's<br>Department<br>Education | Transportation<br>Trust |  |
| <b>REVENUES</b>  |  |                                  |                         |                                      |                         |  |
| Intergovernmental  | \$ -   | \$ 79,357                        | \$ -                    | \$ -                                 | \$ -                    | \$ 779,846                                     |
| Charges for Services   | 73,515   | -                                | -                       | -                                    | -                       | 1,248,505                                      |
| Fines and Forfeitures  | -  | -                                | -                       | 4,653                                | -                       | 294,214  |
| Interest   | -  | 283                              | -                       | -                                    | 337                     | 5,035  |
| Miscellaneous  | 396  | 1,199                            | 40,073                  | -                                    | -                       | 50,421   |
| Total Revenues   | <u>73,911</u>  | <u>80,839</u>                    | <u>40,073</u>           | <u>4,653</u>                         | <u>337</u>              | <u>2,378,021</u>                               |
| <b>EXPENDITURES</b>  |  |                                  |                         |                                      |                         |  |
| Current:   |  |                                  |                         |                                      |                         |  |
| General Government   | 59,256   | 38,693                           | -                       | -                                    | -                       | 1,420,993                                      |
| Public Safety  | -  | -                                | 44,661                  | -                                    | -                       | 220,810  |
| Physical Environment   | -  | -                                | -                       | -                                    | -                       | 215,339  |
| Human Services   | -  | -                                | -                       | -                                    | -                       | 26,500   |
| Culture and Recreation   | -  | -                                | -                       | -                                    | -                       | 254,963  |
| Capital Outlay   | 10,322   | -                                | 2,728                   | -                                    | -                       | 178,073  |
| Debt Service:  |  |                                  |                         |                                      |                         |  |
| Principal Retirement   | -  | -                                | -                       | -                                    | 200,000                 | 200,000  |
| Interest   | -  | -                                | -                       | -                                    | 1,036                   | 1,036  |
| Total Expenditures   | <u>69,578</u>  | <u>38,693</u>                    | <u>47,389</u>           | <u>-</u>                             | <u>201,036</u>          | <u>2,517,714</u>                               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 4,333  | 42,146                           | (7,316)                 | 4,653                                | (200,699)               | (139,693)                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |  |                                  |                         |                                      |                         |  |
| Transfers in   | -  | -                                | -                       | -                                    | 100,200                 | 115,700  |
| Transfers out  | -  | -                                | -                       | -                                    | (3,326)                 | (298,661)                                      |
| Total Other Financing Sources (Uses)                                 | <u>-</u>   | <u>-</u>                         | <u>-</u>                | <u>-</u>                             | <u>96,874</u>           | <u>(182,961)</u>                               |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 4,333  | 42,146                           | (7,316)                 | 4,653                                | (103,825)               | (322,654)                                      |
| Fund Balances - Beginning of Year                                    | <u>160,085</u>   | <u>97,983</u>                    | <u>94,489</u>           | <u>45,722</u>                        | <u>103,825</u>          | <u>1,707,137</u>                               |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 164,418</u>                                      | <u>\$ 140,129</u>                | <u>\$ 87,173</u>        | <u>\$ 50,375</u>                     | <u>\$ -</u>             | <u>\$ 1,384,483</u>                            |

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
FINES AND FORFEITURES FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts             |                              | Actual                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------------------|------------------------------|--------------------------|---|
|  | Original                     | Final                        |                          |   |
| <b>REVENUES</b>  |                              |                              |                          |   |
| Intergovernmental  | \$ -                         | \$ -                         | \$ 74,465                | \$ 74,465   |
| Charges for Services   | 30,000                       | 30,000                       | 20,114                   | (9,886)   |
| Fines and Forfeitures  | 285,000                      | 294,585                      | 289,561                  | (5,024)   |
| Interest   | 500                          | 500                          | 2,990                    | 2,490   |
| Miscellaneous  | 200                          | 200                          | 4,744                    | 4,544   |
| Total Revenues   | <u>315,700</u>               | <u>325,285</u>               | <u>391,874</u>           | <u>66,590</u>   |
| <b>EXPENDITURES</b>  |                              |                              |                          |   |
| Current:   |                              |                              |                          |   |
| General Government   | 754,694                      | 756,694                      | 477,367                  | 279,327   |
| Public Safety  | -                            | 9,585                        | 9,585                    | (1)   |
| Capital Outlay   | 528,441                      | 526,441                      | 89,876                   | 436,565   |
| Total Expenditures   | <u>1,283,135</u>             | <u>1,292,720</u>             | <u>576,828</u>           | <u>715,892</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (967,435)                    | (967,435)                    | (184,954)                | 782,481   |
| <b>OTHER FINANCING USES</b>  |                              |                              |                          |   |
| Transfers out  | <u>(479,894)</u>             | <u>(479,894)</u>             | <u>-</u>                 | <u>479,894</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (1,447,329)                  | (1,447,329)                  | (184,954)                | 1,262,375   |
| Fund Balances - Beginning of Year                                    | <u>360</u>                   | <u>85</u>                    | <u>717,559</u>           | <u>717,474</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (1,446,969)</u></u> | <u><u>\$ (1,447,244)</u></u> | <u><u>\$ 532,605</u></u> | <u><u>\$ 1,979,849</u></u>                                |

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
RACE TRACK JAI ALAI FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts   |                    | Actual                 | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|------------------------|---|
|  | Original           | Final              |                        |   |
| <b>REVENUES</b>  |                    |                    |                        |   |
| Intergovernmental  | \$ 446,500         | \$ 446,500         | \$ 446,500             | \$ -  |
| Interest   | -                  | -                  | 36                     | 36  |
| Total Revenues   | <u>446,500</u>     | <u>446,500</u>     | <u>446,536</u>         | <u>36</u>   |
| <b>EXPENDITURES</b>  |                    |                    |                        |   |
| Current:   |                    |                    |                        |   |
| Culture and Recreation   | 194,000            | 194,000            | 194,000                | -   |
| Human Services   | 26,500             | 26,500             | 26,500                 | -   |
| Total Expenditures   | <u>220,500</u>     | <u>220,500</u>     | <u>220,500</u>         | <u>-</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 226,000            | 226,000            | 226,036                | 36  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                    |                    |                        |   |
| Transfers out  | <u>(226,000)</u>   | <u>(226,000)</u>   | <u>(226,000)</u>       | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | -                  | -                  | 36                     | 36  |
| Fund Balances - Beginning of Year                                    | <u>-</u>           | <u>-</u>           | <u>3,505</u>           | <u>3,505</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,541</u></u> | <u><u>\$ 3,541</u></u>                                    |

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**PIONEER PARK DAYS FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts           |                            | Actual                  | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------------|----------------------------|-------------------------|---|
|  | Original                   | Final                      |                         |   |
| <b>REVENUES</b>  |                            |                            |                         |   |
| Charges for Services   | \$ 105,500                 | \$ 105,500                 | \$ 93,719               | \$ (11,781)   |
| Interest   | 200                        | 200                        | 424                     | 224   |
| Miscellaneous  | 5,000                      | 5,000                      | 1,246                   | (3,754)   |
| Total Revenues   | <u>110,700</u>             | <u>110,700</u>             | <u>95,389</u>           | <u>(15,311)</u>   |
| <b>EXPENDITURES</b>  |                            |                            |                         |   |
| Current:   |                            |                            |                         |   |
| Culture and Recreation   | 88,909                     | 80,409                     | 60,963                  | 19,446  |
| Capital Outlay   | 60,000                     | 60,000                     | 55,465                  | 4,535   |
| Total Expenditures   | <u>148,909</u>             | <u>140,409</u>             | <u>116,428</u>          | <u>23,981</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (38,209)                   | (29,709)                   | (21,039)                | 8,670   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                            |                            |                         |   |
| Transfers out  | <u>(94,700)</u>            | <u>(103,200)</u>           | <u>(34,335)</u>         | <u>68,865</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (132,909)                  | (132,909)                  | (55,374)                | 77,535  |
| Fund Balances - Beginning of Year                                    | <u>25,823</u>              | <u>17,823</u>              | <u>143,310</u>          | <u>125,487</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (107,086)</u></u> | <u><u>\$ (115,086)</u></u> | <u><u>\$ 87,936</u></u> | <u><u>\$ 203,022</u></u>                                  |

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
LAW ENFORCEMENT TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | <u>Budgeted Amounts</u> |                  | <u>Actual</u>     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|------------------|-------------------|---|
|                                    | <u>Original</u>         | <u>Final</u>     |                   |   |
| <b>REVENUES</b>                    |                         |                  |                   |   |
| Interest                           | \$ 600                  | \$ 600           | \$ 258            | \$ (342)  |
| Miscellaneous                      | 4,000                   | 4,000            | 2,763             | (1,237)   |
| Total Revenues                     | <u>4,600</u>            | <u>4,600</u>     | <u>3,021</u>      | <u>(1,579)</u>  |
| <b>EXPENDITURES</b>                |                         |                  |                   |   |
| Current:                           |                         |                  |                   |   |
| Public Safety                      | -                       | -                | -                 | -   |
| <b>NET CHANGE IN FUND BALANCES</b> | 4,600                   | 4,600            | 3,021             | (1,579)   |
| Fund Balances - Beginning of Year  | <u>99,245</u>           | <u>57,908</u>    | <u>99,115</u>     | <u>41,207</u>   |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ 103,845</u>       | <u>\$ 62,508</u> | <u>\$ 102,136</u> | <u>\$ 39,628</u>  |

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
CLERK’S FINE AND FORFEITURE FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | <u>Budgeted Amounts</u> |                | <u>Actual</u>    | Variance with<br>Final budget -<br>Positive<br>(Negative) |
|------------------------------------|-------------------------|----------------|------------------|---|
|                                    | <u>Original</u>         | <u>Final</u>   |                  |   |
| <b>REVENUES</b>                    |                         |                |                  |   |
| Charges for services               | \$ 864,683              | \$ 850,107     | \$ 850,107       | \$ -  |
| <b>EXPENDITURES</b>                |                         |                |                  |   |
| Current:                           |                         |                |                  |   |
| General Government:                |                         |                |                  |   |
| Salaries and Benefits              | 851,871                 | 810,374        | 803,929          | 6,445   |
| Operating Expenditures             | <u>12,812</u>           | <u>39,733</u>  | <u>41,748</u>    | <u>(2,015)</u>  |
| Total Expenditures                 | <u>864,683</u>          | <u>850,107</u> | <u>845,677</u>   | <u>4,430</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                       | -              | 4,430            | 4,430   |
| Fund Balances - Beginning of Year  | <u>-</u>                | <u>-</u>       | <u>8,244</u>     | <u>8,244</u>  |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 12,674</u> | <u>\$ 12,674</u>  |

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**E-911 FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | <u>Budgeted Amounts</u>  |                        | <u>Actual</u>           | Variance with                            |
|--|--------------------------|------------------------|-------------------------|--|
|  | <u>Original</u>          | <u>Final</u>           |                         | Final Budget -<br>Positive<br>(Negative) |
| <b>REVENUES</b>  |                          |                        |                         |  |
| Intergovernmental  | \$ 114,837               | \$ 165,475             | \$ 179,524              | \$ 14,049                                |
| Interest   | 1,000                    | 1,000                  | 169                     | (831)                                    |
| Total Revenues   | <u>115,837</u>           | <u>166,475</u>         | <u>179,693</u>          | <u>13,218</u>                            |
| <b>EXPENDITURES</b>  |                          |                        |                         |  |
| Current:   |                          |                        |                         |  |
| Public Safety  | 185,387                  | 216,344                | 166,564                 | 49,780                                   |
| Capital Outlay   | -                        | 19,681                 | 19,682                  | (1)                                      |
| Total Expenditures   | <u>185,387</u>           | <u>236,025</u>         | <u>186,246</u>          | <u>49,779</u>                            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (69,550)                 | (69,550)               | (6,553)                 | 62,997                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                          |                        |                         |  |
| Transfers in   | <u>76,056</u>            | <u>76,056</u>          | <u>15,500</u>           | <u>(60,556)</u>                          |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 6,506                    | 6,506                  | 8,947                   | 2,441                                    |
| Fund Balances - Beginning of Year                                    | <u>(15,689)</u>          | <u>381</u>             | <u>30,364</u>           | <u>29,983</u>                            |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (9,183)</u></u> | <u><u>\$ 6,887</u></u> | <u><u>\$ 39,311</u></u> | <u><u>\$ 32,424</u></u>                  |

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**MINING FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual</u>     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------------|--------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                   |   |
| <b>REVENUES</b>  |                         |                    |                   |   |
| Charges for Services   | \$ 573,514              | \$ 573,514         | \$ 211,050        | \$ (362,464)  |
| Interest   | -                       | -                  | 538               | 538   |
| Total Revenues   | <u>573,514</u>          | <u>573,514</u>     | <u>211,588</u>    | <u>(361,926)</u>  |
| <b>EXPENDITURES</b>  |                         |                    |                   |   |
| Physical Environment   | <u>588,960</u>          | <u>588,960</u>     | <u>215,339</u>    | <u>373,621</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (15,446)                | (15,446)           | (3,751)           | 11,695  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                    |                   |   |
| Transfers out  | <u>(35,000)</u>         | <u>(35,000)</u>    | <u>(35,000)</u>   | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (50,446)                | (50,446)           | (38,751)          | 11,695  |
| Fund Balances - Beginning of Year                                    | <u>27,857</u>           | <u>39,588</u>      | <u>202,936</u>    | <u>163,348</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (22,589)</u>      | <u>\$ (10,858)</u> | <u>\$ 164,185</u> | <u>\$ 175,043</u>   |

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**CLERK’S PUBLIC RECORDS MODERNIZATION TRUST**  
**YEAR ENDED SEPTEMBER 30, 2011**

|                                    | Budgeted Amounts |                | Actual            | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|------------------|----------------|-------------------|---|
|                                    | Original         | Final          |                   |   |
| <b>REVENUES</b>                    |                  |                |                   |   |
| Charges for Services               | \$ 236,080       | \$ 236,080     | \$ 73,515         | \$ (162,565)  |
| Miscellaneous                      | -                | -              | 396               | 396   |
| Total Revenues                     | <u>236,080</u>   | <u>236,080</u> | <u>73,911</u>     | <u>(162,169)</u>  |
| <b>EXPENDITURES</b>                |                  |                |                   |   |
| Current:                           |                  |                |                   |   |
| General Government:                |                  |                |                   |   |
| Salaries and Benefits              | 27,010           | 27,010         | 25,353            | 1,657   |
| Operating Expenditures             | 189,070          | 189,070        | 33,903            | 155,167   |
| Capital Outlay                     | 20,000           | 20,000         | 10,322            | 9,678   |
| Total Expenditures                 | <u>236,080</u>   | <u>236,080</u> | <u>69,578</u>     | <u>166,502</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                | -              | 4,333             | 4,333   |
| Fund Balances - Beginning of Year  | -                | -              | 160,085           | 160,085   |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ 164,418</u> | <u>\$ 164,418</u>   |

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
CLERK’S CHILD SUPPORT IV-D FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | Budgeted Amounts |                | Actual            | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|------------------|----------------|-------------------|---|
|                                    | Original         | Final          |                   |   |
| <b>REVENUES</b>                    |                  |                |                   |   |
| Intergovernmental                  | \$ 149,980       | \$ 148,498     | \$ 79,357         | \$ (69,141)   |
| Interest                           | -                | 283            | 283               | -   |
| Miscellaneous                      | -                | 1,199          | 1,199             | -   |
| Total Revenues                     | <u>149,980</u>   | <u>149,980</u> | <u>80,839</u>     | <u>(69,141)</u>   |
| <b>EXPENDITURES</b>                |                  |                |                   |   |
| Current:                           |                  |                |                   |   |
| General Government:                |                  |                |                   |   |
| Salaries and Benefits              | 15,610           | 31,718         | 31,717            | 1   |
| Operating Expenditures             | 133,370          | 117,262        | 6,976             | 110,286   |
| Capital Outlay                     | 1,000            | 1,000          | -                 | 1,000   |
| Total Expenditures                 | <u>149,980</u>   | <u>149,980</u> | <u>38,693</u>     | <u>111,287</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                | -              | 42,146            | 42,146  |
| Fund Balances - Beginning of Year  | <u>-</u>         | <u>-</u>       | <u>97,983</u>     | <u>97,983</u>   |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ 140,129</u> | <u>\$ 140,129</u>   |

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**TRANSPORTATION TRUST – DEBT SERVICE FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts    |                     | Actual         | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|----------------|---|
|  | Original            | Final               |                |   |
| <b>REVENUES</b>  |                     |                     |                |   |
| Interest   | \$ 500              | \$ 500              | \$ 337         | \$ (163)  |
| <b>EXPENDITURES</b>  |                     |                     |                |   |
| Debt Service:  |                     |                     |                |   |
| Principal Retirement   | 200,000             | 200,000             | 200,000        | -   |
| Interest   | 8,000               | 4,500               | 1,036          | 3,464   |
| Total Expenditures   | <u>208,000</u>      | <u>204,500</u>      | <u>201,036</u> | <u>3,464</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (207,500)           | (204,000)           | (200,699)      | 3,301   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                |   |
| Transfers in   | 105,655             | 105,655             | 100,200        | 5,455   |
| Transfers out  | -                   | (3,500)             | (3,326)        | 174   |
| Total Other Financing Sources (Uses)                                 | <u>105,655</u>      | <u>102,155</u>      | <u>96,874</u>  | <u>5,629</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (101,845)           | (101,845)           | (103,825)      | (1,980)   |
| Fund Balances - Beginning of Year                                    | -                   | -                   | 103,825        | 103,825   |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (101,845)</u> | <u>\$ (101,845)</u> | <u>\$ -</u>    | <u>\$ 101,845</u>   |

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

|   | Clerk's<br>Special<br>Trust | Clerk's<br>Support | Clerk's<br>Court<br>Registry | Clerk's<br>County<br>Witness | Clerk's<br>Cash<br>Bond | Clerk's<br>Condemnation<br>Right-of Way | Tax<br>Collector<br>Fund | Tax Collector<br>Motor<br>Vehicle Fund |
|---|-----------------------------|--------------------|------------------------------|------------------------------|-------------------------|---|--------------------------|--|
| <b>ASSETS</b>                                   |                             |                    |                              |                              |                         |   |                          |  |
| Cash  | \$ 119,968                  | \$ 1,441           | \$ 23,744                    | \$ 246                       | \$ 43,315               | \$ 1,090                                | \$ 304,205               | \$ 51,298                              |
| Due from Individuals                            | -                           | -                  | -                            | -                            | -                       | -                                       | -                        | 1,613                                  |
| <b>Total Assets</b>                             | <u>\$ 119,968</u>           | <u>\$ 1,441</u>    | <u>\$ 23,744</u>             | <u>\$ 246</u>                | <u>\$ 43,315</u>        | <u>\$ 1,090</u>                         | <u>\$ 304,205</u>        | <u>\$ 52,911</u>                       |
| <b>LIABILITIES</b>                              |                             |                    |                              |                              |                         |   |                          |  |
| Due to Individuals                              | \$ 25,876                   | \$ 401             | \$ 23,744                    | \$ 26                        | \$ 43,315               | \$ 1,090                                | \$ 57,968                | \$ -                                   |
| Vouchers Payable                                | -                           | 684                | -                            | -                            | -                       | -                                       | -                        | -                                      |
| Due to Other Governments                        | 94,092                      | 356                | -                            | 220                          | -                       | -                                       | 20,868                   | 52,911                                 |
| Due to Indigent Health Care<br>Special District | -                           | -                  | -                            | -                            | -                       | -                                       | 671                      | -                                      |
| Deposit - Installment Taxes                     | -                           | -                  | -                            | -                            | -                       | -                                       | 224,698                  | -                                      |
| <b>Total Liabilities</b>                        | <u>\$ 119,968</u>           | <u>\$ 1,441</u>    | <u>\$ 23,744</u>             | <u>\$ 246</u>                | <u>\$ 43,315</u>        | <u>\$ 1,090</u>                         | <u>\$ 304,205</u>        | <u>\$ 52,911</u>                       |

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

|   | Sheriff's<br>Suspense | Sheriff's<br>Collections | Sheriff's<br>Inmate | Sheriff's<br>Youth | Sheriff's<br>Flower | Sheriff's<br>Evidence | Sheriff's<br>Drug<br>Task<br>Force | Total             |
|---|-----------------------|--------------------------|---------------------|--------------------|---------------------|-----------------------|------------------------------------|-------------------|
| <b>ASSETS</b>                                   |                       |                          |                     |                    |                     |                       |                                    |                   |
| Cash  | \$ 15,806             | \$ 1,484                 | \$ 178              | \$ 9,933           | \$ 2,294            | \$ 2,692              | \$ 44,950                          | \$ 622,644        |
| Due from Individuals                            | -                     | -                        | -                   | -                  | -                   | -                     | -                                  | 1,613             |
| <b>Total Assets</b>                             | <u>\$ 15,806</u>      | <u>\$ 1,484</u>          | <u>\$ 178</u>       | <u>\$ 9,933</u>    | <u>\$ 2,294</u>     | <u>\$ 2,692</u>       | <u>\$ 44,950</u>                   | <u>\$ 624,257</u> |
| <b>LIABILITIES</b>                              |                       |                          |                     |                    |                     |                       |                                    |                   |
| Due to Individuals                              | \$ 15,806             | \$ 1,484                 | \$ 178              | \$ 9,933           | \$ 2,294            | \$ 2,692              | \$ 44,950                          | \$ 229,757        |
| Vouchers Payable                                | -                     | -                        | -                   | -                  | -                   | -                     | -                                  | 684               |
| Due to Other Governments                        | -                     | -                        | -                   | -                  | -                   | -                     | -                                  | 168,447           |
| Due to Indigent Health Care<br>Special District | -                     | -                        | -                   | -                  | -                   | -                     | -                                  | 671               |
| Deposit - Installment Taxes                     | -                     | -                        | -                   | -                  | -                   | -                     | -                                  | 224,698           |
| <b>Total Liabilities</b>                        | <u>\$ 15,806</u>      | <u>\$ 1,484</u>          | <u>\$ 178</u>       | <u>\$ 9,933</u>    | <u>\$ 2,294</u>     | <u>\$ 2,692</u>       | <u>\$ 44,950</u>                   | <u>\$ 624,257</u> |

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

|  | Balance<br>October 1,<br>2010 | Additions    | Deductions     | Balance<br>September 30,<br>2011 |
|--|-------------------------------|--------------|----------------|----------------------------------|
| <b><u>CLERK'S SPECIAL TRUST</u></b>      |                               |              |                |                                  |
| <b>ASSETS</b>                            |                               |              |                |                                  |
| Cash                                     | \$ 137,346                    | \$ 1,899,153 | \$ (1,916,531) | \$ 119,968                       |
| <b>LIABILITIES</b>                       |                               |              |                |                                  |
| Due to Individuals                       | \$ 23,789                     | \$ 65,922    | \$ (63,835)    | \$ 25,876                        |
| Due to Other Governments                 | 113,557                       | 1,833,231    | (1,852,696)    | 94,092                           |
| Total Liabilities                        | \$ 137,346                    | \$ 1,899,153 | \$ (1,916,531) | \$ 119,968                       |
| <br><b><u>CLERK'S SUPPORT</u></b>        |                               |              |                |                                  |
| <b>ASSETS</b>                            |                               |              |                |                                  |
| Cash                                     | \$ 623                        | \$ 8,000     | \$ (7,182)     | \$ 1,441                         |
| <b>LIABILITIES</b>                       |                               |              |                |                                  |
| Due to Individuals                       | \$ -                          | \$ 4,380     | \$ (3,979)     | \$ 401                           |
| Vouchers Payable                         | 623                           | 61           | -              | 684                              |
| Due to Other Governments                 | -                             | 3,559        | (3,203)        | 356                              |
| Total Liabilities                        | \$ 623                        | \$ 8,000     | \$ (7,182)     | \$ 1,441                         |
| <br><b><u>CLERK'S COURT REGISTRY</u></b> |                               |              |                |                                  |
| <b>ASSETS</b>                            |                               |              |                |                                  |
| Cash                                     | \$ 17,893                     | \$ 141,496   | \$ (135,645)   | \$ 23,744                        |
| <b>LIABILITIES</b>                       |                               |              |                |                                  |
| Due to Individuals                       | \$ 17,893                     | \$ 141,496   | \$ (135,645)   | \$ 23,744                        |
| <br><b><u>CLERK'S COUNTY WITNESS</u></b> |                               |              |                |                                  |
| <b>ASSETS</b>                            |                               |              |                |                                  |
| Cash                                     | \$ 288                        | \$ 20        | \$ (62)        | \$ 246                           |
| <b>LIABILITIES</b>                       |                               |              |                |                                  |
| Due to Individuals                       | \$ 12                         | \$ 14        | \$ -           | \$ 26                            |
| Due to Other Governments                 | 276                           | 6            | (62)           | 220                              |
| Total Liabilities                        | \$ 288                        | \$ 20        | \$ (62)        | \$ 246                           |

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

|  | Balance<br>October 1,<br>2010 | Additions     | Deductions      | Balance<br>September 30,<br>2011 |
|--|-------------------------------|---------------|-----------------|----------------------------------|
| <b><u>CLERK'S CASH BOND</u></b>              |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 20,615                     | \$ 147,964    | \$ (125,264)    | \$ 43,315                        |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ 20,615                     | \$ 147,964    | \$ (125,264)    | \$ 43,315                        |
| <br><b><u>CLERK'S CONDEMNATION</u></b>       |                               |               |                 |                                  |
| <b><u>RIGHT-OF-WAY</u></b>                   |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 1,090                      | \$ 300,000    | \$ (300,000)    | \$ 1,090                         |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ 1,090                      | \$ 300,000    | \$ (300,000)    | \$ 1,090                         |
| <br><b><u>TAX COLLECTOR FUND</u></b>         |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 315,408                    | \$ 16,511,149 | \$ (16,522,352) | \$ 304,205                       |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ 57,459                     | \$ 1,435,162  | \$ (1,434,653)  | \$ 57,968                        |
| Due to Other Governments                     | 22,309                        | 14,311,080    | (14,312,521)    | 20,868                           |
| Due to Indigent Health Care Special District | 676                           | 540,209       | (540,214)       | 671                              |
| Deposit - Installment Taxes                  | 234,964                       | 224,698       | (234,964)       | 224,698                          |
| Total Liabilities                            | \$ 315,408                    | \$ 16,511,149 | \$ (16,522,352) | \$ 304,205                       |
| <br><b><u>TAX COLLECTOR MOTOR</u></b>        |                               |               |                 |                                  |
| <b><u>VEHICLE FUND</u></b>                   |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 12,409                     | \$ 3,349,594  | \$ (3,310,705)  | \$ 51,298                        |
| Due from Individuals                         | 2,563                         | 1,613         | (2,563)         | 1,613                            |
| Total Assets                                 | \$ 14,972                     | \$ 3,351,207  | \$ (3,313,268)  | \$ 52,911                        |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Other Governments                     | \$ 14,972                     | \$ 3,351,207  | \$ (3,313,268)  | \$ 52,911                        |

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

|                                     | Balance<br>October 1,<br>2010 | Additions | Deductions  | Balance<br>September 30,<br>2011 |
|-------------------------------------|-------------------------------|-----------|-------------|----------------------------------|
| <b><u>SHERIFF'S SUSPENSE</u></b>    |                               |           |             |                                  |
| <b>ASSETS</b>                       |                               |           |             |                                  |
| Cash                                | \$ 15,410                     | \$ 58,028 | \$ (57,632) | \$ 15,806                        |
| <b>LIABILITIES</b>                  |                               |           |             |                                  |
| Due to Individuals                  | \$ 15,410                     | \$ 58,028 | \$ (57,632) | \$ 15,806                        |
| <b><u>SHERIFF'S COLLECTIONS</u></b> |                               |           |             |                                  |
| <b>ASSETS</b>                       |                               |           |             |                                  |
| Cash                                | \$ -                          | \$ 23,588 | \$ (22,104) | \$ 1,484                         |
| <b>LIABILITIES</b>                  |                               |           |             |                                  |
| Due to Individuals                  | \$ -                          | \$ 23,588 | \$ (22,104) | \$ 1,484                         |
| <b><u>SHERIFF'S INMATE</u></b>      |                               |           |             |                                  |
| <b>ASSETS</b>                       |                               |           |             |                                  |
| Cash                                | \$ 1,071                      | \$ 56,036 | \$ (56,929) | \$ 178                           |
| <b>LIABILITIES</b>                  |                               |           |             |                                  |
| Due to Individuals                  | \$ 1,071                      | \$ 56,036 | \$ (56,929) | \$ 178                           |
| <b><u>SHERIFF'S YOUTH</u></b>       |                               |           |             |                                  |
| <b>ASSETS</b>                       |                               |           |             |                                  |
| Cash                                | \$ 8,768                      | \$ 1,750  | \$ (585)    | \$ 9,933                         |
| <b>LIABILITIES</b>                  |                               |           |             |                                  |
| Due to Individuals                  | \$ 8,768                      | \$ 1,750  | \$ (585)    | \$ 9,933                         |
| <b><u>SHERIFF'S FLOWER</u></b>      |                               |           |             |                                  |
| <b>ASSETS</b>                       |                               |           |             |                                  |
| Cash                                | \$ 2,406                      | \$ 1,106  | \$ (1,218)  | \$ 2,294                         |
| <b>LIABILITIES</b>                  |                               |           |             |                                  |
| Due to Individuals                  | \$ 2,406                      | \$ 1,106  | \$ (1,218)  | \$ 2,294                         |

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –**  
**ALL AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

|  | Balance<br>October 1,<br>2010 | Additions     | Deductions      | Balance<br>September 30,<br>2011 |
|--|-------------------------------|---------------|-----------------|----------------------------------|
| <b><u>SHERIFF'S EVIDENCE</u></b>             |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 8,101                      | \$ 1,835      | \$ (7,244)      | \$ 2,692                         |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ 8,101                      | \$ 1,835      | \$ (7,244)      | \$ 2,692                         |
| <br><b><u>SHERIFF'S DRUG TASK FORCE</u></b>  |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ -                          | \$ 59,723     | \$ (14,773)     | \$ 44,950                        |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ -                          | \$ 59,723     | \$ (14,773)     | \$ 44,950                        |
| <br><b><u>TOTAL - ALL AGENCY FUNDS</u></b>   |                               |               |                 |                                  |
| <b>ASSETS</b>                                |                               |               |                 |                                  |
| Cash   | \$ 541,428                    | \$ 22,559,442 | \$ (22,478,226) | \$ 622,644                       |
| Due from Individuals                         | 2,563                         | 1,613         | (2,563)         | 1,613                            |
| Total Assets                                 | \$ 543,991                    | \$ 22,561,055 | \$ (22,480,789) | \$ 624,257                       |
| <b>LIABILITIES</b>                           |                               |               |                 |                                  |
| Due to Individuals                           | \$ 156,614                    | \$ 2,297,004  | \$ (2,223,861)  | \$ 229,757                       |
| Vouchers Payable                             | 623                           | 61            | -               | 684                              |
| Due to Other Governments                     | 151,114                       | 19,499,083    | (19,481,750)    | 168,447                          |
| Due to Indigent Health Care Special District | 676                           | 540,209       | (540,214)       | 671                              |
| Deposit - Installment Taxes                  | 234,964                       | 224,698       | (234,964)       | 224,698                          |
| Total Liabilities                            | \$ 543,991                    | \$ 22,561,055 | \$ (22,480,789) | \$ 624,257                       |

## **SUPPLEMENTAL INFORMATION**



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

Board of County Commissioners  
Hardee County, Florida

We have audited the 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 and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current year findings and responses, we identified certain deficiencies in internal control over financial reporting that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2011-01 – Prior Period Adjustment and 2011-02 – Contingent Liability described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2011-03 - Annual Deposit Not Completed Timely described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the constitutional officers in separate letters related to the year ended September 30, 2011.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012



CliftonLarsonAllen

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of County Commissioners  
Hardee County, Florida

**Compliance**

We have audited Hardee County, Florida's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2011. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and which is described in the accompanying schedule of findings and questioned costs as item 2011-04 – Quarterly Reimbursement Not Completed Timely.

**Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects.

In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or a state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-04 – Quarterly Reimbursement Not Completed Timely. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2011**

| Agency/Pass-Through Entity<br>Program Title             | CFDA or<br>CSFA<br>Number | Contract or<br>Grant Number | Expenditures             |
|---|---------------------------|-----------------------------|--------------------------|
| <b><u>FEDERAL AWARDS</u></b>                            |                           |                             |                          |
| <b>U.S. Department of Health and Human Services</b>     |                           |                             |                          |
| Drug-Free Communities Support Program                   | 93.276                    | 1H79SP016561-01             | \$ 122,494               |
| <b>U.S. Department of Homeland Security</b>             |                           |                             |                          |
| Emergency Management Performance Grant                  | 97.042                    | 11-FG-7W-07-35-01-044       | 40,835                   |
| Passed through Florida Department of Community Affairs: |                           |                             |                          |
| Hazardous Mitigation Grant Program (SO Drainage)        | 97.039                    | 09HM-23-07-35-01-009        | 7,194                    |
| Homeland Security Grant Program                         | 97.067                    | 08-DS-60-07-35-01-172       | 248                      |
| Homeland Security Grant Program                         | 97.067                    | 11-DS-9Z-07-35-01-304       | 1,107                    |
| Homeland Security Grant Program                         | 97.067                    | 09-DS-51-07-35-01-238       | 2,859                    |
| Homeland Security Grant Program                         | 97.067                    | 10-DS-39-07-35-01-255       | 1,250                    |
|   |                           |                             | <u>53,493</u>            |
| <b>U.S. Department of Housing and Urban Development</b> |                           |                             |                          |
| Passed through Florida Department of Community Affairs: |                           |                             |                          |
| Community Development Block Grant Program               |                           |                             |                          |
| CDBG-DRI Grant  | 14.228                    | 10DB-K4-07-35-01-K16        | 253,498                  |
| Community Development Block Grant - Housing             | 14.228                    | 11DB-C5-07-35-01-H10        | 53,811                   |
|   |                           |                             | <u>307,309</u>           |
| <b>U.S. Department of Justice</b>                       |                           |                             |                          |
| Passed through Florida Department of Law Enforcement:   |                           |                             |                          |
| Bullet Proof Vest Partnership Program                   | 16.607                    | N/A                         | 6,156                    |
| Edward Byrne Memorial Formula Grant Program             | 16.738                    | 2011-JAGD-HARD-3-B3-088     | 4,999                    |
| Edward Byrne Memorial Formula Grant Program             | 16.738                    | 2011-JAGD-HARD-1-B2-244     | 35,233                   |
|   |                           |                             | <u>46,388</u>            |
| <b>U.S. Department of Energy</b>                        |                           |                             |                          |
| Passed through Florida Department of Agriculture:       |                           |                             |                          |
| ARRA - Energy Efficiency and Conservation Block Grant   | 81.128                    | (ARE041) 17595              | 194,296                  |
|   |                           |                             | <u>194,296</u>           |
| Total Expenditures of Federal Awards                    |                           |                             | <u><u>\$ 723,980</u></u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

| Agency/Pass-Through Entity<br>Program Title                     | CFDA or<br>CSFA<br>Number | Contract or<br>Grant Number | Expenditures               |
|---|---------------------------|-----------------------------|----------------------------|
| <b><u>STATE FINANCIAL ASSISTANCE</u></b>                        |                           |                             |                            |
| <b>Florida Department of Community Affairs</b>                  |                           |                             |                            |
| Emergency Management Programs 2011                              | 52.008                    | 11-BG-05-07-35-01-144       | \$ 76,550                  |
| Hazard Analysis 2011  | 52.023                    | 11-cp-063-07-35-01-000      | 3,370                      |
|   |                           |                             | <u>79,920</u>              |
| <b>Florida Department of Environmental Protection</b>           |                           |                             |                            |
| Small County Solid Waste Grant                                  | 37.012                    | 114SC                       | 70,588                     |
| Statewide Surface Water Restoration and<br>Wastewater Projects: |                           |                             |                            |
| Wauchula Hills Wastewater Services                              | 37.039                    | LP6036                      | 291,994                    |
| Wastewater Master Design  | 37.039                    | LP6722                      | 8,171                      |
| Reuse Master Design   | 37.039                    | LP6796                      | 21,431                     |
|   |                           |                             | <u>392,184</u>             |
| <b>Office of State Courts Administration</b>                    |                           |                             |                            |
| Legislative Appropriations (Courthouse)                         | 22.004                    | N/A                         | 74,465                     |
| <b>Florida Department of Management Services</b>                |                           |                             |                            |
| E911 Rural County Grant Program 2010                            | 72.001                    | 10 03 09                    | 14,769                     |
| E911 Rural County Grant Program 2010                            | 72.001                    | 10 10 10                    | 10,168                     |
| E911 Rural County Grant Program 2011                            | 72.001                    | 11 04 06                    | 4,542                      |
| E911 Rural County Grant Program 2011                            | 72.001                    | 11 04 41                    | 16,132                     |
| E911 State Grant Program  | 72.002                    | S3 10 11 03                 | 3,550                      |
|   |                           |                             | <u>49,161</u>              |
| <b>Florida Department of State</b>                              |                           |                             |                            |
| State Aid to Libraries  | 45.030                    | 11-ST-16                    | 42,769                     |
| <b>Florida Department of Transportation</b>                     |                           |                             |                            |
| Small County Outreach Program - North Florida Avenue            | 55.009                    | FM 414514 1 58 01           | 913,675                    |
| Small County Road Assistance - Sweetwater                       | 55.009                    | FM428156 1 58 01            | 90,993                     |
|   |                           |                             | <u>1,004,668</u>           |
| <b>Florida Housing Finance Corporation</b>                      |                           |                             |                            |
| State Housing Initiative Partnership (SHIP)                     | 52.901                    | N/A                         | 245,832                    |
| Hardest Hit Unemployment Mortgage Assistance Program            | N/A                       | N/A                         | 18,001                     |
|   |                           |                             | <u>263,833</u>             |
| <b>Southwest Florida Water Management District</b>              |                           |                             |                            |
| SWFWMD Community Education Grant                                | N/A                       | 587                         | 4,846                      |
|   |                           |                             | <u>4,846</u>               |
| Total Expenditures of State Financial Assistance                |                           |                             | <u><u>\$ 1,911,845</u></u> |
| Total Expenditures of Federal Awards State Financial Assistance |                           |                             | <u><u>\$ 2,635,825</u></u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**HARDEE COUNTY, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2011**

**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, 2011. All federal financial awards received directly from federal agencies as well as federal financial awards passed through other government agencies are included in the schedule.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for awards recorded in governmental fund types and the accrual basis of accounting for awards recorded in the proprietary fund types which are described in Note 1 to the County's basic financial statements for the year ended September 30, 2011.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

|  |             |
|--|-------------|
| Type of auditor's report issued  | Unqualified |
| Internal control over financial reporting:                                   |             |
| Material weaknesses  | Yes         |
| Significant deficiencies identified not considered to be material weaknesses | Yes         |
| Noncompliance material to basic financial statements noted                   | No          |

***Federal Awards and State Financial Assistance***

|   |             |
|---|-------------|
| Internal control over major programs  |             |
| Material weaknesses identified  | No          |
| Significant deficiencies identified not considered to be a material weaknesses  | Yes         |
| Type of auditor's report on compliance for major program  | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with<br>Circular A-133 (Section .510(a)) or Chapter 10.557, Rules of the Auditor General? | Yes         |

Identification of major programs:

**Federal Programs**

|  | <b><u>CFDA No.</u></b> |
|--|------------------------|
| CDBG – DRI Grant                               | 14.228                 |
| Community Development Block Grant – Housing    | 14.228                 |
| Energy Efficiency and Conservation Block Grant | 81.128                 |

**State Projects**

|  | <b><u>CSFA No.</u></b> |
|--|------------------------|
| Small County Outreach Program – North Florida Avenue         | 55.009                 |
| Small County Road Assistance – Sweetwater                    | 55.009                 |
| Statewide Surface Water Restoration and Wastewater Projects: |                        |
| Wauchula Hills Wastewater Services                           | 37.039                 |
| Wastewater Master Design                                     | 37.039                 |
| Reuse Master Design  | 37.039                 |

Dollar threshold used to determine Type A and Type B programs::

|                                   |           |
|-----------------------------------|-----------|
| Federal Awards and State Projects | \$300,000 |
|-----------------------------------|-----------|

Auditee qualified as low-risk No

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION II – FINANCIAL STATEMENT AUDIT**

**Material Weaknesses**

**2011-01 – PRIOR PERIOD RESTATEMENT**

**Condition:** Our audit procedures disclosed infrastructure capital assets which are in the Industrial Development Authority's industrial park, but maintained by the Board were not recorded in the County's records.

**Criteria:** Management is required to have an internal control process to identify infrastructure assets maintained by the Board that should be reported as a capital asset.

**Cause:** The Hardee County Industrial Park was constructed in prior years. The water and wastewater infrastructure associated with the industrial park was not transferred over to the Board as an asset when it was placed into service. Since the Board is required to maintain the infrastructure, it should be recorded as a capital asset of the Board.

**Effect:** Infrastructure capital assets were understated by \$445,519. Accumulated depreciation was understated by \$89,104. Fund balance was understated by \$356,415.

**Recommendation:** We recommend internal controls be implemented to insure proper reporting of Board capital assets.

**Management Response:** We agree and in the future, upon acceptance of the operations and maintenance of infrastructure, we will record it as an asset.

**2011-02 – CONTINGENT LIABILITY**

**Condition:** The Federal Emergency Management Agency (FEMA) reconciled projects noting funds were due. This has been recorded as a contingent liability in the County's financial statements.

**Criteria:** Management is required to have an internal control process to reconcile the grants awarded with the cash receipts and funds expended.

**Cause:** Hardee County was hit by tropical storms and hurricanes dating back to 2003. FEMA had obligated and de-obligated funds pertaining to the storms. FEMA reconciled the small projects grants during the 2011 year. FEMA also determined revenues received were disallowed due to insurance reimbursement. In total, FEMA determined \$962,359 was due.

**Effect:** Liabilities and expenses were understated by \$962,359, the amount owed to FEMA.

**Recommendation:** We recommend internal controls over the grant process for reconciling cash receipts, revenue and funds expended are enhanced.

**Management Response:** We concur.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION II – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**Significant Deficiency**

**2011-03 – ANNUAL DEPOSIT NOT COMPLETED TIMELY**

**Condition:** Our audit procedures disclosed the required annual deposit to the Hardee County solid waste fund landfill management escrow account was not completed timely within the timeframe required by the Florida Administrative Code 62-701.630(5)(d). As a result of the noncompliance, the landfill management escrow account was underfunded at September 30, 2011 according to Florida Administrative Code 62-701.630(5)1(b).

**Criteria:** Management is required to have an internal control process over transfer requests to insure timely deposits are made annually to the landfill management escrow account.

**Cause:** A request was made on September 23, 2011 to transfer \$215,000 to the landfill management escrow account; however, the funds were not deposited into the bank account until October 28, 2011.

**Effect:** Landfill management escrow account deposit was not made annually and the cash balance at September 30, 2011 was underfunded causing noncompliance with the Florida Administrative Code.

**Recommendation:** We recommend management deposit, at least annually, the budgeted amount of revenues received from solid waste special assessments and landfill tipping fees to the landfill management escrow account.

**Response:** We concur. The cash funds were available; however, due to an oversight, monies were not transferred until the adjustment was made on October 28, 2011.

**SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

FLORIDA DEPARTMENT OF TRANSPORTATION

**Significant Deficiency**

*Small County Outreach Program – North Florida Avenue – 55.009; FM 414514 1 58 01*

**2011-04 – QUARTERLY REIMBURSEMENT NOT COMPLETED TIMELY**

**Condition:** December 2010 reimbursement not submitted for grant. Reimbursement request prepared and approved by same employee.

**Criteria:** Quarterly reimbursements should be submitted per grant agreement and approval should be noted on reimbursement request. Management is required to have an internal control process over cash management of grants including a review process to insure proper compliance with the grant agreement.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS (CONTINUED)**

FLORIDA DEPARTMENT OF TRANSPORTATION

**Significant Deficiency**

*Small County Outreach Program – North Florida Avenue – 55.009; FM 414514 1 58 01*

**2011-04 – QUARTERLY REIMBURSEMENT NOT COMPLETED TIMELY (CONTINUED)**

**Cause:** Client inadvertently did not submit reimbursement timely according to the conditions of the grant agreement. In addition, there was no supervisor approval of reimbursement requests.

**Effect:** Reimbursements were not received timely and no supervisory approval was noted on the request.

**Recommendation:** We recommend that the Board establish policies and procedures to ensure that all reimbursement requests are received timely and include proper supervisory approval.

**Response:** Management will recommend that all grants have quarterly submittals unless otherwise specifically stated in the grant conditions. Further, management recommends that the Public Works Director or the Project Coordinator initial all reimbursement requests as proof of quality control.

**SECTION IV – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS**

**Material Weaknesses**

**2010-01 – PROPERLY RECORD ACCOUNTS RECEIVABLE**

**Finding:** The EMS accounts receivable balance has been incorrect for several years. The Board utilizes ADP as a service organization to maintain the accounts receivable listing. The Board utilizes a report from ADP to record accounts receivable at year end. It was determined during this current fiscal year, the report that ADP has been providing to the Board does not accurately reflect amounts written off as uncollectible in prior years. The Board did not note that report inaccurately included amounts written off in the prior year. The inaccurate report was used to determine the accounts receivable balance at year end. Therefore, the accounts receivable balance at year-end is materially overstated by amounts that were written off by the Board in prior years. Also, the Board should be using the allowance method for recording bad debts, but has been utilizing the direct write off method.

**Recommendation:** We recommend that a review process be put in place to properly review the ADP reports to see that the information is being correctly recorded.

**Current Year Status:** Corrected.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION IV – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**2010-02**

**Finding:** See individual constitutional officer's reports.

**Significant Deficiencies**

**2010-03**

**Finding:** See individual constitutional officer's reports.

## MANAGEMENT LETTER

Board of County Commissioners  
Hardee County, Florida

We have audited the 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 and for the fiscal year ended September 30, 2011, and have issued our report thereon dated June 7, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance and Internal Control over Compliance Applicable to each State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, June 7, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedules:

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the 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. In connection with our audit, see the individual constitutional officer's Schedule of Findings and Responses and management letters.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violation of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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, 2011, 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, 2011. 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. It is management's responsibility to monitor Hardee County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AUDITED SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
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YEAR ENDED SEPTEMBER 30, 2011**

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BOARD OF COUNTY COMMISSIONERS  
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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Hardee County, Florida

We have audited the accompanying special-purpose financial statements of the general fund, each major fund and the aggregate remaining fund information of the Hardee County Board of County Commissioners (Board) as of and for the year ended September 30, 2011. These special-purpose financial statements are the responsibility of the management of the Board. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Board and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2011, and the changes in position, where applicable, and for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, each major fund and the aggregate remaining fund information of the Board as of September 30, 2011, and the respective changes in fund balance and, where applicable, cash flows thereof, and budgetary comparison of its general fund and each major fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended September 30, 2011. This statement results in the Board reporting nonspendable, restricted, committed, assigned and unassigned fund balances in its governmental fund types.

As described in Note 14 to the financial statements, the Board corrected an error in the Wauchula Hills Water/Wastewater Treatment Fund (major fund) financial statements involving a capital asset that should have been recorded in prior years.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic special-purpose 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 the purposes of additional analysis and is not a required part of the special-purpose financial statements of the Board. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

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



**CliftonLarsonAllen LLP**

June 7, 2012  
Lakeland, Florida

**SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE BALANCE SHEETS – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|  | General<br>Fund     | Transportation<br>Fund | Fire<br>Control<br>Fund | Grants<br>Fund    | Other<br>Governmental<br>Funds<br>(Non-Major<br>Funds) | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------|-------------------------|-------------------|--|--------------------------------|
| <b>ASSETS</b>                              |                     |                        |                         |                   |  |                                |
| Cash and Investments                       | \$ 5,859,464        | \$ 4,314,669           | \$ 2,337,287            | \$ 737,591        | \$ 1,608,319   | \$ 14,857,330                  |
| Deposits                                   | 5,753               | 4,315                  | -                       | -                 | -  | 10,068                         |
| Accounts Receivable, Net                   | 344,233             | 8,269                  | -                       | 220               | 17,869   | 370,591                        |
| Due from Constitutional Officers           | 908,307             | 19,676                 | 4,636                   | -                 | 22,555   | 955,174                        |
| Due from Other Funds                       | 217,237             | 39                     | 220                     | -                 | -  | 217,496                        |
| Due from Other Governments                 | 207,031             | 265,717                | 4,488                   | 116,382           | -  | 593,618                        |
| Inventory                                  | 356,019             | -                      | -                       | -                 | -  | 356,019                        |
| <b>Total Assets</b>                        | <b>\$ 7,898,044</b> | <b>\$ 4,612,685</b>    | <b>\$ 2,346,631</b>     | <b>\$ 854,193</b> | <b>\$ 1,648,743</b>                                    | <b>\$ 17,360,296</b>           |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                        |                         |                   |  |                                |
| <b>LIABILITIES</b>                         |                     |                        |                         |                   |  |                                |
| Accounts Payable and Accrued Liabilities   | \$ 343,201          | \$ 109,419             | \$ 45,855               | \$ 27,460         | \$ 57,770  | \$ 583,705                     |
| Due to Constitutional Officers             | -                   | -                      | -                       | -                 | 5,525  | 5,525                          |
| Due to Other Funds                         | -                   | 38,578                 | -                       | 178,918           | -  | 217,496                        |
| Due to Other Governments                   | 405,043             | 586,009                | 320                     | -                 | -  | 991,372                        |
| Deferred Revenue                           | 3,783               | 82                     | -                       | 647,815           | 655,733  | 1,307,413                      |
| <b>Total Liabilities</b>                   | <b>752,027</b>      | <b>734,088</b>         | <b>46,175</b>           | <b>854,193</b>    | <b>719,028</b>   | <b>3,105,511</b>               |
| <b>FUND BALANCES</b>                       |                     |                        |                         |                   |  |                                |
| Nonspendable                               | 356,019             | -                      | -                       | -                 | -  | 356,019                        |
| Restricted                                 | 7,194               | 3,878,597              | 2,300,456               | -                 | 411,913  | 6,598,160                      |
| Committed                                  | -                   | -                      | -                       | -                 | 252,121  | 252,121                        |
| Assigned                                   | -                   | -                      | -                       | -                 | 265,681  | 265,681                        |
| Unassigned                                 | 6,782,804           | -                      | -                       | -                 | -  | 6,782,804                      |
| <b>Total Fund Balances</b>                 | <b>7,146,017</b>    | <b>3,878,597</b>       | <b>2,300,456</b>        | <b>-</b>          | <b>929,715</b>   | <b>14,254,785</b>              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 7,898,044</b> | <b>\$ 4,612,685</b>    | <b>\$ 2,346,631</b>     | <b>\$ 854,193</b> | <b>\$ 1,648,743</b>                                    | <b>\$ 17,360,296</b>           |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | General<br>Fund   | Transportation<br>Fund | Fire<br>Control<br>Fund | Grants<br>Fund | Other<br>Governmental<br>Funds<br>(Non-Major<br>Funds) | Total<br>Governmental<br>Funds |
|---|-------------------|------------------------|-------------------------|----------------|--|--------------------------------|
| <b>REVENUES</b>   |                   |                        |                         |                |  |                                |
| Taxes   | \$ 13,978,799     | \$ 1,236,798           | \$ -                    | \$ -           | \$ -   | \$ 15,215,597                  |
| Licenses and Permits                                    | 120,065           | -                      | -                       | -              | -  | 120,065                        |
| Intergovernmental                                       | 2,655,542         | 2,954,395              | -                       | 734,382        | 700,489  | 7,044,808                      |
| Charges for Services                                    | 614,811           | -                      | 26,518                  | -              | 324,883  | 966,212                        |
| Fines and Forfeits                                      | 9,194             | -                      | -                       | -              | 289,561  | 298,755                        |
| Assessments   | -                 | -                      | 2,009,104               | -              | -  | 2,009,104                      |
| Interest  | 24,819            | 9,839                  | 4,352                   | 1,017          | 4,752  | 44,779                         |
| Other   | 278,947           | 670,430                | 13,558                  | 47,379         | 8,754  | 1,019,068                      |
| Total Revenues  | <u>17,682,177</u> | <u>4,871,462</u>       | <u>2,053,532</u>        | <u>782,778</u> | <u>1,328,439</u>                                       | <u>26,718,388</u>              |
| <b>EXPENDITURES</b>                                     |                   |                        |                         |                |  |                                |
| Current:  |                   |                        |                         |                |  |                                |
| General Government                                      | 4,529,995         | -                      | -                       | -              | 477,367  | 5,007,362                      |
| Public Safety   | 2,112,188         | -                      | 1,951,852               | -              | 176,149  | 4,240,189                      |
| Physical Environment                                    | 42,223            | -                      | -                       | 191,054        | 215,339  | 448,616                        |
| Transportation  | -                 | 3,657,861              | -                       | -              | -  | 3,657,861                      |
| Economic Development                                    | -                 | -                      | -                       | 329,623        | -  | 329,623                        |
| Human Services  | 729,802           | -                      | -                       | 129,969        | 26,500   | 886,271                        |
| Culture and Recreation                                  | 825,419           | -                      | -                       | -              | 254,963  | 1,080,382                      |
| Capital Outlay  | 430,545           | 1,132,683              | 30,215                  | 16,464         | 165,023  | 1,774,930                      |
| Debt Service:   |                   |                        |                         |                |  |                                |
| Principal Retirement                                    | 53,138            | -                      | 25,387                  | -              | 200,000  | 278,525                        |
| Interest  | 4,402             | -                      | 2,103                   | -              | 1,036  | 7,541                          |
| Total Expenditures                                      | <u>8,727,712</u>  | <u>4,790,544</u>       | <u>2,009,557</u>        | <u>667,110</u> | <u>1,516,377</u>                                       | <u>17,711,300</u>              |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | 8,954,465         | 80,918                 | 43,975                  | 115,668        | (187,938)  | 9,007,088                      |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

|  | General<br>Fund     | Transportation<br>Fund | Fire<br>Control<br>Fund | Grants<br>Fund   | Other<br>Governmental<br>Funds<br>(Non-Major<br>Funds) | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------|-------------------------|------------------|--|--------------------------------|
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                        |                         |                  |  |                                |
| Transfers In                           | 295,662             | 41,302                 | 1,054,826               | 110,000          | 115,700  | 1,617,490                      |
| Transfers Out                          | (1,406,190)         | (237,715)              | (88,271)                | (225,668)        | (298,661)  | (2,256,505)                    |
| Transfers from Constitutional Officers | 637,046             | -                      | 4,128                   | -                | -  | 641,174                        |
| Transfers to Constitutional Officers   | (9,246,779)         | -                      | -                       | -                | -  | (9,246,779)                    |
| Total Other Financing Sources (Uses)   | <u>(9,720,261)</u>  | <u>(196,413)</u>       | <u>970,683</u>          | <u>(115,668)</u> | <u>(182,961)</u>                                       | <u>(9,244,620)</u>             |
| <b>NET CHANGE IN FUND BALANCES</b>     | (765,796)           | (115,495)              | 1,014,658               | -                | (370,899)  | (237,532)                      |
| Fund Balances - Beginning of Year      | <u>7,911,813</u>    | <u>3,994,092</u>       | <u>1,285,798</u>        | <u>-</u>         | <u>1,300,614</u>                                       | <u>14,492,317</u>              |
| <b>FUND BALANCES - END OF YEAR</b>     | <u>\$ 7,146,017</u> | <u>\$ 3,878,597</u>    | <u>\$ 2,300,456</u>     | <u>\$ -</u>      | <u>\$ 929,715</u>                                      | <u>\$ 14,254,785</u>           |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budget              |                     | Actual              | Variance with<br>Final Budget -<br>Over |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     | (Under)                                 |
| <b>REVENUES</b>                                 |                     |                     |                     |   |
| Taxes   | \$ 14,109,153       | \$ 14,109,153       | \$ 13,978,799       | \$ (130,354)                            |
| Licenses and Permits                            | 102,875             | 102,875             | 120,065             | 17,190                                  |
| Intergovernmental                               | 2,535,872           | 2,639,300           | 2,655,542           | 16,242                                  |
| Charges for Services                            | 780,240             | 782,240             | 614,811             | (167,429)                               |
| Fines and Forfeits                              | 6,725               | 6,725               | 9,194               | 2,469                                   |
| Interest  | 22,450              | 22,450              | 24,819              | 2,369                                   |
| Miscellaneous                                   | 280,619             | 343,854             | 278,947             | (64,907)                                |
| Total Revenues                                  | <u>17,837,934</u>   | <u>18,006,597</u>   | <u>17,682,177</u>   | <u>(324,420)</u>                        |
| <b>EXPENDITURES</b>                             |                     |                     |                     |   |
| Current:  |                     |                     |                     |   |
| General Government                              | 5,588,977           | 5,479,528           | 4,529,995           | 949,533                                 |
| Public Safety                                   | 2,438,643           | 2,459,690           | 2,112,188           | 347,502                                 |
| Physical Environment                            | 76,390              | 76,390              | 42,223              | 34,167                                  |
| Human Services                                  | 650,284             | 817,784             | 729,802             | 87,982                                  |
| Culture and Recreation                          | 876,126             | 874,861             | 825,419             | 49,442                                  |
| Capital Outlay                                  | 435,600             | 477,580             | 430,545             | 47,035                                  |
| Debt Service:                                   |                     |                     |                     |   |
| Principal Retirement                            | 53,138              | 53,138              | 53,138              | -                                       |
| Interest  | 4,403               | 4,403               | 4,402               | 1                                       |
| Total Expenditures                              | <u>10,123,561</u>   | <u>10,243,374</u>   | <u>8,727,712</u>    | <u>1,515,662</u>                        |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 7,714,373           | 7,763,223           | 8,954,465           | 1,191,242                               |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                     |                     |   |
| Transfers In                                    | 953,979             | 965,129             | 295,662             | (669,467)                               |
| Transfers Out                                   | (1,376,456)         | (1,486,456)         | (1,406,190)         | 80,266                                  |
| Transfers from Constitutional Officers          | 20,000              | 20,000              | 637,046             | 617,046                                 |
| Transfers to Constitutional Officers            | (9,412,741)         | (9,412,741)         | (9,246,779)         | 165,962                                 |
| Total Other Financing<br>Sources (Uses)         | <u>(9,815,218)</u>  | <u>(9,914,068)</u>  | <u>(9,720,261)</u>  | <u>193,807</u>                          |
| <b>NET CHANGE IN FUND BALANCES</b>              | (2,100,845)         | (2,150,845)         | (765,796)           | 1,385,049                               |
| Fund Balances - Beginning of Year               | <u>3,370,831</u>    | <u>3,378,225</u>    | <u>7,911,813</u>    | <u>4,533,588</u>                        |
| <b>FUND BALANCES - END OF YEAR</b>              | <u>\$ 1,269,986</u> | <u>\$ 1,227,380</u> | <u>\$ 7,146,017</u> | <u>\$ 5,918,637</u>                     |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
TRANSPORTATION TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budget                |                       | Actual              | Variance with<br>Final Budget -<br>Over<br>(Under) |
|---|-----------------------|-----------------------|---------------------|--|
|   | Original              | Final                 |                     |  |
| <b>REVENUES</b>   |                       |                       |                     |  |
| Taxes   | \$ 1,288,964          | \$ 1,288,964          | \$ 1,236,798        | \$ (52,166)  |
| Licenses and Permits                                    | 250                   | 250                   | -                   | (250)  |
| Intergovernmental                                       | 5,315,517             | 5,469,592             | 2,954,395           | (2,515,197)  |
| Interest  | 12,000                | 12,000                | 9,839               | (2,161)  |
| Miscellaneous   | 137,250               | 637,250               | 670,430             | 33,180   |
| Total Revenues  | <u>6,753,981</u>      | <u>7,408,056</u>      | <u>4,871,462</u>    | <u>(2,536,594)</u>                                 |
| <b>EXPENDITURES</b>                                     |                       |                       |                     |  |
| Current:  |                       |                       |                     |  |
| Transportation  | 3,952,790             | 3,965,865             | 3,657,861           | 308,004  |
| Capital Outlay  | 5,147,652             | 5,293,652             | 1,132,683           | 4,160,969  |
| Debt Service:   |                       |                       |                     |  |
| Principal Retirement                                    | -                     | -                     | -                   | -  |
| Interest  | -                     | -                     | -                   | -  |
| Total Expenditures                                      | <u>9,100,442</u>      | <u>9,259,517</u>      | <u>4,790,544</u>    | <u>4,468,973</u>                                   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (2,346,461)           | (1,851,461)           | 80,918              | 1,932,379  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                       |                       |                     |  |
| Transfers In  | 47,100                | 55,600                | 41,302              | (14,298)   |
| Transfers Out   | (305,655)             | (305,655)             | (237,715)           | 67,940   |
| Total Other Financing<br>Sources (Uses)                 | <u>(258,555)</u>      | <u>(250,055)</u>      | <u>(196,413)</u>    | <u>53,642</u>                                      |
| <b>NET CHANGE IN FUND BALANCES</b>                      | (2,605,016)           | (2,101,516)           | (115,495)           | 1,986,021  |
| Fund Balances - Beginning of Year                       | <u>(872,890)</u>      | <u>(872,890)</u>      | <u>3,994,092</u>    | <u>4,866,982</u>                                   |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ (3,477,906)</u> | <u>\$ (2,974,406)</u> | <u>\$ 3,878,597</u> | <u>\$ 6,853,003</u>                                |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
FIRE CONTROL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budget            |                   | Actual              | Variance with<br>Final Budget -<br>Over |
|---|-------------------|-------------------|---------------------|---|
|   | Original          | Final             |                     | (Under)                                 |
| <b>REVENUES</b>   |                   |                   |                     |   |
| Charges for Services                                    | \$ 28,000         | \$ 28,000         | \$ 26,518           | \$ (1,482)                              |
| Assessments   | 1,868,507         | 1,868,507         | 2,009,104           | 140,597                                 |
| Interest  | 2,000             | 2,000             | 4,352               | 2,352                                   |
| Miscellaneous   | 500               | 500               | 13,558              | 13,058                                  |
| Total Revenues  | <u>1,899,007</u>  | <u>1,899,007</u>  | <u>2,053,532</u>    | <u>154,525</u>                          |
| <b>EXPENDITURES</b>                                     |                   |                   |                     |   |
| Current:  |                   |                   |                     |   |
| Public Safety   | 2,228,282         | 2,228,067         | 1,951,852           | (276,215)                               |
| Capital Outlay  | 30,000            | 30,215            | 30,215              | -                                       |
| Debt Service:   |                   |                   |                     |   |
| Principal Retirement                                    | 25,387            | 25,387            | 25,387              | -                                       |
| Interest  | 2,104             | 2,104             | 2,103               | (1)                                     |
| Total Expenditures                                      | <u>2,285,773</u>  | <u>2,285,773</u>  | <u>2,009,557</u>    | <u>(276,216)</u>                        |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (386,766)         | (386,766)         | 43,975              | 430,741                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                   |                   |                     |   |
| Transfers In  | 1,055,826         | 1,055,326         | 1,054,826           | (500)                                   |
| Transfers Out   | (94,835)          | (94,835)          | (88,271)            | 6,564                                   |
| Transfers from Constitutional Officers                  | 4,000             | 4,000             | 4,128               | 128                                     |
| Total Other Financing<br>Sources (Uses)                 | <u>964,991</u>    | <u>964,491</u>    | <u>970,683</u>      | <u>6,192</u>                            |
| <b>NET CHANGE IN FUND BALANCES</b>                      | 578,225           | 577,725           | 1,014,658           | 436,933                                 |
| Fund Balances - Beginning of Year                       | <u>(67,724)</u>   | <u>(108,466)</u>  | <u>1,285,798</u>    | <u>1,394,264</u>                        |
| <b>FUND BALANCES - END OF YEAR</b>                      | <u>\$ 510,501</u> | <u>\$ 469,259</u> | <u>\$ 2,300,456</u> | <u>\$ 1,831,197</u>                     |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GRANTS FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budget              |                     | Actual           | Variance with<br>Final Budget -<br>Over |
|---|---------------------|---------------------|------------------|---|
|   | Original            | Final               |                  | (Under)                                 |
| <b>REVENUES</b>                                 |                     |                     |                  |   |
| Intergovernmental                               | \$ 1,008,220        | \$ 1,212,365        | \$ 734,382       | \$ (477,983)                            |
| Interest  | 500                 | 500                 | 1,017            | 517                                     |
| Miscellaneous                                   | 15,000              | 15,000              | 47,379           | 32,379                                  |
| Total Revenues                                  | <u>1,023,720</u>    | <u>1,227,865</u>    | <u>782,778</u>   | <u>(445,087)</u>                        |
| <b>EXPENDITURES</b>                             |                     |                     |                  |   |
| Current:  |                     |                     |                  |   |
| Physical Environment                            | 241,500             | 246,345             | 191,054          | 55,291                                  |
| Economic Development                            | 331,330             | 746,728             | 329,623          | 417,105                                 |
| Human Services                                  | 125,000             | 124,475             | 129,969          | (5,494)                                 |
| Capital Outlay                                  | 8,500               | 16,875              | 16,464           | 411                                     |
| Total Expenditures                              | <u>706,330</u>      | <u>1,134,423</u>    | <u>667,110</u>   | <u>467,313</u>                          |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 317,390             | 93,442              | 115,668          | 22,226                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                     |                  |   |
| Transfers In                                    | -                   | 110,000             | 110,000          | -                                       |
| Transfers Out                                   | (617,390)           | (588,740)           | (225,668)        | 363,072                                 |
| Total Other Financing<br>Sources (Uses)         | <u>(617,390)</u>    | <u>(478,740)</u>    | <u>(115,668)</u> | <u>363,072</u>                          |
| <b>NET CHANGE IN FUND BALANCES</b>              | (300,000)           | (385,298)           | -                | 385,298                                 |
| Fund Balances - Beginning of Year               | <u>-</u>            | <u>-</u>            | <u>-</u>         | <u>-</u>                                |
| <b>FUND BALANCES - END OF YEAR</b>              | <u>\$ (300,000)</u> | <u>\$ (385,298)</u> | <u>\$ -</u>      | <u>\$ 385,298</u>                       |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENTS OF NET ASSETS –  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

|                                      | Business-Type Activities - Enterprise Funds |   |  | Total<br>Enterprise<br>Funds |
|--------------------------------------|---|---|--|------------------------------|
|                                      | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) |                              |
| <b>ASSETS</b>                        |   |   |  |                              |
| <b>CURRENT ASSETS</b>                |   |   |  |                              |
| Cash                                 | \$ 1,181,453                                | \$ 1,156,395  | \$ 225,000   | \$ 2,562,848                 |
| Deposits                             | -   | 3,596   | -  | 3,596                        |
| Accounts Receivable, Net             | 73,829                                      | 44,505  | 18,052   | 136,386                      |
| Due from Constitutional Officers     | 4,760                                       | -   | -  | 4,760                        |
| Due from Other Governments           | 22,518                                      | 265,636   | -  | 288,154                      |
| Total Current Assets                 | <u>1,282,560</u>                            | <u>1,470,132</u>  | <u>243,052</u>   | <u>2,995,744</u>             |
| <b>NONCURRENT ASSETS</b>             |   |   |  |                              |
| Restricted Cash and Cash Equivalents | 341,369                                     | -   | -  | 341,369                      |
| Capital Assets:                      |   |   |  |                              |
| Land                                 | 372,775                                     | 424,850   | 165,000  | 962,625                      |
| Construction in Progress             | -   | 1,108,995   | -  | 1,108,995                    |
| Buildings and Improvements           | 2,902,881                                   | 4,685,452   | 1,184,598  | 8,772,931                    |
| Equipment                            | 1,386,251                                   | 242,450   | 8,961  | 1,637,662                    |
| Infrastructure                       | 3,967,410                                   | 9,016,783   | -  | 12,984,193                   |
|                                      | <u>8,629,317</u>                            | <u>15,478,530</u>   | <u>1,358,559</u>   | <u>25,466,406</u>            |
| Less: Accumulated Depreciation       | <u>(3,804,669)</u>                          | <u>(1,952,867)</u>  | <u>(200,297)</u>   | <u>(5,957,833)</u>           |
| Capital Assets, Net                  | 4,824,648                                   | 13,525,663  | 1,158,262  | 19,508,573                   |
| Total Noncurrent Assets              | <u>5,166,017</u>                            | <u>13,525,663</u>   | <u>1,158,262</u>   | <u>19,849,942</u>            |
| Total Assets                         | <u>\$ 6,448,577</u>                         | <u>\$ 14,995,795</u>  | <u>\$ 1,401,314</u>  | <u>\$ 22,845,686</u>         |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENTS OF NET ASSETS –**  
**PROPRIETARY FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2011**

|  | Business-Type Activities - Enterprise Funds |   |  |                              |
|--|---|---|--|------------------------------|
|  | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) | Total<br>Enterprise<br>Funds |
| <b>LIABILITIES AND NET ASSETS</b>        |   |   |  |                              |
| <b>CURRENT LIABILITIES</b>               |   |   |  |                              |
| Accounts Payable and Accrued Liabilities | \$ 43,743                                   | \$ 254,496  | \$ 1,927   | \$ 300,166                   |
| Due to Other Governments                 | -   | 31,106  | -  | 31,106                       |
| Deposits                                 | 13,929                                      | 7,500   | -  | 21,429                       |
| Deferred Revenue                         | -   | 619   | 36,378   | 36,997                       |
| Accrued Compensated                      |   |   |  |                              |
| Absences, Current Portion                | 10,654                                      | -   | -  | 10,654                       |
| Notes Payable, Current Portion           | 200,000                                     | 225,000   | -  | 425,000                      |
| Landfill Closure and                     |   |   |  |                              |
| Postclosure Costs, Current Portion       | 390,492                                     | -   | -  | 390,492                      |
| Total Current Liabilities                | <u>658,818</u>                              | <u>518,721</u>  | <u>38,305</u>  | <u>1,215,844</u>             |
| <b>LONG-TERM LIABILITIES</b>             |   |   |  |                              |
| Accrued Compensated Absences,            |   |   |  |                              |
| Less Current Portion                     | 6,246                                       | -   | -  | 6,246                        |
| Notes Payable, Less Current Portion      | 200,000                                     | 525,000   | -  | 725,000                      |
| Landfill Closure and Postclosure Costs,  |   |   |  |                              |
| Less Current Portion                     | 6,583,047                                   | -   | -  | 6,583,047                    |
| Total Long-Term Liabilities              | <u>6,789,293</u>                            | <u>525,000</u>  | <u>-</u>   | <u>7,314,293</u>             |
| Total Liabilities                        | <u>7,448,111</u>                            | <u>1,043,721</u>  | <u>38,305</u>  | <u>8,530,137</u>             |
| <b>NET ASSETS</b>                        |   |   |  |                              |
| Invested in Capital Assets,              |   |   |  |                              |
| Net of Related Debt                      | 4,424,648                                   | 12,775,663  | 1,158,262  | 18,358,573                   |
| Unrestricted                             | <u>(5,424,182)</u>                          | <u>1,176,411</u>  | <u>204,747</u>   | <u>(4,043,024)</u>           |
| Total Net Assets                         | <u>\$ (999,534)</u>                         | <u>\$ 13,952,074</u>  | <u>\$ 1,363,009</u>  | <u>\$ 14,315,549</u>         |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS – PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Business-Type Activities - Enterprise Funds |  |  | Total Enterprise Funds |
|--|---|--|--|------------------------|
|  | Solid Waste Fund                            | Wauchula Hills Water/Wastewater Treatment Fund | Vandolah Wastewater Treatment (Non-Major Fund) |                        |
| <b>OPERATING REVENUES</b>                            |   |  |  |                        |
| Sales and Charges for Services                       | \$ 821,426                                  | \$ 347,610                                     | \$ 112,807                                     | \$ 1,281,843           |
| Special Assessments                                  | 818,471                                     | -  | -  | 818,471                |
| Total Operating Revenues                             | <u>1,639,897</u>                            | <u>347,610</u>                                 | <u>112,807</u>                                 | <u>2,100,314</u>       |
| <b>OPERATING EXPENSES</b>                            |   |  |  |                        |
| Personal Services                                    | 346,446                                     | 261,870  | 53,688   | 662,004                |
| General and Administrative                           | 102,236                                     | 308,876  | 22,371   | 433,483                |
| Depreciation   | 606,268                                     | 510,107  | 25,452   | 1,141,827              |
| Total Operating Expenses                             | <u>1,054,950</u>                            | <u>1,080,853</u>                               | <u>101,511</u>                                 | <u>2,237,314</u>       |
| <b>OPERATING INCOME (LOSS)</b>                       | 584,947                                     | (733,243)                                      | 11,296   | (137,000)              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>              |   |  |  |                        |
| Intergovernmental                                    | 70,588                                      | 2,026,468                                      | -  | 2,097,056              |
| Interest Income                                      | 5,887                                       | 3,996  | 640  | 10,523                 |
| Interest Expense                                     | (5,419)                                     | (8,322)  | -  | (13,741)               |
| Gain on Disposal of Assets, Net                      | 2,588                                       | -  | -  | 2,588                  |
| Miscellaneous Revenue                                | 13  | 3,494  | 6,125  | 9,632                  |
| Total Nonoperating Revenues (Expenses), Net          | <u>73,657</u>                               | <u>2,025,636</u>                               | <u>6,765</u>                                   | <u>2,106,058</u>       |
| <b>INCOME BEFORE TRANSFERS</b>                       | 658,604                                     | 1,292,393                                      | 18,061   | 1,969,058              |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                   |   |  |  |                        |
| Capital Contribution                                 | 8,718                                       | 20,864   | -  | 29,582                 |
| Transfers In   | 451,214                                     | 244,899  | -  | 696,113                |
| Transfers Out  | (12,774)                                    | (17,000)                                       | (27,324)                                       | (57,098)               |
| Transfers from Constitutional Officers               | 4,128                                       | -  | -  | 4,128                  |
| Total Transfers                                      | <u>451,286</u>                              | <u>248,763</u>                                 | <u>(27,324)</u>                                | <u>672,725</u>         |
| <b>CHANGE IN NET ASSETS</b>                          | 1,109,890                                   | 1,541,156                                      | (9,263)  | 2,641,783              |
| Net Assets - Beginning of Year, As Previously Stated | (2,109,424)                                 | 12,054,503                                     | 1,372,272                                      | 11,317,351             |
| Prior Period Restatement                             | -   | 356,415  | -  | 356,415                |
| Net Assets - Beginning of Year, As Restated          | <u>(2,109,424)</u>                          | <u>12,410,918</u>                              | <u>1,372,272</u>                               | <u>11,673,766</u>      |
| <b>NET ASSETS - END OF YEAR</b>                      | <u>\$ (999,534)</u>                         | <u>\$ 13,952,074</u>                           | <u>\$ 1,363,009</u>                            | <u>\$ 14,315,549</u>   |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Business-Type Activities - Enterprise Funds |   |  | Total<br>Enterprise<br>Funds |
|---|---|---|--|------------------------------|
|   | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |   |   |  |                              |
| Cash Received from Customers  | \$ 1,645,606                                | \$ 344,065  | \$ 92,096  | \$ 2,081,767                 |
| Cash Paid to Employees for Services                                 | (343,762)                                   | (261,870)   | (53,688)   | (659,320)                    |
| Cash Paid to Suppliers for Goods and Services                       | (3,784,365)                                 | (98,628)  | (22,409)   | (3,905,402)                  |
| Net Cash Provided (Used) by<br>Operating Activities                 | (2,482,521)                                 | (16,433)  | 15,999   | (2,482,955)                  |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>          |   |   |  |                              |
| Other Nonoperating Revenue  | 70,601                                      | 3,494   | 6,125  | 80,220                       |
| Transfers In (Out)  | 442,568                                     | 227,899   | (27,324)   | 643,143                      |
| Net Cash Provided (Used) by<br>Noncapital Financing Activities      | 513,169                                     | 231,393   | (21,199)   | 723,363                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b> |   |   |  |                              |
| Capital Grant Receipts  | -   | 1,588,703   | -  | 1,588,703                    |
| Shared Revenue From State   | -   | 497,199   | -  | 497,199                      |
| Acquisition and Construction of Capital Assets                      | 1   | (2,875,158)   | (8,354)  | (2,883,511)                  |
| Principal Payments on Long-Term Debt                                | (200,000)                                   | (225,000)   | -  | (425,000)                    |
| Interest Paid   | (5,419)                                     | (8,322)   | -  | (13,741)                     |
| Net Cash Used by Capital<br>and Related Financing Activities        | (205,418)                                   | (1,022,578)   | (8,354)  | (1,236,350)                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |   |   |  |                              |
| Interest from Investments   | 5,887                                       | 3,996   | 640  | 10,523                       |
| Net Cash Provided by Investing Activities                           | 5,887                                       | 3,996   | 640  | 10,523                       |
| <b>NET DECREASE IN CASH<br/>AND CASH EQUIVALENTS</b>                |   |   |  |                              |
|   | (2,168,883)                                 | (803,622)   | (12,914)   | (2,985,419)                  |
| Cash and Cash Equivalents - Beginning of Year                       | 3,691,705                                   | 1,960,017   | 237,914  | 5,889,636                    |
| <b>CASH AND CASH EQUIVALENTS -<br/>END OF YEAR</b>                  | <b>\$ 1,522,822</b>                         | <b>\$ 1,156,395</b>   | <b>\$ 225,000</b>  | <b>\$ 2,904,217</b>          |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Business-Type Activities - Enterprise Funds |   |  |                              |
|--|---|---|--|------------------------------|
|  | Solid Waste<br>Fund                         | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) | Total<br>Enterprise<br>Funds |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED)<br/>BY OPERATING ACTIVITIES</b> |   |   |  |                              |
| Operating Income (Loss)  | \$ 584,947                                  | \$ (733,243)  | \$ 11,296  | \$ (137,000)                 |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:  |   |   |  |                              |
| Depreciation   | 606,268                                     | 510,107   | 25,452   | 1,141,827                    |
| Gain on Disposal of Capital Assets   | 2,588                                       | -   | -  | 2,588                        |
| (Increase) Decrease in Assets:   |   |   |  |                              |
| Accounts Receivable  | 23,323                                      | 1,013   | (18,052)   | 6,284                        |
| Due from Constitutional Officers   | 2,549                                       | -   | -  | 2,549                        |
| Due from Other Governments   | (22,501)                                    | -   | -  | (22,501)                     |
| Increase (Decrease) in Liabilities:  |   |   |  |                              |
| Accounts Payable and Accrued Liabilities   | 5,411                                       | 179,871   | 55   | 185,337                      |
| Due to Other Funds   | (2,988)                                     | (729)   | (93)   | (3,810)                      |
| Due to Other Government Agencies   | (887)                                       | 31,106  | -  | 30,219                       |
| Deposits   | (250)                                       | -   | -  | (250)                        |
| Deferred Revenue   | -   | (4,558)   | (2,659)  | (7,217)                      |
| Accrued Compensated Absences   | 2,684                                       | -   | -  | 2,684                        |
| Landfill Closure and<br>Postclosure Costs  | (3,683,665)                                 | -   | -  | (3,683,665)                  |
| Net Cash Provided (Used) by<br>Operating Activities  | <u>\$ (2,482,521)</u>                       | <u>\$ (16,433)</u>  | <u>\$ 15,999</u>   | <u>\$ (2,482,955)</u>        |
| <b>RECONCILIATION OF CASH AND CASH<br/>EQUIVALENTS TO THE STATEMENT OF<br/>NET ASSETS</b>                    |   |   |  |                              |
| Current Assets:  |   |   |  |                              |
| Cash   | \$ 1,181,453                                | \$ 1,156,395  | \$ 225,000   | \$ 2,562,848                 |
| Noncurrent Assets:   |   |   |  |                              |
| Restricted Cash and Cash Equivalents   | 341,369                                     | -   | -  | 341,369                      |
| Total Cash and Cash Equivalents  | <u>\$ 1,522,822</u>                         | <u>\$ 1,156,395</u>   | <u>\$ 225,000</u>  | <u>\$ 2,904,217</u>          |
| <b>NONCASH INVESTING, CAPITAL AND<br/>FINANCING ACTIVITIES</b>   |   |   |  |                              |
| Contribution of Capital Assets   | <u>\$ 8,718</u>                             | <u>\$ 20,864</u>  | <u>\$ -</u>  | <u>\$ 29,582</u>             |

See accompanying Notes to Financial Statements.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting principles of the Board conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

The Board of County Commissioners (Board) governs Hardee County (County), a political subdivision of the State of Florida. The Board is a five-member elected body, which derives its authority from the Constitution of the State of Florida, Article VIII, Section 1(e). United States generally accepted accounting principles require that each unit of government define a governmental reporting entity. These special-purpose financial statements present the Board's financial statements (part of the primary government) only.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes funds of the five elected Constitutional Officers and funds of the Board, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Included in the primary government of Hardee County, Florida but excluded from the Board's financial statements are five elected Constitutional Officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets. The Board and the offices of the Constitutional Officers are operated as separate County agencies in accordance with applicable provisions of Florida Statutes.

The accompanying special-purpose financial statements present the financial position and results of operations of the applicable fund types and account groups governed by the Board.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Board to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Board as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

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 Board 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.

**Fund Accounting**

The accounts of the Board are organized on the basis of 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 balances or equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental and proprietary funds are presented. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds.

**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 Board 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. Ambulance fees, intergovernmental revenues and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and 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 Board.

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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds (Continued)**

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.

**Governmental Major Funds**

- **General Fund** – The General Fund is the general operating fund of the Board. It is used to account for all financial resources, except those required to be accounted for in another fund.
- **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.
- **Fire Control Fund** – The Fire Control Fund accounts for assessments related to providing county-wide fire protection services.
- **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.

**Proprietary Funds**

The Board'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 Board applies all Statement of Financial Accounting Standards and Interpretations issued before November 30, 1989, except those that conflict with or contradict Statements of Government Accounting Standards. The Board has elected not to apply Financial Accounting Standards Board Pronouncements issued after November 30, 1989.

**HARDEE COUNTY  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds (Continued)**

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. Nonoperating revenues, such as grants, investment earnings and miscellaneous other revenues result from nonexchange transactions or ancillary activities.

**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 operations of the Wauchula Hills Water and Wastewater utilities.

**Budgets and Budgetary Accounting**

The Board 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.
- Final budget amounts reported are based upon the final amended budget.

**Accounts Receivable**

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

**Due from/to Constitutional Officers**

During the course of operations, numerous transactions occur between the Board and the Constitutional Officers of the County for goods provided, services rendered, or other budgeted transactions. These receivables and payables are classified as “Due from constitutional officers” or “Due to constitutional officers” on the balance sheets.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
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SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Due from/to Other Funds**

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheets.

**Inventory of Supplies**

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 consumption method.

**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.

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.

**Capital Assets**

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and library books, roads and bridges, 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.

The Board holds legal title for the capital assets used in the operations of the Board, Clerk of the Circuit Court, 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.

Capital assets are recorded as expenditures in the general and special revenue 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.

**HARDEE COUNTY  
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SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Depreciation on fixed assets is charged as an expense against operations. 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 |
| Equipment                  | 5 – 15 Years  |
| Infrastructure             | 10 – 50 Years |

**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, 2011 was 8.5540 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 millage 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 February 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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay**

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. The Board uses the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the governmental funds.

Employees earn annual leave at varying rates depending upon the length of service as follows:

| <u>Continuous Employment</u> | <u>Annual Leave Earned</u> |
|------------------------------|----------------------------|
| 0 - 1st Year                 | 5 Days                     |
| 2nd - 6th Year               | 10 Days                    |
| 7th - 9th Year               | 12 Days                    |
| 10th - 15th Year             | 15 Days                    |
| 16th - 19th Year             | 17 Days                    |
| 20 Years Plus                | 20 Days                    |

Upon termination, employees can be paid for their unused vacation time not to exceed 160 hours. Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, based upon the following schedule:

| <u>Length of Service</u> | <u>Percentage of Sick Leave</u> |
|--------------------------|---------------------------------|
| 20 Years                 | 25%                             |
| 30 Years Plus            | 50%                             |

**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 Board because it is at present not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Use of Estimates**

The preparation of the special-purpose fund financial statements is in conformity with accounting principles generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**Landfill Closure and Post-closure Costs**

The Board has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Landfill Closure and Post-closure Costs (Continued)**

The Board 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 post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2011 has been recorded in the Solid Waste fund representing the Board's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2011, estimated capacity used was 90.39%. In addition, the Board has established a landfill escrow account in the Solid Waste fund to fund estimated closure costs as required by the Florida Department of Environmental Protection. At September 30, 2011, the Solid Waste Fund had deficit net assets of \$999,534 and had deficit unrestricted net assets of \$5,424,182 due to beginning phases of the partial closure to the landfill and because of a \$6,973,539 landfill closure and post-closure liability.

**Other Post-employment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Post-retirement Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. Employees who retire from employment with the Board under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100 percent of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are included in the financial statements of Hardee County, Florida.

**Other Long-Term Debt Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements.

**New Pronouncements for Financial Reporting**

In accordance with GASB Statement No. 54 – Fund Balance reporting and Governmental Fund Type Definitions, which was implemented by the Board for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The fund balance in the governmental funds are appropriately classified as nonspendable, restricted, committed, assigned and unassigned fund balance. When an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Board will first use restricted amounts, then committed amounts, then assigned amounts and finally unassigned amounts.

**HARDEE COUNTY  
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 CASH AND CASH EQUIVALENTS**

**Cash deposits and cash equivalents**

The Board participates in pooled cash. The earnings of the pool are allocated on a monthly basis to individual funds based upon their average monthly balance in the pool. The Board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Custodial credit risk relating to deposits is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments and deposits or collateral securities that are in the possession of an outside party.

At September 30, 2011, the carrying amount of the Board's deposits was \$17,775,211 and the bank balance was \$17,981,147. The Board's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 ACCOUNTS RECEIVABLES**

Accounts receivables consist of the following at September 30, 2011 for the governmental funds individual major funds and non-major funds:

|   | General<br>Fund   | Transportation<br>Fund | Grants<br>Fund | Other<br>Governmental<br>Funds<br>(Non-Major<br>Funds) | Total<br>Governmental<br>Funds |
|---|-------------------|------------------------|----------------|--|--------------------------------|
| Emergency Medical Services              | \$ 526,259        | \$ -                   | \$ -           | \$ -   | \$ 526,259                     |
| Trade Accounts                          | 2,165             | 8,269                  | 220            | 17,869   | 28,523                         |
| Accounts Receivable, Gross              | 528,424           | 8,269                  | 220            | 17,869   | 554,782                        |
| Allowance for<br>Uncollectible Accounts | (184,191)         | -                      | -              | -  | (184,191)                      |
| Accounts Receivable, Net                | <u>\$ 344,233</u> | <u>\$ 8,269</u>        | <u>\$ 220</u>  | <u>\$ 17,869</u>                                       | <u>\$ 370,591</u>              |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 ACCOUNTS RECEIVABLES (CONTINUED)**

Accounts receivables consist of the following at September 30, 2011 for the enterprise funds individual major funds and non-major fund:

|                              | Solid Waste<br>Fund | Wauchula<br>Hills Water/<br>Wastewater<br>Treatment<br>Trust<br>Fund | Vandolah<br>Wastewater<br>Treatment<br>(Non-Major<br>Fund) | Total<br>Enterprise<br>Funds |
|------------------------------|---------------------|--|--|------------------------------|
| Landfill Charges             | \$ 73,585           | \$ 44,030  | \$ 52  | \$ 117,667                   |
| Trade Accounts               | 244                 | 475  | 18,000   | 18,719                       |
| Accounts Receivable, Net     | <u>\$ 73,829</u>    | <u>\$ 44,505</u>   | <u>\$ 18,052</u>   | <u>\$ 136,386</u>            |
| Allowance for Uncollectibles | -                   | -  | -  | -                            |
| Accounts Receivable, Net     | <u>\$ 73,829</u>    | <u>\$ 44,505</u>   | <u>\$ 18,052</u>   | <u>\$ 136,386</u>            |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 DETAIL OF CAPITAL ASSETS**

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

|   | Balance<br>October 1,<br>2010 | Increases             | Decreases         | Capital<br>Contribution<br>& Transfers | Donations        | Balance<br>September 30,<br>2011 |
|---|-------------------------------|-----------------------|-------------------|--|------------------|----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                  |                               |                       |                   |  |                  |                                  |
| Land  | \$ 3,490,408                  | \$ -                  | \$ -              | \$ -                                   | \$ -             | \$ 3,490,408                     |
| Construction in Progress                        | 833,313                       | 90,993                | -                 | (833,313)                              | -                | 90,993                           |
| Buildings and Improvements                      | 21,717,454                    | 442,095               | 4,429             | 36,409                                 | 10,000           | 22,201,529                       |
| Machinery, Equipment, and<br>Library Books      | 13,440,707                    | 400,465               | 517,097           | (89,783)                               | -                | 13,234,292                       |
| Roads and Bridges                               | 64,835,601                    | 913,675               | -                 | 796,904                                | -                | 66,546,180                       |
| Totals  | <u>\$104,317,483</u>          | <u>\$ 1,847,228</u>   | <u>\$ 521,526</u> | <u>\$ (89,783)</u>                     | <u>\$ 10,000</u> | <u>\$ 105,563,402</u>            |
| Less Accumulated Depreciation for               |                               |                       |                   |  |                  |                                  |
| Buildings and Improvements                      | \$ 7,290,555                  | \$ 518,201            | \$ 1,569          | \$ -                                   | \$ -             | \$ 7,807,187                     |
| Machinery, Equipment, and<br>Library Books      | 9,010,596                     | 898,058               | 509,220           | (60,201)                               | -                | 9,339,233                        |
| Roads and Bridges                               | 37,244,493                    | 3,141,018             | -                 | -                                      | -                | 40,385,511                       |
| Totals  | <u>53,545,644</u>             | <u>4,557,277</u>      | <u>510,789</u>    | <u>(60,201)</u>                        | <u>-</u>         | <u>57,531,931</u>                |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 50,771,839</u>          | <u>\$ (2,710,049)</u> | <u>\$ 10,737</u>  | <u>\$ (29,582)</u>                     | <u>\$ 10,000</u> | <u>\$ 48,031,471</u>             |
| <b>BUSINESS-TYPE ACTIVITIES</b>                 |                               |                       |                   |  |                  |                                  |
| Land  | \$ 962,625                    | \$ -                  | \$ -              | \$ -                                   | \$ -             | \$ 962,625                       |
| Construction in Process                         | -                             | 1,108,995             | -                 | -                                      | -                | 1,108,995                        |
| Buildings and Improvements                      | 8,769,029                     | 3,902                 | -                 | -                                      | -                | 8,772,931                        |
| Equipment                                       | 1,483,628                     | 93,642                | 29,391            | 89,783                                 | -                | 1,637,662                        |
| Infrastructure                                  | 11,307,221                    | 1,676,973             | 1                 | -                                      | -                | 12,984,193                       |
| Totals  | <u>\$ 22,522,503</u>          | <u>\$ 2,883,512</u>   | <u>\$ 29,392</u>  | <u>\$ 89,783</u>                       | <u>\$ -</u>      | <u>\$ 25,466,406</u>             |
| Less Accumulated Depreciation for               |                               |                       |                   |  |                  |                                  |
| Buildings and Improvements                      | \$ 1,604,892                  | \$ 25,252             | \$ -              | \$ -                                   | \$ -             | \$ 1,630,144                     |
| Equipment                                       | 943,723                       | 135,368               | 29,391            | 60,201                                 | -                | 1,109,901                        |
| Infrastructure                                  | 2,236,581                     | 981,207               | -                 | -                                      | -                | 3,217,788                        |
| Totals  | <u>4,785,196</u>              | <u>1,141,827</u>      | <u>29,391</u>     | <u>60,201</u>                          | <u>-</u>         | <u>5,957,833</u>                 |
| Business-Type Activities<br>Capital Assets, Net | <u>\$ 17,737,307</u>          | <u>\$ 1,741,685</u>   | <u>\$ 1</u>       | <u>\$ 29,582</u>                       | <u>\$ -</u>      | <u>\$ 19,508,573</u>             |

Depreciation expense for governmental fund type capital assets is not reported in the financial statements of the Board. Depreciation expense is reported in the financial statements of the County. Please refer to the County's financial statements for a more detailed explanation of the County's policy.

**HARDEE COUNTY  
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**NOTE 5 LONG-TERM LIABILITIES**

A summary of changes in long-term debt for the year follows:

|   | Balance<br>October 1,<br>2010 | Additions       | Reductions            | Balance<br>September 30,<br>2011 | Due Within<br>One Year |
|---|-------------------------------|-----------------|-----------------------|----------------------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>            |                               |                 |                       |                                  |                        |
| Capital Leases                            | \$ 160,238                    | \$ -            | \$ (78,525)           | \$ 81,713                        | \$ 81,713              |
| Notes Payable                             | 200,000                       | -               | (200,000)             | -                                | -                      |
| Accrued Compensated Absences              | 753,969                       | -               | (84,442)              | 669,527                          | 592,003                |
| Total Governmental Activities             | <u>\$ 1,114,207</u>           | <u>\$ -</u>     | <u>\$ (362,967)</u>   | <u>\$ 751,240</u>                | <u>\$ 673,716</u>      |
| <b>BUSINESS-TYPE ACTIVITIES</b>           |                               |                 |                       |                                  |                        |
| Notes Payable                             | \$ 1,575,000                  | \$ -            | \$ (425,000)          | \$ 1,150,000                     | \$ 425,000             |
| Accrued Compensated Absences              | 14,216                        | 2,684           | -                     | 16,900                           | 10,654                 |
| Landfill Closure and<br>Postclosure Costs | 10,657,204                    | -               | (3,683,665)           | 6,973,539                        | 390,492                |
| Total Business-Type Activities            | <u>\$ 12,246,420</u>          | <u>\$ 2,684</u> | <u>\$ (4,108,665)</u> | <u>\$ 8,140,439</u>              | <u>\$ 826,146</u>      |

Long-term liabilities are typically liquidated by the individual fund to which the liability is directly associated. Claims and judgments are typically liquidated by the General Fund and charged to the funds to which a portion of the liabilities directly relates.

**Capital Leases**

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 assets acquired through long-term leases are as follows:

|                                |                   |
|--------------------------------|-------------------|
| Equipment                      | \$ 377,900        |
| Less: Accumulated Depreciation | (166,906)         |
| Net                            | <u>\$ 210,994</u> |

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

|                                    |                  |
|------------------------------------|------------------|
| <u>Year Ending September 30,</u>   | <u>Amount</u>    |
| 2012                               | \$ 85,030        |
| Less: Amount Representing Interest | (3,317)          |
| Total                              | <u>\$ 81,713</u> |

**Notes Payable**

The Board issued a note payable to the Florida Local Government Finance Commission for \$1,000,000 during the 2006-2007 fiscal year for the purposes 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 revenues derived from the local option fuel tax and the constitutional fuel tax. This note was paid off during the current fiscal year.

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SEPTEMBER 30, 2011**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**Notes Payable (Continued)**

The Board issued a note payable to the Florida Local Government Finance Commission for \$1,425,000 during the 2005-2006 fiscal year for Wauchula Hills Wastewater Treatment Plant. Principal payments are due annually beginning December 7, 2006. 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 Board issued a note payable to the Florida Local Government Finance Commission for \$1,000,000 during the 2008-2009 fiscal year for the purposes of providing the Board with sufficient funds to refinance a portion of the 2006-2007 note payable that became due during the 2008-2009 fiscal year. Principal payments are due annually, beginning March 3, 2009. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by designated revenues of the Board.

Maturities of notes payable are as follows:

| <u>Year</u> | Business-Type Activities         |          |
|-------------|----------------------------------|----------|
|             | Florida Local Government Finance |          |
|             | Principal                        | Interest |
| 2012        | \$ 425,000                       | \$ 2,996 |
| 2013        | 725,000                          | 598      |
| Total       | \$ 1,150,000                     | \$ 3,594 |

**NOTE 6 DUE TO/DUE FROM OTHER FUNDS**

The balance of due from other funds and due to other funds are as follows at September 30, 2011:

|                           | Due from<br>Other Funds | Due to<br>Other Funds |
|---------------------------|-------------------------|-----------------------|
| General Fund              | \$ 217,237              | \$ -                  |
| Transportation Trust Fund | 39                      | 38,578                |
| Fire Control Fund         | 220                     | -                     |
| Grants Fund               | -                       | 178,918               |
| Total Governmental Funds  | \$ 217,496              | \$ 217,496            |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 7 FUND BALANCE AND SPENDING POLICY**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Board for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can only be spent only for specific purposes because of charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to grant funds awarded and passed by the Board, the Authority’s highest level of decision making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority’s adopted policy, only the Board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The governmental funds are classified as follows:

|                            |           |               |
|----------------------------|-----------|---------------|
| Nonspendable               |           | \$ 356,019    |
| Restricted                 |           |               |
| Jail Drainage Improvements | 7,194     |               |
| Transportation             | 3,878,597 |               |
| Fire Control               | 2,300,456 |               |
| Court Innovations          | 270,465   |               |
| Law Enforcement Trust      | 102,137   |               |
| E-911                      | 39,311    |               |
| Total Restricted           | 6,598,160 | 6,598,160     |
| Committed                  |           |               |
| Pioneer Park Days          | 87,936    |               |
| Mining                     | 164,185   |               |
| Total Committed            | 252,121   | 252,121       |
| Assigned                   |           |               |
| Fine and Forfeitures       | 262,140   |               |
| Race Track                 | 3,541     |               |
| Total Assigned             | 265,681   | 265,681       |
| Unassigned                 |           | 6,782,804     |
| Total Fund Balances        |           | \$ 14,254,785 |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 7 FUND BALANCE AND SPENDING POLICY (CONTINUED)**

The Board has not formally adopted fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. When a fund expenditure is incurred which restricted, committed, assigned, or unassigned amounts are available to be used, the Board will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**NOTE 8 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the DRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account amount to investment funds available through the Plan. These investment accounts vest to the employee after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System.

Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees are not required to contribute to the FRS Investment Plan.

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

Participating employer contributions are based upon state-wide rates established by the

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 8 RETIREMENT PLAN (CONTINUED)**

State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; senior management – 14.57%; deferred retirement option plan – 12.25%, and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan.

The employer contribution rates effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The Board's contributions made during the years ended September 30, 2011, 2010 and 2009 were \$834,031, \$905,036 and \$904,639, respectively, equal to the actuarially determined required contribution requirements for each year.

**NOTE 9 RELATED ORGANIZATIONS AND RELATED PARTIES**

Transactions with the respective constitutional officers for the year ended September 30, 2011 were as follows:

|  | General<br>Fund | Transportation<br>Trust<br>Fund | Fire Control<br>Fund | Non-Major<br>Governmental<br>Funds | Solid<br>Waste<br>Fund |
|--|-----------------|---------------------------------|----------------------|------------------------------------|------------------------|
| Due from Constitutional Officers             | \$ 908,307      | \$ 19,676                       | \$ 4,636             | \$ 22,555                          | \$ 4,760               |
| Due to Constitutional Officers               | -               | -                               | -                    | 5,525                              | -                      |
| Excess Fees from Constitutional Officers     | 637,046         | -                               | 4,128                | -                                  | 4,128                  |
| Requisitions Paid to Constitutional Officers | 9,246,779       | -                               | -                    | -                                  | -                      |

The Board appoints the members of the governing boards of the Hardee County Industrial Development Authority, Hardee County Economic Development Council, and Hardee County Economic Development Authority. The board is not financially accountable for these organizations. Nor does the Board's accountability for these organizations extend significantly beyond making the appointments. Accordingly, financial information for these entities is excluded from the Board's financial statements.

**NOTE 10 RISK MANAGEMENT**

The Board 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 Board 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.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 10 RISK MANAGEMENT (CONTINUED)**

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.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Landfill Closure Commitments**

The Board 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 post-closure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs are 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 post-closure care liability of \$6,973,539 at September 30, 2011, represents the cumulative amount reported to date based on an average use of 90.39% of the total estimated capacity. The remaining \$1,052,876 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 not in compliance with these requirements at September 30, 2011. At September 30, 2011, \$341,369 is 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 landfill management escrow account was underfunded. On October 28, 2011, a deposit was made into the landfill management escrow account in the amount of \$215,000. This amount was intended to be deposited prior to September 30, 2011. 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 Board intends to fund these costs annually through its solid waste special assessment.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitment**

The Board has committed payment of funds with respect to disallowed costs assessed by the Federal Emergency Management Agency (FEMA). Hardee County was hit by tropical storms and hurricanes dating back to 2003. FEMA had obligated and de-obligated funds pertaining to the storms. FEMA reconciled the small projects grants during the 2011 year. FEMA also determined revenues received were disallowed due to insurance reimbursement. In total, FEMA determined \$962,359 was due.

**Contingencies**

The Board 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 Board 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, 2011, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Board'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 Board expects such amounts, if any, to be immaterial.

**NOTE 12 TRANSFERS**

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, and 3) use unrestricted fund revenues to finance activities which must be accounted for in another fund.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 12 TRANSFERS (CONTINUED)**

Transfers during the year ended September 30, 2011, consisted of the following:

Transfers to the General Fund from:

|  |                   |
|--|-------------------|
| Transportation Trust Fund                      | \$ 137,515        |
| Fire Control Fund                              | 88,271            |
| Grants Fund                                    | 2,151             |
| Non-Major Governmental Funds                   | 44,783            |
| Wauchula Hills Water/Wastewater Treatment Fund | 17,000            |
| Non-Major Enterprise Fund                      | 5,942             |
| Total  | <u>\$ 295,662</u> |

Transfers to the Transportation Trust Fund from:

|                              |                  |
|------------------------------|------------------|
| General Fund                 | \$ 1,864         |
| Non-Major Governmental Funds | 26,664           |
| Solid Waste Fund             | 12,774           |
| Total                        | <u>\$ 41,302</u> |

Transfers to the Fire Control Fund from:

|                              |                     |
|------------------------------|---------------------|
| General Fund                 | \$ 828,826          |
| Non-Major Governmental Funds | 226,000             |
| Total                        | <u>\$ 1,054,826</u> |

Transfers to the Grants Fund from:

|              |                   |
|--------------|-------------------|
| General Fund | <u>\$ 110,000</u> |
|--------------|-------------------|

Transfers to Non-Major Governmental Funds from:

|                           |                   |
|---------------------------|-------------------|
| General Fund              | \$ 15,500         |
| Transportation Trust Fund | 100,200           |
| Total                     | <u>\$ 115,700</u> |

Transfers to the Solid Waste Fund from:

|                              |                   |
|------------------------------|-------------------|
| General Fund                 | \$ 450,000        |
| Non-Major Governmental Funds | 1,214             |
| Total                        | <u>\$ 451,214</u> |

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

|                           |                   |
|---------------------------|-------------------|
| Grants Fund               | \$ 223,517        |
| Non-Major Enterprise Fund | 21,382            |
| Total                     | <u>\$ 244,899</u> |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 13 STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)**

The Florida Homebuyer Opportunity Program (FHOP), formerly known as the State Housing Initiative Partnership Program Trust Fund (SHIP) is included in the Grants Fund. Separate financial information for this program is reported below:

| <b>ASSETS</b>                       |           |                |
|-------------------------------------|-----------|----------------|
| Cash                                | \$        | 657,857        |
| Due from Other Government           |           | 86             |
| Total Assets                        | <u>\$</u> | <u>657,943</u> |
| <b>LIABILITIES AND FUND BALANCE</b> |           |                |
| <b>LIABILITIES</b>                  |           |                |
| Accounts Payable                    | \$        | 9,871          |
| Due to Other Funds                  |           | 259            |
| Deferred Revenue                    |           | 647,813        |
| Total Liabilities                   |           | <u>657,943</u> |
| <b>FUND BALANCE</b>                 |           |                |
| Total Liabilities and Fund Balance  |           | <u>-</u>       |
|                                     | <u>\$</u> | <u>657,943</u> |

|  | Budgeted Amounts    |                     | Actual         | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|---------------------|---------------------|----------------|--|
|  | Original            | Final               |                |  |
| <b>REVENUES</b>  |                     |                     |                |  |
| Intergovernmental  | \$ -                | \$ -                | \$ 87,484      | \$ 87,484  |
| Interest   | 500                 | 500                 | 968            | 468  |
| Miscellaneous  | 15,000              | 15,000              | 47,379         | 32,379   |
| Total Revenues   | <u>15,500</u>       | <u>15,500</u>       | <u>135,831</u> | <u>120,331</u>                                     |
| <b>EXPENDITURES</b>  |                     |                     |                |  |
| Economic Environment   | <u>315,500</u>      | <u>510,798</u>      | <u>245,831</u> | <u>(264,967)</u>                                   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> |                     |                     |                |  |
|  | (300,000)           | (495,298)           | (110,000)      | 385,298  |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>                                |                     |                     |                |  |
| Transfers in   | <u>-</u>            | <u>110,000</u>      | <u>110,000</u> | <u>-</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                       |                     |                     |                |  |
|  | (300,000)           | (385,298)           | -              | 385,298  |
| Fund Balances - Beginning of Year  | <u>-</u>            | <u>(9)</u>          | <u>-</u>       | <u>9</u>   |
| <b>FUND BALANCES - END OF YEAR</b>                                       | <u>\$ (300,000)</u> | <u>\$ (385,307)</u> | <u>\$ -</u>    | <u>\$ 385,307</u>                                  |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 14 PRIOR PERIOD RESTATEMENT**

During the current year, it was determined that prior years Wauchula Hills Water/Wastewater Treatment Fund capital assets were understated and incorrectly recorded. To correct this error, the beginning fund balance of \$12,054,503, as originally reported, has been increased to \$12,410,918. Beginning infrastructure capital assets of \$10,861,702, as originally reported, has been increased to \$11,307,221. In addition, beginning accumulated depreciation for the capital asset of \$2,147,477, as originally reported, has been increased to \$2,236,581.

**NOTE 15 SUBSEQUENT EVENTS**

Florida Counties are required to pay a portion of the State's share of Medicaid services. In the past each County would be billed, would review the bill, and most counties (including Hardee) would pay the amount that was confirmed to be appropriately billed. Hardee County normally would pay around 87% of the total bill after the review, primarily because around 13% of the bill was found to be inappropriate (not county residents, duplicate bills, etc.). Medicaid conforming bill, HB 5301, proposes a statutory change that would require every county to pay inaccurate, old bills and withhold their ½ cent sales tax distribution for Medicaid each month moving forward, regardless of the bill's accuracy. Local governments would have to apply to the State for a refund if they believe a charge is incorrect. In addition, the bill establishes a backlog that is owed for each County, based on the portions of the bills that were not paid, which will be withheld from Counties State Revenue Sharing over 5 years. For Hardee County, HB 5301 will mean a backlog payment which has not been projected. HB 5301 has been signed into law by the Governor of Florida; however, it is currently being litigated. No contingent liability has been recorded in the accompanying financial statements.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
SEPTEMBER 30, 2011**

**SPECIAL REVENUE FUNDS**

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

**Fines and Forfeitures Fund** – Pursuant to Florida Statute 142.01, the Fines and Forfeitures 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 and the Sheriff.

**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.

**E-911 Fund** – The E-911 Fund accounts for proceeds received from 911 fees and grants related to providing E-911 services within the County.

**Mining Fund** – The Mining Fund accounts for mining fees and mining reimbursements related to mining activities within the County.

**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  
BOARD OF COUNTY COMMISSIONERS  
COMBINING SPECIAL-PURPOSE BALANCE SHEETS  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|  | Special Revenue Funds    |                           |                      |                             |                   |                   | Debt Service<br>Fund    | Total All<br>Non-Major<br>Governmental<br>Funds |
|--|--------------------------|---------------------------|----------------------|-----------------------------|-------------------|-------------------|-------------------------|---|
|  | Fines and<br>Forfeitures | Race<br>Track<br>Jai Alai | Pioneer<br>Park Days | Law<br>Enforcement<br>Trust | E-911             | Mining            | Transportation<br>Trust |   |
| <b>ASSETS</b>                                  |                          |                           |                      |                             |                   |                   |                         |   |
| Cash and Investments                           | \$ 1,038,377             | \$ 3,541                  | \$ 117,382           | \$ 102,137                  | \$ 184,081        | \$ 162,801        | \$ -                    | \$ 1,608,319                                    |
| Accounts Receivable                            | -                        | -                         | -                    | -                           | -                 | 17,869            | -                       | 17,869  |
| Due from Constitutional Officers               | 22,555                   | -                         | -                    | -                           | -                 | -                 | -                       | 22,555  |
| <b>Total Assets</b>                            | <b>\$ 1,060,932</b>      | <b>\$ 3,541</b>           | <b>\$ 117,382</b>    | <b>\$ 102,137</b>           | <b>\$ 184,081</b> | <b>\$ 180,670</b> | <b>\$ -</b>             | <b>\$ 1,648,743</b>                             |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>       |                          |                           |                      |                             |                   |                   |                         |   |
| <b>LIABILITIES</b>                             |                          |                           |                      |                             |                   |                   |                         |   |
| Accounts Payable and Accrued<br>Liabilities    | \$ 30,465                | \$ -                      | \$ 9,960             | \$ -                        | \$ 860            | \$ 16,485         | \$ -                    | \$ 57,770                                       |
| Due to Constitutional Officers                 | 5,525                    | -                         | -                    | -                           | -                 | -                 | -                       | 5,525   |
| Deferred Revenue                               | 492,337                  | -                         | 19,486               | -                           | 143,910           | -                 | -                       | 655,733   |
| <b>Total Liabilities</b>                       | <b>528,327</b>           | <b>-</b>                  | <b>29,446</b>        | <b>-</b>                    | <b>144,770</b>    | <b>16,485</b>     | <b>-</b>                | <b>719,028</b>                                  |
| <b>FUND BALANCES</b>                           |                          |                           |                      |                             |                   |                   |                         |   |
| Retricted                                      | 270,465                  | -                         | -                    | 102,137                     | 39,311            | -                 | -                       | 411,913   |
| Committed                                      | -                        | -                         | 87,936               | -                           | -                 | 164,185           | -                       | 252,121   |
| Assigned                                       | 262,140                  | 3,541                     | -                    | -                           | -                 | -                 | -                       | 265,681   |
| <b>Total Fund Balances</b>                     | <b>532,605</b>           | <b>3,541</b>              | <b>87,936</b>        | <b>102,137</b>              | <b>39,311</b>     | <b>164,185</b>    | <b>-</b>                | <b>929,715</b>                                  |
| <b>Total Liabilities and Fund<br/>Balances</b> | <b>\$ 1,060,932</b>      | <b>\$ 3,541</b>           | <b>\$ 117,382</b>    | <b>\$ 102,137</b>           | <b>\$ 184,081</b> | <b>\$ 180,670</b> | <b>\$ -</b>             | <b>\$ 1,648,743</b>                             |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
COMBINING SPECIAL-PURPOSE SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Special Revenue          |                           |                      |                             |                |                | Debt Service<br>Fund    | Total All<br>Non-Major<br>Governmental<br>Funds |
|--|--------------------------|---------------------------|----------------------|-----------------------------|----------------|----------------|-------------------------|---|
|  | Fines and<br>Forfeitures | Race<br>Track<br>Jai Alai | Pioneer<br>Park Days | Law<br>Enforcement<br>Trust | E-911          | Mining         | Transportation<br>Trust |   |
| <b>REVENUES</b>  |                          |                           |                      |                             |                |                |                         |   |
| Intergovernmental  | \$ 74,465                | \$ 446,500                | \$ -                 | \$ -                        | \$ 179,524     | \$ -           | \$ -                    | \$ 700,489                                      |
| Charges for Services   | 20,114                   | -                         | 93,719               | -                           | -              | 211,050        | -                       | 324,883   |
| Fines and Forfeits   | 289,561                  | -                         | -                    | -                           | -              | -              | -                       | 289,561   |
| Interest   | 2,990                    | 36                        | 424                  | 258                         | 169            | 538            | 337                     | 4,752   |
| Miscellaneous  | 4,744                    | -                         | 1,246                | 2,764                       | -              | -              | -                       | 8,754   |
| Total Revenues   | <u>391,874</u>           | <u>446,536</u>            | <u>95,389</u>        | <u>3,022</u>                | <u>179,693</u> | <u>211,588</u> | <u>337</u>              | <u>1,328,439</u>                                |
| <b>EXPENDITURES</b>  |                          |                           |                      |                             |                |                |                         |   |
| Current:   |                          |                           |                      |                             |                |                |                         |   |
| General Government   | 477,367                  | -                         | -                    | -                           | -              | -              | -                       | 477,367   |
| Public Safety  | 9,585                    | -                         | -                    | -                           | 166,564        | -              | -                       | 176,149   |
| Physical Environment   | -                        | -                         | -                    | -                           | -              | 215,339        | -                       | 215,339   |
| Human Services   | -                        | 26,500                    | -                    | -                           | -              | -              | -                       | 26,500  |
| Culture and Recreation   | -                        | 194,000                   | 60,963               | -                           | -              | -              | -                       | 254,963   |
| Capital Outlay   | 89,876                   | -                         | 55,465               | -                           | 19,682         | -              | -                       | 165,023   |
| Debt Service:  |                          |                           |                      |                             |                |                |                         |   |
| Principal Retirement   | -                        | -                         | -                    | -                           | -              | -              | 200,000                 | 200,000   |
| Interest   | -                        | -                         | -                    | -                           | -              | -              | 1,036                   | 1,036   |
| Total Expenditures   | <u>576,828</u>           | <u>220,500</u>            | <u>116,428</u>       | <u>-</u>                    | <u>186,246</u> | <u>215,339</u> | <u>201,036</u>          | <u>1,516,377</u>                                |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (184,954)                | 226,036                   | (21,039)             | 3,022                       | (6,553)        | (3,751)        | (200,699)               | (187,938)                                       |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
COMBINING SPECIAL-PURPOSE SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

|                                       | Special Revenue          |                           |                      |                             |                  | Debt Service<br>Fund | Total All<br>Non-Major<br>Governmental<br>Funds |                         |
|---------------------------------------|--------------------------|---------------------------|----------------------|-----------------------------|------------------|----------------------|---|-------------------------|
|                                       | Fines and<br>Forfeitures | Race<br>Track<br>Jai Alai | Pioneer<br>Park Days | Law<br>Enforcement<br>Trust | E-911            | Mining               |   | Transportation<br>Trust |
| <b>OTHER FINANCING SOURCES (USES)</b> |                          |                           |                      |                             |                  |                      |   |                         |
| Transfers In                          | -                        | -                         | -                    | -                           | 15,500           | -                    | 100,200   | 115,700                 |
| Transfers Out                         | -                        | (226,000)                 | (34,335)             | -                           | -                | (35,000)             | (3,326)   | (298,661)               |
| Total Other Financing Sources (Uses)  | -                        | (226,000)                 | (34,335)             | -                           | 15,500           | (35,000)             | 96,874  | (182,961)               |
| <b>NET CHANGE IN FUND BALANCES</b>    | (184,954)                | 36                        | (55,374)             | 3,022                       | 8,947            | (38,751)             | (103,825)                                       | (370,899)               |
| Fund Balances - Beginning of Year     | 717,559                  | 3,505                     | 143,310              | 99,115                      | 30,364           | 202,936              | 103,825   | 1,300,614               |
| <b>FUND BALANCES - END OF YEAR</b>    | <u>\$ 532,605</u>        | <u>\$ 3,541</u>           | <u>\$ 87,936</u>     | <u>\$ 102,137</u>           | <u>\$ 39,311</u> | <u>\$ 164,185</u>    | <u>\$ -</u>                                     | <u>\$ 929,715</u>       |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
FINES AND FORFEITURES FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget                       |                              | Actual                   | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|------------------------------|------------------------------|--------------------------|--|
|  | Original                     | Final                        |                          |  |
| <b>REVENUES</b>  |                              |                              |                          |  |
| Intergovernmental  | \$ -                         | \$ -                         | \$ 74,465                | \$ 74,465  |
| Charges for Services   | 30,000                       | 30,000                       | 20,114                   | (9,886)  |
| Fines and Forfeits   | 285,000                      | 294,585                      | 289,561                  | (5,024)  |
| Interest   | 500                          | 500                          | 2,990                    | 2,490  |
| Miscellaneous  | 200                          | 200                          | 4,744                    | 4,544  |
| Total Revenues   | <u>315,700</u>               | <u>325,285</u>               | <u>391,874</u>           | <u>66,590</u>                                      |
| <b>EXPENDITURES</b>  |                              |                              |                          |  |
| Current:   |                              |                              |                          |  |
| General Government   | 754,694                      | 756,694                      | 477,367                  | 279,327  |
| Public Safety  | -                            | 9,585                        | 9,585                    | (1)  |
| Capital Outlay   | 528,441                      | 526,441                      | 89,876                   | 436,565  |
| Total Expenditures   | <u>1,283,135</u>             | <u>1,292,720</u>             | <u>576,828</u>           | <u>715,892</u>                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (967,435)                    | (967,435)                    | (184,954)                | 782,481  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                              |                              |                          |  |
| Transfers Out  | (479,894)                    | (479,894)                    | -                        | 479,894  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (1,447,329)                  | (1,447,329)                  | (184,954)                | 1,262,375  |
| Fund Balances - Beginning of Year                                    | <u>360</u>                   | <u>85</u>                    | <u>717,559</u>           | <u>717,474</u>                                     |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (1,446,969)</u></u> | <u><u>\$ (1,447,244)</u></u> | <u><u>\$ 532,605</u></u> | <u><u>\$ 1,979,849</u></u>                         |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
RACE TRACK JAI ALAI FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budget             |                    | Actual                 | Variance with<br>Final Budget -<br>Over<br>(Under) |
|---|--------------------|--------------------|------------------------|--|
|   | Original           | Final              |                        |  |
| <b>REVENUES</b>                             |                    |                    |                        |  |
| Intergovernmental                           | \$ 446,500         | \$ 446,500         | \$ 446,500             | \$ -   |
| Interest                                    | -                  | -                  | 36                     | 36   |
| Total Revenues                              | <u>446,500</u>     | <u>446,500</u>     | <u>446,536</u>         | <u>36</u>  |
| <b>EXPENDITURES</b>                         |                    |                    |                        |  |
| Current:                                    |                    |                    |                        |  |
| Culture and Recreation                      | 194,000            | 194,000            | 194,000                | -  |
| Human Services                              | <u>26,500</u>      | <u>26,500</u>      | <u>26,500</u>          | <u>-</u>   |
| Total Expenditures                          | <u>220,500</u>     | <u>220,500</u>     | <u>220,500</u>         | <u>-</u>   |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> | 226,000            | 226,000            | 226,036                | 36   |
| <b>OTHER FINANCING USES</b>                 |                    |                    |                        |  |
| Transfers Out                               | <u>(226,000)</u>   | <u>(226,000)</u>   | <u>(226,000)</u>       | <u>-</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>          | -                  | -                  | 36                     | 36   |
| Fund Balances - Beginning of Year           | <u>-</u>           | <u>-</u>           | <u>3,505</u>           | <u>-</u>   |
| <b>FUND BALANCES - END OF YEAR</b>          | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,541</u></u> | <u><u>\$ 36</u></u>                                |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
PIONEER PARK DAYS FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget                     |                            | Actual                  | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|----------------------------|----------------------------|-------------------------|--|
|  | Original                   | Final                      |                         |  |
| <b>REVENUES</b>  |                            |                            |                         |  |
| Charges for Services   | \$ 105,500                 | \$ 105,500                 | \$ 93,719               | \$ (11,781)  |
| Interest   | 200                        | 200                        | 424                     | 224  |
| Miscellaneous  | 5,000                      | 5,000                      | 1,246                   | (3,754)  |
| Total Revenues   | <u>110,700</u>             | <u>110,700</u>             | <u>95,389</u>           | <u>(15,311)</u>                                    |
| <b>EXPENDITURES</b>  |                            |                            |                         |  |
| Current:   |                            |                            |                         |  |
| Culture and Recreation   | 88,909                     | 80,409                     | 60,963                  | 19,446   |
| Capital Outlay   | 60,000                     | 60,000                     | 55,465                  | 4,535  |
| Total Expenditures   | <u>148,909</u>             | <u>140,409</u>             | <u>116,428</u>          | <u>23,981</u>                                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (38,209)                   | (29,709)                   | (21,039)                | 8,670  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                            |                            |                         |  |
| Transfers Out  | <u>(94,700)</u>            | <u>(103,200)</u>           | <u>(34,335)</u>         | <u>68,865</u>                                      |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (132,909)                  | (132,909)                  | (55,374)                | 77,535   |
| Fund Balances - Beginning of Year                                    | <u>25,823</u>              | <u>17,823</u>              | <u>143,310</u>          | <u>125,487</u>                                     |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ (107,086)</u></u> | <u><u>\$ (115,086)</u></u> | <u><u>\$ 87,936</u></u> | <u><u>\$ 203,022</u></u>                           |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
LAW ENFORCEMENT TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget                   |                         | Actual                   | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|--------------------------|-------------------------|--------------------------|--|
|  | Original                 | Final                   |                          |  |
| <b>REVENUES</b>  |                          |                         |                          |  |
| Interest   | \$ 600                   | \$ 600                  | \$ 258                   | \$ (342)   |
| Miscellaneous  | 4,000                    | 4,000                   | 2,764                    | (1,236)  |
| Total Revenues   | <u>4,600</u>             | <u>4,600</u>            | <u>3,022</u>             | <u>(1,578)</u>                                     |
| <b>EXPENDITURES</b>  | <u>-</u>                 | <u>-</u>                | <u>-</u>                 | <u>-</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 4,600                    | 4,600                   | 3,022                    | (1,578)  |
| Fund Balances - Beginning of Year                                    | <u>99,245</u>            | <u>57,908</u>           | <u>99,115</u>            | <u>41,207</u>                                      |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u><u>\$ 103,845</u></u> | <u><u>\$ 62,508</u></u> | <u><u>\$ 102,137</u></u> | <u><u>\$ 39,629</u></u>                            |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
E-911 FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget            |                 | Actual           | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|-------------------|-----------------|------------------|--|
|  | Original          | Final           |                  |  |
| <b>REVENUES</b>  |                   |                 |                  |  |
| Intergovernmental  | \$ 114,837        | \$ 165,475      | \$ 179,524       | \$ 14,049  |
| Interest   | 1,000             | 1,000           | 169              | (831)  |
| Total Revenues   | <u>115,837</u>    | <u>166,475</u>  | <u>179,693</u>   | <u>13,218</u>                                      |
| <b>EXPENDITURES</b>  |                   |                 |                  |  |
| Current:   |                   |                 |                  |  |
| Public Safety  | 185,387           | 216,344         | 166,564          | 49,780   |
| Capital Outlay   | -                 | 19,681          | 19,682           | (1)  |
| Total Expenditures   | <u>185,387</u>    | <u>236,025</u>  | <u>186,246</u>   | <u>49,779</u>                                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (69,550)          | (69,550)        | (6,553)          | 62,997   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                   |                 |                  |  |
| Transfers In   | <u>76,056</u>     | <u>76,056</u>   | <u>15,500</u>    | <u>(60,556)</u>                                    |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 6,506             | 6,506           | 8,947            | 2,441  |
| Fund Balances - Beginning of Year                                    | <u>(15,689)</u>   | <u>381</u>      | <u>30,364</u>    | <u>29,983</u>                                      |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (9,183)</u> | <u>\$ 6,887</u> | <u>\$ 39,311</u> | <u>\$ 32,424</u>                                   |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
MINING FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget             |                    | Actual            | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|--------------------|--------------------|-------------------|--|
|  | Original           | Final              |                   |  |
| <b>REVENUES</b>  |                    |                    |                   |  |
| Charges for Services   | \$ 573,514         | \$ 573,514         | \$ 211,050        | \$ (362,464)                                       |
| Interest   | -                  | -                  | 538               | 538  |
| Total Revenues   | <u>573,514</u>     | <u>573,514</u>     | <u>211,588</u>    | <u>(361,926)</u>                                   |
| <b>EXPENDITURES</b>  |                    |                    |                   |  |
| Current:   |                    |                    |                   |  |
| Physical Environment   | <u>588,960</u>     | <u>588,960</u>     | <u>215,339</u>    | <u>373,621</u>                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (15,446)           | (15,446)           | (3,751)           | 11,695   |
| <b>OTHER FINANCING USES</b>  |                    |                    |                   |  |
| Transfers Out  | <u>(35,000)</u>    | <u>(35,000)</u>    | <u>(35,000)</u>   | <u>-</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (50,446)           | (50,446)           | (38,751)          | 11,695   |
| Fund Balances - Beginning of Year                                    | <u>27,857</u>      | <u>39,588</u>      | <u>202,936</u>    | <u>163,348</u>                                     |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (22,589)</u> | <u>\$ (10,858)</u> | <u>\$ 164,185</u> | <u>\$ 175,043</u>                                  |

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL –  
TRANSPORTATION TRUST DEBT SERVICE FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budget              |                     | Actual         | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--|---------------------|---------------------|----------------|--|
|  | Original            | Final               |                |  |
| <b>REVENUES</b>  |                     |                     |                |  |
| Interest   | \$ 500              | \$ 500              | \$ 337         | \$ (163)   |
| <b>EXPENDITURES</b>  |                     |                     |                |  |
| Debt Service   |                     |                     |                |  |
| Principal Retirement   | 200,000             | 200,000             | 200,000        | -  |
| Interest   | 8,000               | 4,500               | 1,036          | 3,464  |
| Total Expenditures   | <u>208,000</u>      | <u>204,500</u>      | <u>201,036</u> | <u>3,464</u>                                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (207,500)           | (204,000)           | (200,699)      | 3,301  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                |  |
| Transfers In   | 105,655             | 105,655             | 100,200        | 5,455  |
| Transfers Out  | -                   | (3,500)             | (3,326)        | 174  |
| Total Other Financing<br>Sources (Uses)                              | <u>105,655</u>      | <u>102,155</u>      | <u>96,874</u>  | <u>(5,281)</u>                                     |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (101,845)           | (101,845)           | (103,825)      | (1,980)  |
| Fund Balances - Beginning of Year                                    | -                   | -                   | 103,825        | 103,825  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (101,845)</u> | <u>\$ (101,845)</u> | <u>\$ -</u>    | <u>\$ 101,845</u>                                  |

## **SUPPLEMENTAL INFORMATION**



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

Board of County Commissioners  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, each major fund and the aggregate remaining fund information of the Hardee County Board of County Commissioners, Hardee County, Florida (Board) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current year findings and responses, we identified certain deficiencies in internal control over financial reporting that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2011-01 and 2011-02 described in the accompanying schedule of current year findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2011-03 described in the accompanying schedule of current year findings and responses to be a significant deficiency.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management in a separate letter dated June 7, 2012.

The Board's responses to findings identified in our audit are described in the accompanying Schedule of Current Year Findings and Responses on page 49-50. We did not audit the Board's response and, accordingly, we express no opinion on it.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Material Weakness**

**2011-01 – PRIOR PERIOD RESTATEMENT**

**Condition:** Our audit procedures disclosed infrastructure capital assets which are in the Industrial Development Authority's industrial park, but maintained by the Board were not recorded in the County's records.

**Criteria:** Management is required to have an internal control process to identify infrastructure assets maintained by the Board that should be reported as a capital asset.

**Cause:** The Hardee County Industrial Park was constructed in prior years. The water and wastewater infrastructure associated with the industrial park was not transferred over to the Board as an asset when it was placed into service. Since the Board is required to maintain the infrastructure, it should be recorded as a capital asset of the Board.

**Effect:** Infrastructure capital assets were understated by \$445,519. Accumulated depreciation was understated by \$89,104. Fund balance was understated by \$356,415.

**Recommendation:** We recommend internal controls be implemented to insure proper reporting of Board capital assets.

**Management Response:** We agree and in the future, upon acceptance of the operations and maintenance of infrastructure, we will record it as an asset.

**2011-02 – CONTINGENT LIABILITY**

**Condition:** The Federal Emergency Management Agency (FEMA) reconciled projects noting funds were due. This has been recorded as a contingent liability in the County's financial statements.

**Criteria:** Management is required to have an internal control process to reconcile the grants awarded with the cash receipts and funds expended.

**Cause:** Hardee County was hit by tropical storms and hurricanes dating back to 2003. FEMA had obligated and de-obligated funds pertaining to the storms. FEMA reconciled the small projects grants during the 2011 year. FEMA also determined revenues received were disallowed due to insurance reimbursement. In total, FEMA determined \$962,359 was due.

**Effect:** Liabilities and expenses were understated by \$962,359, the amount owed to FEMA.

**Recommendation:** We recommend internal controls over the grant process for reconciling cash receipts, revenue and funds expended are enhanced.

**Management Response:** We concur.

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES (CONTINUED)  
SEPTEMBER 30, 2011**

**Significant Deficiency**

**2011-03 – ANNUAL DEPOSIT NOT COMPLETED TIMELY**

**Condition:** Our audit procedures disclosed the required annual deposit to the Hardee County solid waste fund landfill management escrow account was not completed timely which is not in compliance with Florida Administrative Code 62-701.630(5)(d). As a result of the noncompliance, the landfill management escrow account was underfunded at September 30, 2011 according to Florida Administrative Code 62-701.630(5)1(b).

**Criteria:** Management is required to have an internal control process over transfer requests to insure timely deposits are made annually to the landfill management escrow account.

**Cause:** A request was made on September 23, 2011 to transfer \$215,000 to the landfill management escrow account; however, the funds were not deposited into the bank account until October 28, 2011.

**Effect:** Landfill management escrow account deposit was not made annually and the cash balance at September 30, 2011 was underfunded causing noncompliance with the Florida Administrative Code.

**Recommendation:** We recommend management deposit, at least annually, the budgeted amount of revenues received from solid waste special assessments and landfill tipping fees to the landfill management escrow account.

**Response:** We concur. The cash funds were available; however, due to an oversight, monies were not transferred until the adjustment was made on October 28, 2011.



## MANAGEMENT LETTER

Board of County Commissioners  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, each major fund and the aggregate remaining fund information of the Hardee County Board of County Commissioners (Board) as of and for the fiscal year ended September 30, 2011 and have issued our report thereon dated June 7, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report, which is dated June 7, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

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

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 Board complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information of the Board and 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.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 7, 2012

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
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## INDEPENDENT AUDITORS' REPORT

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

We have audited the accompanying special-purpose financial statements of the each major fund and the aggregate remaining fund information of the Hardee County Clerk of the Circuit Court (Clerk) as of and for the year ended September 30, 2011, which comprise the Clerk's special-purpose financial statements. These special-purpose financial statements are the responsibility of the management of the Clerk. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Clerk and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2011, and the changes in position, where applicable, and for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2011, and the changes in financial position of its major funds and the budgetary comparison of its general fund, fine and forfeiture fund, public records modernization trust fund, and child support IV-D fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court

As discussed in the notes to the financial statements, the Clerk adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended September 30, 2011. This statement results in the Clerk reporting restricted fund balances in its governmental fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying combining special-purpose schedule of fiduciary assets and liabilities – all agency funds, and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements of the Clerk. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements as a whole.

This report is intended solely for the information and use of the Clerk, management, the Board of County Commissioners of Hardee County, Florida 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 27, 2012

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|  | Major Funds      |                        |   |                       | Total<br>Governmental<br>Funds |
|--|------------------|------------------------|---|-----------------------|--------------------------------|
|  | General          | Fine and<br>Forfeiture | Public<br>Records<br>Modernization<br>Trust | Child<br>Support IV-D |                                |
| <b>ASSETS</b>                            |                  |                        |   |                       |                                |
| Cash                                     | \$ 66,053        | \$ 156,546             | \$ 133,876                                  | \$ 133,240            | \$ 489,715                     |
| Due from Individuals                     | 25               | 10                     | -   | -                     | 35                             |
| Due from Other Funds                     | 35               | 98                     | 33,829                                      | -                     | 33,962                         |
| Due from Other Governments               | 211              | 140                    | -   | 6,983                 | 7,334                          |
| Prepaid Expense                          | 323              | 3,075                  | -   | -                     | 3,398                          |
|  | <u>323</u>       | <u>3,075</u>           | <u>-</u>                                    | <u>-</u>              | <u>3,398</u>                   |
| Total Assets                             | <u>\$ 66,647</u> | <u>\$ 159,869</u>      | <u>\$ 167,705</u>                           | <u>\$ 140,223</u>     | <u>\$ 534,444</u>              |
| <b>LIABILITIES AND FUND BALANCES</b>     |                  |                        |   |                       |                                |
| <b>LIABILITIES</b>                       |                  |                        |   |                       |                                |
| Accounts Payable and Accrued Liabilities | \$ 32,818        | \$ 147,195             | \$ 3,282                                    | \$ 94                 | \$ 183,389                     |
| Due to Other Funds                       | 33,829           | -                      | 5   | -                     | 33,834                         |
| Total Liabilities                        | <u>66,647</u>    | <u>147,195</u>         | <u>3,287</u>                                | <u>94</u>             | <u>217,223</u>                 |
| <b>FUND BALANCES</b>                     |                  |                        |   |                       |                                |
| Nonspendable                             | 323              | 3,075                  | -   | -                     | 3,398                          |
| Restricted - Clerk Operational Needs     | -                | -                      | -   | 140,129               | 140,129                        |
| Restricted - Official Records            | -                | -                      | 78,524                                      | -                     | 78,524                         |
| Restricted - Court Technology            | -                | -                      | 3,857                                       | -                     | 3,857                          |
| Restricted - Court Operational Needs     | -                | -                      | 82,037                                      | -                     | 82,037                         |
| Restricted - Court                       | -                | 12,674                 | -   | -                     | 12,674                         |
| Unassigned                               | (323)            | (3,075)                | -   | -                     | (3,398)                        |
| Total Fund Balances                      | <u>-</u>         | <u>12,674</u>          | <u>164,418</u>                              | <u>140,129</u>        | <u>317,221</u>                 |
| Total Liabilities and Fund Balances      | <u>\$ 66,647</u> | <u>\$ 159,869</u>      | <u>\$ 167,705</u>                           | <u>\$ 140,223</u>     | <u>\$ 534,444</u>              |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | General            | Fine and<br>Forfeiture  | Public<br>Records<br>Modernization<br>Trust | Child<br>Support IV-D    | Total<br>Governmental<br>Funds |
|---|--------------------|-------------------------|---|--------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                    |                         |   |                          |                                |
| Appropriations from Board of County Commissioners | \$ 475,000         | \$ -                    | \$ -  | \$ -                     | \$ 475,000                     |
| Intergovernmental                                 | -                  | -                       | -   | 79,357                   | 79,357                         |
| Charges for Services                              | 76,671             | 850,107                 | 73,515                                      | -                        | 1,000,293                      |
| Miscellaneous                                     | 543                | -                       | 396   | 1,482                    | 2,421                          |
| Total Revenues                                    | <u>552,214</u>     | <u>850,107</u>          | <u>73,911</u>                               | <u>80,839</u>            | <u>1,557,071</u>               |
| <b>EXPENDITURES</b>                               |                    |                         |   |                          |                                |
| Current:  |                    |                         |   |                          |                                |
| General Government:                               |                    |                         |   |                          |                                |
| Salaries and Benefits                             | 464,000            | 803,929                 | 25,353                                      | 31,717                   | 1,324,999                      |
| Operating Expenditures                            | 50,378             | 41,748                  | 33,903                                      | 6,976                    | 133,005                        |
| Capital Outlay                                    | 37,836             | -                       | 10,322                                      | -                        | 48,158                         |
| Total Expenditures                                | <u>552,214</u>     | <u>845,677</u>          | <u>69,578</u>                               | <u>38,693</u>            | <u>1,506,162</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>                | -                  | 4,430                   | 4,333                                       | 42,146                   | 50,909                         |
| Fund Balances - Beginning of Year                 | <u>-</u>           | <u>8,244</u>            | <u>160,085</u>                              | <u>97,983</u>            | <u>266,312</u>                 |
| <b>FUND BALANCES - END OF YEAR</b>                | <u><u>\$ -</u></u> | <u><u>\$ 12,674</u></u> | <u><u>\$ 164,418</u></u>                    | <u><u>\$ 140,129</u></u> | <u><u>\$ 317,221</u></u>       |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final              |                    |   |
| <b>REVENUES</b>                                      |                    |                    |                    |   |
| Appropriations from Board of<br>County Commissioners | \$ 475,000         | \$ 475,000         | \$ 475,000         | \$ -  |
| Charges for Services                                 | 75,200             | 76,671             | 76,671             | -   |
| Miscellaneous  | -                  | 543                | 543                | -   |
| Total Revenues                                       | <u>550,200</u>     | <u>552,214</u>     | <u>552,214</u>     | <u>-</u>  |
| <b>EXPENDITURES</b>                                  |                    |                    |                    |   |
| Current:   |                    |                    |                    |   |
| General Government:                                  |                    |                    |                    |   |
| Salaries and Benefits                                | 502,380            | 464,000            | 464,000            | -   |
| Operating Expenditures                               | 47,820             | 79,398             | 50,378             | 29,020  |
| Capital Outlay                                       | -                  | 8,816              | 37,836             | (29,020)  |
| Total Expenditures                                   | <u>550,200</u>     | <u>552,214</u>     | <u>552,214</u>     | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                   | -                  | -                  | -                  | -   |
| Fund Balances - Beginning of Year                    | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>  |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FINE AND FORFEITURE FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | Budgeted Amounts |                | Actual           | Variance with<br>Final budget -<br>Positive<br>(Negative) |
|------------------------------------|------------------|----------------|------------------|---|
|                                    | Original         | Final          |                  |   |
| <b>REVENUES</b>                    |                  |                |                  |   |
| Charges for Services               | \$ 864,683       | \$ 850,107     | \$ 850,107       | \$ -  |
| Total Revenues                     | <u>864,683</u>   | <u>850,107</u> | <u>850,107</u>   | <u>-</u>  |
| <b>EXPENDITURES</b>                |                  |                |                  |   |
| Current:                           |                  |                |                  |   |
| General Government:                |                  |                |                  |   |
| Salaries and Benefits              | 851,871          | 810,374        | 803,929          | 6,445   |
| Operating Expenditures             | <u>12,812</u>    | <u>39,733</u>  | <u>41,748</u>    | <u>(2,015)</u>  |
| Total Expenditures                 | <u>864,683</u>   | <u>850,107</u> | <u>845,677</u>   | <u>4,430</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                | -              | 4,430            | 4,430   |
| Fund Balances - Beginning of Year  | <u>-</u>         | <u>-</u>       | <u>8,244</u>     | <u>8,244</u>  |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ 12,674</u> | <u>\$ 12,674</u>  |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
PUBLIC RECORDS MODERNIZATION TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | Budgeted Amounts |                | Actual            | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|------------------|----------------|-------------------|---|
|                                    | Original         | Final          |                   |   |
| <b>REVENUES</b>                    |                  |                |                   |   |
| Charges for Services               | \$ 236,080       | \$ 236,080     | \$ 73,515         | \$ (162,565)  |
| Miscellaneous                      | -                | -              | 396               | 396   |
| Total Revenues                     | <u>236,080</u>   | <u>236,080</u> | <u>73,911</u>     | <u>(162,169)</u>  |
| <b>EXPENDITURES</b>                |                  |                |                   |   |
| Current:                           |                  |                |                   |   |
| General Government:                |                  |                |                   |   |
| Salaries and Benefits              | 27,010           | 27,010         | 25,353            | 1,657   |
| Operating Expenditures             | 189,070          | 189,070        | 33,903            | 155,167   |
| Capital Outlay                     | 20,000           | 20,000         | 10,322            | 9,678   |
| Total Expenditures                 | <u>236,080</u>   | <u>236,080</u> | <u>69,578</u>     | <u>166,502</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                | -              | 4,333             | 4,333   |
| Fund Balances - Beginning of Year  | <u>-</u>         | <u>-</u>       | <u>160,085</u>    | <u>160,085</u>  |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ 164,418</u> | <u>\$ 164,418</u>   |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CHILD SUPPORT IV – D FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|                                    | Budgeted Amounts   |                    | Actual                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------|--------------------|--------------------|--------------------------|---|
|                                    | Original           | Final              |                          |   |
| <b>REVENUES</b>                    |                    |                    |                          |   |
| Intergovernmental                  | \$ 149,980         | \$ 148,498         | \$ 79,357                | \$ (69,141)   |
| Miscellaneous                      | -                  | 1,482              | 1,482                    | -   |
| Total Revenues                     | <u>149,980</u>     | <u>149,980</u>     | <u>80,839</u>            | <u>(69,141)</u>   |
| <b>EXPENDITURES</b>                |                    |                    |                          |   |
| Current:                           |                    |                    |                          |   |
| General Government:                |                    |                    |                          |   |
| Salaries and Benefits              | 15,610             | 31,718             | 31,717                   | 1   |
| Operating Expenditures             | 133,370            | 117,262            | 6,976                    | 110,286   |
| Capital Outlay                     | 1,000              | 1,000              | -                        | 1,000   |
| Total Expenditures                 | <u>149,980</u>     | <u>149,980</u>     | <u>38,693</u>            | <u>111,287</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | -                  | -                  | 42,146                   | 42,146  |
| Fund Balances - Beginning of Year  | <u>-</u>           | <u>-</u>           | <u>97,983</u>            | <u>97,983</u>   |
| <b>FUND BALANCES - END OF YEAR</b> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 140,129</u></u> | <u><u>\$ 140,129</u></u>                                  |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS  
AND LIABILITIES – ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

**ASSETS**

|              |             |
|--------------|-------------|
| Cash         | \$ 213,597  |
|              | <hr/>       |
| Total Assets | \$ 213,597  |
|              | <hr/> <hr/> |

**LIABILITIES**

|                                      |             |
|--------------------------------------|-------------|
| Due to Individuals                   | \$ 94,452   |
| Vouchers Payable                     | 684         |
| Due to Other Funds                   | 128         |
| Due to Other Governments             | 94,668      |
| Due to Board of County Commissioners | 23,665      |
|                                      | <hr/>       |
| Total Liabilities                    | \$ 213,597  |
|                                      | <hr/> <hr/> |

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Clerk of Circuit Court (the "Clerk") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

Hardee County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73 of the Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes of the funds of the Clerk of the Circuit Court (Clerk), were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Clerk is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk is part of the primary government of Hardee County, Florida. The Clerk is responsible for the administration and operation of the Clerk's office. The Clerk's special-purpose financial statements include only the funds of the Clerk's office. There are no separate legal entities (component units) for which the Clerk is considered to be financially accountable.

The Clerk funds operations as a Fee Officer and a Budget Officer pursuant to Florida Statutes Chapters 28, 218 and 129, respectively. As a Fee Officer, the Clerk collects fees and commissions from court related matters. As a Budget Officer, the operations as Clerk to the Board are approved and funded by the Board. The budgeted receipts from the Board are recorded as revenue on the Clerk's special-purpose financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures as Clerk to the Board are remitted to the Board at year-end.

Court related fees collected by the Clerk in carrying out his duties are used to fund the court functions of the Clerk of Courts.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management’s discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available, and, as such, are susceptible to accrual.

*Budgetary Requirement* – Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general, fine and forfeiture, records modernization and child support IV-D funds. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Clerk’s annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

**Fund Accounting**

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

**Governmental Funds**

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

**Special Revenue Funds**

- **Fine and Forfeiture Fund** – The 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.
- **Public Records Modernization Trust Fund** – The records modernization fund is established in accordance with Florida Statutes. It is used to account for court technology, equipment, maintenance of equipment, personnel training, technical assistance in modernizing the Public Records system of the office, clerk court-related operational needs and program enhancement costs.
- **Child Support IV-D Fund** – The child support IV-D fund is used to account for the child support enforcement grant and related expenditures.

**Fiduciary Funds**

- **Agency Funds** – The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, other governments and/or other funds.

**Fund Balance and Spending Policies**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Clerk for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The remaining fund balance in the fine and forfeiture, public records modernization trust and child support IV-D funds is appropriately classified as restricted fund balance.

As the Clerk is an elected official responsible for the activities of the Clerk’s office, the Clerk is the highest level of decision making authority and any official order from the Clerk would be required to authorize commitment of fund balance. Also, the accounting manager has been given the authority to assign fund balance for a specific purpose. The fund balance in the fine and forfeiture fund is appropriately classified as committed.

The Clerk has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Clerk will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay**

Only the amount of unpaid vacation and sick leave that normally would be expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. Employees are charged for the last day of vacation or sick leave when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the general fund.

Employees earn annual leave at varying rates depending on the length of service as follows:

| <u>Length of Service</u> | <u>Annual Leave<br/>Earned</u> |
|--------------------------|--------------------------------|
| 0-10 Years               | 15 days                        |
| 11-20 Years              | 20 days                        |
| 21 Years and Over        | 25 days                        |

The maximum permissible accumulation of annual leave is as follows:

| <u>Length of Service</u> | <u>Maximum<br/>Number of<br/>Hours</u> |
|--------------------------|--|
| 0-10 Years               | 120                                    |
| 11-20 Years              | 160                                    |
| 21 Years and Over        | 200                                    |

Any accumulation in excess of maximum number of hours of annual leave at December 31 of each year is lost. At termination, employees are paid for all accumulated leave earned.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, based on the following schedule:

| <u>Length of Service</u> | <u>Percent of Sick<br/>Leave</u> |
|--------------------------|----------------------------------|
| 0-20 Years               | 0.0%                             |
| 21-24 Years              | 25.0%                            |
| 25-29 Years              | 37.5%                            |
| 30 Years and Over        | 50.0%                            |

**Use of Estimates**

The preparation of the special-purpose financial statements is in conformity with accounting principles prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Postemployment Benefit Obligation**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Clerk under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of the month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Clerk. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**Other Significant Accounting Policies**

Chapter 218, Florida Statutes, requires that the Constitutional Officers make an annual report to the Board of County Commissioners within 31 days of the close of their fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Constitutional Officers that the accounting records be held open several days after the close of their fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it.

At September 30, 2010, the carrying amount of the Clerk's deposits was \$702,787 and the bank balance was \$696,176. The Clerk's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. All funds in a "noninterest-bearing transaction account" are insured in full by the (FDIC) from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of \$250,000 available to depositors under the FDIC's general deposit insurance rule. The remaining balances and interest bearing bank accounts are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Clerk's operations is recorded as expenditure in the governmental fund types of the Clerk at the time of purchase. Purchased assets with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County, because ownership is vested in the Hardee County Board of County Commissioners, as provided by the Florida Statutes. Donated and confiscated assets are recorded at fair market value at the time received. The Clerk maintains record keeping and custodial responsibility for the capital assets.

The following is a summary of changes in capital assets for which the Clerk is custodian for the year ended September 30, 2011.

|                                | Balance<br>October 1,<br>2010 | Additions        | Disposals         | Balance<br>September 30,<br>2011 |
|--------------------------------|-------------------------------|------------------|-------------------|----------------------------------|
| Machinery and Equipment        | \$ 451,465                    | \$ 48,158        | \$ (40,161)       | \$ 459,462                       |
| Less: Accumulated Depreciation | <u>(362,279)</u>              | <u>(36,739)</u>  | <u>38,338</u>     | <u>(360,680)</u>                 |
| Total Capital Assets, Net      | <u>\$ 89,186</u>              | <u>\$ 11,419</u> | <u>\$ (1,823)</u> | <u>\$ 98,782</u>                 |

**NOTE 4 RETIREMENT PLAN**

All full-time employees of the Clerk participate in the Florida Retirement System (FRS), multiple-employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

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

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; special risk – 23.25%; senior management – 14.57%; deferred retirement option plan – 12.25%; and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan.

The employer contribution rates, effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; special risk – 14.10%; senior management – 6.27%; deferred retirement option plan – 4.42%; and elected officials – 11.14%. The Clerk's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$83,869, \$90,477 and \$89,605, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 DUE FROM AND DUE TO OTHER FUNDS**

The balances of due from and due to other funds were as follows at September 30, 2011:

|   | Due from<br>Other Funds | Due to<br>Other Funds |
|---|-------------------------|-----------------------|
| General Fund                            | \$ 35                   | \$ 33,829             |
| Fine and Forfeiture Fund                | 98                      | -                     |
| Public Records Modernization Trust Fund | 33,829                  | 5                     |
| Agency Funds                            | -                       | 128                   |
| Total                                   | \$ 33,962               | \$ 33,962             |

**NOTE 6 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2011:

|                              | Balance<br>October 1,<br>2010 | Net<br>Additions | Balance<br>September 30,<br>2011 |
|------------------------------|-------------------------------|------------------|----------------------------------|
| Accrued Compensated Absences | \$ 82,586                     | \$ 3,494         | \$ 86,080                        |

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Clerk's compensated absences policy. The long term liabilities are not reported in the special-purpose financial statements of the Clerk since they are not payable from spendable resources. They are reported in the financial statements of Hardee County, Florida.

**NOTE 7 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2011 were as follows:

Budget Appropriation – The General Fund of the Clerk received payments from the Board of County Commissioners for non-court related and accounting services in the amount of \$475,000 for the year ended September 30, 2011.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 8 RISK MANAGEMENT**

The Clerk participates in the risk management program through the Board under a local government risk management pool. The following types of risk are provided for under the risk management pool:

- Property and General Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY ASSETS  
AND LIABILITIES – ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

|                                      | Special<br>Trust | Support  | Court<br>Registry | State<br>Jury &<br>Witness | County<br>Witness | Cash<br>Bond | Condemnation<br>Right-of-Way | Total<br>Agency Funds |
|--------------------------------------|------------------|----------|-------------------|----------------------------|-------------------|--------------|------------------------------|-----------------------|
| <b>ASSETS</b>                        |                  |          |                   |                            |                   |              |                              |                       |
| Cash                                 | \$ 143,638       | \$ 1,446 | \$ 23,749         | \$ -                       | \$ 251            | \$ 43,418    | \$ 1,095                     | \$ 213,597            |
| <b>LIABILITIES</b>                   |                  |          |                   |                            |                   |              |                              |                       |
| Due to Individuals                   | \$ 25,876        | \$ 401   | \$ 23,744         | \$ -                       | \$ 26             | \$ 43,315    | \$ 1,090                     | \$ 94,452             |
| Vouchers Payable                     | -                | 684      | -                 | -                          | -                 | -            | -                            | 684                   |
| Due to Other Funds                   | 5                | 5        | 5                 | -                          | 5                 | 103          | 5                            | 128                   |
| Due to Other Governments             | 94,092           | 356      | -                 | -                          | 220               | -            | -                            | 94,668                |
| Due to Board of County Commissioners | 23,665           | -        | -                 | -                          | -                 | -            | -                            | 23,665                |
| Total Liabilities                    | \$ 143,638       | \$ 1,446 | \$ 23,749         | \$ -                       | \$ 251            | \$ 43,418    | \$ 1,095                     | \$ 213,597            |

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Balance<br>October 1,<br>2010 | Increases           | (Decreases)          | Balance<br>September 30,<br>2011 |
|---|-------------------------------|---------------------|----------------------|----------------------------------|
| <b>SPECIAL TRUST</b>                    |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 159,908                    | \$ 2,165,866        | \$(2,182,136)        | \$ 143,638                       |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 23,789                     | \$ 65,922           | \$ (63,835)          | \$ 25,876                        |
| Due to Other Funds                      | 5                             | -                   | -                    | 5                                |
| Due to Other Governments                | 113,557                       | 1,833,231           | (1,852,696)          | 94,092                           |
| Due to Board of<br>County Commissioners | 22,557                        | 266,713             | (265,605)            | 23,665                           |
| Total Liabilities                       | <u>\$ 159,908</u>             | <u>\$ 2,165,866</u> | <u>\$(2,182,136)</u> | <u>\$ 143,638</u>                |
| <b>SUPPORT</b>                          |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 683                        | \$ 8,000            | \$ (7,237)           | \$ 1,446                         |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ -                          | \$ 4,380            | \$ (3,979)           | \$ 401                           |
| Vouchers Payable                        | 623                           | 61                  | -                    | 684                              |
| Due to Other Funds                      | 60                            | -                   | (55)                 | 5                                |
| Due to Other Governments                | -                             | 3,559               | (3,203)              | 356                              |
| Total Liabilities                       | <u>\$ 683</u>                 | <u>\$ 8,000</u>     | <u>\$ (7,237)</u>    | <u>\$ 1,446</u>                  |
| <b>COURT REGISTRY</b>                   |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 17,898                     | \$ 141,496          | \$ (135,645)         | \$ 23,749                        |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 17,893                     | \$ 141,496          | \$ (135,645)         | \$ 23,744                        |
| Due to Other Funds                      | 5                             | -                   | -                    | 5                                |
| Total Liabilities                       | <u>\$ 17,898</u>              | <u>\$ 141,496</u>   | <u>\$ (135,645)</u>  | <u>\$ 23,749</u>                 |
| <b>STATE JUROR AND WITNESS</b>          |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 5                          | \$ -                | \$ (5)               | \$ -                             |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Other Funds                      | \$ 5                          | \$ -                | \$ (5)               | \$ -                             |

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Balance<br>October 1,<br>2010 | Increases           | (Decreases)          | Balance<br>September 30,<br>2011 |
|---|-------------------------------|---------------------|----------------------|----------------------------------|
| <b>COUNTY WITNESS</b>                   |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 293                        | \$ 20               | \$ (62)              | \$ 251                           |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 12                         | \$ 14               | \$ -                 | \$ 26                            |
| Due to Other Funds                      | 5                             | -                   | -                    | 5                                |
| Due to Other Governments                | 276                           | 6                   | (62)                 | 220                              |
| Total Liabilities                       | <u>\$ 293</u>                 | <u>\$ 20</u>        | <u>\$ (62)</u>       | <u>\$ 251</u>                    |
| <b>CASH BOND</b>                        |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 20,658                     | \$ 148,062          | \$ (125,302)         | \$ 43,418                        |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 20,615                     | \$ 147,964          | \$ (125,264)         | \$ 43,315                        |
| Due to Other Funds                      | 43                            | 98                  | (38)                 | 103                              |
| Total Liabilities                       | <u>\$ 20,658</u>              | <u>\$ 148,062</u>   | <u>\$ (125,302)</u>  | <u>\$ 43,418</u>                 |
| <b>CONDEMNATION RIGHT-OF-WAY</b>        |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 1,095                      | \$ 300,000          | \$ (300,000)         | \$ 1,095                         |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 1,090                      | \$ 300,000          | \$ (300,000)         | \$ 1,090                         |
| Due to Other Funds                      | 5                             | -                   | -                    | 5                                |
| Total Liabilities                       | <u>\$ 1,095</u>               | <u>\$ 300,000</u>   | <u>\$ (300,000)</u>  | <u>\$ 1,095</u>                  |
| <b>TOTAL - ALL AGENCY FUNDS</b>         |                               |                     |                      |                                  |
| <b>ASSETS</b>                           |                               |                     |                      |                                  |
| Cash                                    | \$ 200,540                    | \$ 2,763,444        | \$(2,750,387)        | \$ 213,597                       |
| <b>LIABILITIES</b>                      |                               |                     |                      |                                  |
| Due to Individuals                      | \$ 63,399                     | \$ 659,776          | \$ (628,723)         | \$ 94,452                        |
| Vouchers Payable                        | 623                           | 61                  | -                    | 684                              |
| Due to Other Funds                      | 128                           | 98                  | (98)                 | 128                              |
| Due to Other Governments                | 113,833                       | 1,836,796           | (1,855,961)          | 94,668                           |
| Due to Board of<br>County Commissioners | 22,557                        | 266,713             | (265,605)            | 23,665                           |
| Total Liabilities                       | <u>\$ 200,540</u>             | <u>\$ 2,763,444</u> | <u>\$(2,750,387)</u> | <u>\$ 213,597</u>                |



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

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

We have audited the special-purpose financial statements of each major fund and aggregate remaining fund information of the Hardee County Clerk of the Circuit Court, Hardee County, Florida (Clerk) as of and for the year ended September 30, 2011, which collectively comprise the Clerk's special-purpose financial statements and have issued our report thereon dated February 27, 2012. 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**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

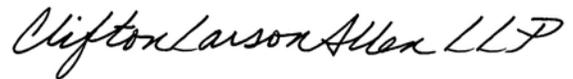
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Clerk, 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 27, 2012



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## MANAGEMENT LETTER

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County, Florida Clerk of the Circuit Court (Clerk) as of and for the fiscal year ended September 30, 2011 and have issued our report thereon dated February 27, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, 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.

The Honorable B. Hugh Bradley  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

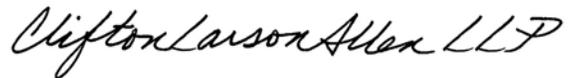
Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of their reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. See note 1 in the notes to the special-purpose financial statements.

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of the Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined the clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information of the Clerk, management, the Board of County Commissioners of Hardee County, Florida 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.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 27, 2012

**HARDEE COUNTY SHERIFF**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY SHERIFF  
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YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

We have audited the special-purpose financial statements of each major fund and the remaining aggregate fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2011, which comprise the Sheriff's special-purpose financial statements. These special-purpose financial statements are the responsibility of the management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Sheriff and are not intended to present fairly the financial position and changes in financial position of Hardee County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds and the aggregate agency fund information of the Sheriff as of September 30, 2011, and the respective changes in financial position of its general fund and special revenue funds and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable Arnold Lanier  
Hardee County Sheriff

As discussed in the notes to the financial statements, the Sheriff adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended September 30, 2011. This statement results in the Sheriff reporting restricted fund balances in its governmental fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 1, 2012 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying combining special-purpose schedule of fiduciary assets and liabilities – all agency funds, and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements of the Sheriff. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 5, 2012

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

|   | General<br>Fund   | Commissary<br>Fund | Education<br>Fund<br>(Non-Major<br>Fund) | Total<br>Governmental<br>Funds |
|---|-------------------|--------------------|--|--------------------------------|
| <b>ASSETS</b>                                 |                   |                    |  |                                |
| Cash  | \$ 335,806        | \$ 87,173          | \$ 50,375                                | \$ 473,354                     |
| Due from the Board of County<br>Commissioners | 5,525             | -                  | -  | 5,525                          |
| Prepaid Items                                 | 288,581           | -                  | -  | 288,581                        |
| <b>Total Assets</b>                           | <b>\$ 629,912</b> | <b>\$ 87,173</b>   | <b>\$ 50,375</b>                         | <b>\$ 767,460</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>          |                   |                    |  |                                |
| <b>LIABILITIES</b>                            |                   |                    |  |                                |
| Accounts Payable                              | \$ 687            | \$ -               | \$ -                                     | \$ 687                         |
| Due to the Board of County<br>Commissioners   | 629,225           | -                  | -  | 629,225                        |
| <b>Total Liabilities</b>                      | <b>629,912</b>    | <b>-</b>           | <b>-</b>                                 | <b>629,912</b>                 |
| <b>FUND BALANCES</b>                          |                   |                    |  |                                |
| Nonspendable                                  | 288,581           | -                  | -  | 288,581                        |
| Restricted for Inmate Welfare                 | -                 | 87,173             | -  | 87,173                         |
| Restricted for Education                      | -                 | -                  | 50,375                                   | 50,375                         |
| Unassigned                                    | (288,581)         | -                  | -  | (288,581)                      |
| <b>Total Fund Balances</b>                    | <b>-</b>          | <b>87,173</b>      | <b>50,375</b>                            | <b>137,548</b>                 |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$ 629,912</b> | <b>\$ 87,173</b>   | <b>\$ 50,375</b>                         | <b>\$ 767,460</b>              |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|  | General<br>Fund   | Commissary<br>Fund | Education<br>Fund<br>(Non-Major<br>Fund) | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|--|--------------------------------|
|  | <u>          </u> | <u>          </u>  | <u>          </u>                        | <u>          </u>              |
| <b>REVENUES</b>                                      |                   |                    |  |                                |
| Appropriations from Board of<br>County Commissioners | \$ 7,339,410      | \$ -               | \$ -                                     | \$ 7,339,410                   |
| Intergovernmental                                    | 96,801            | -                  | -  | 96,801                         |
| Charges for Services                                 | 136,490           | -                  | -  | 136,490                        |
| Fines and Forfeitures                                | 9,585             | -                  | 4,653                                    | 14,238                         |
| Interest and Miscellaneous                           | 92,322            | 40,073             | -  | 132,395                        |
| Total Revenues                                       | <u>7,674,608</u>  | <u>40,073</u>      | <u>4,653</u>                             | <u>7,719,334</u>               |
| <b>EXPENDITURES</b>                                  |                   |                    |  |                                |
| Current:   |                   |                    |  |                                |
| Public Safety:                                       |                   |                    |  |                                |
| Salaries and Benefits                                | 5,823,968         | 33,145             | -  | 5,857,113                      |
| Operating Expenditures                               | 1,210,801         | 11,516             | -  | 1,222,317                      |
| Capital Outlay                                       | 282,484           | 2,728              | -  | 285,212                        |
| Total Expenditures                                   | <u>7,317,253</u>  | <u>47,389</u>      | <u>-</u>                                 | <u>7,364,642</u>               |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b>      | 357,355           | (7,316)            | 4,653                                    | 354,692                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                   |                    |  |                                |
| Transfers to Board of County<br>Commissioners        | <u>(357,355)</u>  | <u>-</u>           | <u>-</u>                                 | <u>(357,355)</u>               |
| Total Other Financing<br>Sources (Uses)              | <u>(357,355)</u>  | <u>-</u>           | <u>-</u>                                 | <u>(357,355)</u>               |
| <b>NET CHANGE IN FUND BALANCES</b>                   | -                 | (7,316)            | 4,653                                    | (2,663)                        |
| Fund Balances - Beginning of Year                    | <u>-</u>          | <u>94,489</u>      | <u>45,722</u>                            | <u>140,211</u>                 |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u>\$ -</u>       | <u>\$ 87,173</u>   | <u>\$ 50,375</u>                         | <u>\$ 137,548</u>              |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>REVENUES</b>                                      |                  |                  |                  |   |
| Appropriations from Board of<br>County Commissioners | \$ 7,339,410     | \$ 7,339,410     | \$ 7,339,410     | \$ -  |
| Intergovernmental                                    | -                | 72,491           | 96,801           | 24,310  |
| Charges for Services                                 | -                | 4,060            | 136,490          | 132,430   |
| Fines and Forfeitures                                | -                | -                | 9,585            | 9,585   |
| Interest and Miscellaneous                           | -                | -                | 92,322           | 92,322  |
| Total Revenues                                       | <u>7,339,410</u> | <u>7,415,961</u> | <u>7,674,608</u> | <u>258,647</u>  |
| <b>EXPENDITURES</b>                                  |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| Public Safety:                                       |                  |                  |                  |   |
| Salaries and Benefits                                | 5,945,509        | 5,945,509        | 5,823,968        | 121,541   |
| Operating Expenditures                               | 1,318,901        | 1,318,901        | 1,210,801        | 108,100   |
| Capital outlay                                       | 75,000           | 151,551          | 282,484          | (130,933)   |
| Total Expenditures                                   | <u>7,339,410</u> | <u>7,415,961</u> | <u>7,317,253</u> | <u>98,708</u>   |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b>      | -                | -                | 357,355          | 357,355   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                  |                  |                  |   |
| Transfer to the Board of County<br>Commissioners     | -                | -                | (357,355)        | (357,355)   |
| Total Other Financing<br>Sources (Uses)              | <u>-</u>         | <u>-</u>         | <u>(357,355)</u> | <u>(357,355)</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                   | -                | -                | -                | -   |
| Fund Balances - Beginning of Year                    | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>   |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

**ASSETS**

|      |           |
|------|-----------|
| Cash | \$ 77,337 |
|------|-----------|

**LIABILITIES**

|                    |           |
|--------------------|-----------|
| Due to Individuals | \$ 77,337 |
|--------------------|-----------|

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

Hardee County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73 of the Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Sheriff, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Hardee County Sheriff (Sheriff) is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff is part of the primary government of Hardee County, Florida. The Sheriff is responsible for the administration and operation of the Sheriff's office. The Sheriff's special-purpose financial statements include only the funds of the Sheriff's office. There are no separate legal entities (component units) for which the Sheriff is considered to be financially accountable.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Sheriff to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Sheriff as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or when they are considered both measurable and available, and, as such, are susceptible to accrual.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

The County funds the majority of the operating budget of the Sheriff. The payments by the County to fund the operations of the Sheriff are recorded as expenditures for personal services, operating expenditures, capital outlay, and debt service in governmental fund types in the financial statements of the County, and as appropriations revenues in the basic financial statements of the Sheriff.

*Budgetary Requirement* – Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

A budget is legally adopted for the general fund and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Sheriff. The budgeted revenues and expenditures in the accompanying special-purpose financial statements reflect all approved amendments.

Refund of “excess fees” – Florida Statutes provide that the excess of the Sheriff’s fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of the undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners.

**Fund Accounting**

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

**Governmental Funds**

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

**Education Fund** – The education fund is a special revenue fund which 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.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

**Commissary Fund** – The commissary fund is a special revenue fund which accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, toothpaste, etc. to the inmates. Profits from the commissary shall be used for overall inmate welfare. Expenses involved in the commissary operation, including compensation for commissary employees and gratuities for inmates who may assist such employees, may be paid from the profit.

**Fiduciary Fund**

**Agency Fund** – The agency fund is used to account for assets held by the Sheriff as an agent for individuals, private organizations, other governments and/or other funds.

**Fund Balance and Spending Policies**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Sheriff for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as unspendable, restricted, committed, assigned, and unassigned. The remaining fund balance in the Education and Commissary Fund is appropriately classified as restricted fund balance.

As the Sheriff is an elected official responsible for the activities of the Sheriff's office, he is the highest level of decision making authority and any official order from the Sheriff would be required to authorize commitment of fund balance. Also, the finance director has been given the authority to assign fund balance for a specific purpose.

The Sheriff has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Sheriff will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Accumulated Unpaid Vacation and Sick Pay**

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. Employees are charged for the last day of vacation or sick leave earned when the leave is used.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay (Continued)**

Employees earn annual leave at varying rates depending upon the length of service as follows:

| <u>Continuous Employment</u> | <u>Annual Leave Earned</u> |
|------------------------------|----------------------------|
| 1st Year                     | 84 Hours                   |
| 2nd – 4th Year               | 168 Hours                  |
| 5th – 9th Year               | 192 Hours                  |
| 10th – 14th Year             | 216 Hours                  |
| 15th – 19th Year             | 264 Hours                  |
| 20 Years Plus                | 288 Hours                  |

Upon termination, employees can be paid for their unused vacation time.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. Upon retirement, employees can be paid for a portion of their unused sick leave based upon their length of employment as follows:

| <u>Length of Service</u> | <u>Percentage of Sick Leave</u> |
|--------------------------|---------------------------------|
| 20 – 24 Years            | 25%                             |
| 25 – 29 Years            | 37.5%                           |
| 30 Years Plus            | 50%                             |

**Use of Estimates**

The preparation of the special-purpose fund financial statements is in conformity with accounting principles generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Sheriff with 20 or more years of service may participate in the County Group Health Plan on a single coverage basis upon written request of the retiring member to the Sheriff. This retirement benefit will conclude when the retiree reaches the eligible age to receive full Medicare benefits or obtains health insurance from any other provider. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Sheriff. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Significant Accounting Policies**

Chapter 218, Florida Statutes, requires that the Constitutional Officers make an annual report to the Board of County Commissioners within 31 days of the close of their fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Constitutional Officers that the accounting records be held open several days after the close of their fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that in the event of failure of the counterparty, the Sheriff will not be able to recover the value of its deposits that are in the possession of an outside party.

At September 30, 2011, the carrying amount of the Sheriff's deposits was \$549,207 and the bank balance was \$694,192. The Sheriff's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. All funds in a "noninterest-bearing transaction account" are insured in full by the (FDIC) from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of \$250,000 available to depositors under the FDIC's general deposit insurance rule. The remaining balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Sheriff's operations is recorded as expenditure in the governmental fund types of the Sheriff at the time of purchase. Purchased assets with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County, because ownership is vested in the Hardee County Board of County Commissioners as provided by the Florida Statutes. Donated and confiscated assets are recorded at fair market value at the time received. The Sheriff maintains record keeping and custodial responsibility for the capital assets.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

The following is a summary of changes in capital assets for which the Sheriff is custodian for the year ended September 30, 2011:

|                                | Balance<br>October 1,<br>2010 | Additions           | Disposals          | Balance<br>September 30,<br>2011 |
|--------------------------------|-------------------------------|---------------------|--------------------|----------------------------------|
| Machinery and Equipment        | \$ 3,488,859                  | \$ 282,483          | \$ (331,494)       | \$ 3,439,848                     |
| Less: Accumulated Depreciation | <u>(1,833,127)</u>            | <u>(419,578)</u>    | <u>305,119</u>     | <u>(1,947,586)</u>               |
| Total Capital Assets, Net      | <u>\$ 1,655,732</u>           | <u>\$ (137,095)</u> | <u>\$ (26,375)</u> | <u>\$ 1,492,262</u>              |

**NOTE 4 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

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

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; special risk – 23.25%; senior management – 14.57%; deferred retirement option plan – 12.25%; and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. The employer contribution rates, effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; special risk – 14.10%; senior management – 6.27%; deferred retirement option plan – 4.42%; and elected officials – 11.14%. The Sheriff's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$665,563, \$701,471, and \$687,718, respectively, equal to the actuarially determined required contribution requirements for each year.

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2011:

|                              | Balance<br>October 1,<br>2010 | Net<br>Deletions | Balance<br>September 30,<br>2011 | Due<br>Within<br>One Year |
|------------------------------|-------------------------------|------------------|----------------------------------|---------------------------|
| Accrued Compensated Absences | \$ 278,049                    | \$ 90,352        | \$ 187,697                       | \$ 187,697                |

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Sheriff's compensated absences policy. The long term liabilities are not reported in the special-purpose financial statements of the Sheriff since they are not payable from spendable resources. They are reported in the financial statements of Hardee County.

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 6 RELATED PARTY TRANSACTIONS**

The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,339,410 for the year ended September 30, 2011.

**NOTE 7 RISK MANAGEMENT**

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund and the Sheriff's Automobile Risk Program, which are public entity risk pools that permit the Sheriff to cover the following types of risks:

- Professional Liability
- Public Officials' Liability
- Automobile Physical Damage and Liability
- Money and Securities Coverage
- Flash Roll Money
- Miscellaneous Personal Property
- Public Employee's Blanket Bond

The funding agreements provide that the self-insurance funds will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,100,000 for professional liability and \$3,100,000 for public officials' coverage. Coverage limits for automobile risk are \$200,000 for bodily injury and \$100,000 for property damage.

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy. Premiums are accrued based on the ultimate cost to-date of the Sheriff's experience for this type of risk.

**NOTE 8 CONTINGENCIES**

The Sheriff is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, the ultimate disposition of these lawsuits and claims should not have a material adverse effect on the financial position of the Sheriff.

**HARDEE COUNTY SHERIFF  
 COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY  
 ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 SEPTEMBER 30, 2011**

|                    | <u>Suspense</u>  | <u>Collections</u> | <u>Evidence</u> | <u>Inmate</u> | <u>Youth</u>    | <u>Flower</u>   | <u>Drug Task<br/>Force</u> | <u>Total</u>     |
|--------------------|------------------|--------------------|-----------------|---------------|-----------------|-----------------|----------------------------|------------------|
| <b>ASSETS</b>      |                  |                    |                 |               |                 |                 |                            |                  |
| Cash               | <u>\$ 15,806</u> | <u>\$ 1,484</u>    | <u>\$ 2,692</u> | <u>\$ 178</u> | <u>\$ 9,933</u> | <u>\$ 2,294</u> | <u>\$ 44,950</u>           | <u>\$ 77,337</u> |
| <b>LIABILITIES</b> |                  |                    |                 |               |                 |                 |                            |                  |
| Due to Individuals | <u>\$ 15,806</u> | <u>\$ 1,484</u>    | <u>\$ 2,692</u> | <u>\$ 178</u> | <u>\$ 9,933</u> | <u>\$ 2,294</u> | <u>\$ 44,950</u>           | <u>\$ 77,337</u> |

**HARDEE COUNTY SHERIFF  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

|                                 | Balance<br>October 1,<br>2010 | Increases  | (Decreases)  | Balance<br>September 30,<br>2011 |
|---------------------------------|-------------------------------|------------|--------------|----------------------------------|
| <b>SUSPENSE</b>                 |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 15,410                     | \$ 58,028  | \$ (57,632)  | \$ 15,806                        |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 15,410                     | \$ 58,028  | \$ (57,632)  | \$ 15,806                        |
| <b>COLLECTIONS</b>              |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ -                          | \$ 23,588  | \$ (22,104)  | \$ 1,484                         |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ -                          | \$ 23,588  | \$ (22,104)  | \$ 1,484                         |
| <b>EVIDENCE</b>                 |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 8,101                      | \$ 1,835   | \$ (7,244)   | \$ 2,692                         |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 8,101                      | \$ 1,835   | \$ (7,244)   | \$ 2,692                         |
| <b>INMATE</b>                   |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 1,071                      | \$ 56,036  | \$ (56,929)  | \$ 178                           |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 1,071                      | \$ 56,036  | \$ (56,929)  | \$ 178                           |
| <b>YOUTH</b>                    |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 8,768                      | \$ 1,750   | \$ (585)     | \$ 9,933                         |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 8,768                      | \$ 1,750   | \$ (585)     | \$ 9,933                         |
| <b>FLOWER</b>                   |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 2,406                      | \$ 1,106   | \$ (1,218)   | \$ 2,294                         |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 2,406                      | \$ 1,106   | \$ (1,218)   | \$ 2,294                         |
| <b>DRUG TASK FORCE</b>          |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ -                          | \$ 59,723  | \$ (14,773)  | \$ 44,950                        |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ -                          | \$ 59,723  | \$ (14,773)  | \$ 44,950                        |
| <b>TOTAL - ALL AGENCY FUNDS</b> |                               |            |              |                                  |
| <b>ASSETS</b>                   |                               |            |              |                                  |
| Cash                            | \$ 35,756                     | \$ 202,066 | \$ (160,485) | \$ 77,337                        |
| <b>LIABILITIES</b>              |                               |            |              |                                  |
| Due to Individuals              | \$ 35,756                     | \$ 202,066 | \$ (160,485) | \$ 77,337                        |



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

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds and aggregate agency fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2011 which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 11-01, 11-02, and 11-03 in the accompanying schedule of findings and responses to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 11-04 in the accompanying schedule of findings and responses to be a significant deficiency.

The Honorable Arnold Lanier  
Hardee County Sheriff

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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.

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

This report is intended solely for the information and use of the Sheriff, 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 5, 2012

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Material Weaknesses**

**2011-01 – INADEQUATE SEGREGATION OF DUTIES**

**Condition:** The duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. In addition, the bookkeeper has signature authority on bank accounts. We also noted the bookkeeper initiates, prepares and reviews journal entries.

**Criteria:** Management is required to have a system of internal control over accounting and financial reporting in place that will allow management in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Such controls should be designed to segregate duties.

**Cause:** Duties within the accounting function are not adequately segregated.

**Effect:** General ledger accounts are subject to irregularities.

**Recommendation:** Segregate the duties within the accounting department.

**Response:** Delegations of reconciliation now go to Major Dey.

**2011-02 – PREPARATION OF FINANCIAL STATEMENTS**

**Condition:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

**Criteria:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

**Cause:** Staff lacks the training to record the Sheriff's financial transactions and prepare financial statements, or supervise the preparation of financial statements, in accordance with generally accepted accounting principles.

**Effect:** The design of the controls over the financial reporting process would affect the ability of the Sheriff to report their financial data consistently with the assertions of management in the financial statements.

**Recommendation:** The Sheriff should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Response:** It is not feasible at this time.

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Material Weaknesses (Continued)**

**2011-03 – MATERIAL FINANCIAL STATEMENT ADJUSTMENTS**

**Condition:** Our audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

**Criteria:** An adjustment for FICA expense, accounts receivable, accounts payable, excess fees, due to/due from accounts and prior year audit adjustments were not posted in the general ledger at year-end.

**Cause:** Improper reporting of transactions.

**Effect:** Accounts receivable, accounts payable, net asset, and expense balances were materially misstated.

**Recommendation:** Develop a year end closing procedure to calculate and record all adjustments necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

**Response:** It is not feasible at this time.

**Significant Deficiency**

**2011-04 – INADEQUATE GENERAL LEDGER SOFTWARE**

**Condition:** As part of our audit, we noted that the accounting department has inadequate general ledger software.

**Criteria:** Some of the accounting information we obtained during the audit was not computerized. The general ledger for several funds were handwritten and not included in the computerized general ledger software. Several checks were handwritten due to computer errors. In addition, we noted most of the bank reconciliations were handwritten.

**Cause:** Management has not purchased computer software which is adequate for all areas of financial reporting.

**Effect:** Account balances are susceptible to error.

**Recommendation:** We recommend the Sheriff's Office analyze the current needs of the organization and consider new accounting general ledger software.

**Response:** The Sheriff purchased new computer software which will be fully operational as of fiscal year ending September 30, 2012.



## MANAGEMENT LETTER

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Sheriff as of and for the year ended September 30, 2011, and have issued our report thereon dated January 5, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated January 5, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except for items 2011-01, 2011-02, 2011-03, and 2011-04 in the Schedule of Findings and Responses, all of which are being repeated from the prior year.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted no such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to occur, 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.

The Honorable Arnold Lanier  
Hardee County Sheriff

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name of 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 special-purpose financial statements. See Note 1 in the Notes to Special-Purpose Financial Statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information of the Sheriff, 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.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 5, 2012

**HARDEE COUNTY TAX COLLECTOR**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY TAX COLLECTOR  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Zerelda "Zee" Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the accompanying special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector (Tax Collector) as of and for the year ended September 30, 2011. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Tax Collector and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2011, and the changes in financial position, where applicable, and for the year ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate agency fund information of the Tax Collector as of September 30, 2011, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable Zerelda “Zee” Smith  
Hardee County Tax Collector

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2012, on our consideration of the Tax Collector’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying combining special-purpose schedule of fiduciary assets and liabilities – all agency funds and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements of the Tax Collector. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 1, 2012

**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

|                      |                   |
|----------------------|-------------------|
| Cash                 | \$ 214,164        |
| Accounts Receivable  | 16,666            |
| Due from Other Funds | 1,415             |
|                      | <hr/>             |
| Total Assets         | <u>\$ 232,245</u> |

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

|  |          |
|--|----------|
| Accounts Payable                             | \$ 2,322 |
| Due to the Board of County Commissioners     | 219,496  |
| Due to Other Governments                     | 7,462    |
| Due to Indigent Health Care Special District | 2,965    |
|  | <hr/>    |
| Total Liabilities                            | 232,245  |

**FUND BALANCE**

|                                    |                   |
|------------------------------------|-------------------|
|                                    | <hr/>             |
|                                    | -                 |
|                                    | <hr/>             |
| Total Liabilities and Fund Balance | <u>\$ 232,245</u> |

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|  | Budgeted Amounts  |                   | Actual           | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------|--|
|  | Original          | Final             |                  |  |
| <b>REVENUES</b>                                      |                   |                   |                  |  |
| Charges for Services                                 | \$ 888,000        | \$ 888,000        | \$ 831,824       | \$ (56,176)  |
| Interest and Miscellaneous Revenue                   | 1,000             | 1,000             | 3,606            | 2,606  |
| Total Revenues                                       | <u>889,000</u>    | <u>889,000</u>    | <u>835,430</u>   | <u>(53,570)</u>  |
| <b>EXPENDITURES</b>                                  |                   |                   |                  |  |
| Current:   |                   |                   |                  |  |
| General Government:                                  |                   |                   |                  |  |
| Salaries and Benefits                                | 546,458           | 546,458           | 516,313          | 30,145   |
| Operating Expenditures                               | 88,507            | 89,507            | 89,194           | 313  |
| Capital Outlay                                       | 2,088             | 1,088             | -                | 1,088  |
| Total Expenditures                                   | <u>637,053</u>    | <u>637,053</u>    | <u>605,507</u>   | <u>31,546</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b>      | 251,947           | 251,947           | 229,923          | (22,024)   |
| <b>OTHER FINANCING USES</b>                          |                   |                   |                  |  |
| Transfer to Other Governments                        | -                 | -                 | (7,462)          | (7,462)  |
| Transfer to Indigent Health Care<br>Special District | -                 | -                 | (2,965)          | (2,965)  |
| Transfer to the Board of County<br>Commissioners     | -                 | -                 | (219,496)        | (219,496)  |
| Total Other Financing Uses                           | <u>-</u>          | <u>-</u>          | <u>(229,923)</u> | <u>(229,923)</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                   | 251,947           | 251,947           | -                | (251,947)  |
| Fund Balances - Beginning of Year                    | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>-</u>   |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u>\$ 251,947</u> | <u>\$ 251,947</u> | <u>\$ -</u>      | <u>\$ (251,947)</u>  |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

**ASSETS**

|                      |                   |
|----------------------|-------------------|
| Cash                 | \$ 375,022        |
| Due from Individuals | 1,613             |
|                      | <hr/>             |
| Total Assets         | <u>\$ 376,635</u> |

**LIABILITIES**

|  |                   |
|--|-------------------|
| Due to Individuals                           | \$ 57,968         |
| Due to Other Funds                           | 1,415             |
| Due to Board of County Commissioners         | 18,104            |
| Due to Other Governments                     | 73,779            |
| Due to Indigent Health Care Special District | 671               |
| Deposit - Installment Taxes                  | 224,698           |
|  | <hr/>             |
| Total Liabilities                            | <u>\$ 376,635</u> |

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

Hardee County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73 of the Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Tax Collector, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Hardee County Tax Collector (Tax Collector) is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector is part of the primary government of Hardee County, Florida. Although the Board and the Florida Department of Revenue approve the Tax Collector's operating budget, the Tax Collector is responsible for the administration and the operation of the Tax Collector's office. The Tax Collector's special-purpose financial statements include only the funds of the Tax Collector's office. There are no separate legal entities (component units) for which the Tax Collector is considered to be financially accountable.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Tax Collector to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Tax Collector as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

**HARDEE COUNTY TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

The agency funds are accounted for using the accrual basis of accounting.

Charges for services on the collection of property taxes are recognized as revenue in the fiscal year for which taxes are levied, provided they are collected within 60 days after the end of the fiscal year. Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment revenues are recorded as earned.

Fees earned by the Tax Collector (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies as provided in Florida Statutes. The County funds a major portion of the operating budget of the Tax Collector. The payments by the County to fund operations of the Tax Collector are recorded as expenditures for personal services, operating expenditures, and capital outlay in governmental fund types in the special-purpose financial statements of the County, and as charges for services revenues on the basic financial statements of the Tax Collector.

Repayments to the County are recorded as other financing uses on the basic financial statements of the Tax Collector and as a reduction in personal services, operating expenditures, and capital outlay in the financial statements of the County.

*Budgetary requirement* – Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

A budget is legally adopted for the general fund and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Tax Collector. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue for approval. The budgeted revenues and expenditures in the accompanying special-purpose financial statements reflect all approved amendments. The Tax Collector exceeds its operating expenditures budget by \$687 for the year.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

*Property tax collection* – Chapter 197, Florida Statutes, governs property tax collection.

*Current taxes* – All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

*Unpaid taxes – sale of tax certificates* – The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

*Tax deeds* – The owner of a tax certificate may file an application for tax deed sale two years after the taxes have been delinquent (after April 1). The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder of the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

*Refund of “excess fees”* – Florida Statutes provide that the excess of the Tax Collector’s fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of the undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners and other special taxing districts.

**Fund Accounting**

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

**Governmental Fund**

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

**Fiduciary Funds**

- **Agency Funds** – Agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, other governments and/or other funds.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance and Spending Policies**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Tax Collector for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The remaining fund balance in the General Fund is appropriately classified as restricted fund balance. As of September 30, 2011, there was no fund balance in the General Fund and no classification for fund balance is necessary.

As the Tax Collector is an elected official responsible for the activities of the Tax Collector's office, the Tax Collector is the highest level of decision making authority and any official order from the Tax Collector would be required to authorize commitment of fund balance.

The Tax Collector has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Tax Collector will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Capital Assets**

Capital assets purchased by the Tax Collector are recorded as expenditures. Tangible personal property used in the Tax Collector's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee county Board of County Commissioners as provided by the Florida Statutes.

**Accumulated Unpaid Vacation and Sick Pay**

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. The Tax Collector used the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the General Fund.

Employees earn annual leave at varying rates depending upon the length of service as follows:

| <u>Continuous Employment</u> | <u>Annual Leave Earned</u> |
|------------------------------|----------------------------|
| 1 – 9 Years                  | 10 Days                    |
| 10 – 19 Years                | 15 Days                    |
| 20 Years Plus                | 20 Days                    |

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay (continued)**

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, based upon the following schedule:

| <u>Length of Service</u> | <u>Percentage of Sick Leave</u> |
|--------------------------|---------------------------------|
| 20 – 24 Years            | 25%                             |
| 25 – 29 Years            | 37.5%                           |
| 30 Years Plus            | 50%                             |

**Use of Estimates**

The preparation of the special-purpose fund financial statements is in conformity with accounting principles generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. The Tax Collector’s employees are included as part of the Postemployment Health Benefits Plan (OPEB Plan) administered by the Board of County Commissioners. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the financial statements of the Tax Collector. Such liabilities and expenses are included in the County-Wide financial statements.

**Other Significant Accounting Policies**

Chapter 218, Florida Statutes, requires that the Constitutional Officers make an annual report to the Board of County Commissioners within 31 days of the close of their fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Constitutional Officers that the accounting records be held open several days after the close of the their fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**Adoption of New Accounting Policy**

The Tax Collector adopted GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended September 30, 2011. At September 30, 2011, the Tax Collector has no fund balance.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial Credit Risk is defined as the risk that, in the event of failure of the counterparty, the Tax Collector will not be able to recover the value of its securities that are in the possession of an outside party.

At September 30, 2011, the carrying amount of the Tax Collector's deposits was \$589,186 and the bank balance was \$575,595. The Tax Collector's bank balance is insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. All funds in a "noninterest-bearing transaction account" are insured in full by the FDIC from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of \$250,000 available to depositors under the FDIC's general deposit insurance rule. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Tax Collector's operations is recorded as expenditure in the general fund of the Tax Collector at the time of purchase. Purchased assets with an initial cost greater than \$1,000 are capitalized at historical costs in the government-wide financial statements of the County, because ownership is vested in the Hardee County Board of County Commissioners as provided by the Florida Statutes. The Tax Collector maintains custodial responsibility for these capital assets.

Capital asset activity for the fiscal year is as follows:

|                                | Balance<br>October 1,<br>2010 | Additions         | Disposals   | Balance<br>September 30,<br>2011 |
|--------------------------------|-------------------------------|-------------------|-------------|----------------------------------|
| Machinery and Equipment        | \$ 117,748                    | \$ -              | \$ (2,580)  | \$ 115,169                       |
| Total Capital Assets           | 117,748                       | -                 | (2,580)     | 115,169                          |
| Less: Accumulated Depreciation | (89,788)                      | (7,877)           | 2,580       | (95,085)                         |
| Total Capital Assets, Net      | <u>\$ 27,960</u>              | <u>\$ (7,877)</u> | <u>\$ -</u> | <u>\$ 20,083</u>                 |

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computer as the average of an individual's eight highest years of earnings.

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

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; senior management – 14.57%; deferred retirement option plan – 12.25%; and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. The employer contribution rates, effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%; and elected officials – 11.14%. The Tax Collector's contributions made during the years ended September 30, 2011, 2010, and 2009 were \$35,307, \$37,659, and \$31,717, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2011:

|                              | Balance<br>October 1,<br>2010 | Net<br>Additions | Balance<br>September 30,<br>2011 | Due<br>Within<br>One Year |
|------------------------------|-------------------------------|------------------|----------------------------------|---------------------------|
| Accrued Compensated Absences | <u>\$ 6,507</u>               | <u>\$ 894</u>    | <u>\$ 7,401</u>                  | <u>\$ 7,401</u>           |

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector's compensated absences policy. The long term liabilities are not reported in the special-purpose financial statements of the Tax Collector since they are not payable from spendable resources. They are reported in the financial statements of Hardee County.

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2011 were as follows:

**Budget Appropriation** - The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$508,486 for the year ended September 30, 2011. The General Fund of the Tax Collector disbursed cash to the Board of County Commissioners in the amount of \$436,469 and \$219,496 was due to the Board of County Commissioners at September 30, 2011 from the General Fund of the Tax Collector.

**NOTE 7 RISK MANAGEMENT**

The Tax Collector participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk pool. The following types of risk are provided for under the risk management pool:

- Professional Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 8 CONTINGENCIES**

The Tax Collector is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, the ultimate disposition of these lawsuits and claims should not have a material adverse effect on the financial position of the Tax Collector.

**HARDEE COUNTY TAX COLLECTOR  
 COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY  
 ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
 SEPTEMBER 30, 2011**

|  | Tax<br>Collector<br>Fund | Motor<br>Vehicle<br>Fund | Total             |
|--|--------------------------|--------------------------|-------------------|
| <b>ASSETS</b>                                |                          |                          |                   |
| Cash   | \$ 323,187               | \$ 51,835                | \$ 375,022        |
| Due from Individuals                         | -                        | 1,613                    | 1,613             |
|  | <b>\$ 323,187</b>        | <b>\$ 53,448</b>         | <b>\$ 376,635</b> |
| <br>   |                          |                          |                   |
| <b>LIABILITIES</b>                           |                          |                          |                   |
| Due to Individuals                           | \$ 57,968                | \$ -                     | \$ 57,968         |
| Due to Other Funds                           | 1,415                    | -                        | 1,415             |
| Due to Board of County Commissioners         | 17,567                   | 537                      | 18,104            |
| Due to Other Governments                     | 20,868                   | 52,911                   | 73,779            |
| Due to Indigent Health Care Special District | 671                      | -                        | 671               |
| Deposit - Installment Taxes                  | 224,698                  | -                        | 224,698           |
|  | <b>\$ 323,187</b>        | <b>\$ 53,448</b>         | <b>\$ 376,635</b> |

**HARDEE COUNTY TAX COLLECTOR  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN FIDUCIARY  
ASSETS AND LIABILITIES – ALL AGENCY FUNDS  
SEPTEMBER 30, 2011**

|  | Balance<br>October 1,<br>2010 | Increases            | Decreases            | Balance<br>September 30,<br>2011 |
|--|-------------------------------|----------------------|----------------------|----------------------------------|
| <b>TAX COLLECTOR FUND</b>                    |                               |                      |                      |                                  |
| <b>ASSETS</b>                                |                               |                      |                      |                                  |
| Cash   | \$ 340,867                    | \$ 31,929,041        | \$ 31,946,721        | \$ 323,187                       |
| Due from Individuals                         | -                             | -                    | -                    | -                                |
| Due from Other Funds                         | -                             | 289,429              | 289,429              | -                                |
| Total Assets                                 | <u>\$ 340,867</u>             | <u>\$ 32,218,470</u> | <u>\$ 32,236,150</u> | <u>\$ 323,187</u>                |
| <b>LIABILITIES</b>                           |                               |                      |                      |                                  |
| Due to Individuals                           | \$ 57,459                     | \$ 1,435,162         | \$ 1,434,653         | \$ 57,968                        |
| Due to Other Funds                           | 2,843                         | 125,027              | 126,455              | 1,415                            |
| Due to Board of County Commissioners         | 22,616                        | 15,582,294           | 15,587,343           | 17,567                           |
| Due to Other Governments                     | 22,309                        | 14,311,080           | 14,312,521           | 20,868                           |
| Due to Indigent Health Care Special District | 676                           | 540,209              | 540,214              | 671                              |
| Deposit - Installment Taxes                  | 234,964                       | 224,698              | 234,964              | 224,698                          |
| Total Liabilities                            | <u>\$ 340,867</u>             | <u>\$ 32,218,470</u> | <u>\$ 32,236,150</u> | <u>\$ 323,187</u>                |
| <b>MOTOR VEHICLE FUND</b>                    |                               |                      |                      |                                  |
| <b>ASSETS</b>                                |                               |                      |                      |                                  |
| Cash   | \$ 35,643                     | \$ 3,332,744         | \$ 3,316,552         | \$ 51,835                        |
| Due from Individuals                         | 2,563                         | 1,613                | 2,563                | 1,613                            |
| Total Assets                                 | <u>\$ 38,206</u>              | <u>\$ 3,334,357</u>  | <u>\$ 3,319,115</u>  | <u>\$ 53,448</u>                 |
| <b>LIABILITIES</b>                           |                               |                      |                      |                                  |
| Due to Other Funds                           | \$ 22,799                     | \$ 206,663           | \$ 195,394           | \$ 34,068                        |
| Due to Board of County Commissioners         | 435                           | 5,949                | 5,847                | 537                              |
| Due to Other Governments                     | 14,972                        | 3,121,745            | 3,117,874            | 18,843                           |
| Total Liabilities                            | <u>\$ 38,206</u>              | <u>\$ 3,334,357</u>  | <u>\$ 3,319,115</u>  | <u>\$ 53,448</u>                 |
| <b>TOTAL - ALL AGENCY FUNDS</b>              |                               |                      |                      |                                  |
| <b>ASSETS</b>                                |                               |                      |                      |                                  |
| Cash   | \$ 376,510                    | \$ 35,261,785        | \$ 35,263,273        | \$ 375,022                       |
| Due from Individuals                         | 2,563                         | 1,613                | 2,563                | 1,613                            |
| Due from Other Funds                         | -                             | 289,429              | 289,429              | -                                |
| Total Assets                                 | <u>\$ 379,073</u>             | <u>\$ 35,552,827</u> | <u>\$ 35,555,265</u> | <u>\$ 376,635</u>                |
| <b>LIABILITIES</b>                           |                               |                      |                      |                                  |
| Due to Individuals                           | \$ 57,459                     | \$ 1,435,162         | \$ 1,434,653         | \$ 57,968                        |
| Due to Other Funds                           | 25,642                        | 331,690              | 321,849              | 35,483                           |
| Due to Board of County Commissioners         | 23,051                        | 15,588,243           | 15,593,190           | 18,104                           |
| Due to Other Governments                     | 37,281                        | 17,432,825           | 17,430,395           | 39,711                           |
| Due to Indigent Health Care Special District | 676                           | 540,209              | 540,214              | 671                              |
| Deposit - Installment Taxes                  | 234,964                       | 224,698              | 234,964              | 224,698                          |
| Total Liabilities                            | <u>\$ 379,073</u>             | <u>\$ 35,552,827</u> | <u>\$ 35,555,265</u> | <u>\$ 376,635</u>                |



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

The Honorable Zerelda “Zee” Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector, Hardee County, Florida (Tax Collector) as of and for the year ended September 30, 2011, which collectively comprise the Tax Collector’s special-purpose financial statements, and have issued our report thereon dated February 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in item 2011-01 in the accompanying schedule of findings and responses to be a material weakness.

The Honorable Zerelda "Zee" Smith  
Hardee County Tax Collector

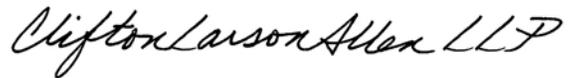
**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Tax Collector in a separate letter dated February 1, 2012.

The Tax Collector's responses to findings are identified in the Schedule of Findings and Responses. We did not audit the Tax Collector's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Tax Collector, 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 1, 2012

**HARDEE COUNTY TAX COLLECTOR  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Material Weakness**

**2011-01:** Inadequate segregation of duties.

**Criteria:** Duties within the accounting function should be delegated so that there are more personnel involved in the cash disbursement, reconciliation process and journal entry transaction process.

**Condition:** The duties within the accounting function are not adequately segregated. Currently, the tax collector initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. We also noted the tax collector initiates, prepares and reviews journal entries.

**Cause:** Management has limited staffing.

**Effect:** Cash accounts are susceptible to irregularities.

**Recommendation:** Segregate the duties within the accounting department.

**Response:** Management concurs. Due to the staffing levels and assigned job responsibilities within the small organization, it is not cost beneficial to properly segregate the accounting function duties. As a mitigating control, the tax collector is knowledgeable of all transactions and proper documentation is maintained for complete accountability for every transaction.



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## MANAGEMENT LETTER

The Honorable Zerelda "Zee" Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Tax Collector (Tax Collector) as of and for the fiscal year ended September 30, 2011, and we have issued our report thereon dated February 1, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated February 1, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report, item 2011-01 in the Schedule of Findings and Responses is being repeated from the prior year.

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 Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to occur, 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.

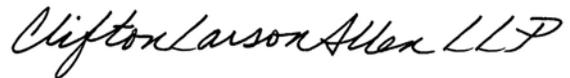
The Honorable Zerelda "Zee" Smith  
Hardee County Tax Collector

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 1, 2012

**HARDEE COUNTY PROPERTY APPRAISER  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY PROPERTY APPRAISER  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Kathy Crawford  
Hardee County Property Appraiser  
Hardee County, Florida

We have audited the accompanying special-purpose financial statements of the general fund of the Hardee County Property Appraiser (Appraiser) as of and for the year ended September 30, 2011. These special-purpose financial statements are the responsibility of the management of the Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Appraiser and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2011, and the changes in financial position, where applicable, and for the year ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Appraiser as of September 30, 2011, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Honorable Kathy Crawford  
Hardee County Property Appraiser

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Appraiser, management, the Board of County Commissioners of Hardee County, Florida 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.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Lakeland, Florida  
November 21, 2011

**HARDEE COUNTY PROPERTY APPRAISER  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

|                     |                         |
|---------------------|-------------------------|
| Cash                | \$ 62,779               |
| Accounts Receivable | <u>300</u>              |
| Total Assets        | <u><u>\$ 63,079</u></u> |

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

|                                      |              |
|--------------------------------------|--------------|
| Due to Board of County Commissioners | \$ 59,811    |
| Due to Special Taxing Districts      | <u>3,268</u> |
| Total Liabilities                    | 63,079       |

**FUND BALANCE**

|                                    |                         |
|------------------------------------|-------------------------|
| Total Liabilities and Fund Balance | <u><u>\$ 63,079</u></u> |
|------------------------------------|-------------------------|

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY PROPERTY APPRAISER  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budgeted Amounts |                | Actual          | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------|----------------|-----------------|---|
|   | Original         | Final          |                 |   |
| <b>REVENUES</b>                                 |                  |                |                 |   |
| Charges for Services:                           |                  |                |                 |   |
| Board of County Commissioners                   | \$ 658,140       | \$ 661,021     | \$ 660,546      | \$ (475)  |
| Other Governments                               | 36,086           | 36,086         | 36,086          | -   |
| Interest Income                                 | 190              | 190            | 190             | -   |
| Miscellaneous                                   | 10,216           | 10,216         | 10,216          | -   |
| Total Revenues                                  | <u>704,632</u>   | <u>707,513</u> | <u>707,038</u>  | <u>(475)</u>  |
| <b>EXPENDITURES</b>                             |                  |                |                 |   |
| Current:  |                  |                |                 |   |
| General Government:                             |                  |                |                 |   |
| Personal Services                               | 558,332          | 558,504        | 517,311         | 41,193  |
| Operating Expenditures                          | 120,800          | 123,509        | 102,508         | 21,001  |
| Capital Outlay                                  | 25,500           | 25,500         | 24,140          | 1,360   |
| Total Expenditures                              | <u>704,632</u>   | <u>707,513</u> | <u>643,959</u>  | <u>63,554</u>   |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b> | -                | -              | 63,079          | 63,079  |
| Other Financing Uses:                           |                  |                |                 |   |
| Distribution of Excess Revenues:                |                  |                |                 |   |
| Board of County Commissioners                   | -                | -              | (59,811)        | (59,811)  |
| Special Taxing Districts                        | -                | -              | (3,268)         | (3,268)   |
| Total Other Financing Uses                      | <u>-</u>         | <u>-</u>       | <u>(63,079)</u> | <u>(63,079)</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>               | -                | -              | -               | -   |
| Fund Balances - Beginning of Year               | <u>-</u>         | <u>-</u>       | <u>-</u>        | <u>-</u>  |
| <b>FUND BALANCES - END OF YEAR</b>              | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ -</u>   |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

Hardee County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73 of the Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Property Appraiser, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Hardee County Property Appraiser (Property Appraiser) is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser is part of the primary government of Hardee County, Florida. Although the Board and the Florida Department of Revenue approve the Property Appraiser's total operating budget, the Property Appraiser is responsible for the administration and the operation of the Property Appraiser's office. The Property Appraiser's special-purpose financial statements include only the funds of the Property Appraiser's office. There are no separate legal entities (component units) for which the Property Appraiser is considered to be financially accountable.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Property Appraiser to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Property Appraiser as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

Fees earned by the Property Appraiser (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies in proportion to prior year taxes levied. By statute, municipalities and school boards are exempt.

The County funds a major portion of the operating budget of the Property Appraiser. The payments by the County to fund the operations of the Property Appraiser are recorded as expenditures for personal services, operating expenditures, and capital outlay in governmental fund types in the special-purpose financial statements of the County, and as charges for services revenues on the basic financial statements of the Property Appraiser.

Repayments to the County are recorded as other financing uses on the basic financial statements of the Property Appraiser and as a reduction in personal services, operating expenditures, and capital outlay in the financial statements of the County.

Budgetary requirement - Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

A budget is legally adopted for the general fund, and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Property Appraiser. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue for approval. The budgeted revenues and expenditures in the accompanying special-purpose financial statements reflect all approved amendments.

Refund of "excess fees" - Florida Statutes provide that the excess of the Property Appraiser's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the board of county commissioners and other special taxing districts.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting**

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

The purpose of the Property Appraiser's fund is as follows:

**Governmental Fund**

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

**Fund Balance and Spending Policies**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Property Appraiser for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as unspendable, restricted, committed, assigned, and unassigned. As of September 30, 2011, there was no fund balance in the General Fund and no classification for fund balance is necessary.

As the Property Appraiser is an elected official responsible for the activities of the Property Appraiser's office, the Appraiser is the highest level of decision making authority and any official order from the Property Appraiser would be required to authorize commitment of fund balance.

The Property Appraiser has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Property Appraiser will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Capital Assets**

Capital assets purchased by the Appraiser are recorded as expenditures. Capital assets in excess of \$1,000 are considered capital outlay. Tangible personal property used in the Property Appraiser's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay**

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. The Property Appraiser used the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the General Fund.

Employees earn annual leave at varying rates depending upon the length of service as follows:

| <u>Continuous Employment</u>             | <u>Annual Leave Earned</u> |
|--|----------------------------|
| After 1 <sup>st</sup> Year               | 5 Days                     |
| 2 <sup>nd</sup> – 6 <sup>th</sup> Year   | 10 Days                    |
| 7 <sup>th</sup> – 9 <sup>th</sup> Year   | 12 Days                    |
| 10 <sup>th</sup> – 15 <sup>th</sup> Year | 15 Days                    |
| 16 <sup>th</sup> – 19 <sup>th</sup> Year | 17 Days                    |
| 20 Years Plus                            | 20 Days                    |

The maximum permissible accumulation of annual leave is 160 hours. Any accumulation in excess of 160 hours of annual leave at December 31 of each year is lost. At termination, employees are paid for any accumulated annual leave up to 160 hours.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, based upon the following schedule:

| <u>Length of Service</u> | <u>Percentage of Sick Leave</u> |
|--------------------------|---------------------------------|
| 20 – 24 Years            | 25%                             |
| 25 – 29 Years            | 35.5%                           |
| 30 Years Plus            | 50%                             |

**Use of Estimates**

The preparation of the special-purpose fund financial statements is in conformity with accounting principles generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which was implemented by Hardee County, Florida for the year ended September 30, 2008, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. The Property Appraiser’s employees are included as part of the Post-employment Health Benefits Plan (OPEB Plan) administered by the Board of County Commissioners. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the financial statements of the Property Appraiser. Such liabilities and expenses are included in the County-wide financial statements.

**Other Significant Accounting Policies**

Chapter 218, Florida Statutes, requires that the Constitutional Officers make an annual report to the Board of County Commissioners, within 31 days of the close of their fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Constitutional Officers that the accounting records be held open several days after the close of their fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**Change in Accounting Principle**

During 2011, the Property Appraiser had a change in accounting principle. In previous years, the Property Appraiser recorded excess of revenues over expenditures as deferred revenue in accordance with Chapter 218.36, Florida Statutes. During 2011, the Property Appraiser changed its policy to record the excess of revenues over expenditures as Due to the Board of County Commissioners and Excess Fees Returned to the Board of County Commissioners which is the industry standard for property appraisers in the State of Florida.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Property Appraiser will not be able to recover the value of its securities that are in the possession of an outside party.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 2 CUSTODIAL CREDIT RISK (CONTINUED)**

At September 30, 2011, the Property Appraiser's book balance of cash was \$62,739 and the bank balance was \$78,405. The Federal Deposit Insurance Corporation (FDIC) insures the Property Appraiser's bank balances for \$250,000 for each banking relationship. All funds in "noninterest-bearing transaction accounts" are insured in full by the FDIC from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of \$250,000 available to depositors under the FDIC's general deposit insurance rule. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. The Property Appraiser's investment policy requires that deposits be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Property Appraiser's operations is recorded as an expenditure in the general fund of the Property Appraiser at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Property Appraiser maintains custodial responsibility for these capital assets.

Capital asset activity for the fiscal year is as follows:

|                               | Balance<br>October 1,<br>2010 | Additions       | Disposals         | Balance<br>September 30,<br>2011 |
|-------------------------------|-------------------------------|-----------------|-------------------|----------------------------------|
| Machinery and Equipment       | \$152,993                     | \$ -            | \$ -              | \$ 152,993                       |
| Vehicles                      | 44,345                        | 24,140          | (1,372)           | 67,113                           |
| Total Capital Assets          | 197,338                       | 24,140          | (1,372)           | 220,106                          |
| Less Accumulated Depreciation | (158,194)                     | (17,023)        | (915)             | (176,132)                        |
| Total Capital Assets, Net     | <u>\$ 39,144</u>              | <u>\$ 7,117</u> | <u>\$ (2,287)</u> | <u>\$ 43,974</u>                 |

**NOTE 4 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account amount the investments funds available through the Plan. These investment accounts vest to the employee after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System.

Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees are not required to contribute to the FRS Investment Plan.

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

Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; senior management – 14.57%; deferred retirement option plan – 12.25%, and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. The employer contribution rates, effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%; and elected officials – 11.14%. The Property Appraiser's contributions made during the years ended September 30, 2011, 2010 and 2009 were \$42,338, \$47,711 and \$47,906, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2011:

|                              | Balance<br>October 1,<br>2010 | Net<br>Deletions | Balance<br>September 30,<br>2011 | Amount<br>Due Within<br>One Year |
|------------------------------|-------------------------------|------------------|----------------------------------|----------------------------------|
| Accrued Compensated Absences | \$ 20,863                     | \$ (12,127)      | \$ 8,736                         | \$ 8,736                         |

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Property Appraiser's compensated absences policy. The long-term liabilities are not reported in the special-purpose financial statements of the Appraiser since they are not payable from spendable resources. They are reported in the financial statements of Hardee County.

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2011 were as follows:

**Budget Appropriation** – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$660,546 for the year ended September 30, 2011. At September 30, 2011, \$59,811 was due to the Board of County Commissioners.

**NOTE 7 RISK MANAGEMENT**

The Property Appraiser participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk management pool. The following types of risk are provided for under the risk management pool:

- Property and General Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation

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

The Honorable Kathy Crawford  
Hardee County Property Appraiser  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Property Appraiser, Hardee County, Florida (Appraiser) as of and for the year ended September 30, 2011, and have issued our report thereon dated November 21, 2011. 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**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Appraiser's internal control over financial reporting.

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

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

The Honorable Kathy Crawford  
Hardee County Property Appraiser

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Appraiser, 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.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Lakeland, Florida  
November 21, 2011

## MANAGEMENT LETTER

The Honorable Kathy Crawford  
Hardee County Property Appraiser  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Property Appraiser (Appraiser), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated November 21, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Accounting Standards*. Disclosures in that report, which is dated November 21, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

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

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 Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

The Honorable Kathy Crawford  
Hardee County Property Appraiser

Section 10.554(l)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Property Appraiser, Polk County, Florida, was established by the Constitution of the State of Florida, Article VIII, Section 1(d).

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of management, and the Florida 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.

*Larson Allen LLP*  
**LarsonAllen LLP**

Lakeland, Florida  
November 21, 2011

**HARDEE COUNTY SUPERVISOR OF ELECTIONS**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections (Supervisor) as of and for the year ended September 30, 2011. These special-purpose financial statements are the responsibility of the management of the Supervisor. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the Supervisor and are not intended to present fairly the financial position and changes in financial position of Hardee County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor as of September 30, 2011, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the Supervisor adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended September 30, 2011. This statement results in no changes to the Supervisor's fund balances in its governmental fund types.

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2012 on our consideration of the Supervisor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 21, 2012

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011**

**ASSETS**

|                     |                         |
|---------------------|-------------------------|
| Cash                | \$ 9,966                |
| Accounts Receivable | <u>6,843</u>            |
| Total Assets        | <u><u>\$ 16,809</u></u> |

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

|                                      |              |
|--------------------------------------|--------------|
| Accrued Expenses                     | \$ 728       |
| Due to Board of County Commissioners | 9,633        |
| Due to State of Florida              | 2,900        |
| Deferred Revenue                     | <u>3,548</u> |
| Total Liabilities                    | 16,809       |

**FUND BALANCE**

|                                    |                         |
|------------------------------------|-------------------------|
| Total Liabilities and Fund Balance | <u><u>\$ 16,809</u></u> |
|------------------------------------|-------------------------|

*See accompanying Notes to Special-Purpose Financial Statements.*

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2011**

|   | Budgeted Amounts |                | Actual         | Variance with<br>Final budget -<br>Over<br>(Under) |
|---|------------------|----------------|----------------|--|
|   | Original         | Final          |                |  |
| <b>REVENUES</b>                                     |                  |                |                |  |
| Appropriation from Board of<br>County Commissioners | \$ 293,337       | \$ 293,337     | \$ 293,337     | \$ -   |
| Intergovernmental                                   | -                | -              | 9,201          | 9,201  |
| Interest Income                                     | -                | -              | 12             | 12   |
| Miscellaneous                                       | -                | -              | 11,047         | 11,047   |
| Total Revenues                                      | <u>293,337</u>   | <u>293,337</u> | <u>313,597</u> | <u>20,260</u>                                      |
| <b>EXPENDITURES</b>                                 |                  |                |                |  |
| Current:  |                  |                |                |  |
| General Government:                                 |                  |                |                |  |
| Salaries and Benefits                               | 210,883          | 210,883        | 226,226        | (15,343)   |
| Operating Expenditures                              | 79,454           | 79,454         | 78,731         | 723  |
| Capital Outlay                                      | 3,000            | 3,000          | -              | 3,000  |
| Total Expenditures                                  | <u>293,337</u>   | <u>293,337</u> | <u>304,957</u> | <u>(11,620)</u>                                    |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b>     | -                | -              | 8,640          | 8,640  |
| Other Financing Uses:                               |                  |                |                |  |
| Transfer to the Board of County<br>Commissioners    | -                | -              | (8,640)        | (8,640)  |
| <b>NET CHANGE IN FUND BALANCE</b>                   | -                | -              | -              | -  |
| Fund Balance - Beginning of Year                    | -                | -              | -              | -  |
| <b>FUND BALANCE - END OF YEAR</b>                   | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>  |

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Supervisor conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements,

**Reporting Entity**

Hardee County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) and an appointed County Administrator, as provided by Section 125.73 of the Florida Statutes. The County Administrator is responsible for the administration of all departments of which the Board has the authority to control pursuant to the general laws of Florida.

These special-purpose financial statements are fund financial statements that have been prepared in conformity with the reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Supervisor of Elections, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Hardee County Supervisor of Elections (the Supervisor) is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Supervisor is part of the primary government of Hardee County, Florida. The Board approves the Supervisor's total operating budget. The Supervisor is responsible for the administration and the operation of the Supervisor's office and the special-purpose financial statements include only the funds of the Supervisor's office. There are no separate legal entities (component units) for which the Supervisor is considered to be financially accountable.

The Board funds the operations of the Supervisor. The receipts from the Board are recorded as revenue on the Supervisor's special-purpose financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

**Basis of Presentation, Basis of Accounting and Measurement Focus**

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Supervisor of Elections to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Supervisor of Elections as of September 30, 2011 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)**

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Supervisor. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

The County Funds the majority of the operating budget of the Supervisor. The payments by the County to fund the operations of the Supervisor are recorded as expenditures for personal services, operating expenditures, and capital outlay in governmental fund types in the financial statements of the County, and as appropriations revenues on the basic special-purpose financial statements of the Supervisor.

Budgetary requirement - Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes.

A budget is legally adopted for the general fund, and is on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Supervisor. The budgeted revenues and expenditures in the accompanying special-purpose financial statements reflect all approved amendments.

The Supervisor's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. At September 30, 2011, actual expenditures exceeded the total budget. All appropriations lapse at year-end.

Refund of "excess fees" - Florida Statutes provide that the excess of the Supervisor's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners.

**Fund Accounting**

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

The purpose of the Supervisor's fund is as follows:

**Governmental Fund**

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

**Fund Balance and Spending Policies**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Supervisor for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2011, there was no fund balance in the General Fund and no classification for fund balance is necessary.

As the Supervisor is an elected official responsible for the activities of the Supervisor's office, the Supervisor is the highest level of decision making authority and any official order from the Supervisor would be required to authorize commitment of fund balance.

The Supervisor has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Supervisor will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Capital Assets**

Capital assets purchased by the Supervisor are recorded as expenditures. Tangible personal property whose purchase cost is greater than \$1,000 that is used in the Supervisor's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

**Accumulated Unpaid Vacation and Sick Pay**

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. The Supervisor used the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the General Fund.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay (Continued)**

Employees earn annual leave at varying rates depending upon the length of service as follows:

| <u>Continuous Employment</u> | <u>Annual Leave Earned</u> |
|------------------------------|----------------------------|
| 1st – 5th Year               | 10 Days                    |
| 6th – 10th Year              | 15 Days                    |
| 11 Years Plus                | 20 Days                    |

The maximum permissible accumulation of annual leave is 320 hours. Any accumulation in excess of 320 hours of annual leave at December 31 of each year is lost. At termination, employees are paid for any accumulated annual leave up to 320 hours.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, at a rate of 25%.

**Use of Estimates**

The preparation of the special-purpose fund financial statements is in conformity with accounting principals generally prescribed by the Auditor General, State of Florida, and requires management to make use of estimates that affect the reported amounts in the special-purpose financial statements. Actual results could differ from estimates.

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Supervisor under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers eligible retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Supervisor. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Significant Accounting Policies**

Chapter 218, Florida Statutes, requires that the Constitutional Officers make an annual report to the Board of County Commissioners, within 31 days of the close of their fiscal year, reflecting the excess of revenues over expenditures or the unexpended budget balance as of the close of the fiscal year. In order to comply with the State Statute, it is the policy of the Constitutional Officers that the accounting records be held open several days after the close of their fiscal year in order that all receipts and expenditures applicable to the fiscal year can be recorded in the records. The financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**Deferred Revenue**

According to the State of Florida, funding that is received from the State for Elections is to be deposited in a separate bank account and accounted for as deferred revenue until the funds are utilized in operations. Generally accepted accounting principles in the United States of America (GAAP) require that revenues collected in advance of the fiscal year be recorded as revenue of the period in which they apply.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Supervisor will not be able to recover the value of its securities that are in the possession of an outside party.

At September 30, 2011, the book balance of cash was \$9,966 and the bank balance was \$15,894. The Federal Deposit Insurance Corporation (FDIC) insures the Supervisor's bank balances for \$250,000 for each banking relationship. All funds in "noninterest-bearing transaction accounts" are insured in full by the FDIC from December 31, 2010, through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of \$250,000 available to depositors under the FDIC's general deposit insurance rule. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. The Supervisor's investment policy requires that deposits be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Supervisor's operations is recorded as an expenditure in the general fund of the Supervisor's at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Supervisor's maintains custodial responsibility for these capital assets.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the fiscal year is as follows:

|                               | Balance<br>October 1,<br>2010 | Additions          | Disposals   | Balance<br>September 30,<br>2011 |
|-------------------------------|-------------------------------|--------------------|-------------|----------------------------------|
| Machinery and Equipment       | \$ 235,584                    | \$ -               | \$ -        | \$ 235,584                       |
| Total Capital Assets          | 235,584                       | -                  | -           | 235,584                          |
| Less Accumulated Depreciation | (178,985)                     | (23,218)           | -           | (202,203)                        |
| Total Capital Assets, Net     | <u>\$ 56,599</u>              | <u>\$ (23,218)</u> | <u>\$ -</u> | <u>\$ 33,381</u>                 |

**NOTE 4 RETIREMENT PLAN**

All full-time employees are participants in the Florida Retirement System (FRS), a multiple employer, cost-sharing public retirement system. The FRS, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account amount the investments funds available through the Plan. These investment accounts vest to the employee after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System.

Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing. Employees are not required to contribute to the FRS Investment Plan.

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2010 through June 30, 2011, these rates, which include the health insurance subsidy contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 10.77%; senior management – 14.57%; deferred retirement option plan – 12.25%, and elected officials – 18.64%. Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. The employer contribution rates, effective July 1, 2011, which include the health insurance subsidy of contributions of 1.11%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%; and elected officials – 11.14%. The Supervisor's contributions made during the years ended September 30, 2011, 2010 and 2009 were \$19,348, \$20,001 and \$21,133, respectively, equal to the actuarially determined required contribution requirements for each year.

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences obligations for the year ended September 30, 2011:

|                              | Balance<br>October 1,<br>2010 | Net<br>Additions | Balance<br>September 30,<br>2011 | Due<br>Within One<br>Year |
|------------------------------|-------------------------------|------------------|----------------------------------|---------------------------|
| Accrued Compensated Absences | \$ 8,292                      | \$ 362           | \$ 8,654                         | \$ -                      |

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Supervisor's compensated absences policy. The long term liabilities are not reported in the special-purpose financial statements of the Supervisor since they are not payable from spendable resources. They are reported in the Financial Statements of Hardee County.

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2011 were as follows:

**Budget Appropriation** – The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$293,337 for the fiscal year ended September 30, 2011.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 7 RISK MANAGEMENT**

The Supervisor participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk management pool. The following types of risk are provided for under the risk management pool:

- Property and General Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation



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

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor (Supervisor) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 11-01 and 11-02, in the accompanying schedule of findings and responses to be material weaknesses.

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 11-03 and 11-04 in the accompanying schedule of findings and responses to be significant deficiencies.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Supervisor in a separate letter dated February 21, 2012.

The Supervisor’s responses to findings identified in our audit are described in the schedule of findings and responses. We did not audit the Supervisor’s responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Supervisor, 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 21, 2012

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Material Weakness**

**11-01:** Preparation of financial statements.

**Condition:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Our audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

**Criteria:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

**Cause:** Staff lacks the training to record the Supervisor's financial transactions and prepare financial statements in accordance with generally accepted accounting principles

**Effect:** The design of the controls over financial reporting process would affect the ability of the Supervisor to report their financial data consistently with the assertion of management in the financial statements.

**Recommendation:** The Supervisor should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Response:** The Supervisor will consult with an accounting firm for assistance in recording non-routine transactions and preparing financial reports.

**11-02:** Actual expenditures greater than budget.

**Condition:** Total actual expenditures of the entity were greater than total budgeted expenditures for 2011.

**Criteria:** Management is responsible for amending budget as needed throughout the year.

**Cause:** Management did not track the expenditures in relation to the budget.

**Effect:** Total actual expenditures exceeded budgeted expenditures.

**Recommendation:** The Supervisor should perform a periodic review of total expenditures to ascertain whether a budget amendment is needed to stay in compliance with F.S. 129.07.

**Response:** The Supervisor will periodically review budget to actual expenditures.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2011**

**Significant Deficiencies**

- 11-03:** Supervisor of Election's salary.
- Condition:** Salary payments made to the Supervisor of Elections were more than the statutory amount.
- Criteria:** Florida Statutes dictate salary levels for the Supervisor of Elections.
- Cause:** Management did not monitor salary to determine if in compliance.
- Effect:** Supervisor was overpaid.
- Recommendation:** A periodic review should be made of the Supervisor's salary agreement to F.S. 145.09.
- Response:** Bookkeeper will recheck figures to see that they meet state salary listings.
- 11-04:** Inadequate segregation of duties.
- Condition:** Duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares, disburses, and signs checks, and also prepares bank deposits and bank reconciliations.
- Criteria:** Management is required to have a system of internal control over accounting and financial reporting in place that will allow management in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Such controls should be designed to segregate duties.
- Cause:** Although mitigating controls, such as having the Supervisor open the mail and review the bank statement prior to the reconciling, have been implemented, there is still inadequate segregation of duties to limited staffing within the accounting function..
- Effect:** General ledger accounts are subject to irregularities.
- Recommendation:** Segregate duties within the accounting department through outsourcing.
- Response:** In an effort to divide financial duties of this office, all invoices will be pre-approved before payment is made and all checks will be signed by the Supervisor of Elections, unless extenuating circumstances dictate otherwise. All staff, including the Supervisor, will maintain the receipt book when payment checks come into the office from candidates or other sources. When it is time to do the bank reconciliation, the task will be done by two people. We will look at the possibility of outsourcing the review process.



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## MANAGEMENT LETTER

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 21, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated February 21, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

## **PRIOR YEAR AND CURRENT YEAR COMMENT**

### **Finding**

During our audit procedures it was noted both employees have accumulated more than the allowable amount of hours of accrued vacation time.

### **Recommendation**

We recommend vacation accruals be reviewed periodically.

### **Management Response**

We will review vacation hours bi-annually and staff will use their time so as not to lose it.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted the following recommendations:

### **Finding**

During our audit procedures related to travel expenditures, we noted there were several instances where there was not proper supporting documentation for the expenditure.

### **Recommendation**

We recommend obtaining proper documentation for all expenditures.

### **Management Response**

All persons in the Supervisor office will strive to see that all documentation and receipts are turned in as required.

### **Finding**

During our audit procedures, we noted the Public Depositor Annual Report to the Chief Financial Office was not filed with the Florida Department of Financial Services for the year ended September 30, 2011.

### **Recommendation**

We recommend filing the report as required by the Florida State Statutes Chapter 280.

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

**Management Response**

All persons in the Supervisor office will strive to see that reports are filed on a timely basis.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name of 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 special-purpose financial statements. See Note 1 in the Notes to Special-Purpose Financial Statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information of the Supervisor, 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.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 21, 2012