

HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

**HARDEE COUNTY, FLORIDA
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www.cliftonlarsonallen.com

INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hardee County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County) as of September 30, 2012, 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for each major fund.

As described in Note 15 to the financial statements, the County corrected an error in the General Fund financial statements involving an overstatement of revenue that should have been recorded as deferred revenue.

In accordance with *Government Auditing Standards*, we have issued our report dated May 20, 2013, 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 58 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 operational, economic, or historical context. We have applied certain 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 an opinion 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
May 20, 2013

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2012. This report provides comparative data for fiscal years 2011 and 2012.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2012 are as follows:

- Total assets of the County exceeded total liabilities by \$75.7 million. Of this amount, \$60.6 million was invested in capital assets, net of related debt and \$6.6 million is restricted for various purposes. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$8.5 million.
- The total net assets were \$1.2 million lower than the previous years' net assets.
- The County's total liabilities decreased by \$332 thousand or 3% from the previous year.
- As of September 30, 2012, the combined total governmental funds' fund balance reflected a balance of \$14.5 million, a decrease of 1% from the previous year. Determining this balance was \$16.7 million in total governmental funds assets, less \$2.2 million in total governmental funds liabilities.
- The County's total unassigned fund balance was \$6.1 million.

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, 2012**

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 13 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Control Fund and Transportation Trust Fund. Data from the other governmental special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental special revenue 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 special revenue funds.

The basic governmental fund financial statements can be found on pages 18-24 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 25-29 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, 2012**

The basic fiduciary fund financial statement can be found on page 30 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 31-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as useful indicators of a government's financial position. In our particular case, the County's total assets exceeded liabilities by \$75.7 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 (80 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 decreased by \$1.2 million.

HARDEE COUNTY'S NET ASSETS

NET ASSETS COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
Current and Other Assets	\$ 17,799,312	\$ 16,623,590	\$ 3,337,113	\$ 7,055,755	\$ 21,136,425	\$ 23,679,345
Capital Assets	49,526,461	46,262,958	19,508,573	18,671,809	69,035,034	64,934,767
Total Assets	67,325,773	62,886,548	22,845,686	25,727,564	90,171,459	88,614,112
Long-Term Debt Outstanding	1,587,240	1,679,212	8,140,439	8,794,349	9,727,679	10,473,561
Other Liabilities	3,093,076	2,046,139	389,698	359,002	3,482,774	2,405,141
Total Liabilities	4,680,316	3,725,351	8,530,137	9,153,351	13,210,453	12,878,702
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	49,444,748	46,262,958	18,358,573	14,346,809	67,803,321	60,609,767
Restricted	7,052,928	6,615,615	-	-	7,052,928	6,615,615
Unrestricted	6,147,781	6,282,624	(4,043,024)	2,227,404	2,104,757	8,510,028
Total Net Assets	\$ 62,645,457	\$ 59,161,197	\$ 14,315,549	\$ 16,574,213	\$ 76,961,006	\$ 75,735,410

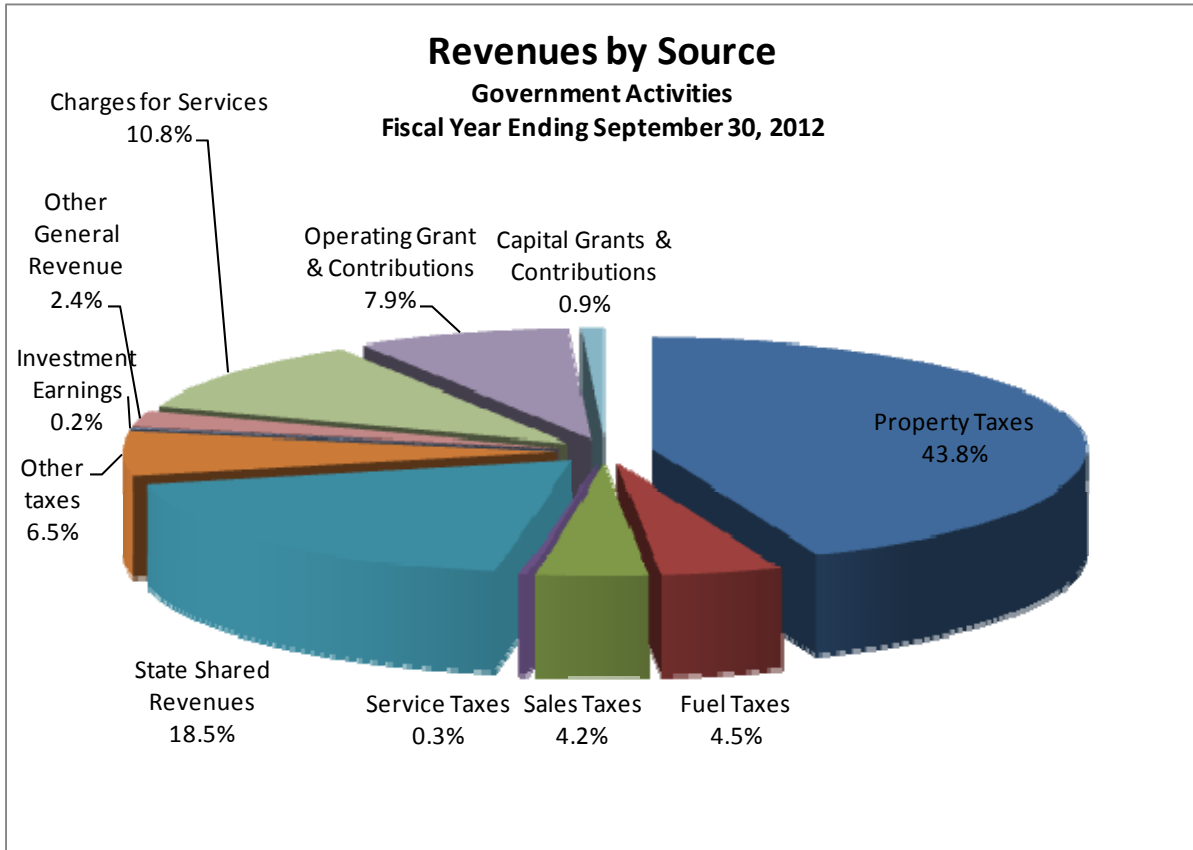
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

HARDEE COUNTY CHANGES IN NET ASSETS

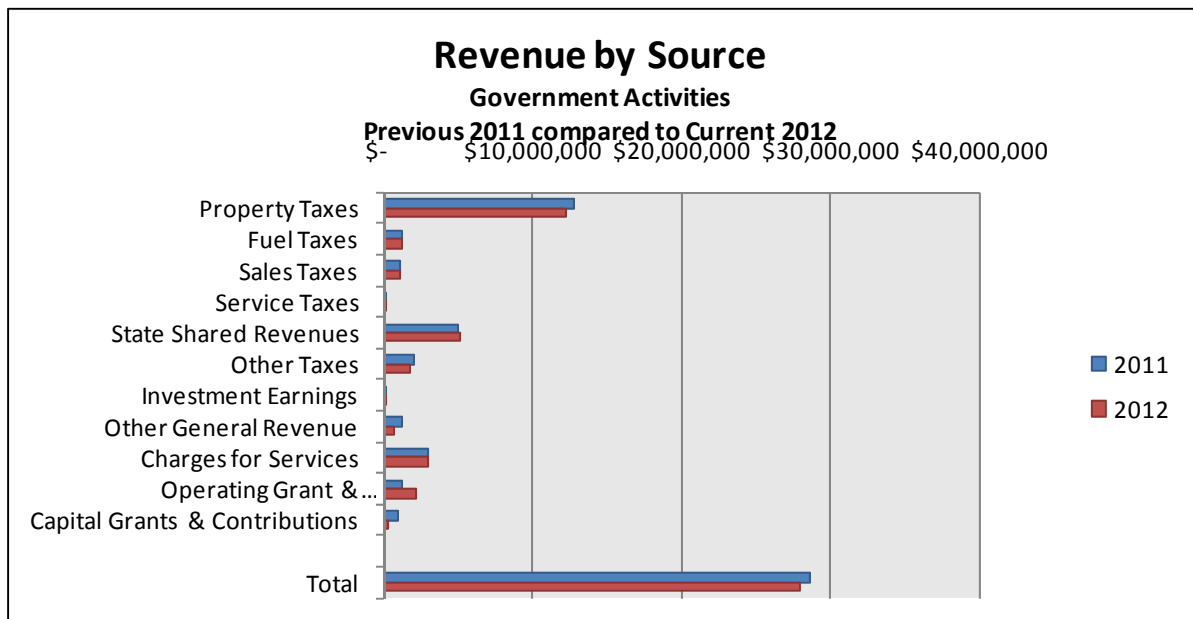
CHANGE IN NET ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,925,477	\$ 3,017,786	\$ 1,281,843	\$ 1,316,133	\$ 4,207,320	\$ 4,333,919
Operating Grants and Contributions	1,183,470	2,218,759	1,337,695	70,588	2,521,165	2,289,347
Capital Grants and Contributions	1,039,443	238,801	321,596	24,194	1,361,039	262,995
General Revenues:						
Property Taxes	12,730,412	12,259,964	-	-	12,730,412	12,259,964
Other Taxes	9,501,543	9,512,920	1,256,236	1,216,457	10,757,779	10,729,377
Other	1,284,859	719,183	22,743	518,039	1,307,602	1,237,222
Total Revenues	<u>28,665,204</u>	<u>27,967,413</u>	<u>4,220,113</u>	<u>3,145,411</u>	<u>32,885,317</u>	<u>31,112,824</u>
EXPENSES						
General Government	8,789,620	8,050,749	-	-	8,789,620	8,050,749
Public Safety	12,161,518	12,547,818	-	-	12,161,518	12,547,818
Physical Environment	453,246	446,400	-	-	453,246	446,400
Transportation	6,994,433	6,736,418	-	-	6,994,433	6,736,418
Economic Environment	324,635	1,189,236	-	-	324,635	1,189,236
Human Services	917,745	981,742	-	-	917,745	981,742
Culture and Recreation	1,264,044	1,282,876	-	-	1,264,044	1,282,876
Debt Service:						
Interest on Long-Term Debt	5,142	-	-	-	5,142	-
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	1,060,369	(594,285)	1,060,369	(594,285)
Wauchula Hills Wastewater	-	-	1,089,175	1,575,879	1,089,175	1,575,879
Vandolah Wastewater	-	-	101,511	121,587	101,511	121,587
Total Expenses	<u>30,910,383</u>	<u>31,235,239</u>	<u>2,251,055</u>	<u>1,103,181</u>	<u>33,161,438</u>	<u>32,338,420</u>
Excess before Transfers	(2,245,179)	(3,267,826)	1,969,058	2,042,230	(276,121)	(1,225,596)
Transfers	(672,725)	(216,434)	672,725	216,434	-	-
Changes in Net Assets	<u>(2,917,904)</u>	<u>(3,484,260)</u>	<u>2,641,783</u>	<u>2,258,664</u>	<u>(276,121)</u>	<u>(1,225,596)</u>
Net Assets - Beginning	65,563,361	62,645,457	11,673,766	14,315,549	77,237,127	76,961,006
Net Assets - Ending	<u>\$ 62,645,457</u>	<u>\$ 59,161,197</u>	<u>\$ 14,315,549</u>	<u>\$ 16,574,213</u>	<u>\$ 76,961,006</u>	<u>\$ 75,735,410</u>

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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

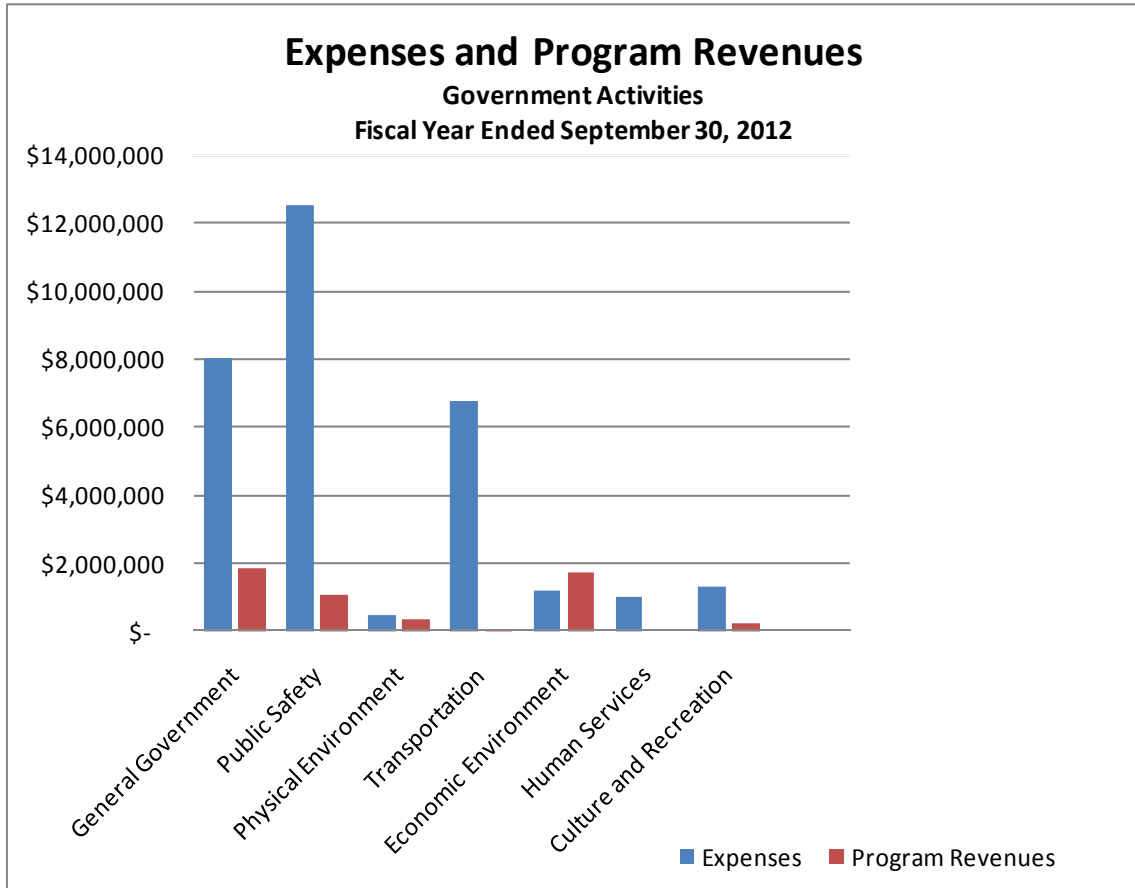


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



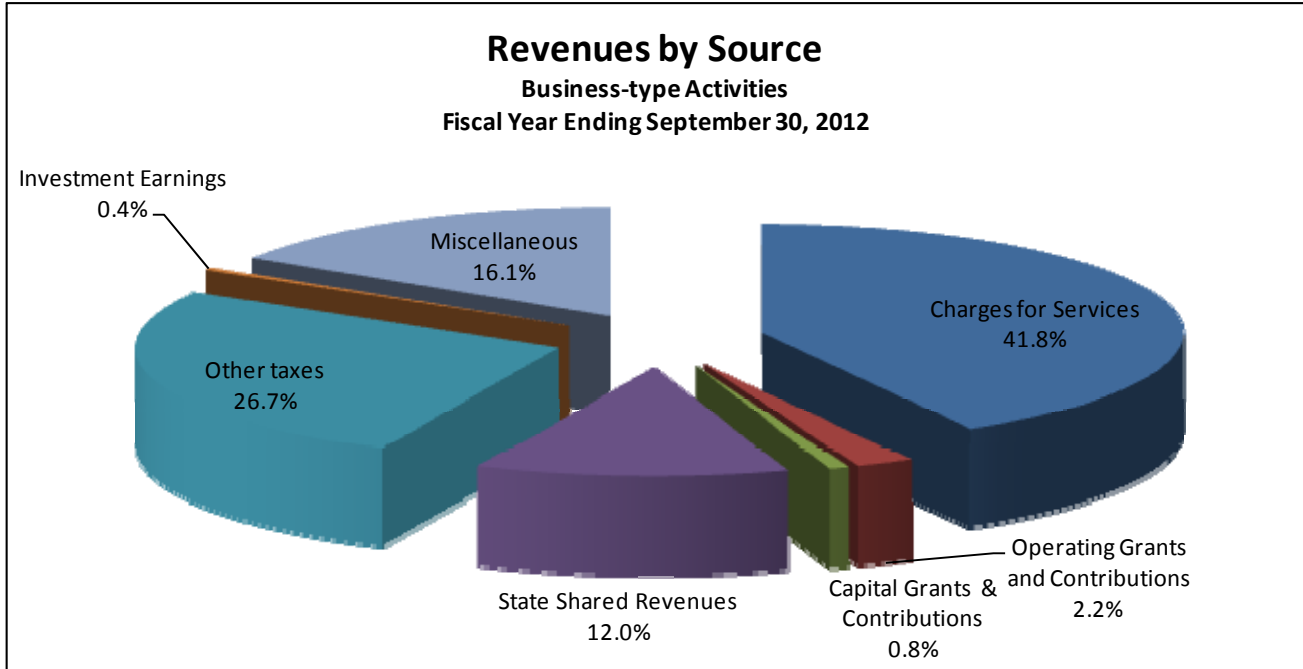
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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.

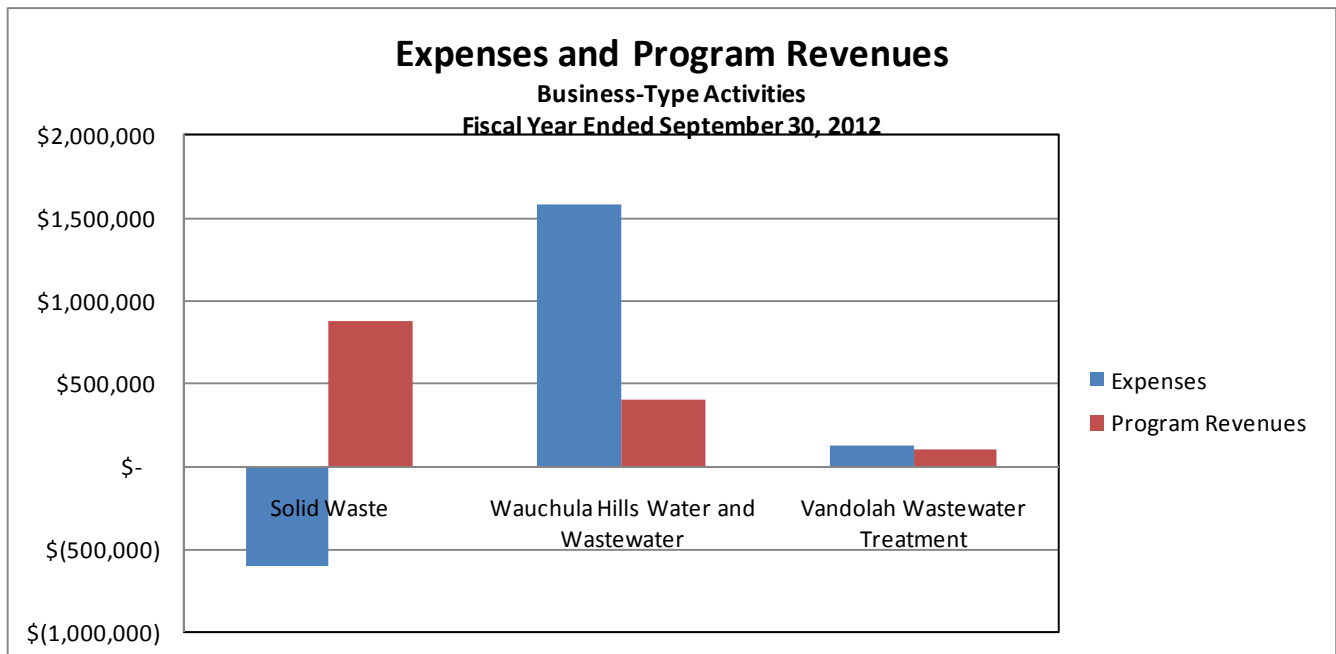


**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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, 2012**

An analysis of the County's "Changes in Net Assets" reflects that the overall revenues have decreased by \$1.8 million. Further analysis shows that the overall decrease is attributed to a \$730 thousand decrease in governmental type activities and a \$1.1 million decrease in business-type activities. Major factors contributing to the decrease in the government type activities are mainly due to ad valorem taxes decreasing from property values, timing of grants that are awarded on an annual basis and transfers based on timing and need which are as follows:

- A \$92 thousand increase in Charges for Services
- A \$1 million increase in Operating Grants
- A \$801 thousand decrease in Capital Grants
- A \$470 thousand decrease in Property Taxes
- A \$11 thousand increase in Other Taxes
- A \$598 thousand decrease in Other Sources

The increase in revenues in the business-type activities can be mainly attributed mainly due to the timing and need of grants that are awarded on an annual basis and transfers based on timing and need which are as follows:

- A \$34 thousand increase in Charges for Services
- A \$1.3 million decrease in Operating Grants
- A \$297 thousand decrease in Capital Grants
- A \$40 thousand decrease in Other Taxes
- A \$495 thousand increase in Other Sources

County expenses illustrate an overall decrease of \$855 thousand. The overall decrease was due to an increase in government type activities of \$293 thousand and a decrease in the business-type activities of \$1.1 million. The increase of the government type activities expenses are due to reimbursement grants that are awarded on an annual basis, depreciation expense for capitalized assets and in the prior year there was a repayment to FEMA for funds received, which are reflective of the following:

- A \$771 thousand decrease in General Government
- A \$386 thousand increase in Public Safety
- A \$7 thousand decrease in Physical Environment
- A \$258 thousand decrease in Transportation
- A \$865 thousand increase in Economic Environment
- A \$64 thousand increase in Human Services
- A \$19 thousand increase in Culture and Recreation

The decrease in expenses of the business-type activities was reflective of the \$1.7 million decrease in solid waste due to the increase in capacity for the expansion of the landfill and \$487 thousand increase in utilities due to depreciation expense taken for the capital asset placed into service in the prior year.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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 \$14.3 million. Approximately \$5.6 million of the fund balance has been deemed restricted to Transportation and Fire Control and \$1.0 million is restricted to other non-major governmental funds. Of the remaining \$6.7 million of spendable fund balance, \$6.2 million constitutes fund balances under the general fund. At the end of the current fiscal, the unassigned fund balance of the General Fund was \$6.2 million, which represents 43.4% of the total fund balance in the governmental funds. Unassigned fund balances are those dollars which are available for spending at the government's discretion. As a measure of the General Fund's liquidity, the total general fund balance represents 39.6% 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 increased only slightly for a total of \$1.6 million. Net assets of the Solid Waste Department were \$1.7 million. The water/wastewater operating revenues were a combined total of \$514 thousand and the net assets were \$14.8 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, 2012**

CAPITAL ASSETS

The County's investments in capital assets for its governmental and business type activities as of September 30, 2012 were \$136.7 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
Land	\$ 3,490,408	\$ 3,490,408	\$ 962,625	\$ 962,625	\$ 4,453,033	\$ 4,453,033
Construction in Progress	90,993	1,200,575	-	109,578	90,993	1,310,153
Buildings and Improvements	22,201,529	22,212,096	8,769,029	9,884,737	30,970,558	32,096,833
Machinery and Equipment	16,676,868	17,215,837	1,483,628	1,827,064	18,160,496	19,042,901
Infrastructure	66,546,180	66,619,094	10,861,702	13,174,687	77,407,882	79,793,781
Total Capital Assets	<u>\$ 109,005,978</u>	<u>\$ 110,738,010</u>	<u>\$ 22,076,984</u>	<u>\$ 25,958,691</u>	<u>\$ 131,082,962</u>	<u>\$ 136,696,701</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, 2012, the County had total long-term liabilities outstanding of \$10.5 million. Of this amount, \$4.3 million is notes payable, \$702 thousand is compensated absences, and \$4.5 million is landfill closure and post closure obligations and postemployment health care consisted of \$995 thousand.

Hardee County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
Capital Leases	\$ 81,713	\$ -	\$ -	\$ -	\$ 81,713	\$ -
Notes Payable	-	-	1,575,000	4,325,000	1,575,000	4,325,000
Postemployment Healthcare	836,000	995,000	-	-	836,000	995,000
Compensated Absences	669,527	684,212	14,216	17,581	683,743	701,793
Landfill Closure/Post Closure Cost	-	-	10,657,204	4,451,768	10,657,204	4,451,768
Total	<u>\$ 1,587,240</u>	<u>\$ 1,679,212</u>	<u>\$ 12,246,420</u>	<u>\$ 8,794,349</u>	<u>\$ 13,833,660</u>	<u>\$ 10,473,561</u>

The County's long-term liabilities under governmental activities increased \$92 thousand due a decrease in capital leases of \$82 thousand and a combined increase in postemployment health care and compensated absences of \$174 thousand. In business-type activities, long-term liabilities decreased \$3.5 million due to an increase of \$2.7 million in notes payable and a decrease of \$6.2 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, 2012**

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 States Census, the total estimated population for Hardee County for 2012 is 27,514. As a comparison, the University of Florida's Bureau of Economic and Business Research, estimated population for Hardee County for 2011 was 27,809. This is a decrease of approximately 1%. 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 2012 is 9.2% and reflects a decrease from the previous year's 10.2%. The County's rate is higher than the State of Florida's average of 8.7% and higher than the national average of 8.6% for 2012.
- The final taxable value for fiscal year 2012 decreased by 3.5% over fiscal year 2011.
- The millage rate for fiscal year 2011-12 was set at 3.81% less than the roll back rate and adopted at 8.5540 mills. This can be confusing as the prior year's 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, 2012**

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 \$54 million in fiscal year 2011-12.

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, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 14,540,307	\$ 6,252,697	\$ 20,793,004	\$ 6,294,890
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	436,180	169,791	605,971	4,754
Internal Balances	(4,299)	4,299	-	-
Due from Other Governmental Agencies	684,926	40,592	725,518	818,651
Prepaid Expenses	577,272	-	577,272	-
Inventory: Land Held for Resale	-	-	-	1,346,048
Inventory of Supplies, at Cost	379,136	-	379,136	-
Restricted Assets:				
Cash and Cash Equivalents	-	584,780	584,780	-
Capital Assets, Not Being Depreciated	4,690,983	1,072,203	5,763,186	124,274
Capital Assets, Net of Depreciation	41,571,975	17,599,606	59,171,581	6,578,399
Total Assets	<u>62,886,548</u>	<u>25,727,564</u>	<u>88,614,112</u>	<u>15,167,016</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,140,743	323,067	1,463,810	118,521
Deferred Revenue	859,780	817	860,597	-
Due to Other Governmental Agencies	45,616	2,754	48,370	-
Deposits	-	32,364	32,364	-
Noncurrent Liabilities:				
Due within One Year	605,169	942,625	1,547,794	-
Due in More than One Year	1,074,043	7,851,724	8,925,767	-
Total Liabilities	<u>3,725,351</u>	<u>9,153,351</u>	<u>12,878,702</u>	<u>118,521</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	46,262,958	14,346,809	60,609,767	6,702,673
Restricted for:				
Jail Drainage Improvements	7,194	-	7,194	-
Transportation	3,165,795	-	3,165,795	-
Fire Control	2,434,656	-	2,434,656	-
Court Innovations	299,345	-	299,345	-
Law Enforcement Trust	106,741	-	106,741	-
E-911	82,164	-	82,164	-
Court	14,395	-	14,395	-
Court Operational Needs	65,741	-	65,741	-
Court Technology	3,149	-	3,149	-
Official Records	116,529	-	116,529	-
Clerk Operational Needs	165,554	-	165,554	-
Inmate Welfare	108,566	-	108,566	-
Economic Development Projects	-	-	-	5,754,234
Education	45,786	-	45,786	-
Total Restricted Net Assets	<u>6,615,615</u>	<u>-</u>	<u>6,615,615</u>	<u>5,754,234</u>
Unrestricted	6,282,624	2,227,404	8,510,028	2,591,588
Total Net Assets	<u>\$ 59,161,197</u>	<u>\$ 16,574,213</u>	<u>\$ 75,735,410</u>	<u>\$ 15,048,495</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 8,050,749	\$ 1,753,768	\$ 103,963	\$ -	\$ (6,193,018)	\$ -	\$ (6,193,018)	\$ -
Public Safety	12,547,818	704,888	351,917	-	(11,491,013)	-	(11,491,013)	-
Physical Environment	446,400	363,189	-	-	(83,211)	-	(83,211)	-
Transportation	6,736,418	2,350	-	233,398	(6,500,670)	-	(6,500,670)	-
Economic Environment	1,189,236	-	1,710,589	5,403	526,756	-	526,756	-
Economic Development	-	-	-	-	-	-	-	-
Human Services	981,742	-	-	-	(981,742)	-	(981,742)	-
Culture and Recreation	1,282,876	193,591	52,290	-	(1,036,995)	-	(1,036,995)	-
Total Governmental Activities	31,235,239	3,017,786	2,218,759	238,801	(25,759,893)	-	(25,759,893)	-

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Business-Type Activities:								
Solid Waste	(594,285)	801,961	70,588	-	-	1,466,834	1,466,834	-
Wauchula Hills Water and Wastewater	1,575,879	405,956	-	24,194	-	(1,145,729)	(1,145,729)	-
Vandolah Wastewater Treatment	121,587	108,216	-	-	-	(13,371)	(13,371)	-
Total Business-Type Activities	<u>1,103,181</u>	<u>1,316,133</u>	<u>70,588</u>	<u>24,194</u>	<u>-</u>	<u>307,734</u>	<u>307,734</u>	<u>-</u>
Total Primary Government	<u>\$ 32,338,420</u>	<u>\$ 4,333,919</u>	<u>\$ 2,289,347</u>	<u>\$ 262,995</u>	<u>(25,759,893)</u>	<u>307,734</u>	<u>(25,452,159)</u>	<u>-</u>
Component Unit:								
Hardee County Industrial Development Authority	<u>\$ 3,294,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,243,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,050,487)</u>
General Revenues								
Taxes:								
Property Taxes					12,259,964	-	12,259,964	-
Fuel Taxes					1,262,863	-	1,262,863	-
Sales Tax					1,172,985	-	1,172,985	-
Service Taxes					91,822	-	91,822	-
State Shared Revenues					5,179,330	377,427	5,556,757	-
Other Taxes					1,805,920	839,030	2,644,950	-
Mosaic Income					-	-	-	4,500,000
Fruit Income					-	-	-	166,301
Rental Income					-	-	-	130,431
Investment Earnings					46,397	12,777	59,174	5,701
Miscellaneous					672,786	505,262	1,178,048	10,707
Capital Contributions and Transfers					(216,434)	216,434	-	-
Total General Revenues and Transfers					<u>22,275,633</u>	<u>1,950,930</u>	<u>24,226,563</u>	<u>4,813,140</u>
Change in Net Assets					<u>(3,484,260)</u>	<u>2,258,664</u>	<u>(1,225,596)</u>	<u>2,762,653</u>
Net Assets - Beginning, as Previously Stated					62,645,457	14,315,549	76,961,006	10,296,828
Prior Period Restatement					-	-	-	1,989,014
Net Assets - Beginning, As Restated					<u>62,645,457</u>	<u>14,315,549</u>	<u>76,961,006</u>	<u>12,285,842</u>
Net Assets - Ending					<u>\$ 59,161,197</u>	<u>\$ 16,574,213</u>	<u>\$ 75,735,410</u>	<u>\$ 15,048,495</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Major			Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Other Governmental Funds	
ASSETS					
Cash and Cash Equivalents	\$ 6,549,718	\$ 2,913,029	\$ 2,485,625	\$ 2,591,935	\$ 14,540,307
Deposits	5,753	4,315	-	-	10,068
Accounts Receivable, Net	376,963	254	243	58,720	436,180
Due from Other Funds	56,506	21,918	4,299	37,850	120,573
Due from Other Governments	274,384	388,426	2,311	19,805	684,926
Prepaid Expenses	319,174	-	256,640	1,458	577,272
Inventory of Supplies, at Cost	379,136	-	-	-	379,136
 Total Assets	 <u>\$ 7,961,634</u>	 <u>\$ 3,327,942</u>	 <u>\$ 2,749,118</u>	 <u>\$ 2,709,768</u>	 <u>\$ 16,748,462</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2012**

	Major			Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Other Governmental Funds	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 657,996	\$ 145,047	\$ 56,186	\$ 281,514	\$ 1,140,743
Due to Other Funds	68,360	14,684	-	41,828	124,872
Due to Other Governments	32,803	2,334	1,636	8,843	45,616
Deferred Revenue	287,206	82	-	855,915	1,143,203
Total Liabilities	<u>1,046,365</u>	<u>162,147</u>	<u>57,822</u>	<u>1,188,100</u>	<u>2,454,434</u>
Fund Balances:					
Nonspendable	698,310	-	256,640	1,458	956,408
Restricted	7,194	3,165,795	2,434,656	1,006,512	6,614,157
Committed	-	-	-	294,161	294,161
Assigned	-	-	-	308,009	308,009
Unassigned	6,209,765	-	-	(88,472)	6,121,293
Total Fund Balances	<u>6,915,269</u>	<u>3,165,795</u>	<u>2,691,296</u>	<u>1,521,668</u>	<u>14,294,028</u>
Total Liabilities and Fund Balances	<u>\$ 7,961,634</u>	<u>\$ 3,327,942</u>	<u>\$ 2,749,118</u>	<u>\$ 2,709,768</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.	46,262,958
Prior period restatement treatment of deferred revenues was restated in governmental activities; however, no restatement for statement of net assets	283,423
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.	<u>(1,679,212)</u>
Net Assets of Governmental Activities	<u>\$ 59,161,197</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, 2012

	Major			Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control	Other Governmental Funds	
REVENUES					
Taxes	\$ 13,524,771	\$ 1,262,863	\$ -	\$ -	\$ 14,787,634
Licenses and Permits	107,813	-	-	-	107,813
Intergovernmental	2,872,141	2,281,091	-	2,486,008	7,639,240
Charges for Services	1,220,885	-	24,121	1,375,617	2,620,623
Fines and Forfeitures	13,608	-	-	273,392	287,000
Assessments	-	-	1,805,920	-	1,805,920
Interest	24,437	10,381	6,637	4,942	46,397
Miscellaneous	291,414	244,881	3,835	100,628	640,758
Total Revenues	<u>18,055,069</u>	<u>3,799,216</u>	<u>1,840,513</u>	<u>4,240,587</u>	<u>27,935,385</u>
EXPENDITURES					
Current:					
General Government	5,968,134	-	-	1,383,109	7,351,243
Public Safety	9,072,154	-	1,988,780	223,257	11,284,191
Physical Environment	32,076	-	-	410,897	442,973
Transportation	-	3,384,314	-	-	3,384,314
Economic Environment	-	-	-	1,184,524	1,184,524
Human Services	795,224	-	-	153,765	948,989
Culture and Recreation	829,453	-	-	253,598	1,083,051
Capital Outlay	723,802	1,180,725	4,484	176,405	2,085,416
Debt Service:					
Principal Retirement	55,296	-	26,418	-	81,714
Interest	2,245	-	1,073	-	3,318
Total Expenditures	<u>17,478,384</u>	<u>4,565,039</u>	<u>2,020,755</u>	<u>3,785,555</u>	<u>27,849,733</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	576,685	(765,823)	(180,242)	455,032	85,652
OTHER FINANCING SOURCES (USES)					
Transfers in	284,952	70,452	696,119	326,395	1,377,918
Transfers out	(808,962)	(17,431)	(125,037)	(644,242)	(1,595,672)
Total Other Financing Sources (Uses)	<u>(524,010)</u>	<u>53,021</u>	<u>571,082</u>	<u>(317,847)</u>	<u>(217,754)</u>
NET CHANGE IN FUND BALANCES	52,675	(712,802)	390,840	137,185	(132,102)
Fund Balances - Beginning of Year, as Previously Stated	7,146,017	3,878,597	2,300,456	1,384,483	14,709,553
Prior Period Restatement	(283,423)	-	-	-	(283,423)
Fund Balances - Beginning of Year, as Restated	<u>6,862,594</u>	<u>3,878,597</u>	<u>2,300,456</u>	<u>1,384,483</u>	<u>14,426,130</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,915,269</u>	<u>\$ 3,165,795</u>	<u>\$ 2,691,296</u>	<u>\$ 1,521,668</u>	<u>\$ 14,294,028</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, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$ (132,102)
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 (\$2,085,416) was less than depreciation (\$5,318,211) in the current period.	(3,264,823)
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.	81,713
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).	<u>(169,048)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (3,484,260)</u></u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 13,738,244	\$ 13,738,244	\$ 13,524,771	\$ (213,473)
Licenses and Permits	95,900	95,900	107,813	11,913
Intergovernmental	2,573,902	2,718,351	2,872,141	153,790
Charges for Services	1,093,425	1,089,560	1,220,885	131,325
Fines and Forfeitures	7,300	7,300	13,608	6,308
Interest	204	204	24,437	24,233
Miscellaneous	105,333	133,853	291,414	157,561
Total Revenues	<u>17,614,308</u>	<u>17,783,412</u>	<u>18,055,069</u>	<u>271,657</u>
EXPENDITURES				
Current:				
General Government	7,313,316	7,433,295	5,968,134	1,465,161
Public Safety	9,707,138	9,691,991	9,072,154	619,837
Physical Environment	37,563	37,863	32,076	5,787
Human Services	634,640	830,163	795,224	34,939
Culture and Recreation	874,937	892,177	829,453	62,724
Capital Outlay	241,795	467,191	723,802	(256,611)
Debt Service:				
Principal Retirement	55,296	55,296	55,296	-
Interest	2,245	2,245	2,245	-
Total Expenditures	<u>18,866,930</u>	<u>19,410,221</u>	<u>17,478,384</u>	<u>1,931,837</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,252,622)	(1,626,809)	576,685	2,203,494
OTHER FINANCING SOURCES (USES)				
Transfers In	303,111	311,391	284,952	(26,439)
Transfers Out	(793,618)	(804,061)	(808,962)	(4,901)
Total Other Financing Sources (Uses)	<u>(490,507)</u>	<u>(492,670)</u>	<u>(524,010)</u>	<u>(31,340)</u>
NET CHANGE IN FUND BALANCES	(1,743,129)	(2,119,479)	52,675	2,172,154
Fund Balances - Beginning of Year, as Previously Stated	7,146,017	7,146,017	7,146,017	-
Prior Period Restatement	<u>-</u>	<u>-</u>	<u>(283,423)</u>	<u>(283,423)</u>
Fund Balances - Beginning of Year, as Restated	<u>7,146,017</u>	<u>7,146,017</u>	<u>6,862,594</u>	<u>(283,423)</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,402,888</u>	<u>\$ 5,026,538</u>	<u>\$ 6,915,269</u>	<u>\$ 1,888,731</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,251,864	\$ 1,251,864	\$ 1,262,863	\$ 10,999
Intergovernmental	4,205,880	5,311,564	2,281,091	(3,030,473)
Interest	8,000	8,000	10,381	2,381
Miscellaneous	144,545	202,628	244,881	42,253
Total Revenues	<u>5,610,289</u>	<u>6,774,056</u>	<u>3,799,216</u>	<u>(2,974,840)</u>
EXPENDITURES				
Current:				
Transportation	3,941,976	4,567,335	3,384,314	1,183,021
Capital Outlay	3,903,796	5,468,135	1,180,725	4,287,410
Total Expenditures	<u>7,845,772</u>	<u>10,035,470</u>	<u>4,565,039</u>	<u>5,470,431</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,235,483)	(3,261,414)	(765,823)	2,495,591
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	89,236	70,452	(18,784)
Transfers out	-	-	(17,431)	(17,431)
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>89,236</u>	<u>53,021</u>	<u>(36,215)</u>
NET CHANGE IN FUND BALANCES	(2,200,483)	(3,172,178)	(712,802)	2,459,376
Fund Balances - Beginning of Year	<u>3,878,597</u>	<u>3,878,597</u>	<u>3,878,597</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,678,114</u></u>	<u><u>\$ 706,419</u></u>	<u><u>\$ 3,165,795</u></u>	<u><u>\$ 2,459,376</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 24,121	\$ (5,879)
Assessments	1,292,071	1,292,071	1,805,920	513,849
Interest	2,000	2,000	6,637	4,637
Miscellaneous	500	500	3,835	3,335
Total Revenues	<u>1,324,571</u>	<u>1,324,571</u>	<u>1,840,513</u>	<u>515,942</u>
EXPENDITURES				
Current:				
Public Safety	2,143,547	2,135,267	1,988,780	146,487
Capital Outlay	261,400	261,400	4,484	256,916
Debt Service:				
Principal Retirement	26,418	26,418	26,418	-
Interest	1,073	1,073	1,073	-
Total Expenditures	<u>2,432,438</u>	<u>2,424,158</u>	<u>2,020,755</u>	<u>403,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,107,867)	(1,099,587)	(180,242)	919,345
OTHER FINANCING USES				
Transfers in	692,320	692,320	696,119	3,799
Transfers out	(116,757)	(125,037)	(125,037)	-
Total Other Financing Sources (Uses)	<u>575,563</u>	<u>567,283</u>	<u>571,082</u>	<u>3,799</u>
NET CHANGE IN FUND BALANCES	(532,304)	(532,304)	390,840	923,144
Fund Balances - Beginning of Year	<u>2,300,456</u>	<u>2,300,456</u>	<u>2,300,456</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,768,152</u></u>	<u><u>\$ 1,768,152</u></u>	<u><u>\$ 2,691,296</u></u>	<u><u>\$ 923,144</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS –
PROPRIETARY FUNDS
SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	\$ 5,062,985	\$ 988,959	\$ 200,753	\$ 6,252,697
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	97,117	54,622	18,052	169,791
Due from Other Funds	4,299	-	-	4,299
Due from Other Governmental Agencies	8,551	32,041	-	40,592
Total Current Assets	<u>5,172,952</u>	<u>1,079,218</u>	<u>218,805</u>	<u>6,470,975</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	584,780	-	-	584,780
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Construction in Progress	109,578	-	-	109,578
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	1,530,726	287,377	8,961	1,827,064
Infrastructure	3,967,410	9,207,277	-	13,174,687
Less: Accumulated Depreciation	<u>(4,424,405)</u>	<u>(2,635,615)</u>	<u>(226,862)</u>	<u>(7,286,882)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,458,965</u>	<u>13,081,147</u>	<u>1,131,697</u>	<u>18,671,809</u>
Total Noncurrent Assets	<u>5,043,745</u>	<u>13,081,147</u>	<u>1,131,697</u>	<u>19,256,589</u>
Total Assets	10,216,697	14,160,365	1,350,502	25,727,564

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts Payable and Accrued Liabilities	\$ 199,052	\$ 112,276	\$ 11,739	\$ 323,067
Due to Other Governmental Agencies	2,754	-	-	2,754
Deposits	17,579	14,785	-	32,364
Deferred Revenue	-	5	812	817
Accrued Compensated Absences, Current Portion	10,923	-	-	10,923
Notes Payable, Current Portion	200,000	525,000	-	725,000
Landfill Closure and Postclosure Costs, Current Portion	206,702	-	-	206,702
Total Current Liabilities, Payable from Current Assets	637,010	652,066	12,551	1,301,627
NONCURRENT LIABILITIES				
Accrued Compensated Absences	6,658	-	-	6,658
Notes Payable, Less Current Portion	3,600,000	-	-	3,600,000
Landfill Closure and Postclosure Costs	4,245,066	-	-	4,245,066
Total Noncurrent Liabilities	7,851,724	-	-	7,851,724
Total Liabilities	8,488,734	652,066	12,551	9,153,351
NET ASSETS				
Invested in Capital Assets, Net of Related Debt Unrestricted	658,965	12,556,147	1,131,697	14,346,809
	1,068,998	952,152	206,254	2,227,404
Total Net Assets	\$ 1,727,963	\$ 13,508,299	\$ 1,337,951	\$ 16,574,213

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
OPERATING REVENUES				
Sales and Charges for Services	\$ 801,961	\$ 405,956	\$ 108,216	\$ 1,316,133
Special Assessments	839,030	-	-	839,030
Total Operating Revenues	<u>1,640,991</u>	<u>405,956</u>	<u>108,216</u>	<u>2,155,163</u>
OPERATING EXPENSES				
Personal Services	348,075	264,809	60,560	673,444
General and Administrative	(1,573,857)	640,868	34,462	(898,527)
Depreciation	602,437	665,065	26,565	1,294,067
Total Operating Expenses	<u>(623,345)</u>	<u>1,570,742</u>	<u>121,587</u>	<u>1,068,984</u>
OPERATING INCOME (LOSS)	2,264,336	(1,164,786)	(13,371)	1,086,179
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	70,588	401,621	-	472,209
Interest Income	9,880	2,297	600	12,777
Interest Expense	(29,060)	(5,137)	-	(34,197)
Miscellaneous Revenue	499,993	5,269	-	505,262
Total Nonoperating Revenues (Expenses), Net	<u>551,401</u>	<u>404,050</u>	<u>600</u>	<u>956,051</u>
INCOME (LOSS) BEFORE TRANSFERS	2,815,737	(760,736)	(12,771)	2,042,230
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	(1,320)	-	-	(1,320)
Transfers in	5,363	358,740	-	364,103
Transfers out	(92,283)	(41,779)	(12,287)	(146,349)
Total Transfers	<u>(88,240)</u>	<u>316,961</u>	<u>(12,287)</u>	<u>216,434</u>
CHANGE IN NET ASSETS	2,727,497	(443,775)	(25,058)	2,258,664
Net Assets - Beginning of Year	<u>(999,534)</u>	<u>13,952,074</u>	<u>1,363,009</u>	<u>14,315,549</u>
NET ASSETS - END OF YEAR	<u>\$ 1,727,963</u>	<u>\$ 13,508,299</u>	<u>\$ 1,337,951</u>	<u>\$ 16,574,213</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,635,149	\$ 628,820	\$ 72,650	\$ 2,336,619
Cash Paid to Employees for Services	(789,851)	(806,910)	(60,560)	(1,657,321)
Cash Paid to Suppliers for Goods and Services	(347,394)	(264,809)	(24,650)	(636,853)
Net Cash Provided (Used) by Operating Activities	497,904	(442,899)	(12,560)	42,445
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Nonoperating Revenue	570,581	5,269	-	575,850
Transfers In (Out)	(86,920)	316,961	(12,287)	217,754
Net Cash Provided (Used) by Noncapital Financing Activities	483,661	322,230	(12,287)	793,604
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grant Receipts	-	24,195	-	24,195
Shared Revenue from State	-	377,427	-	377,427
Acquisition and Construction of Capital Assets	(238,074)	(220,549)	-	(458,623)
Proceeds from Issuance of Debt	3,600,000	-	-	3,600,000
Principal Payments on Long-Term Debt	(200,000)	(225,000)	-	(425,000)
Interest Paid	(29,060)	(5,137)	-	(34,197)
Net Cash Provided (Used) by Capital and Related Financing Activities	3,132,866	(49,064)	-	3,083,802
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	9,880	2,297	600	12,777
Net Cash Provided by Investing Activities	9,880	2,297	600	12,777
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	4,124,311	(167,436)	(24,247)	3,932,628
Cash and Cash Equivalents - Beginning of Year	1,523,454	1,156,395	225,000	2,904,849
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,647,765	\$ 988,959	\$ 200,753	\$ 6,837,477

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,264,336	\$ (1,164,786)	\$ (13,371)	\$ 1,086,179
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	602,437	665,065	26,565	1,294,067
(Increase) Decrease in Assets:				
Accounts Receivable	(23,288)	(10,117)	-	(33,405)
Due from Other Governments	13,967	233,595	-	247,562
Due from Other Funds	(171)	-	-	(171)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	155,990	(142,221)	9,812	23,581
Due to Other Government Agencies	2,754	(31,106)	-	(28,352)
Deposits	3,650	7,285	-	10,935
Deferred Revenue	-	(614)	(35,566)	(36,180)
Landfill Closure and Postclosure Costs	(2,521,771)	-	-	(2,521,771)
Net Cash Provided (Used) by Operating Activities	<u>\$ 497,904</u>	<u>\$ (442,899)</u>	<u>\$ (12,560)</u>	<u>\$ 42,445</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS				
Current Assets:				
Cash	\$ 5,062,985	\$ 988,959	\$ 200,753	\$ 6,252,697
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	584,780	-	-	584,780
Total Cash and Cash Equivalents	<u>\$ 5,647,765</u>	<u>\$ 988,959</u>	<u>\$ 200,753</u>	<u>\$ 6,837,477</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Refinance of Debt	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Contribution of Capital Assets	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS
SEPTEMBER 30, 2012**

	Agency Funds
ASSETS	
Cash	\$ 589,973
Due from Individuals	618
Total Assets	\$ 590,591
 LIABILITIES	
Due to Individuals	\$ 204,667
Vouchers Payable	664
Due to Other Governments	174,893
Due to Indigent Health Care Special District	229
Deposit - Installment Taxes	210,138
Total Liabilities	\$ 590,591

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 one discretely presented component unit.

Discretely Presented Component Unit

The Hardee County Industrial Development Authority (Authority), as authorized by Chapter 159.44-159.53 of the Florida Statutes, was created for the purpose of financing and refinancing projects for the public purposes in the manner provided by the Florida Industrial Development Financing Act and by Chapter 159.44-159.53 of the Florida Statutes and for the purpose of fostering economic development of Hardee County.

The Authority is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The County entered into an agreement with a private entity which otherwise assumed to provide financial support to the Authority. Separate audited financial statements for the Hardee County Industrial Development Authority are available upon request at 107 East Main Street, Wauchula, Florida 33873.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2012**

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, 2012**

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, 2012**

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, a special revenue 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, a special revenue fund, accounts for assessments related to providing county-wide fire protection services.

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, 2012**

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, 2012**

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, 2012**

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, 2012 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 January 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, 2012**

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, 2012, 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 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, 2012 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, 2012, estimated capacity used was 48.89%. 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, 2012, the Solid Waste Fund had unrestricted net assets of \$1,068,998 and had net assets invested in capital assets, net of related debt of \$658,965 due to the partial closure to the landfill and because of a \$4,451,768 landfill closure and post-closure liability.

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment 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.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classified 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 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 (\$14,577,451) differs from *net assets* of governmental activities (\$59,161,197) reported in the statement of net assets. This difference primarily results from the long term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

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

Cost of Capital Assets	\$ 110,738,010
Accumulated Depreciation	(64,475,052)
Total	<u>\$ 46,262,958</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, 2012 were:

Postemployment Healthcare	\$ 995,000
Accrued Compensated Absences	684,212
Total	<u>\$ 1,679,212</u>

Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$124,872 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 (\$132,102) differs from the *change in net assets* for governmental activities (\$3,484,260) 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, 2012**

**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	\$ 2,085,416
Loss on Disposal of Equipment	(32,028)
Depreciation Expense	<u>(5,318,211)</u>
Difference	<u><u>\$ (3,264,823)</u></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	\$ 81,713
Net Adjustment	<u><u>\$ 81,713</u></u>

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	\$ (159,000)
Net Change in Accrued Compensated Absences	(14,685)
Net Change in Accrued Interest Payable	3,317
Net Change in Capital Contribution	<u>1,320</u>
Net Adjustment	<u><u>\$ (169,048)</u></u>

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$1,595,672 between governmental activities are eliminated.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012, the carrying amount of the County's deposits was \$21,967,757 and the bank balances were \$22,079,310. 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, 2012**

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivables consist of the following at September 30, 2012 for the governmental funds individual major funds and non-major funds:

	Major			Non-Major	Total Governmental Funds
	General Fund	Transportation Fund	Fire Control Fund	Other Governmental Funds	
Emergency Medical Services	\$ 526,221	\$ -	\$ -	\$ -	\$ 526,221
Trade Accounts	19,133	254	243	58,720	78,350
Accounts Receivable, Gross	545,354	254	243	58,720	604,571
Allowance for Uncollectible Accounts	(168,391)	-	-	-	(168,391)
Accounts Receivable, Net	<u>\$ 376,963</u>	<u>\$ 254</u>	<u>\$ 243</u>	<u>\$ 58,720</u>	<u>\$ 436,180</u>

Accounts receivables consist of the following at September 30, 2012 for the enterprise funds individual major funds and non-major fund:

	Major		Non-Major	Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Trust Fund	Vandolah Wastewater Treatment Fund	
Landfill Charges	\$ 96,655	\$ -	\$ -	\$ 96,655
Trade Accounts	462	54,622	18,052	73,136
Accounts Receivable, Gross	97,117	54,622	18,052	169,791
Allowance for Uncollectibles	-	-	-	-
Accounts Receivable, Net	<u>\$ 97,117</u>	<u>\$ 54,622</u>	<u>\$ 18,052</u>	<u>\$ 169,791</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 DETAIL OF CAPITAL ASSETS

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

	Balance October 1, 2011	Additions	(Deletions)	Capital Contribution & Transfers	Balance September 30, 2012
GOVERNMENT ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,490,408	\$ -	\$ -	\$ -	\$ 3,490,408
Construction in Progress	90,993	1,109,582	-	-	1,200,575
Total Capital Assets, Not Being Depreciated	3,581,401	1,109,582	-	-	4,690,983
Capital Assets, Being Depreciated:					
Buildings and Improvements	22,201,529	10,567	-	-	22,212,096
Equipment	16,676,868	892,353	(313,440)	(39,944)	17,215,837
Infrastructure	66,546,180	72,914	-	-	66,619,094
Total Capital Assets, Being Depreciated	105,424,577	975,834	(313,440)	(39,944)	106,047,027
Less Accumulated Depreciation for:					
Buildings and Improvements	(7,807,187)	(539,415)	-	-	(8,346,602)
Equipment	(11,286,819)	(1,559,394)	281,412	41,264	(12,523,537)
Infrastructure	(40,385,511)	(3,219,402)	-	-	(43,604,913)
Total Accumulated Depreciation	(59,479,517)	(5,318,211)	281,412	41,264	(64,475,052)
Total Capital Assets, Being Depreciated, Net	45,945,060	(4,342,377)	(32,028)	1,320	41,571,975
Governmental Activities Capital Assets, Net	<u>\$ 49,526,461</u>	<u>\$ (3,232,795)</u>	<u>\$ (32,028)</u>	<u>\$ 1,320</u>	<u>\$ 46,262,958</u>
BUSINESS-TYPE ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Progress	1,108,995	109,578	-	(1,108,995)	109,578
Total Capital Assets, Not Being Depreciated	2,071,620	109,578	-	(1,108,995)	1,072,203
Capital Assets, Being Depreciated:					
Buildings and Improvements	8,772,931	2,811	-	1,108,995	9,884,737
Equipment	1,637,662	155,740	(6,282)	39,944	1,827,064
Infrastructure	12,984,193	190,494	-	-	13,174,687
Total Capital Assets, Being Depreciated	23,394,786	349,045	(6,282)	1,148,939	24,886,488
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,630,144)	(101,014)	-	-	(1,731,158)
Equipment	(1,109,901)	(148,093)	6,282	(41,264)	(1,292,976)
Infrastructure	(3,217,788)	(1,044,960)	-	-	(4,262,748)
Total Accumulated Depreciation	(5,957,833)	(1,294,067)	6,282	(41,264)	(7,286,882)
Total Capital Assets, Being Depreciated, Net	17,436,953	(945,022)	-	1,107,675	17,599,606
Business-Type Activities Capital Assets, Net	<u>\$ 19,508,573</u>	<u>\$ (835,444)</u>	<u>\$ -</u>	<u>\$ (1,320)</u>	<u>\$ 18,671,809</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES

General Government	\$ 592,635
Public Safety	1,141,223
Physical Environment	2,582
Transportation	3,349,167
Human Services	32,753
Culture/Recreation	199,851
Total Depreciation Expense - Governmental Activities	<u>\$ 5,318,211</u>

BUSINESS-TYPE ACTIVITIES

Solid Waste	\$ 602,437
Wauchula Hills Water/Wastewater Treatment	665,065
Vandolah Wastewater Treatment	26,565
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,294,067</u>

NOTE 6 LONG-TERM DEBT

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

	Balance October 1, 2011	Additions	(Reductions)	Balance September 30, 2012	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Capital Leases	\$ 81,713	\$ -	\$ (81,713)	\$ -	\$ -
Postemployment Healthcare	836,000	159,000	-	995,000	-
Accrued Compensated Absences	669,527	14,685	-	684,212	605,169
Total Governmental Activities	<u>\$ 1,587,240</u>	<u>\$ 173,685</u>	<u>\$ (81,713)</u>	<u>\$ 1,679,212</u>	<u>\$ 605,169</u>
BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 1,150,000	\$ 3,800,000	\$ (625,000)	\$ 4,325,000	\$ 725,000
Accrued Compensated Absences	16,900	681	-	17,581	10,923
Landfill Closure and Post Closure Costs	6,973,539	-	(2,521,771)	4,451,768	206,702
Total Business-Type Activities	<u>\$ 8,140,439</u>	<u>\$ 3,800,681</u>	<u>\$ (3,146,771)</u>	<u>\$ 8,794,349</u>	<u>\$ 942,625</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

Notes Payable

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 \$3,800,000 during the 2011-2012 fiscal year for the purposes of providing the Board with sufficient funds to refinance an existing loan previously made to the county under one of the Florida Local Government Finance Commission's other loan programs and to finance capital improvements to the public agency's Class I Landfill. Principal payments are due annually, beginning March 5, 2013. 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 Ending September 30,</u>	<u>Business-Type Activities</u>	
	<u>Florida Local Government Finance Commission</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 725,000	\$ 6,812
2014	200,000	6,048
2015	200,000	5,712
2016	200,000	5,376
2017	3,000,000	5,040
Total	<u>\$ 4,325,000</u>	<u>\$ 28,988</u>

The following is a schedule by years of future minimum lease payments required under operating leases for vehicles and equipment used in governmental operations that have initial or remaining noncancelable lease terms as of September 30, 2012:

	<u>Year Ended September 30,</u>	<u>Amount</u>
	2013	\$ 72,676
	2014	72,676
	2015	72,676
Total Minimum Payments Required		<u>\$ 283,842</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 56,506	\$ 68,360
Transportation Trust	21,918	14,684
Fire Control Fund	4,299	-
Non-major Governmental Funds	37,850	41,828
Solid Waste Fund	4,299	-
Total	\$ 124,872	\$ 124,872

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

The governmental funds are classified as follows:

Nonspendable		\$ 956,408
Restricted		
Jail Drainage Improvements	\$ 7,194	
Transportation	3,165,795	
Fire Control	2,434,656	
Court Innovations	299,345	
Law Enforcement Trust	106,741	
E-911	82,164	
Court	12,937	
Court Operational Needs	65,741	
Court Technology	3,149	
Official Records	116,529	
Clerk Operational Needs	165,554	
Inmate Welfare	108,566	
Education	45,786	
Total Restricted		6,614,157
Committed		
Pioneer Park Days	174,028	
Mining	120,133	
Total Committed		294,161
Assigned		
Fines and Forfeitures General Government	304,435	
Race Track Recreation	3,574	
Total Assigned		308,009
Unassigned		6,121,293
Total Fund Balances		\$ 14,294,028

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 9 RETIREMENT PLAN

All full-time employees of the County 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 prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

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.

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 Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The County's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$1,100,582, \$1,680,456, and \$1,802,355, 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 initially enrolled before July 1, 2011, 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 Sheriff's Office employees initially enrolled on or after July 1, 2011, the normal retirement provisions states that the employees must be a minimum of age 60 with 8 or more years of special risk service or have at least 30 years of special risk service at any age. For all other employees initially enrolled before July 1, 2011, the normal retirement provisions state 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. For all other employees initially enrolled on or after July 1, 2011, the normal retirement provisions state that employees must be a minimum of age 65 with 8 or more years of service or have at least 33 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 maximum subsidy is \$175 per month.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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.

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, 2012, 5 retirees and dependents received healthcare benefits. The County provided contributions of \$28,000 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, 2012, the amount contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 188,000
Interest on Net OPEB Obligation	29,000
Less Amortization of Net OPEB Obligation	<u>(30,000)</u>
Annual OPEB Cost (Expense)	187,000
Contributions Made	<u>(28,000)</u>
Increase in Net OPEB Obligation	159,000
Net OPEB Obligation - Beginning of Year	<u>836,000</u>
Net OPEB Obligation - End of Year	<u><u>\$ 995,000</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, 2012 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2012	\$ 187,000	14.97%	\$ 995,000
September 30, 2011	296,000	17.57%	836,000
September 30, 2010	274,000	18.98%	592,000

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funding status as of September 30, 2012 was as follows

Actuarial Accrued Liability (a)	\$ 1,363,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c) = (a-b)	<u>1,363,000</u>
Funded Ratio (b/a)	0%
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.

In the October 1, 2011, OPEB actuarial valuation, the projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 3.5 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 eight percent initially for fiscal year 2012, reduced by a variable percent per year to an ultimate rate of 4.2 percent in 2099. 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, 2012, 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 11 RISK MANAGEMENT (CONTINUED)

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.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Landfill Closure Commitments

The County adopted a resolution to set aside funds for the closure costs of the County's landfill. The majority of the costs for closure of Section I, Phase I were incurred during the year ended September 30, 2011. Closure costs include the engineering and construction of covers, gas systems, and revegetation costs. The closure date for Section I, Phase I was January 3, 2012.

Hardee County has one landfill site which is comprised of two cells. Cell Section I, Phase I closed on January 2, 2012 and Cell Section II, Phase I is currently in operation and funding of \$3,800,000, as of September 30, 2012, has been received through the Florida Local Government Finance Commission to begin expansion of Section II, Phase II. As of September 30, 2012, no expansion costs were incurred and the estimated capacity increase was included in the 48.89% total estimated capacity available. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs 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 postclosure care liability of \$4,451,768 at September 30, 2012, represents the cumulative amount reported to date based on an average use of 48.89% of the total estimated capacity available as of September 30, 2012. There was a significant decrease in the liability due to the capacity increase for the expansion of Cell Section II, Phase II. The decrease in the liability caused the general and administrative expenses to be negative \$1,573,857 as of September 30, 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2012. At September 30, 2012, \$584,780 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 County expects that future inflation costs will be paid from future contributions and interest earnings on these contributions. In the event closure escrow and interest earnings prove inadequate due to higher than expected inflation changes in technology or changes in laws and regulations, these costs may need to be financed by future landfill uses or future tax revenue. The County intends to fund these costs annually through its solid waste special assessment.

Contingencies

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

The County is subject to various grant program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2012 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.

Hardee County, Florida received a Notice of Claim Pursuant to Chapter 70.001, Florida Statutes regarding property owned by the Florida Institute for Neurologic Rehabilitation, Inc. No accrual has been made in the financial statements for contingencies. In management's opinion, this claim is not reasonably possible.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 13 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, 2012 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 125,037
Non-Major Governmental Funds	54,097
Solid Waste Fund	53,000
Wauchula Hills Water/Wastewater Treatment Fund	40,740
Non-Major Enterprise Fund	12,078
Total	<u>\$ 284,952</u>

Transfers to the Transportation Trust Fund from:

General Fund	\$ 8,149
Non-Major Governmental Funds	21,772
Solid Waste Fund	39,283
Wauchula Hills Water/Wastewater Treatment Fund	1,039
Non-Major Enterprise Fund	209
Total	<u>\$ 70,452</u>

Transfers to the Fire Control Fund from:

General Fund	\$ 470,119
Non-Major Governmental Funds	226,000
Total	<u>\$ 696,119</u>

Transfers to Non-Major Governmental Funds from:

General Fund	<u>\$ 326,395</u>
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Transfers to the Solid Waste Fund from:

General Fund	\$ 4,299
Non-Major Governmental Funds	1,064
Total	<u>\$ 5,363</u>

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

Transportation Trust Fund	\$ 17,431
Non-Major Governmental Funds	341,309
Total	<u>\$ 358,740</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 14 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, 2012**

ASSETS	
Cash	\$ 325,570
Due from Other Governments	<u>84</u>
Total Assets	<u><u>\$ 325,654</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 35,934
Due to Other Funds	4
Deferred Revenue	<u>289,716</u>
Total Liabilities	325,654
Fund Balance	
	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 325,654</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2012**

REVENUES	
Intergovernmental	\$ 358,097
Interest	1,022
Miscellaneous	<u>37,569</u>
Total Revenues	396,688
EXPENDITURES	
Economic Environment	<u>396,688</u>
NET CHANGE IN FUND BALANCES	
	-
Fund Balances - Beginning of Year	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>

NOTE 15 PRIOR PERIOD RESTATEMENT

During the current year, it was determined that prior year's General Fund deferred revenue was understated and incorrectly recorded. To correct this error, the beginning fund balance of \$7,146,017, as originally reported, has been decreased to \$6,862,594. Beginning deferred revenue of \$3,783, as originally reported, has been increased to \$283,423.

REQUIRED SUPPLEMENTARY INFORMATION

HARDEE COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
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
10/1/2011	-	1,363,000	1,363,000	0.00%	N/A	N/A

**HARDEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

As noted in the previous schedule, the County's Unfunded Actuarial Liability (UAL) decreased \$1,022,000. The liability decrease is attributed to actuarial estimates for the change in both the contribution schedule and retirees eligible. The October 1, 2011 calculation was based off of an updated report that incorporated changes medical trend data.

**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.

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.

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
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Special Revenue Funds						
	Fines and Forfeitures	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
ASSETS							
Cash and Cash Equivalents	\$ 1,111,429	\$ 3,574	\$ 105,474	\$ 106,741	\$ 185,449	\$ 83,045	\$ 103,599
Accounts Receivable, Net	-	-	-	-	10	-	58,622
Due from Other Funds	-	-	-	-	6	-	-
Due from Other Governmental Agencies	-	-	-	-	110	-	-
Prepaid Expense	-	-	-	-	1,458	-	-
Total Assets	\$ 1,111,429	\$ 3,574	\$ 105,474	\$ 106,741	\$ 187,033	\$ 83,045	\$ 162,221
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 15,973	-	\$ 1,210	-	\$ 174,096	\$ 881	\$ 42,088
Due to Other Funds	-	-	-	-	-	-	-
Due to Other Governmental Agencies	8,783	-	-	-	-	-	-
Deferred Revenue	482,893	-	17,250	-	-	-	-
Total Liabilities	507,649	-	18,460	-	174,096	881	42,088
Fund Balances:							
Nonspendable	-	-	-	-	1,458	-	-
Restricted	299,345	-	-	106,741	12,937	82,164	-
Committed	-	-	87,014	-	-	-	120,133
Assigned	304,435	3,574	-	-	-	-	-
Unassigned	-	-	-	-	(1,458)	-	-
Total Fund Balances	603,780	3,574	87,014	106,741	12,937	82,164	120,133
Total Liabilities and Fund Balances	\$ 1,111,429	\$ 3,574	\$ 105,474	\$ 106,741	\$ 187,033	\$ 83,045	\$ 162,221

**HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET - (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Special Revenue Funds (Continued)					Total Other Non-major Governmental Funds
	Grants Fund	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	
ASSETS						
Cash and Cash Equivalents	\$ 431,659	\$ 152,135	\$ 154,478	\$ 108,566	\$ 45,786	\$ 2,591,935
Accounts Receivable, Net	88	-	-	-	-	58,720
Due from Other Funds	-	37,844	-	-	-	37,850
Due from Other Governmental Agencies	8,619	-	11,076	-	-	19,805
Prepaid Expense	-	-	-	-	-	1,458
Total Assets	\$ 440,366	\$ 189,979	\$ 165,554	\$ 108,566	\$ 45,786	\$ 2,709,768
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 43,869	\$ 3,397	\$ -	\$ -	\$ -	\$ 281,514
Due to Other Funds	40,665	1,163	-	-	-	41,828
	60	-	-	-	-	8,843
Deferred Revenue	355,772	-	-	-	-	855,915
Total Liabilities	440,366	4,560	-	-	-	1,188,100
Fund Balances:						
Nonspendable	-	-	-	-	-	1,458
Restricted	-	185,419	165,554	108,566	45,786	1,006,512
Committed	-	-	-	-	-	294,161
Assigned	-	-	-	-	-	308,009
Unassigned	-	-	-	-	-	(88,472)
Total Fund Balances	-	185,419	165,554	108,566	45,786	1,521,668
Total Liabilities and Fund Balances	\$ 440,366	\$ 189,979	\$ 165,554	\$ 108,566	\$ 45,786	\$ 2,709,768

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

Special Revenue Funds

	Fines and Forfeitures	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
REVENUES							
Intergovernmental	\$ 9,444	\$ 446,500	\$ -	\$ -	\$ -	\$ 297,171	\$ -
Charges for Services	20,744	-	85,476	-	833,729	-	363,189
Fines and Forfeitures	269,112	-	-	-	-	-	-
Interest	2,490	33	307	279	-	363	398
Miscellaneous	2,666	-	1,298	4,326	-	-	-
Total Revenues	304,456	446,533	87,081	4,605	833,729	297,534	363,587
EXPENDITURES							
Current:							
General Government	476,326	-	-	-	827,053	-	-
Public Safety	6,111	-	-	-	-	177,016	-
Physical Environment	-	-	-	-	-	-	367,374
Economic Environment	-	-	-	-	-	-	-
Human Services	-	26,500	-	-	-	-	-
Culture and Recreation	-	194,000	59,598	-	-	-	-
Capital Outlay	27,239	-	-	-	6,413	127,665	-
Total Expenditures	509,676	220,500	59,598	-	833,466	304,681	367,374
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(205,220)	226,033	27,483	4,605	263	(7,147)	(3,787)
OTHER FINANCING SOURCES (USES)							
Transfers in	276,395	-	-	-	-	50,000	-
Transfers out	-	(226,000)	(28,405)	-	-	-	(40,265)
Total Other Financing Sources (Uses)	276,395	(226,000)	(28,405)	-	-	50,000	(40,265)
NET CHANGE IN FUND BALANCES	71,175	33	(922)	4,605	263	42,853	(44,052)
Fund Balances - Beginning of Year	532,605	3,541	87,936	102,136	12,674	39,311	164,185
FUND BALANCES - END OF YEAR	\$ 603,780	\$ 3,574	\$ 87,014	\$ 106,741	\$ 12,937	\$ 82,164	\$ 120,133

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds (Continued)					Total Other Nonmajor Governmental Funds
	Grants Fund	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	
REVENUES						
Intergovernmental	\$ 1,671,645	\$ -	\$ 61,248	\$ -	\$ -	\$ 2,486,008
Charges for Services	-	72,479	-	-	-	1,375,617
Fines and Forfeitures	-	-	-	-	4,280	273,392
Interest	1,072	-	-	-	-	4,942
Miscellaneous	37,570	471	1,643	52,654	-	100,628
Total Revenues	1,710,287	72,950	62,891	52,654	4,280	4,240,587
EXPENDITURES						
Current:						
General Government	-	42,264	37,466	-	-	1,383,109
Public Safety	-	-	-	31,261	8,869	223,257
Physical Environment	43,523	-	-	-	-	410,897
Economic Environment	1,184,524	-	-	-	-	1,184,524
Human Services	127,265	-	-	-	-	153,765
Culture and Recreation	-	-	-	-	-	253,598
Capital Outlay	5,403	9,685	-	-	-	176,405
Total Expenditures	1,360,715	51,949	37,466	31,261	8,869	3,785,555
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	349,572	21,001	25,425	21,393	(4,589)	455,032
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	326,395
Transfers out	(349,572)	-	-	-	-	(644,242)
Total Other Financing Sources (Uses)	(349,572)	-	-	-	-	(317,847)
NET CHANGE IN FUND BALANCES	-	21,001	25,425	21,393	(4,589)	137,185
Fund Balances - Beginning of Year	-	164,418	140,129	87,173	50,375	1,384,483
FUND BALANCES - END OF YEAR	\$ -	\$ 185,419	\$ 165,554	\$ 108,566	\$ 45,786	\$ 1,521,668

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
FINES AND FORFEITURES FUND
YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 9,444	\$ 9,444
Charges for Services	22,500	22,500	20,744	(1,756)
Fines and Forfeitures	275,000	281,111	269,112	(11,999)
Interest	250	250	2,490	2,240
Miscellaneous	200	200	2,666	2,466
Total Revenues	<u>297,950</u>	<u>304,061</u>	<u>304,456</u>	<u>395</u>
EXPENDITURES				
Current:				
General Government	831,392	834,369	476,326	358,043
Public Safety	-	6,111	6,111	-
Capital Outlay	524,452	521,475	27,239	494,236
Total Expenditures	<u>1,355,844</u>	<u>1,361,955</u>	<u>509,676</u>	<u>852,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,057,894)	(1,057,894)	(205,220)	852,674
OTHER FINANCING SOURCES				
Transfers In	<u>276,395</u>	<u>276,395</u>	<u>276,395</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(781,499)	(781,499)	71,175	852,674
Fund Balances - Beginning of Year	<u>532,605</u>	<u>532,605</u>	<u>532,605</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (248,894)</u>	<u>\$ (248,894)</u>	<u>\$ 603,780</u>	<u>\$ 852,674</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	33	33
Total Revenues	<u>446,500</u>	<u>446,500</u>	<u>446,533</u>	<u>33</u>
EXPENDITURES				
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>
EXCESS OF REVENUES OVER EXPENDITURES	226,000	226,000	226,033	33
OTHER FINANCING USES				
Transfers out	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	33	33
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>3,541</u>	<u>3541</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,574</u></u>	<u><u>\$ 3,574</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 90,000	\$ 90,000	\$ 85,476	\$ (4,524)
Interest	150	150	307	157
Miscellaneous	200	200	1,298	1,098
Total Revenues	<u>90,350</u>	<u>90,350</u>	<u>87,081</u>	<u>(3,269)</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>63,247</u>	<u>63,247</u>	<u>59,598</u>	<u>3,649</u>
Total Expenditures	<u>63,247</u>	<u>63,247</u>	<u>59,598</u>	<u>3,649</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,103	27,103	27,483	380
OTHER FINANCING SOURCES				
Transfers out	<u>(56,963)</u>	<u>(57,027)</u>	<u>(28,405)</u>	<u>28,622</u>
NET CHANGE IN FUND BALANCES	(29,860)	(29,924)	(922)	29,002
Fund Balances - Beginning of Year	<u>87,936</u>	<u>87,936</u>	<u>87,936</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 58,076</u></u>	<u><u>\$ 58,012</u></u>	<u><u>\$ 87,014</u></u>	<u><u>\$ 29,002</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 250	\$ 250	\$ 279	\$ 29
Miscellaneous	2,000	2,000	4,326	2,326
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>4,605</u>	<u>2,355</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,250	2,250	4,605	2,355
Fund Balances - Beginning of Year	<u>102,136</u>	<u>102,136</u>	<u>102,136</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 104,386</u>	<u>\$ 104,386</u>	<u>\$ 106,741</u>	<u>\$ 2,355</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, 2012**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 828,521	\$ 841,541	\$ 833,729	\$ (7,812)
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	798,320	745,810	714,183	31,627
Operating Expenditures	30,201	90,918	112,870	(21,952)
Capital Outlay	-	4,813	6,413	(1,600)
Total Expenditures	<u>828,521</u>	<u>841,541</u>	<u>833,466</u>	<u>8,075</u>
NET CHANGE IN FUND BALANCES	-	-	263	263
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>12,674</u>	<u>12,674</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,937</u>	<u>\$ 12,937</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
E-911 FUND
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 252,665	\$ 276,050	\$ 297,171	\$ 21,121
Interest	1,000	1,000	363	(637)
Total Revenues	<u>253,665</u>	<u>277,050</u>	<u>297,534</u>	<u>20,484</u>
EXPENDITURES				
Current:				
Public Safety	207,547	230,932	177,016	53,916
Capital Outlay	127,665	127,665	127,665	-
Total Expenditures	<u>335,212</u>	<u>358,597</u>	<u>304,681</u>	<u>53,916</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(81,547)	(81,547)	(7,147)	74,400
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>51,403</u>	<u>51,403</u>	<u>50,000</u>	<u>(1,403)</u>
NET CHANGE IN FUND BALANCES	(30,144)	(30,144)	42,853	72,997
Fund Balances - Beginning of Year	<u>39,311</u>	<u>39,311</u>	<u>39,311</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 9,167</u></u>	<u><u>\$ 9,167</u></u>	<u><u>\$ 82,164</u></u>	<u><u>\$ 72,997</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
MINING FUND
YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 582,724	\$ 582,724	\$ 363,189	\$ (219,535)
Interest	200	200	398	198
Total Revenues	<u>582,924</u>	<u>582,924</u>	<u>363,587</u>	<u>(219,337)</u>
EXPENDITURES				
Physical Environment	<u>605,171</u>	<u>605,171</u>	<u>367,374</u>	<u>237,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,247)	(22,247)	(3,787)	18,460
OTHER FINANCING USES				
Transfers out	<u>(40,265)</u>	<u>(40,265)</u>	<u>(40,265)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(62,512)	(62,512)	(44,052)	18,460
Fund Balances - Beginning of Year	<u>164,185</u>	<u>164,185</u>	<u>164,185</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 101,673</u></u>	<u><u>\$ 101,673</u></u>	<u><u>\$ 120,133</u></u>	<u><u>\$ 18,460</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,095,630	\$ 2,377,539	\$ 1,671,645	\$ (705,894)
Interest	250	250	1,072	822
Miscellaneous	5,000	5,000	37,570	32,570
Total Revenues	<u>2,100,880</u>	<u>2,382,789</u>	<u>1,710,287</u>	<u>(672,502)</u>
EXPENDITURES				
Current:				
Economic Environment	1,321,642	1,473,780	1,184,524	289,256
Physical Environment	50,939	50,939	43,523	7,416
Human Services	152,710	173,616	127,265	46,351
Capital Outlay	250,000	318,000	5,403	312,597
Total Expenditures	<u>1,775,291</u>	<u>2,016,335</u>	<u>1,360,715</u>	<u>655,620</u>
EXCESS OF REVENUES OVER				
EXPENDITURES	325,589	366,454	349,572	(16,882)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4	-	(4)
Transfers out	(582,089)	(622,958)	(349,572)	273,386
Total Other Financing Sources (Uses)	<u>(582,089)</u>	<u>(622,954)</u>	<u>(349,572)</u>	<u>273,382</u>
NET CHANGE IN FUND BALANCES	(256,500)	(256,500)	-	256,500
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (256,500)</u>	<u>\$ (256,500)</u>	<u>\$ -</u>	<u>\$ 256,500</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 240,419	\$ 240,419	\$ 72,479	\$ (167,940)
Miscellaneous	-	-	471	471
Total Revenues	240,419	240,419	72,950	(167,469)
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	17,517	17,437	80
Operating Expenditures	124,000	125,500	24,827	100,673
Capital Outlay	20,000	18,500	9,685	8,815
Total Expenditures	161,517	161,517	51,949	109,568
NET CHANGE IN FUND BALANCES	78,902	78,902	21,001	(57,901)
Fund Balances - Beginning of Year	-	-	164,418	164,418
FUND BALANCES - END OF YEAR	<u>\$ 78,902</u>	<u>\$ 78,902</u>	<u>\$ 185,419</u>	<u>\$ 106,517</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 192,127	\$ 201,375	\$ 61,248	\$ (140,127)
Miscellaneous	-	1,643	1,643	-
Total Revenues	<u>192,127</u>	<u>203,018</u>	<u>62,891</u>	<u>(140,127)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	32,796	32,599	197
Operating Expenditures	157,832	168,722	4,867	163,855
Capital Outlay	1,500	1,500	-	1,500
Total Expenditures	<u>192,127</u>	<u>203,018</u>	<u>37,466</u>	<u>165,552</u>
NET CHANGE IN FUND BALANCES	-	-	25,425	25,425
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>140,129</u>	<u>140,129</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,554</u>	<u>\$ 165,554</u>

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
SEPTEMBER 30, 2012**

	Clerk's Special Trust	Clerk's Support	Clerk's Court Registry	Clerk's County Witness	Clerk's Cash Bond	Clerk's Condemnation Right-of Way	Tax Collector Fund	Tax Collector Motor Vehicle Fund
ASSETS								
Cash	\$ 139,319	\$ 664	\$ 17,202	\$ 349	\$ 43,692	\$ 1,090	\$ 240,187	\$ 55,548
Due from Individuals	-	-	-	-	-	-	-	618
Total Assets	<u>\$ 139,319</u>	<u>\$ 664</u>	<u>\$ 17,202</u>	<u>\$ 349</u>	<u>\$ 43,692</u>	<u>\$ 1,090</u>	<u>\$ 240,187</u>	<u>\$ 56,166</u>
LIABILITIES								
Due to Individuals	\$ 26,448	\$ -	\$ 17,202	\$ 29	\$ 43,692	\$ 1,090	\$ 24,284	\$ -
Vouchers Payable	-	664	-	-	-	-	-	-
Due to Other Governments	112,871	-	-	320	-	-	5,536	56,166
Due to Indigent Health Care Special District	-	-	-	-	-	-	229	-
Deposit - Installment Taxes	-	-	-	-	-	-	210,138	-
Total Liabilities	<u>\$ 139,319</u>	<u>\$ 664</u>	<u>\$ 17,202</u>	<u>\$ 349</u>	<u>\$ 43,692</u>	<u>\$ 1,090</u>	<u>\$ 240,187</u>	<u>\$ 56,166</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
SEPTEMBER 30, 2012

	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth	Sheriff's Flower	Sheriff's Evidence	Sheriff's Drug Task Force	Total
ASSETS								
Cash	\$ 16,105	\$ -	\$ 6,626	\$ 10,129	\$ 2,733	\$ 28,133	\$ 28,196	\$ 589,973
Due from Individuals	-	-	-	-	-	-	-	618
Total Assets	<u>\$ 16,105</u>	<u>\$ -</u>	<u>\$ 6,626</u>	<u>\$ 10,129</u>	<u>\$ 2,733</u>	<u>\$ 28,133</u>	<u>\$ 28,196</u>	<u>\$ 590,591</u>
LIABILITIES								
Due to Individuals	\$ 16,105	\$ -	\$ 6,626	\$ 10,129	\$ 2,733	\$ 28,133	\$ 28,196	\$ 204,667
Vouchers Payable	-	-	-	-	-	-	-	664
Due to Other Governments	-	-	-	-	-	-	-	174,893
Due to Indigent Health Care Special District	-	-	-	-	-	-	-	229
Deposit - Installment Taxes	-	-	-	-	-	-	-	210,138
Total Liabilities	<u>\$ 16,105</u>	<u>\$ -</u>	<u>\$ 6,626</u>	<u>\$ 10,129</u>	<u>\$ 2,733</u>	<u>\$ 28,133</u>	<u>\$ 28,196</u>	<u>\$ 590,591</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<u>CLERK'S SPECIAL TRUST</u>				
ASSETS				
Cash	\$ 119,968	\$ 1,992,511	\$ (1,973,160)	\$ 139,319
LIABILITIES				
Due to Individuals	\$ 25,876	\$ 127,558	\$ (126,986)	\$ 26,448
Due to Other Governments	94,092	1,864,953	(1,846,174)	112,871
Total Liabilities	<u>\$ 119,968</u>	<u>\$ 1,992,511</u>	<u>\$ (1,973,160)</u>	<u>\$ 139,319</u>
<u>CLERK'S SUPPORT</u>				
ASSETS				
Cash	\$ 1,441	\$ 18,516	\$ (19,293)	\$ 664
LIABILITIES				
Due to Individuals	\$ 401	\$ 4,536	\$ (4,937)	\$ -
Vouchers Payable	684	9,634	(9,654)	664
Due to Other Governments	356	4,346	(4,702)	-
Total Liabilities	<u>\$ 1,441</u>	<u>\$ 18,516</u>	<u>\$ (19,293)</u>	<u>\$ 664</u>
<u>CLERK'S COURT REGISTRY</u>				
ASSETS				
Cash	\$ 23,744	\$ 548,162	\$ (554,704)	\$ 17,202
LIABILITIES				
Due to Individuals	\$ 23,744	\$ 548,162	\$ (554,704)	\$ 17,202
<u>CLERK'S COUNTY WITNESS</u>				
ASSETS				
Cash	\$ 246	\$ 394	\$ (291)	\$ 349
LIABILITIES				
Due to Individuals	\$ 26	\$ 15	\$ (12)	\$ 29
Due to Other Governments	220	379	(279)	320
Total Liabilities	<u>\$ 246</u>	<u>\$ 394</u>	<u>\$ (291)</u>	<u>\$ 349</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<u>CLERK'S CASH BOND</u>				
ASSETS				
Cash	\$ 43,315	\$ 152,243	\$ (151,866)	\$ 43,692
LIABILITIES				
Due to Individuals	\$ 43,315	\$ 152,243	\$ (151,866)	\$ 43,692
 <u>CLERK'S CONDEMNATION</u>				
<u>RIGHT-OF-WAY</u>				
ASSETS				
Cash	\$ 1,090	\$ -	\$ -	\$ 1,090
LIABILITIES				
Due to Individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
 <u>TAX COLLECTOR FUND</u>				
ASSETS				
Cash	\$ 304,205	\$ 15,429,436	\$ (15,493,454)	\$ 240,187
LIABILITIES				
Due to Individuals	\$ 57,968	\$ 1,615,559	\$ (1,649,243)	\$ 24,284
Due to Other Governments	20,868	13,070,414	(13,085,746)	5,536
Due to Indigent Health Care Special District	671	533,325	(533,767)	229
Deposit - Installment Taxes	224,698	210,138	(224,698)	210,138
Total Liabilities	\$ 304,205	\$ 15,429,436	\$ (15,493,454)	\$ 240,187
 <u>TAX COLLECTOR MOTOR</u>				
<u>VEHICLE FUND</u>				
ASSETS				
Cash	\$ 17,230	\$ 3,200,069	\$ (3,161,751)	\$ 55,548
Due from Individuals	1,613	618	(1,613)	618
Total Assets	\$ 18,843	\$ 3,200,687	\$ (3,163,364)	\$ 56,166
LIABILITIES				
Due to Other Governments	\$ 18,843	\$ 3,200,687	\$ (3,163,364)	\$ 56,166

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<u>SHERIFF'S SUSPENSE</u>				
ASSETS				
Cash	\$ 15,806	\$ 68,426	\$ (68,127)	\$ 16,105
LIABILITIES				
Due to Individuals	\$ 15,806	\$ 68,426	\$ (68,127)	\$ 16,105
<u>SHERIFF'S COLLECTIONS</u>				
ASSETS				
Cash	\$ 1,484	\$ 17,511	\$ (18,995)	\$ -
LIABILITIES				
Due to Individuals	\$ 1,484	\$ 17,511	\$ (18,995)	\$ -
<u>SHERIFF'S INMATE</u>				
ASSETS				
Cash	\$ 178	\$ 174,871	\$ (168,423)	\$ 6,626
LIABILITIES				
Due to Individuals	\$ 178	\$ 174,871	\$ (168,423)	\$ 6,626
<u>SHERIFF'S YOUTH</u>				
ASSETS				
Cash	\$ 9,933	\$ 1,021	\$ (825)	\$ 10,129
LIABILITIES				
Due to Individuals	\$ 9,933	\$ 1,021	\$ (825)	\$ 10,129
<u>SHERIFF'S FLOWER</u>				
ASSETS				
Cash	\$ 2,294	\$ 1,155	\$ (716)	\$ 2,733
LIABILITIES				
Due to Individuals	\$ 2,294	\$ 1,155	\$ (716)	\$ 2,733

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<u>SHERIFF'S EVIDENCE</u>				
ASSETS				
Cash	\$ 2,692	\$ 25,559	\$ (118)	\$ 28,133
LIABILITIES				
Due to Individuals	\$ 2,692	\$ 25,559	\$ (118)	\$ 28,133
 <u>SHERIFF'S DRUG TASK FORCE</u>				
ASSETS				
Cash	\$ 44,950	\$ 5,671	\$ (22,425)	\$ 28,196
LIABILITIES				
Due to Individuals	\$ 44,950	\$ 5,671	\$ (22,425)	\$ 28,196
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 588,576	\$ 21,635,545	\$ (21,634,148)	\$ 589,973
Due from Individuals	1,613	618	(1,613)	618
Total Assets	<u>\$ 590,189</u>	<u>\$ 21,636,163</u>	<u>\$ (21,635,761)</u>	<u>\$ 590,591</u>
LIABILITIES				
Due to Individuals	\$ 229,757	\$ 2,742,287	\$ (2,767,377)	\$ 204,667
Vouchers Payable	684	9,634	(9,654)	664
Due to Other Governments	134,379	18,140,779	(18,100,265)	174,893
Due to Indigent Health Care Special District	671	533,325	(533,767)	229
Deposit - Installment Taxes	224,698	210,138	(224,698)	210,138
Total Liabilities	<u>\$ 590,189</u>	<u>\$ 21,636,163</u>	<u>\$ (21,635,761)</u>	<u>\$ 590,591</u>

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 20, 2013. 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 of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

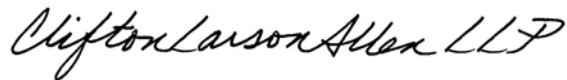
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 2012-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the constitutional officers in separate letters related to the year ended September 30, 2012.

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
May 20, 2013



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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, 2012. 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, 2012.

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. 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 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 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 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.

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
May 20, 2013

**HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2012**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
<u>FEDERAL AWARDS</u>			
U.S. Department of Health and Human Services			
Drug-Free Communities Support Program	93.276	5 SP016561	<u>\$ 93,846</u>
U.S. Department of Homeland Security			
Emergency Management Performance Grant	97.042	12-FG-R3-07-35-01-092	<u>22,906</u>
Passed through Florida Division of Emergency Management:			
Homeland Security Grant Program	97.067	10-DS-39-07-35-01-255	22,184
Homeland Security Grant Program	97.067	11-DS-9Z-07-35-01-304	<u>13,893</u>
			<u>36,077</u>
Total U.S. Department of Homeland Security			<u>58,983</u>
U.S. Department of Housing and Urban Development			
Passed through Florida Department of Economic Opportunity:			
Community Development Block Grant Program			
Community Development Block Grant - DRI Grant	14.228	10DB-K4-07-35-01-K16	346,782
Community Development Block Grant - Housing	14.228	11DB-C5-07-35-01-H10	<u>644,582</u>
			<u>991,364</u>
U.S. Department of Justice			
Passed through Bureau of Justice Administration:			
State Criminal Alien Assistance Program	16.606	NA	<u>33,271</u>
Passed through Florida Department of Law Enforcement:			
JAG Countywide (Operation Blue Light XV)	16.738	2012-JAGC-HARD-1-C4-166	55,754
FDLE Edward Byrne JAG Direct	16.738	2012-JAGD-HARD-2-C5-007	<u>4,574</u>
			<u>60,328</u>
Total U.S. Department of Justice			<u>93,599</u>
U.S. Department of Energy			
Passed through Florida Department of Agriculture:			
ARRA Energy Efficiency Block Grant	81.128	17595	<u>43,438</u>
Total Expenditures of Federal Awards			<u>\$ 1,281,230</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, 2012**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>			
Florida Department of Community Affairs			
Emergency Management Programs 2012	52.008	12-BG-05-07-35-01-025	\$ 85,765
Hazardous Analysis Grant	52.023	12-CP-03-07-35-01-090	3,378
Residential Construction Mitigation Program	52.016	12RC-58-07-35-01-170	<u>144,239</u>
			<u>233,382</u>
Florida Department of Environmental Protection			
Small County Solid Waste Consolidated Grant	37.012	214SC	70,588
Statewide Surface Water Restoration and Wastewater Projects:			
Wauchula Hills State Appropriations	37.039	LP6036	51,003
			<u>121,591</u>
Office of State Courts Administration			
Legislative Appropriations (Courthouse)	22.004	N/A	<u>9,444</u>
Florida Department of Management Services			
E911 Rural County Program	72.001	11-10-09	16,965
E911 Rural County Grant Program	72.001	11-10-27	400
E911 Rural County Grant Program	72.001	11-04-06	14,575
E911 Rural County Grant Program	72.001	12-04-06	6,019
			<u>37,959</u>
E911 State Grant Program	72.002	S4 11 06 07	127,665
Total Florida Department of Management Services			<u>165,624</u>
Florida Department of State			
State Aid to Libraries Grant	45.030	12-ST-15	<u>52,290</u>
Florida Department of Transportation			
Small County Road Assistance-CR664	55.016	431838 1 58 01	80,239
Small County Outreach Program - Sweetwater	55.009	428156 1 58 01	153,159
			<u>233,398</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership (SHIP) - Annual Entitlement	52.901	N/A	<u>358,097</u>
Florida Department of Agriculture and Consumer Services			
Mosquito Control	42.003	17224	<u>18,396</u>
Florida Department of Health			
Emergency Medical Service	64.003	M1012	<u>114,560</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,306,782</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 2,588,012</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, 2012**

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, 2012. 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, 2012.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2012**

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	None noted
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	None noted
Type of auditor's report on compliance for major program	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a)) or Chapter 10.557, Rules of the Auditor General?	No
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Identification of major programs:

Federal Programs

Community Development Block Grant – DRI Grant	<u>CFDA No.</u> 14.228
Community Development Block Grant – Housing	14.228

State Projects

Small County Outreach Program – Sweetwater	<u>CSFA No.</u> 55.009
State Housing Initiative Partnership	52.901
Residential Construction Mitigation Program	52.016

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

Federal Awards and State Projects	\$300,000
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Auditee qualified as low-risk	No
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**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

SECTION II – FINANCIAL STATEMENT AUDIT

Material Weakness

2012-01 - PRIOR PERIOD RESTATEMENT

Condition: Our audit procedures discovered that prior year General Fund deferred revenue was understated and incorrectly recorded.

Criteria: The ambulance service revenue was not received as of 60 days after year end, and therefore; the County should have recorded the amount of revenue not received as deferred revenues in the prior year.

Cause: The Hardee County Ambulance Service revenue was improperly recorded during the prior year. The County should have deferred all revenue not received within 60 days after year end.

Effect: Beginning fund balance was overstated and deferred revenue was understated by \$283,423.

Recommendation: We recommend internal controls be implemented to insure proper reporting of the County's ambulance service revenue.

Management Response: We concur.

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

There were no current year findings.

SECTION IV – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2011-01 Prior Period Restatement	Material Weakness	X			
2011-02 Contingent Liability	Material Weakness	X			
2011-03 Annual Deposit not Completed Timely	Significant Deficiency	X			
2010-01 Properly Record Accounts Receivable	Material Weakness	X			
2010-02 Properly Accrue Expenses	Control Deficiency	X			
2010-03 Transfer Between Funds	Control Deficiency	X			

MANAGEMENT LETTER

Board of County Commissioners
Hardee County, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated May 20, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our 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, Independent Auditor's 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, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, May 20, 2013, 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 governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedules:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been take to address 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.

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, fraud, illegal acts, 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.

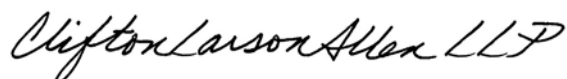
Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with 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, 2012, 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, 2012. 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management 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
May 20, 2013

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2012

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
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**HARDEE COUNTY
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 governmental funds, the proprietary funds, 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, 2012, which comprise the Board's special-purpose financial statements. 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.

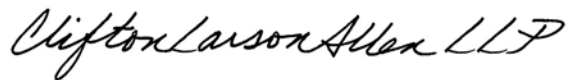
As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under 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, 2012, 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 governmental funds, the proprietary funds, each major fund and the aggregate remaining information of the Board as of September 30, 2012, and the respective changes in fund balance and cash flows, where applicable, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14 to the financial statements, the Board corrected an error in the General Fund financial statements involving an overstatement of revenue that should have been recorded as deferred revenue.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2013, 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 special-purpose financial statements that collectively comprise the Board's basic special-purpose financial statements. The accompanying information identified in the table of contents as combining and individual fund schedules are presented for the purposes of additional analysis and are not a required part of the basic special-purpose financial statements. The accompanying information identified in the table of contents as combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose 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 special-purpose financial statements taken as a whole.



CliftonLarsonAllen LLP

May 20, 2013
Lakeland, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	General Fund	Transportation Fund	Fire Control Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 5,690,138	\$ 2,913,029	\$ 2,484,211	\$ 1,922,150	\$ 13,009,528
Deposits	5,753	4,315	-	-	10,068
Accounts Receivable, Net	361,789	254	243	58,710	420,996
Due from Constitutional Officers	777,989	21,918	5,713	23,371	828,991
Due from Other Funds	55,349	-	-	-	55,349
Due from Other Governments	273,523	388,426	2,311	8,619	672,879
Prepaid	-	-	256,640	-	256,640
Inventory	379,136	-	-	-	379,136
Total Assets	<u>\$ 7,543,677</u>	<u>\$ 3,327,942</u>	<u>\$ 2,749,118</u>	<u>\$ 2,012,850</u>	<u>\$ 15,633,587</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 321,706	\$ 145,047	\$ 56,186	\$ 104,021	\$ 626,960
Due to Other Funds	-	14,684	-	40,665	55,349
Due to Other Governments	19,496	2,334	1,636	8,843	32,309
Deferred Revenue	287,206	82	-	855,915	1,143,203
Total Liabilities	<u>628,408</u>	<u>162,147</u>	<u>57,822</u>	<u>1,009,444</u>	<u>1,857,821</u>
FUND BALANCES					
Nonspendable	379,136	-	256,640	-	635,776
Restricted	7,194	3,165,795	2,434,656	488,250	6,095,895
Committed	-	-	-	207,147	207,147
Assigned	-	-	-	308,009	308,009
Unassigned	6,528,939	-	-	-	6,528,939
Total Fund Balances	<u>6,915,269</u>	<u>3,165,795</u>	<u>2,691,296</u>	<u>1,003,406</u>	<u>13,775,766</u>
Total Liabilities and Fund Balances	<u>\$ 7,543,677</u>	<u>\$ 3,327,942</u>	<u>\$ 2,749,118</u>	<u>\$ 2,012,850</u>	<u>\$ 15,633,587</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Transportation Fund	Fire Control Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
REVENUES					
Taxes	\$ 13,524,771	\$ 1,262,863	\$ -	\$ -	\$ 14,787,634
Licenses and Permits	107,813	-	-	-	107,813
Intergovernmental	2,807,761	2,281,091	-	2,424,760	7,513,612
Charges for Services	620,133	-	24,121	469,409	1,113,663
Fines and Forfeits	7,497	-	-	269,112	276,609
Assessments	-	-	1,805,920	-	1,805,920
Interest	24,182	10,381	6,637	4,942	46,142
Other	185,544	244,881	3,835	45,859	480,119
Total Revenues	<u>17,277,701</u>	<u>3,799,216</u>	<u>1,840,513</u>	<u>3,214,082</u>	<u>26,131,512</u>
EXPENDITURES					
Current:					
General Government	4,005,552	-	-	476,326	4,481,878
Public Safety	2,088,916	-	1,988,780	183,127	4,260,823
Physical Environment	32,076	-	-	410,897	442,973
Transportation	-	3,384,314	-	-	3,384,314
Economic Development	-	-	-	1,184,524	1,184,524
Human Services	795,224	-	-	153,765	948,989
Culture and Recreation	829,453	-	-	253,598	1,083,051
Capital Outlay	275,853	1,180,725	4,484	160,307	1,621,369
Debt Service:					
Principal Retirement	55,296	-	26,418	-	81,714
Interest	2,245	-	1,073	-	3,318
Total Expenditures	<u>8,084,615</u>	<u>4,565,039</u>	<u>2,020,755</u>	<u>2,822,544</u>	<u>17,492,953</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,193,086	(765,823)	(180,242)	391,538	8,638,559

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, 2012**

	General Fund	Transportation Fund	Fire Control Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 284,952	\$ 70,452	\$ 691,820	\$ 326,395	\$ 1,373,619
Transfers Out	(800,364)	(17,431)	(125,037)	(644,242)	(1,587,074)
Transfers from Constitutional Officers	704,360	-	4,299	-	708,659
Transfers to Constitutional Officers	(9,329,359)	-	-	-	(9,329,359)
Total Other Financing Sources (Uses)	<u>(9,140,411)</u>	<u>53,021</u>	<u>571,082</u>	<u>(317,847)</u>	<u>(8,834,155)</u>
NET CHANGE IN FUND BALANCES	52,675	(712,802)	390,840	73,691	(195,596)
Fund Balances - Beginning of Year, as Previously Stated	7,146,017	3,878,597	2,300,456	929,715	14,254,785
Prior Period Restatement	<u>(283,423)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,423)</u>
Fund Balances - Beginning of Year, as Restated	<u>6,862,594</u>	<u>3,878,597</u>	<u>2,300,456</u>	<u>929,715</u>	<u>13,971,362</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,915,269</u>	<u>\$ 3,165,795</u>	<u>\$ 2,691,296</u>	<u>\$ 1,003,406</u>	<u>\$ 13,775,766</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 13,738,244	\$ 13,738,244	\$ 13,524,771	\$ (213,473)
Licenses and Permits	95,900	95,900	107,813	11,913
Intergovernmental	2,563,902	2,670,316	2,807,761	137,445
Charges for Services	642,696	642,696	620,133	(22,563)
Fines and Forfeits	7,300	7,300	7,497	197
Interest	-	-	24,182	24,182
Miscellaneous	91,218	116,883	185,544	68,661
Total Revenues	<u>17,139,260</u>	<u>17,271,339</u>	<u>17,277,701</u>	<u>6,362</u>
EXPENDITURES				
Current:				
General Government	5,196,520	5,355,642	4,005,552	1,350,090
Public Safety	2,334,791	2,319,644	2,088,916	230,728
Physical Environment	37,563	37,863	32,076	5,787
Human Services	634,640	830,163	795,224	34,939
Culture and Recreation	874,937	892,177	829,453	62,724
Capital Outlay	131,545	284,690	275,853	8,837
Debt Service:				
Principal Retirement	55,295	55,295	55,296	(1)
Interest	2,245	2,245	2,245	-
Total Expenditures	<u>9,267,536</u>	<u>9,777,719</u>	<u>8,084,615</u>	<u>1,693,104</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,871,724	7,493,620	9,193,086	1,699,466
OTHER FINANCING SOURCES (USES)				
Transfers In	303,111	311,391	284,952	(26,439)
Transfers Out	(793,618)	(804,061)	(800,364)	3,697
Transfers from Constitutional Officers	185,000	185,000	704,360	519,360
Transfers to Constitutional Officers	(9,477,463)	(9,473,546)	(9,329,359)	144,187
Total Other Financing Sources (Uses)	<u>(9,782,970)</u>	<u>(9,781,216)</u>	<u>(9,140,411)</u>	<u>640,805</u>
NET CHANGE IN FUND BALANCES	(1,911,246)	(2,287,596)	52,675	2,340,271
Fund Balances - Beginning of Year, as Previously Stated	7,146,017	7,146,017	7,146,017	-
Prior Period Restatement	-	-	(283,423)	(283,423)
Fund Balances - Beginning of Year, as Restated	<u>7,146,017</u>	<u>7,146,017</u>	<u>6,862,594</u>	<u>(283,423)</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,234,771</u>	<u>\$ 4,858,421</u>	<u>\$ 6,915,269</u>	<u>\$ 2,056,848</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,251,864	\$ 1,251,864	\$ 1,262,863	\$ 10,999
Intergovernmental	4,205,880	5,311,564	2,281,091	(3,030,473)
Interest	8,000	8,000	10,381	2,381
Miscellaneous	144,545	202,628	244,881	42,253
Total Revenues	<u>5,610,289</u>	<u>6,774,056</u>	<u>3,799,216</u>	<u>(2,974,840)</u>
EXPENDITURES				
Current:				
Transportation	3,941,976	4,567,335	3,384,314	1,183,021
Capital Outlay	3,903,796	5,468,135	1,180,725	4,287,410
Total Expenditures	<u>7,845,772</u>	<u>10,035,470</u>	<u>4,565,039</u>	<u>5,470,431</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,235,483)	(3,261,414)	(765,823)	2,495,591
OTHER FINANCING SOURCES (USES)				
Transfers In	35,000	89,236	70,452	(18,784)
Transfers Out	-	-	(17,431)	(17,431)
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>89,236</u>	<u>53,021</u>	<u>(36,215)</u>
NET CHANGE IN FUND BALANCES	(2,200,483)	(3,172,178)	(712,802)	2,459,376
Fund Balances - Beginning of Year	<u>3,878,597</u>	<u>3,878,597</u>	<u>3,878,597</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,678,114</u>	<u>\$ 706,419</u>	<u>\$ 3,165,795</u>	<u>\$ 2,459,376</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Charges for Services	\$ 30,000	\$ 30,000	\$ 24,121	\$ (5,879)
Assessments	1,292,071	1,292,071	1,805,920	513,849
Interest	2,000	2,000	6,637	4,637
Miscellaneous	500	500	3,835	3,335
Total Revenues	<u>1,324,571</u>	<u>1,324,571</u>	<u>1,840,513</u>	<u>515,942</u>
EXPENDITURES				
Current:				
Public Safety	2,143,547	2,135,267	1,988,780	(146,487)
Capital Outlay	261,400	261,400	4,484	(256,916)
Debt Service:				
Principal Retirement	26,418	26,418	26,418	-
Interest	1,073	1,073	1,073	-
Total Expenditures	<u>2,432,438</u>	<u>2,424,158</u>	<u>2,020,755</u>	<u>(403,403)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,107,867)	(1,099,587)	(180,242)	919,345
OTHER FINANCING SOURCES (USES)				
Transfers In	692,320	692,320	691,820	(500)
Transfers Out	(116,757)	(125,037)	(125,037)	-
Transfers from Constitutional Officers	-	-	4,299	4,299
Total Other Financing Sources (Uses)	<u>575,563</u>	<u>567,283</u>	<u>571,082</u>	<u>3,799</u>
NET CHANGE IN FUND BALANCES	(532,304)	(532,304)	390,840	923,144
Fund Balances - Beginning of Year	<u>2,300,456</u>	<u>2,300,456</u>	<u>2,300,456</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,768,152</u>	<u>\$ 1,768,152</u>	<u>\$ 2,691,296</u>	<u>\$ 923,144</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENT OF NET ASSETS –
PROPRIETARY FUNDS
SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
ASSETS				
CURRENT ASSETS				
Cash	\$ 5,061,644	\$ 988,959	\$ 200,753	\$ 6,251,356
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	97,117	54,622	18,052	169,791
Due from Constitutional Officers	5,640	-	-	5,640
Due from Other Governments	8,551	32,041	-	40,592
Total Current Assets	<u>5,172,952</u>	<u>1,079,218</u>	<u>218,805</u>	<u>6,470,975</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	584,780	-	-	584,780
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Construction in Progress	109,578	-	-	109,578
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	1,530,726	287,377	8,961	1,827,064
Infrastructure	3,967,410	9,207,277	-	13,174,687
	<u>8,883,370</u>	<u>15,716,762</u>	<u>1,358,559</u>	<u>25,958,691</u>
Less: Accumulated Depreciation	<u>(4,424,405)</u>	<u>(2,635,615)</u>	<u>(226,862)</u>	<u>(7,286,882)</u>
Capital Assets, Net	4,458,965	13,081,147	1,131,697	18,671,809
Total Noncurrent Assets	<u>5,043,745</u>	<u>13,081,147</u>	<u>1,131,697</u>	<u>19,256,589</u>
Total Assets	10,216,697	14,160,365	1,350,502	25,727,564

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENTS OF NET ASSETS –
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 199,052	\$ 112,276	\$ 11,739	\$ 323,067
Due to Other Governments	2,754	-	-	2,754
Deposits	17,579	14,785	-	32,364
Deferred Revenue	-	5	812	817
Accrued Compensated Absences, Current Portion	10,923	-	-	10,923
Notes Payable, Current Portion	200,000	525,000	-	725,000
Landfill Closure and Postclosure Costs, Current Portion	206,702	-	-	206,702
Total Current Liabilities	<u>637,010</u>	<u>652,066</u>	<u>12,551</u>	<u>1,301,627</u>
LONG-TERM LIABILITIES				
Accrued Compensated Absences, Less Current Portion	6,658	-	-	6,658
Notes Payable, Less Current Portion	3,600,000	-	-	3,600,000
Landfill Closure and Postclosure Costs, Less Current Portion	4,245,066	-	-	4,245,066
Total Long-Term Liabilities	<u>7,851,724</u>	<u>-</u>	<u>-</u>	<u>7,851,724</u>
Total Liabilities	<u>8,488,734</u>	<u>652,066</u>	<u>12,551</u>	<u>9,153,351</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	658,965	12,556,147	1,131,697	14,346,809
Unrestricted	1,068,998	952,152	206,254	2,227,404
Total Net Assets (Deficits)	<u>\$ 1,727,963</u>	<u>\$ 13,508,299</u>	<u>\$ 1,337,951</u>	<u>\$ 16,574,213</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
OPERATING REVENUES				
Sales and Charges for Services	\$ 801,961	\$ 405,956	\$ 108,216	\$ 1,316,133
Special Assessments	839,030	-	-	839,030
Total Operating Revenues	<u>1,640,991</u>	<u>405,956</u>	<u>108,216</u>	<u>2,155,163</u>
OPERATING EXPENSES				
Personnel Services	348,075	264,809	60,560	673,444
General and Administrative	(1,573,857)	640,868	34,462	(898,527)
Depreciation	602,437	665,065	26,565	1,294,067
Total Operating Expenses	<u>(623,345)</u>	<u>1,570,742</u>	<u>121,587</u>	<u>1,068,984</u>
OPERATING INCOME (LOSS)	2,264,336	(1,164,786)	(13,371)	1,086,179
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	70,588	401,621	-	472,209
Interest Income	9,880	2,297	600	12,777
Interest Expense	(29,060)	(5,137)	-	(34,197)
Miscellaneous Revenue	499,993	5,269	-	505,262
Total Nonoperating Revenues (Expenses), Net	<u>551,401</u>	<u>404,050</u>	<u>600</u>	<u>956,051</u>
INCOME (EXPENSE) BEFORE TRANSFERS	2,815,737	(760,736)	(12,771)	2,042,230
CONTRIBUTIONS AND TRANSFERS				
Capital Contribution	(1,320)	-	-	(1,320)
Transfers In	1,064	358,740	-	359,804
Transfers Out	(92,283)	(41,779)	(12,287)	(146,349)
Transfers from Constitutional Officers	4,299	-	-	4,299
Total Transfers	<u>(88,240)</u>	<u>316,961</u>	<u>(12,287)</u>	<u>216,434</u>
CHANGE IN NET ASSETS	2,727,497	(443,775)	(25,058)	2,258,664
Net Assets - Beginning of Year	<u>(999,534)</u>	<u>13,952,074</u>	<u>1,363,009</u>	<u>14,315,549</u>
NET ASSETS - END OF YEAR	<u>\$ 1,727,963</u>	<u>\$ 13,508,299</u>	<u>\$ 1,337,951</u>	<u>\$ 16,574,213</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,634,440	\$ 628,820	\$ 72,650	\$ 2,335,910
Cash Paid to Employees for Services	(789,851)	(806,910)	(60,560)	(1,657,321)
Cash Paid to Suppliers for Goods and Services	(347,394)	(264,809)	(24,650)	(636,853)
Net Cash Provided (Used) by Operating Activities	497,195	(442,899)	(12,560)	41,736
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Nonoperating Revenue	570,581	5,269	-	575,850
Transfers In (Out)	(86,920)	316,961	(12,287)	217,754
Net Cash Provided (Used) by Noncapital Financing Activities	483,661	322,230	(12,287)	793,604
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grant Receipts	-	24,195	-	24,195
Shared Revenue From State	-	377,427	-	377,427
Acquisition and Construction of Capital Assets	(238,074)	(220,549)	-	(458,623)
Proceeds from Issuance of Debt	3,600,000	-	-	3,800,000
Principal Payments on Long-Term Debt	(200,000)	(225,000)	-	(625,000)
Interest Paid	(29,060)	(5,137)	-	(34,197)
Net Cash Provided (Used) by Capital and Related Financing Activities	3,132,866	(49,064)	-	3,083,802
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	9,880	2,297	600	12,777
Net Cash Provided by Investing Activities	9,880	2,297	600	12,777
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,123,602	(167,436)	(24,247)	3,931,919
Cash and Cash Equivalents - Beginning of Year	1,522,822	1,156,395	225,000	2,904,217
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,646,424</u>	<u>\$ 988,959</u>	<u>\$ 200,753</u>	<u>\$ 6,836,136</u>

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, 2012**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,264,336	\$ (1,164,786)	\$ (13,371)	\$ 1,086,179
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	602,437	665,065	26,565	1,294,067
(Increase) Decrease in Assets:				
Accounts Receivable	(23,288)	(10,117)	-	(33,405)
Due from Constitutional Officers	(880)	-	-	(880)
Due from Other Governments	13,967	233,595	-	247,562
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	155,990	(142,221)	9,812	23,581
Due to Other Government Agencies	2,754	(31,106)	-	(28,352)
Deposits	3,650	7,285	-	10,935
Deferred Revenue	-	(614)	(35,566)	(36,180)
Landfill Closure and Postclosure Costs	(2,521,771)	-	-	(2,521,771)
Net Cash Provided (Used) by Operating Activities	<u>\$ 497,195</u>	<u>\$ (442,899)</u>	<u>\$ (12,560)</u>	<u>\$ 41,736</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS				
Current Assets:				
Cash	\$ 5,061,644	\$ 988,959	\$ 200,753	\$ 6,251,356
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	584,780	-	-	584,780
Total Cash and Cash Equivalents	<u>\$ 5,646,424</u>	<u>\$ 988,959</u>	<u>\$ 200,753</u>	<u>\$ 6,836,136</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Refinance of Debt	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Contribution of Capital Assets	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012 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, 2012**

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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, a special revenue 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, a special revenue fund, accounts for assessments related to providing county-wide fire protection services.

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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012 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 January and 1% in the month of February. Taxes paid in March are without discount.

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

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

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, 2012 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, 2012, estimated capacity used was 48.89%. 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, 2012, the Solid Waste Fund had unrestricted net assets of \$1,068,998 and had net assets invested in capital assets, net of related debt of \$658,965 due to the partial closure to the landfill and because of a \$4,451,768 landfill closure and post-closure liability.

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 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.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classified 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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policy (Continued)

- 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 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 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, 2012, the carrying amount of the Board's deposits was \$19,859,328 and the bank balance was \$19,820,998. 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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 ACCOUNTS RECEIVABLES

Accounts receivables consist of the following at September 30, 2012 for the governmental funds individual major funds and non-major funds:

	General Fund	Transportation Fund	Fire Control Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
Emergency Medical Services	\$ 526,221	\$ -	\$ -	\$ -	\$ 526,221
Trade Accounts	3,959	254	243	58,710	63,166
Accounts Receivable, Gross	530,180	254	243	58,710	589,387
Allowance for Uncollectible Accounts	(168,391)	-	-	-	(168,391)
Accounts Receivable, Net	<u>\$ 361,789</u>	<u>\$ 254</u>	<u>\$ 243</u>	<u>\$ 58,710</u>	<u>\$ 420,996</u>

Accounts receivables consist of the following at September 30, 2012 for the enterprise funds individual major funds and non-major fund:

	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Trust Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
Landfill Charges	\$ 96,655	\$ -	\$ -	\$ 96,655
Trade Accounts	462	54,622	18,052	73,136
Accounts Receivable, Net	97,117	54,622	18,052	169,791
Allowance for Uncollectibles	-	-	-	-
Accounts Receivable, Net	<u>\$ 97,117</u>	<u>\$ 54,622</u>	<u>\$ 18,052</u>	<u>\$ 169,791</u>

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 DETAIL OF CAPITAL ASSETS

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

	Balance October 1, 2011	Additions	(Deletions)	Capital Contribution & Transfers	Balance September 30, 2012
GOVERNMENTAL ACTIVITIES					
Land	\$ 3,490,408	\$ -	\$ -	\$ -	\$ 3,490,408
Construction in Progress	90,993	1,109,582	-	-	1,200,575
Buildings and Improvements	22,201,529	10,567	-	-	22,212,096
Machinery, Equipment, and Library Books	13,234,292	505,560	(129,409)	(39,944)	13,570,499
Roads and Bridges	66,546,180	72,914	-	-	66,619,094
Totals	<u>\$105,563,402</u>	<u>\$ 1,698,623</u>	<u>\$ (129,409)</u>	<u>\$ (39,944)</u>	<u>\$ 107,092,672</u>
Less Accumulated Depreciation for					
Buildings and Improvements	\$ 7,807,187	\$ 539,415	\$ -	\$ -	\$ 8,346,602
Machinery, Equipment, and Library Books	9,339,233	802,329	(111,501)	(41,264)	9,988,797
Roads and Bridges	40,385,511	3,219,402	-	-	43,604,913
Totals	<u>57,531,931</u>	<u>4,561,146</u>	<u>(111,501)</u>	<u>(41,264)</u>	<u>61,940,312</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,031,471</u>	<u>\$ (2,862,523)</u>	<u>\$ (17,908)</u>	<u>\$ 1,320</u>	<u>\$ 45,152,360</u>
BUSINESS-TYPE ACTIVITIES					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Process	1,108,995	109,578	-	(1,108,995)	109,578
Buildings and Improvements	8,772,931	2,811	-	1,108,995	9,884,737
Equipment	1,637,662	155,740	(6,282)	39,944	1,827,064
Infrastructure	12,984,193	190,494	-	-	13,174,687
Totals	<u>\$ 25,466,406</u>	<u>\$ 458,623</u>	<u>\$ (6,282)</u>	<u>\$ 39,944</u>	<u>\$ 25,958,691</u>
Less Accumulated Depreciation for					
Buildings and Improvements	\$ 1,630,144	\$ 101,014	\$ -	\$ -	\$ 1,731,158
Equipment	1,109,901	148,093	(6,282)	41,264	1,292,976
Infrastructure	3,217,788	1,044,960	-	-	4,262,748
Totals	<u>5,957,833</u>	<u>1,294,067</u>	<u>(6,282)</u>	<u>41,264</u>	<u>7,286,882</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,508,573</u>	<u>\$ (835,444)</u>	<u>\$ -</u>	<u>\$ (1,320)</u>	<u>\$ 18,671,809</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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 LONG-TERM LIABILITIES

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

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Capital Leases	\$ 81,713	\$ -	\$ (81,713)	\$ -	\$ -
Accrued Compensated Absences	669,527	7,445	-	676,972	605,169
Total Governmental Activities	<u>\$ 951,240</u>	<u>\$ 7,445</u>	<u>\$ (281,713)</u>	<u>\$ 676,972</u>	<u>\$ 605,169</u>
BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 1,150,000	\$ 3,800,000	\$ (625,000)	\$ 4,325,000	\$ 725,000
Accrued Compensated Absences	16,900	681	-	17,581	10,923
Landfill Closure and Postclosure Costs	6,973,539	-	(2,521,771)	4,451,768	206,702
Total Business-Type Activities	<u>\$ 8,140,439</u>	<u>\$ 3,800,681</u>	<u>\$ (3,146,771)</u>	<u>\$ 8,794,349</u>	<u>\$ 942,625</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.

Notes Payable

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 \$3,800,000 during the 2011-2012 fiscal year for the purposes of providing the Board with sufficient funds to refinance an existing loan previously made to the county under one of the Florida Local Government Finance Commission's other loan programs and to finance capital improvements to the public agency's Class I Landfill. Principal payments are due annually, beginning March 5, 2013. 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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Maturities of notes payable are as follows:

Year	Business-Type Activities	
	Florida Local Government Finance	
	Principal	Interest
2013	\$ 725,000	\$ 6,812
2014	200,000	6,048
2015	200,000	5,712
2016	200,000	5,376
2017	3,000,000	5,040
Total	<u>\$ 4,325,000</u>	<u>\$ 28,988</u>

The following is a schedule by years of future minimum lease payments required under operating leases for vehicles and equipment used in governmental operations that have initial or remaining noncancelable lease terms as of September 30, 2012:

	Year Ended September 30,	Amount
	2013	\$ 72,676
	2014	72,676
	2015	72,676
	2016	65,814
Total Minimum Payments Required		<u>\$ 283,842</u>

Lease expenditures under cancelable and noncancelable lease arrangements for the year ended September 30, 2012 were \$79,981.

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, 2012:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 55,349	\$ -
Transportation Trust Fund	-	14,684
Grants Fund	-	40,665
Total Governmental Funds	<u>\$ 55,349</u>	<u>\$ 55,349</u>

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 7 FUND BALANCE AND SPENDING POLICY

The governmental funds are classified as follows:

Nonspendable		\$ 635,776
Restricted		
Jail Drainage Improvements	\$ 7,194	
Transportation	3,165,795	
Fire Control	2,434,656	
Court Innovations	299,345	
Law Enforcement Trust	106,741	
E-911	<u>82,164</u>	
Total Restricted		6,095,895
Committed		
Pioneer Park Days	87,014	
Mining	<u>120,133</u>	
Total Committed		207,147
Assigned		
Fine and Forfeitures General Government	304,435	
Race Track Recreation	<u>3,574</u>	
Total Assigned		308,009
Unassigned		<u>6,528,939</u>
Total Fund Balances		<u><u>\$ 13,775,766</u></u>

NOTE 8 RETIREMENT PLAN

All full-time employees of the Board 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 prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 8 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 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 Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The Board's contributions made during the years ended September 30, 2012, 2011, and 2010 were \$524,038, \$834,031 and \$905,036, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 9 RELATED ORGANIZATIONS AND RELATED PARTIES

Transactions with the respective constitutional officers for the year ended September 30, 2012 were as follows:

	General Fund	Transportation Trust Fund	Fire Control Fund	Non-Major Governmental Funds	Solid Waste Fund
Due from Constitutional Officers	\$ 777,989	\$ 21,918	\$ 5,713	\$ 23,371	\$ 5,640
Excess Fees from					
Constitutional Officers	704,360	-	4,299	-	4,299
Requisitions Paid to					
Constitutional Officers	(9,329,359)	-	-	-	-

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.

PRM purchases excess insurance or stop loss insurance from commercial carriers to cover losses above the self-insured retention amounts. PRM assesses each member 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 partial closure costs of the County's landfill. The majority of the costs for partial closure of Section I, Phase I were incurred during the year ended September 30, 2011. Closure costs include the engineering and construction of covers, gas systems, and revegetation costs. The partial closure date for Section I, Phase I was January 3, 2012. Hardee County has one landfill site which is comprised of two cells. Cell Section I, Phase I closed on January 3, 2012 and Cell Section II, Phase I is currently in operation and funding of \$3,800,000, as of September 30, 2012, has been received through the Florida Local Government Finance Commission to begin expansion of Section II, Phase II.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Landfill Closure Commitments (Continued)

As of September 30, 2012, no expansion costs were incurred and the estimated capacity increase was included in the 48.89% total estimated capacity available. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs 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 postclosure care liability of \$4,451,768 at September 30, 2012, represents the cumulative amount reported to date based on an average use of 48.89% of the total estimated capacity available as of September 30, 2012. There was a significant decrease in the liability due to the capacity increase for the expansion of Cell Section II, Phase II. The decrease in the liability caused the general and administrative expenses to be negative \$1,573,857 as of September 30, 2012. 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 postclosure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2012. At September 30, 2012, \$584,780 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 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.

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, 2012, 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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

Hardee County, Florida received a Notice of Claim Pursuant to Chapter 70.001, Florida Statutes regarding property owned by the Florida Institute for Neurologic Rehabilitation, Inc. No accrual has been made in the financial statements for contingencies. In management's opinion, this claim is not reasonably possible.

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.

Transfers during the year ended September 30, 2012, consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 125,037
Non-Major Governmental Funds	54,097
Solid Waste Fund	53,000
Wauchula Hills Water/Wastewater Treatment Fund	40,740
Non-Major Enterprise Fund	12,078
Total	<u>\$ 284,952</u>

Transfers to the Transportation Trust Fund from:

General Fund	\$ 8,149
Non-Major Governmental Funds	21,772
Wauchula Hills Water/Wastewater Treatment Fund	1,039
Solid Waste Fund	39,283
Non-Major Enterprise Fund	209
Total	<u>\$ 70,452</u>

Transfers to the Fire Control Fund from:

General Fund	\$ 465,820
Race Track Fund	226,000
Total	<u>\$ 691,820</u>

Transfers to the Non-Major Governmental Funds from:

General Fund	<u>\$ 326,395</u>
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Transfers to Wauchula Hills Water/Wastewater

Treatment Fund from:

Transportation Trust Fund	\$ 17,431
Non-Major Governmental Funds	341,309
Total	<u>\$ 358,740</u>

Transfers to the Solid Waste Fund from:

Non-Major Enterprise Fund	<u>\$ 1,064</u>
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**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 as of September 30, 2012:

**Balance Sheet
September 30, 2012**

ASSETS	
Cash	\$ 325,570
Accounts Receivable	84
Total Assets	\$ 325,654
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 35,934
Due to Other Funds	4
Deferred Revenue	289,716
Total Liabilities	325,654
FUND BALANCE	
Total Liabilities and Fund Balance	\$ 325,654

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2012**

REVENUES	
Intergovernmental	\$ 358,097
Interest	1,022
Miscellaneous	37,569
Total Revenues	396,688
EXPENDITURES	
Economic Environment	396,688
NET CHANGE IN FUND BALANCES	
	-
Fund Balances - Beginning of Year	-
FUND BALANCES - END OF YEAR	
	\$ -

NOTE 14 PRIOR PERIOD RESTATEMENT

During the current year, it was determined that prior year's General Fund deferred revenue was understated and incorrectly recorded. To correct this error, the beginning fund balance of \$7,146,017, as originally reported, has been decreased to \$6,862,594. Beginning deferred revenue of \$3,783, as originally reported, has been increased to \$283,423.

COMBINING AND INDIVIDUAL FUND SCHEDULES

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
SEPTEMBER 30, 2012**

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.

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.

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.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
COMBINING SPECIAL-PURPOSE BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Special Revenue Funds							Total All Non-Major Governmental Funds
	Grants	Fines and Forfeitures	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	E-911	Mining	
ASSETS								
Cash and Investments	\$ 431,659	\$ 1,088,058	\$ 3,574	\$ 105,474	\$ 106,741	\$ 83,045	\$ 103,599	\$ 1,922,150
Accounts Receivable	88	-	-	-	-	-	58,622	58,710
Due from Constitutional Officers	-	23,371	-	-	-	-	-	23,371
Due from Other Governments	8,619	-	-	-	-	-	-	8,619
	<u>8,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,619</u>
Total Assets	<u>\$ 440,366</u>	<u>\$ 1,111,429</u>	<u>\$ 3,574</u>	<u>\$ 105,474</u>	<u>\$ 106,741</u>	<u>\$ 83,045</u>	<u>\$ 162,221</u>	<u>\$ 2,012,850</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable and Accrued								
Liabilities	\$ 43,869	\$ 15,973	\$ -	\$ 1,210	\$ -	\$ 881	\$ 42,088	\$ 104,021
Due to Other Funds	40,665	-	-	-	-	-	-	40,665
Due to Other Governments	60	8,783	-	-	-	-	-	8,843
Deferred Revenue	355,772	482,893	-	17,250	-	-	-	855,915
Total Liabilities	<u>440,366</u>	<u>507,649</u>	<u>-</u>	<u>18,460</u>	<u>-</u>	<u>881</u>	<u>42,088</u>	<u>1,009,444</u>
FUND BALANCES								
Restricted	-	299,345	-	-	106,741	82,164	-	488,250
Committed	-	-	-	87,014	-	-	120,133	207,147
Assigned	-	304,435	3,574	-	-	-	-	308,009
Total Fund Balances	<u>-</u>	<u>603,780</u>	<u>3,574</u>	<u>87,014</u>	<u>106,741</u>	<u>82,164</u>	<u>120,133</u>	<u>1,003,406</u>
Total Liabilities and Fund Balances	<u>\$ 440,366</u>	<u>\$ 1,111,429</u>	<u>\$ 3,574</u>	<u>\$ 105,474</u>	<u>\$ 106,741</u>	<u>\$ 83,045</u>	<u>\$ 162,221</u>	<u>\$ 2,012,850</u>

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue							Total All Non-Major Governmental Funds
	Grants	Fines and Forfeitures	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	E-911	Mining	
REVENUES								
Intergovernmental	\$ 1,671,645	\$ 9,444	\$ 446,500	\$ -	\$ -	\$ 297,171	\$ -	\$ 2,424,760
Charges for Services	-	20,744	-	85,476	-	-	363,189	469,409
Fines and Forfeits	-	269,112	-	-	-	-	-	269,112
Interest	1,072	2,490	33	307	279	363	398	4,942
Other	37,570	2,666	-	1,298	4,325	-	-	45,859
Total Revenues	<u>1,710,287</u>	<u>304,456</u>	<u>446,533</u>	<u>87,081</u>	<u>4,604</u>	<u>297,534</u>	<u>363,587</u>	<u>3,214,082</u>
EXPENDITURES								
Current:								
General Government	-	476,326	-	-	-	-	-	476,326
Public Safety	-	6,111	-	-	-	177,016	-	183,127
Physical Environment	43,523	-	-	-	-	-	367,374	410,897
Economic Development	1,184,524	-	-	-	-	-	-	1,184,524
Human Services	127,265	-	26,500	-	-	-	-	153,765
Culture and Recreation	-	-	194,000	59,598	-	-	-	253,598
Capital Outlay	5,403	27,239	-	-	-	127,665	-	160,307
Total Expenditures	<u>1,360,715</u>	<u>509,676</u>	<u>220,500</u>	<u>59,598</u>	<u>-</u>	<u>304,681</u>	<u>367,374</u>	<u>2,822,544</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	349,572	(205,220)	226,033	27,483	4,604	(7,147)	(3,787)	391,538

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue							Total All Non-Major Governmental Funds
	Grants	Fines and Forfeitures	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	E-911	Mining	
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ -	\$ 276,395	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 326,395
Transfers Out	(349,572)	-	(226,000)	(28,405)	-	-	(40,265)	(644,242)
Total Other Financing Sources (Uses)	<u>(349,572)</u>	<u>276,395</u>	<u>(226,000)</u>	<u>(28,405)</u>	<u>-</u>	<u>50,000</u>	<u>(40,265)</u>	<u>(317,847)</u>
NET CHANGE IN FUND BALANCES	-	71,175	33	(922)	4,604	42,853	(44,052)	73,691
Fund Balances - Beginning of Year	-	532,605	3,541	87,936	102,137	39,311	164,185	929,715
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 603,780</u>	<u>\$ 3,574</u>	<u>\$ 87,014</u>	<u>\$ 106,741</u>	<u>\$ 82,164</u>	<u>\$ 120,133</u>	<u>\$ 1,003,406</u>

**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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,095,630	\$ 2,377,539	\$ 1,671,645	\$ (705,894)
Interest	250	250	1,072	822
Miscellaneous	5,000	5,000	37,570	32,570
Total Revenues	<u>2,100,880</u>	<u>2,382,789</u>	<u>1,710,287</u>	<u>(672,502)</u>
EXPENDITURES				
Current:				
Physical Environment	50,939	50,939	43,523	7,416
Economic Development	1,321,642	1,473,780	1,184,524	289,256
Human Services	152,710	173,616	127,265	46,351
Capital Outlay	250,000	318,000	5,403	312,597
Total Expenditures	<u>1,775,291</u>	<u>2,016,335</u>	<u>1,360,715</u>	<u>655,620</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	325,589	366,454	349,572	(16,882)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	4	-	(4)
Transfers Out	(582,089)	(622,958)	(349,572)	273,386
Total Other Financing Sources (Uses)	<u>(582,089)</u>	<u>(622,954)</u>	<u>(349,572)</u>	<u>273,382</u>
NET CHANGE IN FUND BALANCES	(256,500)	(256,500)	-	256,500
Fund Balances - Beginning of Year	<u>(385,298)</u>	<u>(385,298)</u>	<u>-</u>	<u>385,298</u>
FUND BALANCES - END OF YEAR	<u>\$ (641,798)</u>	<u>\$ (641,798)</u>	<u>\$ -</u>	<u>\$ 641,798</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 9,444	\$ 9,444
Charges for Services	22,500	22,500	20,744	(1,756)
Fines and Forfeits	275,000	281,111	269,112	(11,999)
Interest	250	250	2,490	2,240
Miscellaneous	200	200	2,666	2,466
Total Revenues	<u>297,950</u>	<u>304,061</u>	<u>304,456</u>	<u>395</u>
EXPENDITURES				
Current:				
General Government	831,392	834,369	476,326	358,043
Public Safety	-	6,111	6,111	-
Capital Outlay	<u>524,452</u>	<u>521,475</u>	<u>27,239</u>	<u>494,236</u>
Total Expenditures	<u>1,355,844</u>	<u>1,361,955</u>	<u>509,676</u>	<u>852,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,057,894)	(1,057,894)	(205,220)	852,674
OTHER FINANCING SOURCES				
Transfers In	<u>276,395</u>	<u>276,395</u>	<u>276,395</u>	-
Total Other Financing Sources	<u>276,395</u>	<u>276,395</u>	<u>276,395</u>	-
NET CHANGE IN FUND BALANCES	(781,499)	(781,499)	71,175	852,674
Fund Balances - Beginning of Year	<u>532,605</u>	<u>532,605</u>	<u>532,605</u>	-
FUND BALANCES - END OF YEAR	<u>\$ (248,894)</u>	<u>\$ (248,894)</u>	<u>\$ 603,780</u>	<u>\$ 852,674</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	33	33
Total Revenues	<u>446,500</u>	<u>446,500</u>	<u>446,533</u>	<u>33</u>
EXPENDITURES				
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>
EXCESS OF REVENUES OVER EXPENDITURES	226,000	226,000	226,033	33
OTHER FINANCING USES				
Transfers Out	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	33	33
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>3,541</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,574</u>	<u>\$ 33</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Charges for Services	\$ 90,000	\$ 90,000	\$ 85,476	\$ (4,524)
Interest	150	150	307	157
Miscellaneous	200	200	1,298	1,098
Total Revenues	<u>90,350</u>	<u>90,350</u>	<u>87,081</u>	<u>(3,269)</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>63,247</u>	<u>63,247</u>	<u>59,598</u>	<u>3,649</u>
Total Expenditures	<u>63,247</u>	<u>63,247</u>	<u>59,598</u>	<u>3,649</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,103	27,103	27,483	380
OTHER FINANCING SOURCES				
Transfers Out	<u>(56,963)</u>	<u>(57,027)</u>	<u>(28,405)</u>	<u>28,622</u>
NET CHANGE IN FUND BALANCES	(29,860)	(29,924)	(922)	29,002
Fund Balances - Beginning of Year	<u>87,936</u>	<u>87,936</u>	<u>87,936</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 58,076</u>	<u>\$ 58,012</u>	<u>\$ 87,014</u>	<u>\$ 29,002</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Interest	\$ 250	\$ 250	\$ 279	\$ 29
Miscellaneous	2,000	2,000	4,325	2,325
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>4,604</u>	<u>2,354</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,250	2,250	4,604	2,354
Fund Balances - Beginning of Year	<u>102,137</u>	<u>102,137</u>	<u>102,137</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 104,387</u></u>	<u><u>\$ 104,387</u></u>	<u><u>\$ 106,741</u></u>	<u><u>\$ 2,354</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 252,665	\$ 276,050	\$ 297,171	\$ 21,121
Interest	1,000	1,000	363	(637)
Total Revenues	<u>253,665</u>	<u>277,050</u>	<u>297,534</u>	<u>20,484</u>
EXPENDITURES				
Current:				
Public Safety	207,547	230,932	177,016	53,916
Capital Outlay	<u>127,665</u>	<u>127,665</u>	<u>127,665</u>	<u>-</u>
Total Expenditures	<u>335,212</u>	<u>358,597</u>	<u>304,681</u>	<u>53,916</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(81,547)	(81,547)	(7,147)	74,400
OTHER FINANCING SOURCES				
Transfers In	<u>51,403</u>	<u>51,403</u>	<u>50,000</u>	<u>(1,403)</u>
NET CHANGE IN FUND BALANCES	(30,144)	(30,144)	42,853	72,997
Fund Balances - Beginning of Year	<u>39,311</u>	<u>39,311</u>	<u>39,311</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,167</u>	<u>\$ 9,167</u>	<u>\$ 82,164</u>	<u>\$ 72,997</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, 2012**

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Charges for Services	\$ 582,724	\$ 582,724	\$ 363,189	\$ (219,535)
Interest	200	200	398	198
Total Revenues	<u>582,924</u>	<u>582,924</u>	<u>363,587</u>	<u>(219,337)</u>
EXPENDITURES				
Current:				
Physical Environment	<u>605,171</u>	<u>605,171</u>	<u>367,374</u>	<u>237,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,247)	(22,247)	(3,787)	18,460
OTHER FINANCING USES				
Transfers Out	<u>(40,265)</u>	<u>(40,265)</u>	<u>(40,265)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(62,512)	(62,512)	(44,052)	18,460
Fund Balances - Beginning of Year	<u>164,185</u>	<u>164,185</u>	<u>164,185</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 101,673</u>	<u>\$ 101,673</u>	<u>\$ 120,133</u>	<u>\$ 18,460</u>

SUPPLEMENTAL REPORTS



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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***

Board of County Commissioners
Hardee County, Florida

We have audited the special-purpose financial statements of governmental funds, the proprietary funds, 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, 2012, and have issued our report thereon dated May 20, 2013. 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 of the Board is responsible for establishing and maintaining effective 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 opinions on the 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 findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.


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 2012-01 described in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 in a separate letter dated May 20, 2013.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
May 20, 2013

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF CURRENT YEAR AND PRIOR YEARS FINDINGS AND RESPONSES
SEPTEMBER 30, 2012**

Current Year Findings

Material Weakness

2012-01 - PRIOR PERIOD RESTATEMENT

Condition: Our audit procedures discovered that prior year General Fund deferred revenue was understated and incorrectly recorded.

Criteria: The ambulance service revenue was not received as of 60 days after year end, and therefore; the County should have recorded the amount of revenue not received as deferred revenues in the prior year.

Cause: The Hardee County Ambulance Service revenue was improperly recorded during the prior year. The County should have deferred all revenue not received within 60 days after year end.

Effect: Beginning fund balance was overstated and deferred revenue was understated by \$283,423.

Recommendation: We recommend internal controls be implemented to insure proper reporting of the County's ambulance service revenue.

Management Response: We concur.

Prior Year Findings

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2011-01 Prior Period Restatement	Material Weakness	X			
2011-02 Contingent Liability	Material Weakness	X			
2011-03 Annual Deposit not Completed Timely	Significant Deficiency	X			
2010-01 Properly Record Accounts Receivable	Material Weakness	X			
2010-02 Properly Accrue Expenses	Control Deficiency	X			
2010-03 Transfer Between Funds	Control Deficiency	X			



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MANAGEMENT LETTER

Board of County Commissioners
Hardee County, Florida

We have audited the special-purpose financial statements of the governmental funds, the proprietary funds, 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, 2012, and have issued our report thereon dated May 20, 2013.

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 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*, Schedule of Current Year and Prior Years Findings and Responses. Disclosures in that report, which is dated May 20, 2013, 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.

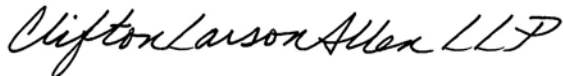
Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more 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) 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and applicable management 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
May 20, 2013

HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2012

**HARDEE COUNTY SHERIFF
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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 aggregate remaining fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2012, 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 opinions on these special-purpose financial statements based on our audit.

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

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 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 each major fund and the aggregate remaining fund information of the Sheriff as of September 30, 2012, and the respective changes in financial position and budgetary comparison for each major 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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 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 that collectively comprise the Sheriff's basic special-purpose financial statements. The 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 basic special-purpose financial statements. The 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose 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 special-purpose 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 special-purpose financial statements as a whole.

This information 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
December 17, 2012

**HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 373,574	\$ 108,566	\$ 45,786	\$ 527,926
Prepaid Items	317,997	-	-	317,997
	<u>317,997</u>	<u>-</u>	<u>-</u>	<u>317,997</u>
Total Assets	<u>\$ 691,571</u>	<u>\$ 108,566</u>	<u>\$ 45,786</u>	<u>\$ 845,923</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,473	\$ -	\$ -	\$ 1,473
Accrued Liabilities	301,576	-	-	301,576
Due to the Board of County Commissioners	388,522	-	-	388,522
Total Liabilities	<u>691,571</u>	<u>-</u>	<u>-</u>	<u>691,571</u>
FUND BALANCES				
Nonspendable	317,997	-	-	317,997
Restricted for Inmate Welfare	-	108,566	-	108,566
Restricted for Education	-	-	45,786	45,786
Unassigned	(317,997)	-	-	(317,997)
Total Fund Balances	<u>-</u>	<u>108,566</u>	<u>45,786</u>	<u>154,352</u>
Total Liabilities and Fund Balances	<u>\$ 691,571</u>	<u>\$ 108,566</u>	<u>\$ 45,786</u>	<u>\$ 845,923</u>

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, 2012**

	General Fund	Commissary Fund	Education Fund (Non-Major Fund)	Total Governmental Funds
REVENUES				
Appropriations from Board of County Commissioners	\$ 7,447,347	\$ -	\$ -	\$ 7,447,347
Intergovernmental	64,380	-	-	64,380
Charges for Services	162,861	-	-	162,861
Fines and Forfeitures	6,111	-	4,280	10,391
Interest and Miscellaneous	73,212	52,654	-	125,866
Total Revenues	<u>7,753,911</u>	<u>52,654</u>	<u>4,280</u>	<u>7,810,845</u>
EXPENDITURES				
Current:				
Public Safety:				
Personal Services	5,773,800	30,352	-	5,804,152
Operating Expenditures	1,209,438	909	8,869	1,219,216
Capital Outlay	386,792	-	-	386,792
Total Expenditures	<u>7,370,030</u>	<u>31,261</u>	<u>8,869</u>	<u>7,410,160</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	383,881	21,393	(4,589)	400,685
OTHER FINANCING USES				
Transfers to Board of County Commissioners	(383,881)	-	-	(383,881)
Total Other Financing Uses	<u>(383,881)</u>	<u>-</u>	<u>-</u>	<u>(383,881)</u>
NET CHANGE IN FUND BALANCES	-	21,393	(4,589)	16,804
Fund Balances - Beginning of Year	<u>-</u>	<u>87,173</u>	<u>50,375</u>	<u>137,548</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 108,566</u>	<u>\$ 45,786</u>	<u>\$ 154,352</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 7,447,347	\$ 7,447,347	\$ 7,447,347	\$ -
Intergovernmental	-	38,035	64,380	26,345
Charges for Services	-	-	162,861	162,861
Fines and Forfeitures	-	-	6,111	6,111
Interest and Miscellaneous	-	-	73,212	73,212
Total Revenues	<u>7,447,347</u>	<u>7,485,382</u>	<u>7,753,911</u>	<u>268,529</u>
EXPENDITURES				
Current:				
Public Safety:				
Salaries and Benefits	6,067,145	6,067,145	5,773,800	293,345
Operating Expenditures	1,305,202	1,305,202	1,209,438	95,764
Capital outlay	75,000	113,035	386,792	(273,757)
Total Expenditures	<u>7,447,347</u>	<u>7,485,382</u>	<u>7,370,030</u>	<u>115,352</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	383,881	383,881
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(383,881)	(383,881)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(383,881)</u>	<u>(383,881)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 91,922
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LIABILITIES

Due to Individuals	\$ 91,922
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See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012 and the changes in its financial position for the year then 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, 2012**

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, and capital outlay in governmental type funds 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, and 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, 2012**

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. The commissary fund is not required to maintain a separate budget, therefore, a comparison of budget to actual revenues and expenditures is not presented in the special-purpose financial statements.

Fiduciary Fund

Agency Fund – The agency funds are 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*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2012, there was no fund balance in the General Fund and the remaining fund balance in the Education and Commissary Fund is appropriately classified as restricted.

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, 2012**

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, 2012**

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, 2012, the carrying amount of the Sheriff's deposits was \$619,848 and the bank balance was \$700,147. 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, 2012**

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, 2012:

	Balance October 1, 2011	Additions	Disposals	Balance September 30, 2012
Machinery and Equipment	\$ 3,439,848	\$ 386,792	\$ (184,033)	\$ 3,642,607
Less: Accumulated Depreciation	<u>(1,947,586)</u>	<u>(757,065)</u>	<u>169,911</u>	<u>(2,534,740)</u>
Total Capital Assets, Net	<u>\$ 1,492,262</u>	<u>\$ (370,273)</u>	<u>\$ (14,122)</u>	<u>\$ 1,107,867</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, 2012**

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.

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; special risk – 14.10%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; special risk – 14.90%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The Sheriff’s contributions made during the years ended September 30, 2012, 2011, and 2010 were \$479,369, \$665,563, and \$701,471, 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, 2012:

	Balance October 1, 2011	Net Additions	Balance September 30, 2012	Due Within One Year
Accrued Compensated Absences	\$ 187,697	\$ 9,298	\$ 196,995	\$ 196,995

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, 2012**

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2012 were as follows:

Budget Appropriation - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,447,347 for the year ended September 30, 2012. At September 30, 2012, \$388,522 was due to the Board of County Commissioners from the General Fund of the Sheriff.

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 \$300,000 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, 2012**

	<u>Suspense</u>	<u>Collections</u>	<u>Evidence</u>	<u>Inmate</u>	<u>Youth</u>	<u>Flower</u>	<u>Drug Task Force</u>	<u>Total</u>
ASSETS								
Cash	<u>\$ 16,105</u>	<u>\$ -</u>	<u>\$ 28,133</u>	<u>\$ 6,626</u>	<u>\$ 10,129</u>	<u>\$ 2,733</u>	<u>\$ 28,196</u>	<u>\$ 91,922</u>
LIABILITIES								
Due to Individuals	<u>\$ 16,105</u>	<u>\$ -</u>	<u>\$ 28,133</u>	<u>\$ 6,626</u>	<u>\$ 10,129</u>	<u>\$ 2,733</u>	<u>\$ 28,196</u>	<u>\$ 91,922</u>

**HARDEE COUNTY SHERIFF
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2012**

	Balance October 1, 2011	Increases	(Decreases)	Balance September 30, 2012
SUSPENSE				
ASSETS				
Cash	\$ 15,806	\$ 68,426	\$ (68,127)	\$ 16,105
LIABILITIES				
Due to Individuals	\$ 15,806	\$ 68,426	\$ (68,127)	\$ 16,105
COLLECTIONS				
ASSETS				
Cash	\$ 1,484	\$ 17,511	\$ (18,995)	\$ -
LIABILITIES				
Due to Individuals	\$ 1,484	\$ 17,511	\$ (18,995)	\$ -
EVIDENCE				
ASSETS				
Cash	\$ 2,692	\$ 25,559	\$ (118)	\$ 28,133
LIABILITIES				
Due to Individuals	\$ 2,692	\$ 25,559	\$ (118)	\$ 28,133
INMATE				
ASSETS				
Cash	\$ 178	\$ 174,871	\$ (168,423)	\$ 6,626
LIABILITIES				
Due to Individuals	\$ 178	\$ 174,871	\$ (168,423)	\$ 6,626
YOUTH				
ASSETS				
Cash	\$ 9,933	\$ 1,021	\$ (825)	\$ 10,129
LIABILITIES				
Due to Individuals	\$ 9,933	\$ 1,021	\$ (825)	\$ 10,129
FLOWER				
ASSETS				
Cash	\$ 2,294	\$ 1,155	\$ (716)	\$ 2,733
LIABILITIES				
Due to Individuals	\$ 2,294	\$ 1,155	\$ (716)	\$ 2,733
DRUG TASK FORCE				
ASSETS				
Cash	\$ 44,950	\$ 5,671	\$ (22,425)	\$ 28,196
LIABILITIES				
Due to Individuals	\$ 44,950	\$ 5,671	\$ (22,425)	\$ 28,196
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 77,337	\$ 294,214	\$ (279,629)	\$ 91,922
LIABILITIES				
Due to Individuals	\$ 77,337	\$ 294,214	\$ (279,629)	\$ 91,922

**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 each major fund and the aggregate remaining fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2012 which collectively comprise the Sheriff's special-purpose financial statements, and have issued our report thereon dated December 17, 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 questioned costs, 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 in the accompanying schedule of findings and questioned costs to be material weaknesses. [2012-01, 2012-02, and 2012-03].

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 in the accompanying schedule of findings and responses to be a significant deficiency. [2012-04].

The Honorable Arnold Lanier
Hardee County Sheriff


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff'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 of the Sheriff in a separate letter dated December 17, 2012.

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
December 17, 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, 2012, and have issued our report thereon dated December 17, 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 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With Government Auditing Standards and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated December 17, 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 partially address finding and recommendations at 2009-04. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report for items 2009-01, 2009-02, and 2009-03 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.

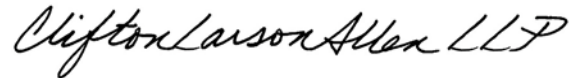
The Honorable Arnold Lanier
Hardee County Sheriff

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
December 17, 2012

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2012**

Current Year Findings

Material Weakness

- 2012-01:** Inadequate segregation of duties.
See 2009-01
- 2012-02:** Preparation of financial statements.
See 2009-02
- 2012-03:** Material financial statement adjustments.
See 2009-03

Significant Deficiency

- 2012-04:** Inadequate general ledger software.
See 2009-04

Prior Year Findings

Material Weakness

2009-01 – INADEQUATE SEGREGATION OF DUTIES

- 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.
- 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.
- 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.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2012**

Material Weaknesses (Continued)

2009-02 – PREPARATION OF 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.
- 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.
- 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.

2009-03 – MATERIAL FINANCIAL STATEMENT ADJUSTMENTS

- 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.
- 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.
- Cause:** Improper reporting of transactions.
- Effect:** Accounts receivable, accounts payable, net assets, 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.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2012**

Significant Deficiency

2009-04 – 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.

Condition: As part of our audit, we noted that the accounting department has inadequate general ledger software.

Cause: Management has not fully implemented all funds into the computerized general ledger software.

Effect: Account balances are susceptible to error.

Recommendation: We recommend the Sheriff's Office analyze the current needs of the organization and consider implementing all funds into the general ledger software

Response: The Sheriff purchased new computer software which will be partially operational as of fiscal year ending September 30, 2012. The Sheriff expects to have the software fully operational as of fiscal year ending September 30, 2013.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2011-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2011-02 - Preparation of Financial Statements	Material Weakness			X	2009-02
2011-03 - Material Financial Statement Adjustments	Material Weakness			X	2009-03
2011-04 - Inadequate General Ledger Software	Significant Deficiency		X		2009-04
2010-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2010-02 - Preparation of Financial Statements	Material Weakness			X	2009-02
2010-03 - Material Financial Statement Adjustments	Material Weakness			X	2009-03
2010-04 - Inadequate General Ledger Software	Significant Deficiency		X		2009-04
2010-05 - Inadequate Bank Reconciliations	Significant Deficiency	X			NA

HARDEE COUNTY TAX COLLECTOR
SPECIAL-PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

**HARDEE COUNTY TAX COLLECTOR
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INDEPENDENT AUDITORS' REPORT

The Honorable Zerelda "Zee" Smith
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, 2012. 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, 2012, 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, 2012, 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 December 14, 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 opinions on the special-purpose financial statements that collectively comprise the Tax Collector’s basic special-purpose financial statements. The 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 fund statements are presented for purposes of additional analysis and are not a required part of the basic special-purpose financial statements. The 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 fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose 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 special-purpose financial statements taken as a whole.

This information 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
December 14, 2012

**HARDEE COUNTY TAX COLLECTOR
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 313,610
Accounts Receivable	<u>12,159</u>
Total Assets	<u><u>\$ 325,769</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 9,038
Due to the Board of County Commissioners	307,243
Due to Other Governments	6,438
Due to Indigent Health Care Special District	<u>3,050</u>
Total Liabilities	325,769

FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 325,769</u></u>
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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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 804,060	\$ 804,060	\$ 821,137	\$ 17,077
Interest and Miscellaneous Revenue	2,500	2,500	3,697	1,197
Total Revenues	<u>806,560</u>	<u>806,560</u>	<u>824,834</u>	<u>18,274</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	535,925	529,025	492,993	36,032
Operating Expenditures	101,267	100,102	88,638	11,464
Capital Outlay	1,250	9,315	6,820	2,495
Total Expenditures	<u>638,442</u>	<u>638,442</u>	<u>588,451</u>	<u>49,991</u>
EXCESS OF REVENUES OVER EXPENDITURES	168,118	168,118	236,383	68,265
OTHER FINANCING USES				
Transfer to Other Governments	-	-	(6,438)	(6,438)
Transfer to Indigent Health Care Special District	-	-	(3,050)	(3,050)
Transfer to the Board of County Commissioners	-	-	(226,895)	(226,895)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(236,383)</u>	<u>(236,383)</u>
NET CHANGE IN FUND BALANCES	168,118	168,118	-	(168,118)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 168,118</u>	<u>\$ 168,118</u>	<u>\$ -</u>	<u>\$ (168,118)</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, 2012**

ASSETS

Cash	\$ 304,298
Due from Individuals	<u>618</u>
Total Assets	<u><u>\$ 304,916</u></u>

LIABILITIES

Due to Individuals	\$ 24,284
Due to Board of County Commissioners	8,563
Due to Other Governments	61,702
Due to Indigent Health Care Special District	229
Deposit - Installment Taxes	<u>210,138</u>
Total Liabilities	<u><u>\$ 304,916</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012 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, 2012**

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. 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. 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.

Any excess revenues received over expenditures made are remitted to the Board and the other taxing districts and recorded as other financing uses.

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.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012**

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*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2012, 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. Capital assets in excess of \$1,000 are considered capital outlay. 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, 2012**

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.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012, the carrying amount of the Tax Collector's deposits was \$617,908 and the bank balance was \$593,955. 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 October 1, 2011	Additions	Disposals	Balance September 30, 2012
Machinery and Equipment	\$ 115,169	\$ 6,820	\$ -	\$ 121,989
Total Capital Assets	115,169	6,820	-	121,989
Less: Accumulated Depreciation	(95,085)	(4,369)	-	(99,454)
Total Capital Assets, Net	<u>\$ 20,084</u>	<u>\$ 2,451</u>	<u>\$ -</u>	<u>\$ 22,535</u>

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 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 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.

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The Tax Collector's contributions made during the years ended September 30, 2012, 2011 and 2010 were \$18,099, \$35,307 and \$37,659, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2012:

	Balance October 1, 2011	Net Additions	Balance September 30, 2012	Due Within One Year
Accrued Compensated Absences	\$ 7,401	\$ 2,717	\$ 10,118	\$ 3,704

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, 2012 were as follows:

Budget Appropriation - The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$521,557 for the year ended September 30, 2012. The General Fund of the Tax Collector disbursed cash to the Board of County Commissioners in the amount of \$609,304 for the year ended September 30, 2012. In addition, \$307,243 and \$8,563 was due to the Board of County Commissioners at September 30, 2012 from the General Fund and Agency Funds, respectively.

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, 2012**

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, 2012**

	Tax Collector Fund	Motor Vehicle Fund	Total
ASSETS			
Cash	\$ 248,372	\$ 55,926	\$ 304,298
Due from Individuals	-	618	618
	\$ 248,372	\$ 56,544	\$ 304,916
Total Assets	\$ 248,372	\$ 56,544	\$ 304,916
 LIABILITIES			
Due to Individuals	\$ 24,284	\$ -	\$ 24,284
Due to Board of County Commissioners	8,185	378	8,563
Due to Other Governments	5,536	56,166	61,702
Due to Indigent Health Care Special District	229	-	229
Deposit - Installment Taxes	210,138	-	210,138
	\$ 248,372	\$ 56,544	\$ 304,916
Total Liabilities	\$ 248,372	\$ 56,544	\$ 304,916

**HARDEE COUNTY TAX COLLECTOR
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – ALL AGENCY FUNDS
SEPTEMBER 30, 2012**

	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
TAX COLLECTOR FUND				
ASSETS				
Cash	\$ 321,772	\$ 29,963,620	\$ 30,037,020	\$ 248,372
Due from Individuals	-	363,309	363,309	-
Total Assets	<u>\$ 321,772</u>	<u>\$ 30,326,929</u>	<u>\$ 30,400,329</u>	<u>\$ 248,372</u>
LIABILITIES				
Due to Individuals	\$ 57,968	\$ 1,615,559	\$ 1,649,243	\$ 24,284
Due to Board of County Commissioners	17,567	14,897,493	14,906,875	8,185
Due to Other Governments	20,868	13,070,414	13,085,746	5,536
Due to Indigent Health Care Special District	671	533,325	533,767	229
Deposit - Installment Taxes	224,698	210,138	224,698	210,138
Total Liabilities	<u>\$ 321,772</u>	<u>\$ 30,326,929</u>	<u>\$ 30,400,329</u>	<u>\$ 248,372</u>
MOTOR VEHICLE FUND				
ASSETS				
Cash	\$ 17,767	\$ 3,206,129	\$ 3,167,970	\$ 55,926
Due from Individuals	1,613	618	1,613	618
Total Assets	<u>\$ 19,380</u>	<u>\$ 3,206,747</u>	<u>\$ 3,169,583</u>	<u>\$ 56,544</u>
LIABILITIES				
Due to Board of County Commissioners	\$ 537	\$ 6,060	\$ 6,219	\$ 378
Due to Other Governments	18,843	3,200,687	3,163,364	56,166
Total Liabilities	<u>\$ 19,380</u>	<u>\$ 3,206,747</u>	<u>\$ 3,169,583</u>	<u>\$ 56,544</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 339,539	\$ 33,169,749	\$ 33,204,990	\$ 304,298
Due from Individuals	1,613	363,927	364,922	618
Total Assets	<u>\$ 341,152</u>	<u>\$ 33,533,676</u>	<u>\$ 33,569,912</u>	<u>\$ 304,916</u>
LIABILITIES				
Due to Individuals	\$ 57,968	\$ 1,615,559	\$ 1,649,243	\$ 24,284
Due to Board of County Commissioners	18,104	14,903,553	14,913,094	8,563
Due to Other Governments	39,711	16,271,101	16,249,110	61,702
Due to Indigent Health Care Special District	671	533,325	533,767	229
Deposit - Installment Taxes	224,698	210,138	224,698	210,138
Total Liabilities	<u>\$ 341,152</u>	<u>\$ 33,533,676</u>	<u>\$ 33,569,912</u>	<u>\$ 304,916</u>



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

**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, 2012, which collectively comprise the Tax Collector’s special-purpose financial statements, and have issued our report thereon dated December 14, 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 current year and prior years, 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 2012-01 in the accompanying schedule of findings and responses current year and prior years to be a material weakness.

The Honorable Zerelda "Zee" Smith
Hardee County Tax Collector

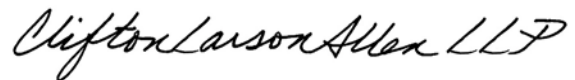
Compliance and Other Matters

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 December 14, 2012.

The Tax Collector's responses to findings are identified in the schedule of findings and responses current year and prior years. 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
December 14, 2012



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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, 2012, and we have issued our report thereon dated December 14, 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 December 14, 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 2009-01 in the Schedule of Findings and Responses Current Year and Prior Years 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.

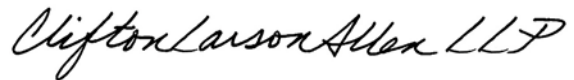
The Honorable Zerelda "Zee" Smith
Hardee County Tax Collector

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 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 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
December 14, 2012

**HARDEE COUNTY TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2012**

Current Year Finding

Material Weakness

2012-01: Inadequate segregation of duties.
See 2009-01.

Prior Year Findings

Material Weakness

2009-01: 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.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2011-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2010-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2010-02 - Bank Reconciliation	Control Deficiency	X			N/A

**HARDEE COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012**

**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 (Property Appraiser) as of and for the year ended September 30, 2012. 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.

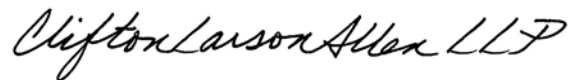
As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under 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 Property Appraiser and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2012, 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, 2012, 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 December 17, 2012 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 information is intended solely for the information and use of the Property Appraiser and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Lakeland, Florida
December 17, 2012

**HARDEE COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 72,325
	<hr/>
Total Assets	\$ 72,325
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	\$ 68,506
Due to Special Taxing Districts	3,819
	<hr/>
Total Liabilities	72,325

FUND BALANCE

	<hr/>
	-
Total Liabilities and Fund Balance	\$ 72,325
	<hr/> <hr/>

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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services:				
Board of County Commissioners	\$ 633,832	\$ 620,635	\$ 625,397	\$ 4,762
Other Governments	27,895	27,895	27,895	-
Interest Income	204	204	204	-
Miscellaneous	11,615	13,570	13,570	-
Total Revenues	<u>673,546</u>	<u>662,304</u>	<u>667,066</u>	<u>4,762</u>
EXPENDITURES				
Current:				
General Government:				
Personal Services	519,240	484,378	448,320	36,058
Operating Expenditures	121,806	145,426	118,235	27,191
Capital Outlay	32,500	32,500	28,186	4,314
Total Expenditures	<u>673,546</u>	<u>662,304</u>	<u>594,741</u>	<u>67,563</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	72,325	72,325
Other Financing Uses:				
Distribution of Excess Revenues:				
Board of County Commissioners	-	-	(68,506)	(68,506)
Special Taxing Districts	-	-	(3,819)	(3,819)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(72,325)</u>	<u>(72,325)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 of the 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, 2012 and the changes in its financial position for the year then 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, 2012**

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 other financing uses, transfers to constitutional officers for governmental fund types in the basic financial statements of the County, and as charges for services revenues on the special-purpose financial statements of the Property Appraiser.

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, 2012**

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*, governments are required to classify fund balance in governmental funds as unspendable, restricted, committed, assigned, and unassigned. As of September 30, 2012, 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, 2012**

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 st Year	5 Days
2 nd – 6 th Year	10 Days
7 th – 9 th Year	12 Days
10 th – 15 th Year	15 Days
16 th – 19 th 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, 2012**

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*, 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.

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.

At September 30, 2012, the Property Appraiser’s book balance of cash was \$72,325 and the bank balance was \$95,436. 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.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 October 1, 2011	Additions	Disposals	Balance September 30, 2012
Machinery and Equipment	\$ 152,993	\$ 3,095	\$ (12,537)	\$ 143,551
Vehicles	67,113	25,091	-	92,204
Total Capital Assets	220,106	28,186	(12,537)	235,755
Less Accumulated Depreciation	(176,132)	(14,542)	12,537	(178,137)
Total Capital Assets, Net	<u>\$ 43,974</u>	<u>\$ 13,644</u>	<u>\$ -</u>	<u>\$ 57,618</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 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.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 RETIREMENT PLAN (CONTINUED)

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.

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The Property Appraiser's contributions made during the years ended September 30, 2012, 2011 and 2010 were \$22,854, \$42,338 and \$47,711, 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, 2012:

	Balance October 1, 2011	Net Deletions	Balance September 30, 2012	Amount Due Within One Year
Accrued Compensated Absences	\$ 8,736	\$ (2,724)	\$ 6,012	\$ -

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.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2012 were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$625,397 for the year ended September 30, 2012. At September 30, 2012, \$68,506 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



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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 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 (Property Appraiser) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 17, 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 Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property 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.

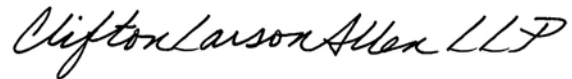
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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 Kathy Crawford
Hardee County Property Appraiser

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser'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 Property 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.



CliftonLarsonAllen LLP

Lakeland, Florida
December 17, 2012

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 (Property Appraiser), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated December 17, 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 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 December 17, 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' 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).

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and applicable management 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
December 17, 2012

HARDEE COUNTY SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

**HARDEE COUNTY 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, 2012. 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.

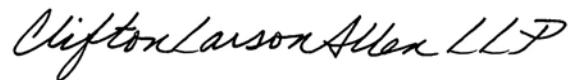
As discussed in Note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under 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 Supervisor and are not intended to present fairly the financial position of Hardee County, Florida, as of September 30, 2012, and 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 financial position of the general fund of the Supervisor as of September 30, 2012, 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 Jeffery Ussery
Hardee County Supervisor of Elections

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013 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, 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
March 7, 2013

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2012**

ASSETS

Cash	\$ 35,071
Accounts Receivable	<u>3,015</u>
Total Assets	<u><u>\$ 38,086</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued Expenses	\$ 1,396
Due to Board of County Commissioners	<u>36,690</u>
Total Liabilities	38,086

FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 38,086</u></u>
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See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance with Final budget - Over (Under)
	Original	Final		(Under)
REVENUES				
Appropriation from Board of County Commissioners	\$ 294,658	\$ 294,658	\$ 294,658	\$ -
Interest Income	-	-	51	51
Miscellaneous	-	-	14,491	14,491
Total Revenues	<u>294,658</u>	<u>294,658</u>	<u>309,200</u>	<u>14,542</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	212,704	212,704	209,344	3,360
Operating Expenditures	80,454	80,454	66,181	14,273
Capital Outlay	1,500	1,500	-	1,500
Total Expenditures	<u>294,658</u>	<u>294,658</u>	<u>275,525</u>	<u>19,133</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	33,675	33,675
Other Financing Uses:				
Transfer to the Board of County Commissioners	-	-	<u>(33,675)</u>	<u>(33,675)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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, 2012 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
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 salaries and benefits, 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 (salaries and benefits, 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, 2012, actual expenditures did not exceed the total budget.

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
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2012, 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
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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 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 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 government-wide financial statements of Hardee County, Florida.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Significant Accounting Policies

Chapter 218, Florida Statutes, requires that the Constitutional Officers submit 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, 2012, the book balance of cash was \$35,071 and the bank balance was \$41,256. The Federal Deposit Insurance Corporation (FDIC) insures the Supervisor's bank balances for \$250,000 for each banking relationship. The deposits from the Supervisor remained below the FDIC at all times during the year ended September 30, 2012.

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Supervisor's operations is recorded as an expenditure in the Supervisor's general fund at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Supervisor maintains custodial responsibility for these capital assets.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year is as follows:

	Balance October 1,	Additions	Disposals	Balance September 30,
Machinery and Equipment	\$ 235,584	\$ -	\$ -	\$ 235,584
Total Capital Assets	235,584	-	-	235,584
Less Accumulated Depreciation	(202,203)	(15,540)	-	(217,743)
Total Capital Assets, Net	<u>\$ 33,381</u>	<u>\$ (15,540)</u>	<u>\$ -</u>	<u>\$ 17,841</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 prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begin 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.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 4 RETIREMENT PLAN (CONTINUED)

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.

Effective July 1, 2011, the State of Florida required all employees to contribute 3% of their salaries to the FRS Pension Plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2011 through June 30, 2012, 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 – 4.91%; senior management – 6.27%; deferred retirement option plan – 4.42%, and elected officials – 11.14%. The employer contribution rates, effective July 1, 2012, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The Supervisor's contributions made during the years ended September 30, 2012, 2011 and 2010 were \$12,539, \$19,348 and \$20,001, 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, 2012:

	Balance October 1,	Net Reductions	Balance September 30,	Due Within One Year
Accrued Compensated Absences	\$ 8,654	\$ (1,422)	\$ 7,232	\$ -
	\$ 8,654	\$ (1,422)	\$ 7,232	\$ -

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. Long term liabilities are not reported in the special-purpose financial statements of the Supervisor since they are not payable from spendable resources. Such liabilities and expenses are included in the government-wide financial statements of Hardee County, Florida.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2012 were as follows:

Budget Appropriation – The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$294,658 for the fiscal year ended September 30, 2012. The amount of \$36,690 was due to the Board of County Commissioners at September 30, 2012 from the General Fund.

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 of Elections (Supervisor) as of and for the year ended September 30, 2012, and have issued our report thereon dated March 7, 2013. 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 2012-01, 2012-02 and 2012-03, 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 deficiency described as item 2012-04 in the accompanying schedule of findings and responses to be a significant deficiency.

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 other matters that we reported to the management of the Supervisor in a separate letter dated March 7, 2013.

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
March 7, 2013

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, 2012, and have issued our report thereon dated March 7, 2013.

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 March 7, 2013, 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 all findings and recommendations made in the annual financial audit report except for items listed below. Corrective actions have not been taken to address findings and recommendations made in the annual financial audit report for items 2002-03, 2007-01, 2007-02, 2009-04, 2009-07, 2010-08, and 2011-07 in the Schedule of Findings and Responses Current Year and Prior Years, all of which are being repeated from the prior years.

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 no such recommendations.

The Honorable Jeffery Ussery
Hardee County Supervisor of Elections

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts 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 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management 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
March 7, 2013

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Current Year Findings

Material Weaknesses

- 2012-01:** Preparation of financial statements.
See 2007-01
- 2012-02:** Material financial statement adjustments.
See 2007-02
- 2012-03:** Inadequate bank reconciliations.
See 2009-04

Significant Deficiency

- 2012-04:** Inadequate segregation of duties.
See 2002-03

Control Deficiencies

- 2012-05:** Inadequate supporting documentation.
See 2009-07
- 2012-06:** Qualified Public Depository.
See 2011-07
- 2012-07:** Accrual of Vacation Time.
See 2010-08

Prior Years Findings

Material Weaknesses

- 2007-01: 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.

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.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Material Weaknesses (Continued)

2007-01: Preparation of financial statements. (Continued)

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.

2007-02: Material financial statement adjustments.

Condition: 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: Several transactions were improperly recorded which resulted in numerous adjustments to the general ledger in order to produce financial statements in accordance with generally accepted accounting principles.

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 provide training for the bookkeeping staff in order for transactions to be recorded in accordance with generally accepted accounting principles.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Material Weaknesses (Continued)

2009-04: Inadequate bank reconciliations.

Condition: Bank reconciliations do not always properly reconcile the bank and general ledger balances.

Criteria: All bank statements should be reconciled to the general ledger on a monthly basis.

Cause: Staff lacks the training to record the Supervisor's financial transactions in accordance with generally accepted accounting principles.

Effect: Bank reconciliation for the operating account at year end did not properly reconcile. Material audit adjustments had to be made in order for cash to be correctly stated.

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. The Supervisor should also review all bank reconciliations on a monthly basis and ensure each properly reconciles.

Response: The Supervisor will provide training for the bookkeeping staff in order for transactions to be recorded in accordance with generally accepted accounting principles. The Supervisor will also review all bank reconciliations on a monthly basis.

Significant Deficiencies

2002-03: 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 reconciling, have been implemented, there is still inadequate segregation of duties to limited staffing within the accounting function.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Significant Deficiencies (Continued)

2002-03: Inadequate segregation of duties. (Continued)

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.

Control Deficiencies

2009-07: Inadequate supporting documentation.

Condition: During our audit, it was noted that supporting documentation for certain checks was either inadequate or completely missing.

Criteria: All disbursements should be accompanied by proper supporting documentation before checks are signed. F.S. 112.061 which relates to per diem and travel expenses outlines specific requirements for vouchers including proper authorization, name of the traveler, period of travel, destination, mileage, and evidence of the business purpose of the travel.

Cause: The Supervisor and staff were not aware of the requirements for supporting documentation for certain expenses related to public officers and employees.

Effect: Disbursements were issued for items that were not properly supported.

Recommendation: The Supervisor should review the supporting documentation for all disbursements prior to signing checks or authorizing wire transfers to ensure the proper documentation is provided.

Response: The Supervisor will review the supporting documentation for all disbursements prior to signing checks or authorizing wire transfers to ensure compliance with applicable statutes and regulations.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Control Deficiencies (Continued)

2011-07: Qualified Public Depository.

Condition: During our audit procedures, we noted the Public Depositor Annual Report to the Chief Financial Officer was not filed with the Florida Department of Financial Services for the year ended September 30, 2011.

Criteria: Per Chapter 280 of the Florida Statutes, the Public Deposit Identification and Acknowledgment Form (J1-1295) and Public Depositor Annual Report to the Chief Financial Officer (J1-1009) are required to be filed on an annual basis for depositors of public funds.

Cause: The Supervisor and staff were not aware of the requirements for reporting of public deposits with the State of Florida Chief Financial Officer.

Effect: The Supervisor was not in compliance with Chapter 280 of the Florida Statutes.

Recommendation: We recommend filing the report as required by the Florida State Statutes Chapter 280.

Response: All persons in the Supervisor office will strive to see that reports are filed on a timely basis.

2010-08: Accrual of Vacation Time.

Condition: During our audit procedures it was noted an employee had 467 hours of accrued vacation time, which is greater than the maximum accrual amount allowed of 320 hours.

Criteria: The written policy of the Supervisor as stated in the employee handbook allows employees to accrue a maximum of 320 hours of vacation time.

Cause: The Supervisor and staff did not adequately review vacation time accruals to ensure vacation time was appropriately utilized.

Effect: One of the employees was permitted to accrue vacation time which exceeded the maximum allowed by the Supervisor's policy.

Recommendation: We recommend vacation accruals be reviewed periodically.

Response: We will review vacation hours bi-annually and staff will use their time so as not to lose it.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2012**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2011-01 - Preparation of Financial Statements	Material Weakness			X	2007-01 2007-02
2011-02 - Expenditures Exceed Approved Budget	Material Weakness	X			N/A
2011-03 - Elected Official's Salary	Significant Deficiency	X			N/A
2011-04 - Inadequate Segregation of Duties	Significant Deficiency			X	2002-03
2011-05 - Accrual of Vacation Time	Control Deficiency			X	2010-08
2011-06 - Inadequate Supporting Documentation	Control Deficiency			X	2009-07
2011-07 - Qualified Public Depository	Control Deficiency			X	2011-07
2010-01 - Inadequate Segregation of Duties	Material Weakness			X	2002-03
2010-02 - Preparation of Financial Statements	Material Weakness			X	2007-01
2010-03 - Material Financial Statement Adjustments	Material Weakness			X	2007-02
2010-04 - Inadequate Bank Reconciliations	Material Weakness			X	2009-04
2010-05 - Inadequate Federal Tax Deposits	Material Weakness	X			N/A
2010-06 - Elected Official's Salary	Significant Deficiency	X			N/A
2010-07 - Inadequate Supporting Documentation	Significant Deficiency			X	2009-07
2010-08 - Accrual of Vacation Time	Control Deficiency			X	2010-08