

**HARDEE COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY, FLORIDA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>16</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>17</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>19</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>21</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>22</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND</b>	<b>23</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND</b>	<b>24</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FIRE CONTROL FUND</b>	<b>25</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GRANTS FUND</b>	<b>26</b>
<b>STATEMENT OF NET POSITION – PROPRIETARY FUNDS</b>	<b>27</b>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS</b>	<b>29</b>
<b>STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS</b>	<b>30</b>
<b>STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS</b>	<b>32</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>33</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS</b>	<b>59</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>60</b>
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
<b>NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS</b>	<b>61</b>
<b>COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>63</b>

**HARDEE COUNTY, FLORIDA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>65</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FINES AND FORFEITURES FUND</b>	<b>67</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – PIONEER PARK DAYS FUND</b>	<b>68</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – LAW ENFORCEMENT TRUST FUND</b>	<b>69</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CLERK’S FINE AND FORFEITURE FUND</b>	<b>70</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – E-911 FUND</b>	<b>71</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – MINING FUND</b>	<b>72</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CLERK’S PUBLIC RECORDS MODERNIZATION TRUST</b>	<b>73</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CLERK’S CHILD SUPPORT IV-D FUND</b>	<b>74</b>
<b>COMBINING STATEMENT OF FIDUCIARY NET POSITION – ALL AGENCY FUNDS</b>	<b>75</b>
<b>COMBINING STATEMENT OF CHANGES IN NET POSITION – ALL AGENCY FUNDS</b>	<b>77</b>
<b>SUPPLEMENTAL INFORMATION</b>	
<b>INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>82</b>
<b>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</b>	<b>84</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS</b>	<b>86</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS</b>	<b>88</b>

**HARDEE COUNTY, FLORIDA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS AND STATE PROJECTS</b>	<b>89</b>
<b>MANAGEMENT LETTER</b>	<b>92</b>

## INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners  
Hardee County, Florida

### **Report on the Financial Statements**

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 the County, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

***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 Board as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for each major fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress – other postemployment benefits on pages 3-14 and 58-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, and is also not a required part of the basic financial statements.

The combining statements and schedules and the schedule of expenditures of federal awards and state projects are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Board of County Commissioners  
Hardee County, Florida

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
May 15, 2014

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2013. This report provides comparative data for fiscal years 2012 and 2013.

**FINANCIAL HIGHLIGHTS**

Significant financial highlights for fiscal year 2013 are as follows:

- Total assets of the County exceeded total liabilities by \$73.3 million. Of this amount, \$61.2 million was invested in capital assets, net of related debt and \$5.8 million is restricted for various purposes. Unrestricted net position that may be used to meet ongoing governmental obligations were \$6.3 million.
- The total net position were \$2.4 million lower than the previous years' net position.
- The County's total liabilities increased by \$3.6 million or 28% from the previous year.
- As of September 30, 2013, the combined total governmental funds' fund balance reflected a balance of \$14.1 million, a decrease of 2% from the previous year. Determining this balance was \$18.2 million in total governmental funds assets, less \$4.1 million in total governmental funds liabilities.
- The County's total unassigned fund balance was \$7.2 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 position and the statement of activities.

The ***statement of net position*** presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 2013**

Both the Statement of Net Position 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 16-18 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 6 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 19-26 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 27-31 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, 2013**

The basic fiduciary fund financial statement can be found on page 32 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 33-58 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as useful indicators of a government's financial position. In our particular case, the County's total assets exceeded liabilities by \$73.3 million at the close of the most recent fiscal year. The following schedule provides a summary of assets, liabilities and net position of the County.

***HARDEE COUNTY'S NET POSITION***

The largest portion of the County's net position (83 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 position for its governmental activities. The same situation held true for the prior fiscal year. Overall, the County's net position decreased by \$2.4 million.

***HARDEE COUNTY'S NET POSITION***

NET POSITION COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
Current and Other Assets	\$ 16,623,590	\$ 17,998,260	\$ 7,055,755	\$ 7,001,129	\$ 23,679,345	\$ 24,999,389
Capital Assets	46,262,958	47,105,930	18,671,809	17,710,627	64,934,767	64,816,557
Total Assets	62,886,548	65,104,190	25,727,564	24,711,756	88,614,112	89,815,946
Long-Term Debt Outstanding	1,679,212	1,802,878	8,794,349	10,605,346	10,473,561	12,408,224
Other Liabilities	2,046,139	3,923,418	359,002	185,754	2,405,141	4,109,172
Total Liabilities	3,725,351	5,726,296	9,153,351	10,791,100	12,878,702	16,517,396
Net Position:						
Invested in Capital Assets						
Net of Related Debt	46,262,958	47,105,930	14,346,809	14,110,627	60,609,767	61,216,557
Restricted	6,615,615	5,829,600	-	-	6,615,615	5,829,600
Unrestricted	6,282,624	6,442,364	2,227,404	(189,971)	8,510,028	6,252,393
Total Net Position	\$ 59,161,197	\$ 59,377,894	\$ 16,574,213	\$ 13,920,656	\$ 75,735,410	\$ 73,298,550

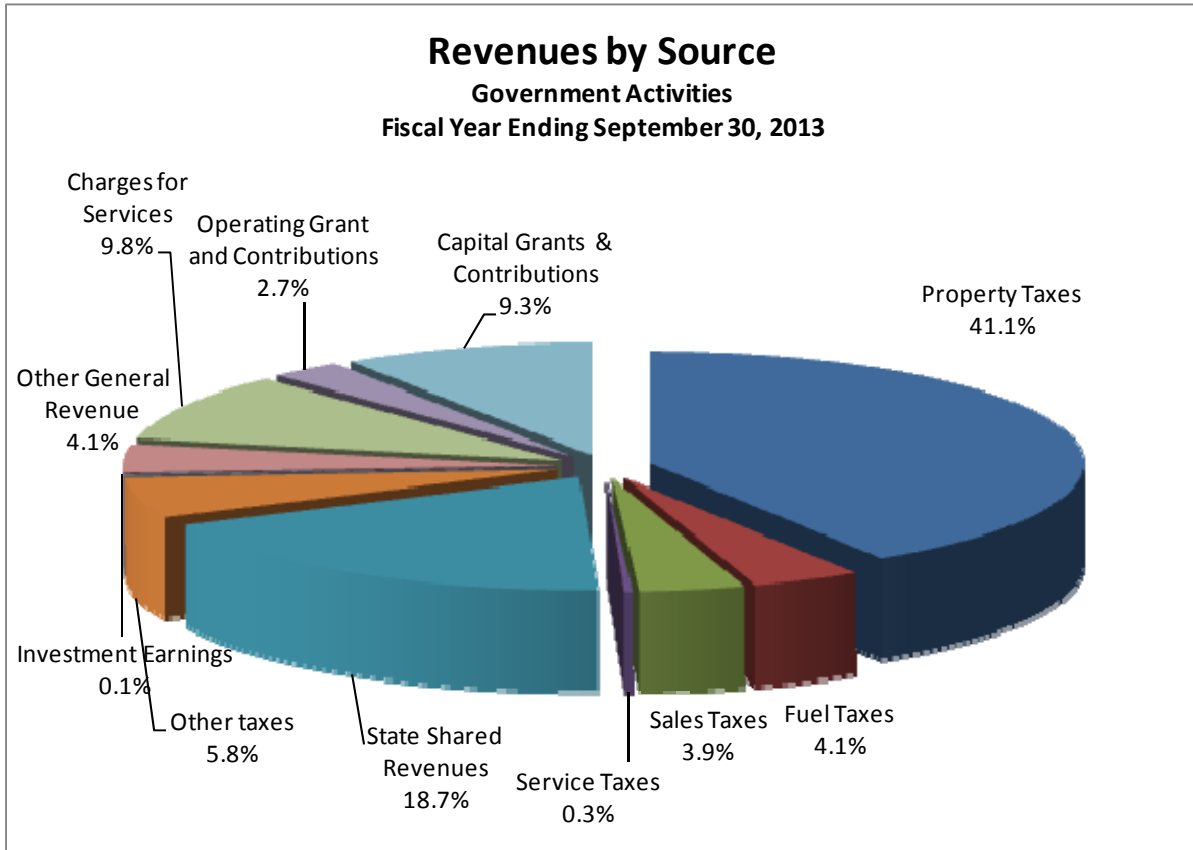
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**HARDEE COUNTY CHANGES IN NET POSITION**

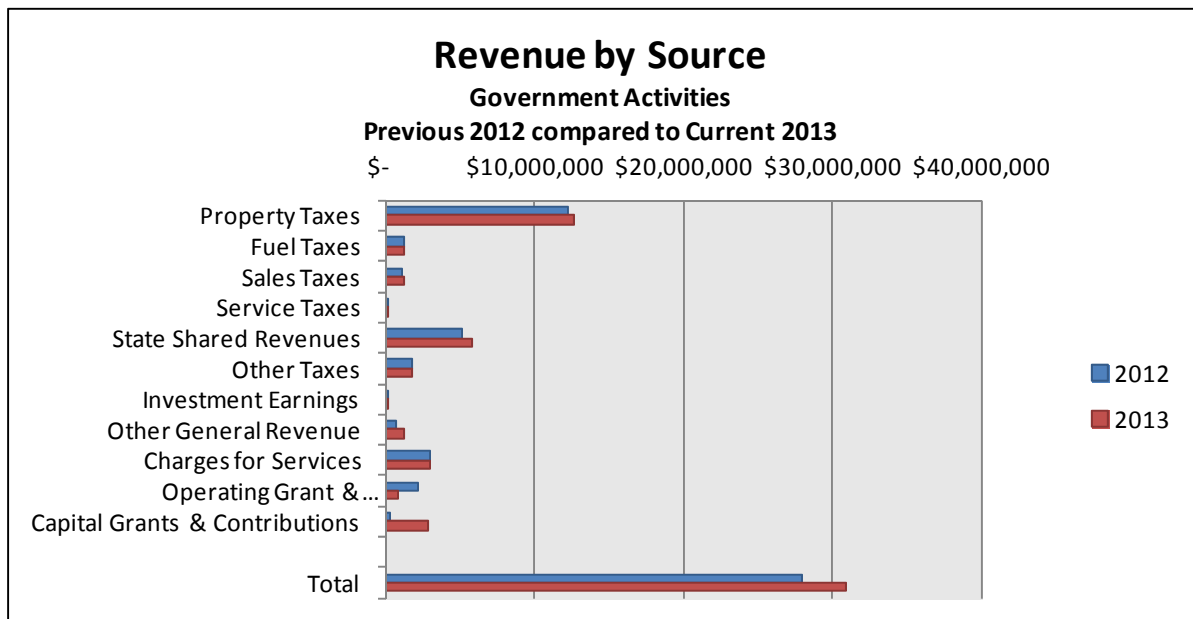
CHANGE IN NET POSITION	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 3,017,786	\$ 3,040,559	\$ 1,316,133	\$ 1,428,230	\$ 4,333,919	\$ 4,468,789
Operating Grants and Contributions	2,218,759	830,171	70,588	80,398	2,289,347	910,569
Capital Grants and Contributions	238,801	2,891,046	24,194	-	262,995	2,891,046
General Revenues:						
Property Taxes	12,259,964	12,697,516	-	-	12,259,964	12,697,516
Other Taxes	9,512,920	10,142,782	1,216,457	1,244,265	10,729,377	11,387,047
Other	719,183	1,320,719	518,039	74,526	1,237,222	1,395,245
Total Revenues	<u>27,967,413</u>	<u>30,922,793</u>	<u>3,145,411</u>	<u>2,827,419</u>	<u>31,112,824</u>	<u>33,750,212</u>
<b>EXPENSES</b>						
General Government	8,050,749	8,179,939	-	-	8,050,749	8,179,939
Public Safety	12,547,818	12,650,368	-	-	12,547,818	12,650,368
Physical Environment	446,400	218,267	-	-	446,400	218,267
Transportation	6,736,418	6,803,483	-	-	6,736,418	6,803,483
Economic Environment	1,189,236	211,590	-	-	1,189,236	211,590
Human Services	981,742	1,071,652	-	-	981,742	1,071,652
Culture and Recreation	1,282,876	1,125,187	-	-	1,282,876	1,125,187
Debt Service:						
Interest on Long-Term Debt	-	-	-	-	-	-
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	(594,285)	4,504,816	(594,285)	4,504,816
Wauchula Hills Wastewater	-	-	1,575,879	1,310,163	1,575,879	1,310,163
Vandolah Wastewater	-	-	121,587	111,607	121,587	111,607
Total Expenses	<u>31,235,239</u>	<u>30,260,486</u>	<u>1,103,181</u>	<u>5,926,586</u>	<u>32,338,420</u>	<u>36,187,072</u>
Excess before Transfers	(3,267,826)	662,307	2,042,230	(3,099,167)	(1,225,596)	(2,436,860)
Transfers	(216,434)	(445,610)	216,434	445,610	-	-
Changes in Net Position	<u>(3,484,260)</u>	<u>216,697</u>	<u>2,258,664</u>	<u>(2,653,557)</u>	<u>(1,225,596)</u>	<u>(2,436,860)</u>
Net Position - Beginning	62,645,457	59,161,197	14,315,549	16,574,213	76,961,006	75,735,410
Net Position - Ending	<u>\$ 59,161,197</u>	<u>\$ 59,377,894</u>	<u>\$ 16,574,213</u>	<u>\$ 13,920,656</u>	<u>\$ 75,735,410</u>	<u>\$ 73,298,550</u>

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

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

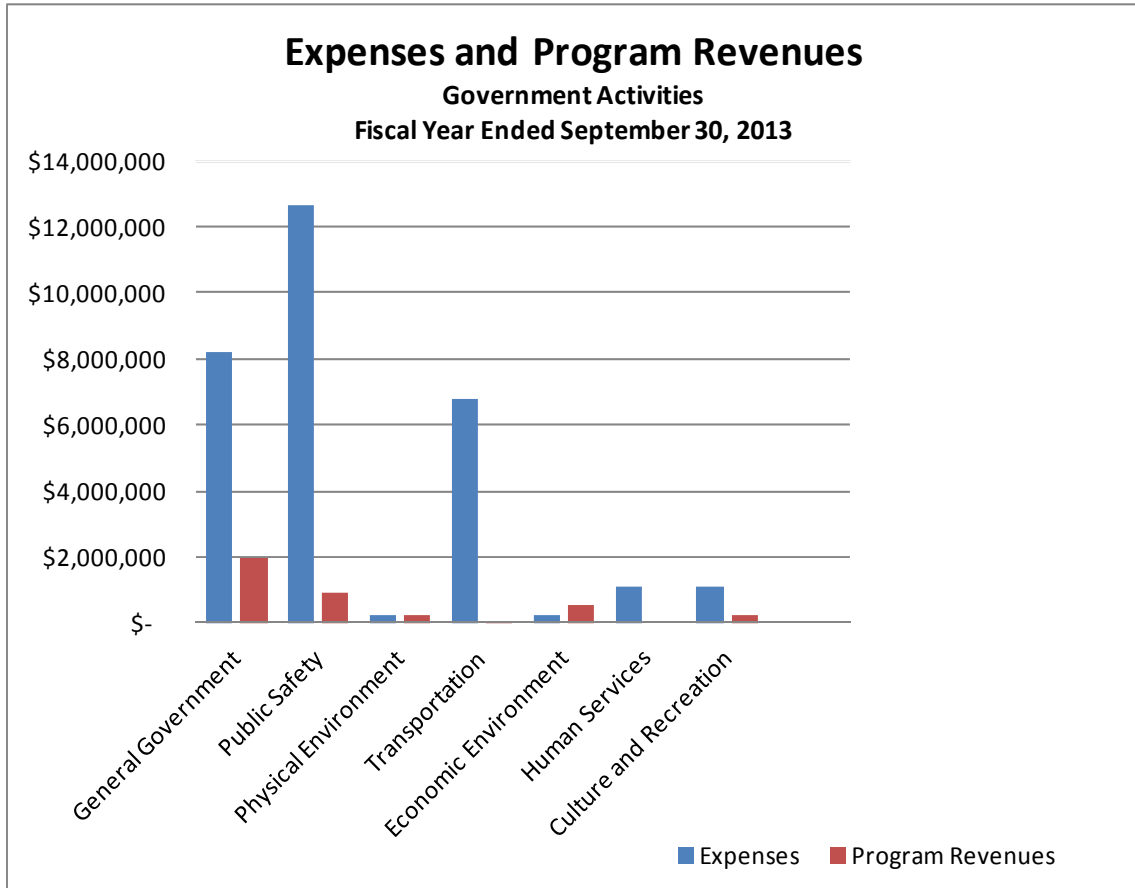


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



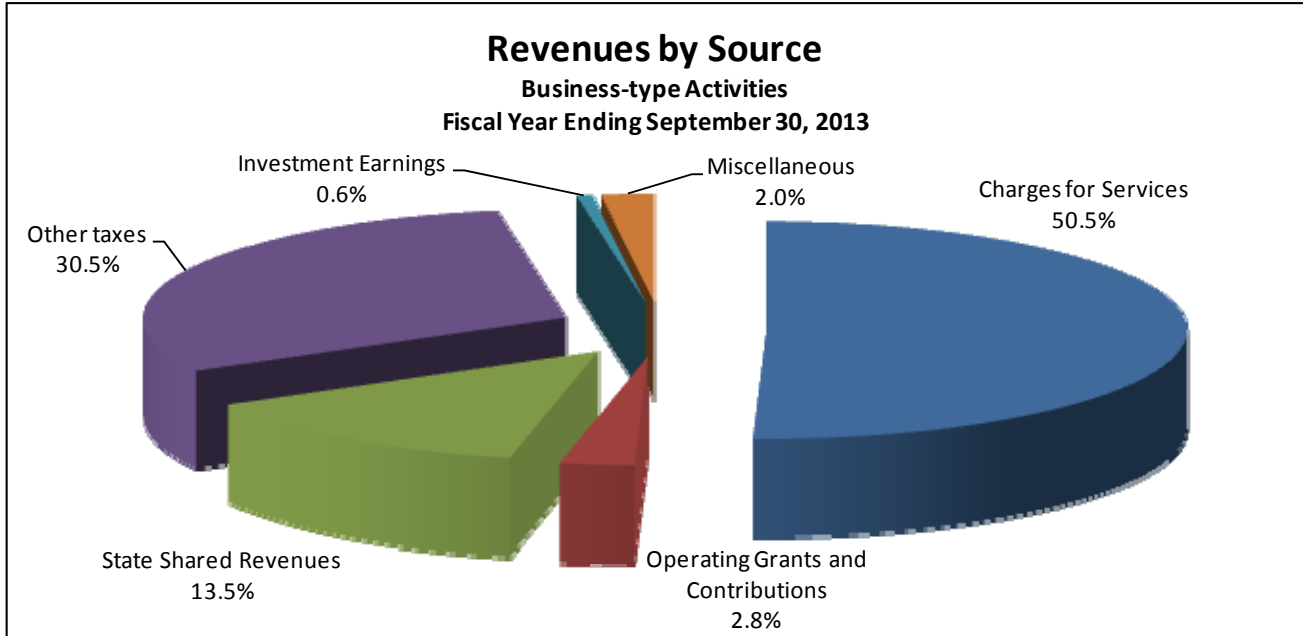
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

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.

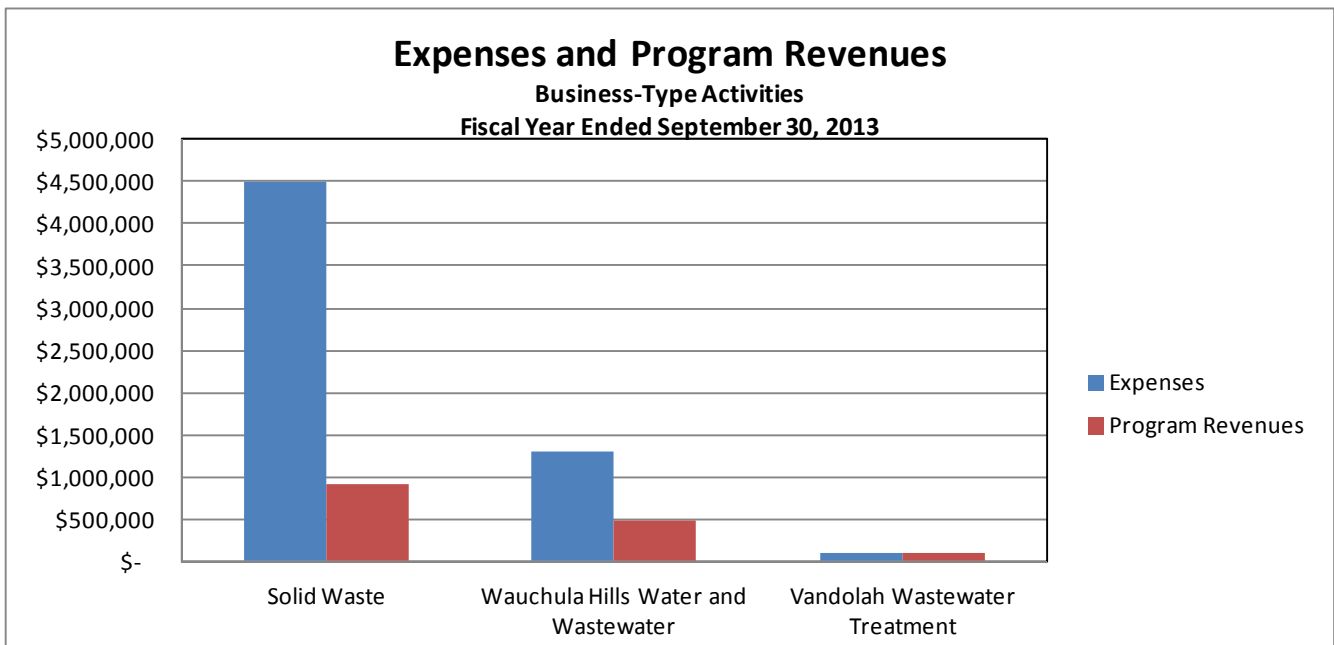


**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

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, 2013**

An analysis of the County's "Changes in Net Position" reflects that the overall revenues have increased by \$2.6 million. Further analysis shows that the overall increase is attributed to a \$2.9 million increase in governmental type activities and a \$318 thousand decrease in business-type activities. Major factors contributing to the increase in the government type activities are mainly due to ad valorem taxes increasing 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 \$135 thousand increase in Charges for Services
- A \$1.4 million decrease in Operating Grants
- A \$2.6 million increase in Capital Grants
- A \$438 thousand increase in Property Taxes
- A \$658 thousand increase in Other Taxes
- A \$131 thousand increase in Other Sources

The decrease in revenues in the business-type activities can be mainly attributed 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 \$112 thousand increase in Charges for Services
- A \$10 thousand increase in Operating Grants
- A \$24 thousand decrease in Capital Grants
- A \$28 thousand increase in Other Taxes
- A \$444 thousand decrease in Other Sources

County expenses illustrate an overall increase of \$3.8 million. The overall increase was due to an decrease in government type activities of \$975 thousand and a increase in the business-type activities of \$4.8 million. The decrease of the government type activities expenses are due to reimbursement grants that are awarded on an annual basis and depreciation expense for capitalized assets, which are reflective of the following:

- A \$129 thousand increase in General Government
- A \$103 thousand increase in Public Safety
- A \$228 thousand decrease in Physical Environment
- A \$67 thousand increase in Transportation
- A \$978 thousand decrease in Economic Environment
- A \$90 thousand increase in Human Services
- A \$158 thousand decrease in Culture and Recreation

The increase in expenses of the business-type activities was reflective of the \$5.1 million increase in solid waste due to the increase in capacity for the expansion of the landfill and \$266 thousand decrease in utilities.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**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 \$14.1 million. Approximately \$4.8 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 \$7.6 million of spendable fund balance, \$7.3 million constitutes fund balances under the general fund. At the end of the current fiscal, the unassigned fund balance of the General Fund was \$7.3 million, which represents 51.6% 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 45.1% 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 \$1.7 million. Net position of the Solid Waste Department were a loss of \$1 million. The water/wastewater operating revenues were a combined total of \$594 thousand and the net position were \$14.9 million. Activities of the water/wastewater facilities do not yet reflect full scale operations.

**BUDGETARY HIGHLIGHTS**

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

Differences between the original budget and the final amended budget for the General Fund were relatively minor.



**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**CAPITAL ASSETS**

The County's investments in capital assets for its governmental and business type activities as of September 30, 2013 were \$141.7 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
Land	\$ 3,490,408	\$ 3,573,808	\$ 962,625	\$ 962,625	\$ 4,453,033	\$ 4,536,433
Construction in Progress	1,200,575	573,341	109,578	-	1,310,153	573,341
Buildings and Improvements	22,212,096	22,527,877	9,884,737	9,884,737	32,096,833	32,412,614
Machinery and Equipment	17,215,837	16,989,747	1,827,064	1,976,757	19,042,901	18,966,504
Infrastructure	66,619,094	71,688,275	13,174,687	13,535,324	79,793,781	85,223,599
Total Capital Assets	<u>\$ 110,738,010</u>	<u>\$ 115,353,048</u>	<u>\$ 25,958,691</u>	<u>\$ 26,359,443</u>	<u>\$ 136,696,701</u>	<u>\$ 141,712,491</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, 2013, the County had total long-term liabilities outstanding of \$12.4 million. Of this amount, \$3.6 million is notes payable, \$661 thousand is compensated absences, and \$7 million is landfill closure and post closure obligations and postemployment health care consisted of \$1.2 million.

**Hardee County's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
Notes Payable	\$ -	\$ -	\$ 4,325,000	\$ 3,600,000	\$ 4,325,000	\$ 3,600,000
Postemployment Healthcare	995,000	1,164,000	-	-	995,000	1,164,000
Compensated Absences	684,212	638,878	17,581	21,910	701,793	660,788
Landfill Closure/Post Closure Cost	-	-	4,451,768	6,983,436	4,451,768	6,983,436
Total	<u>\$ 1,679,212</u>	<u>\$ 1,802,878</u>	<u>\$ 8,794,349</u>	<u>\$ 10,605,346</u>	<u>\$ 10,473,561</u>	<u>\$ 12,408,224</u>

The County's long-term liabilities under governmental activities increased \$124 thousand due to an increase in postemployment health care of \$169 thousand. In business-type activities, long-term liabilities increased \$1.8 million due to an increase of \$2.5 million in 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, 2013**

**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 2013 is 27,731. As a comparison, the University of Florida's Bureau of Economic and Business Research, estimated population for Hardee County for 2012 was 27,514. This is an increase of approximately 1%. This is also an indicator for the increase in revenues generated by property values.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2013 is 7.5% and reflects a decrease from the previous year's 9.2%. The County's rate is higher than the State of Florida's average of 6.4% and lower than the national average of 7.0% for 2013.
- The final taxable value for fiscal year 2013 decreased by 3.6% over fiscal year 2012.
- The millage rate for fiscal year 2012-13 was set at 3.10% 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, 2013**

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 \$71 million which equates to approximately \$608 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 an overall decrease in total taxable value of \$53 million in fiscal year 2012-13.

**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 POSITION  
SEPTEMBER 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,676,724	\$ 6,050,191	\$ 21,726,915	\$ 5,275,751
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	401,108	144,397	545,505	29,405
Internal Balances	(3,490)	3,490	-	-
Due from Other Governmental Agencies	1,282,726	51,207	1,333,933	6,522
Prepaid Expenses	257,044	-	257,044	-
Inventory: Land Held for Resale	-	-	-	1,346,048
Inventory of Supplies, at Cost	374,080	-	374,080	-
Restricted Assets:				
Cash and Cash Equivalents	-	748,248	748,248	-
Capital Assets, Not Being Depreciated	4,147,149	962,625	5,109,774	2,803,660
Capital Assets, Net of Depreciation	42,958,781	16,748,002	59,706,783	5,917,005
Total Assets	<u>65,104,190</u>	<u>24,711,756</u>	<u>89,815,946</u>	<u>15,378,391</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	2,082,514	147,197	2,229,711	500,828
Unearned Revenue	1,596,713	1,370	1,598,083	-
Due to Other Governmental Agencies	244,191	2,613	246,804	-
Deposits	-	34,574	34,574	-
Noncurrent Liabilities:				
Due within One Year	326,374	421,954	748,328	-
Due in More than One Year	1,476,504	10,183,392	11,659,896	-
Total Liabilities	<u>5,726,296</u>	<u>10,791,100</u>	<u>16,517,396</u>	<u>500,828</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets,	47,105,930	14,110,627	61,216,557	8,720,665
Restricted for:				
Transportation	2,128,718	-	2,128,718	-
Fire Control	2,701,964	-	2,701,964	-
Court Innovations	301,850	-	301,850	-
Law Enforcement Trust	107,878	-	107,878	-
E-911	79,647	-	79,647	-
Court	2,918	-	2,918	-
Court Operational Needs	74,153	-	74,153	-
Court Technology	6,624	-	6,624	-
Official Records	125,253	-	125,253	-
Clerk Operational Needs	138,625	-	138,625	-
Inmate Welfare	123,860	-	123,860	-
Economic Development Projects	-	-	-	3,634,399
Education	38,110	-	38,110	-
Total Restricted Net Position	<u>5,829,600</u>	<u>-</u>	<u>5,829,600</u>	<u>3,634,399</u>
Unrestricted	6,442,364	(189,971)	6,252,393	2,522,499
Total Net Position	<u>\$ 59,377,894</u>	<u>\$ 13,920,656</u>	<u>\$ 73,298,550</u>	<u>\$ 14,877,563</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
General Government	\$ 8,179,939	\$ 1,870,107	\$ 81,727	\$ -	\$ (6,228,105)	\$ -	\$ (6,228,105)	\$ -
Public Safety	12,650,368	732,147	182,586	-	(11,735,635)	-	(11,735,635)	-
Physical Environment	218,267	249,582	-	-	31,315	-	31,315	-
Transportation	6,803,483	2,850	-	2,740,681	(4,059,952)	-	(4,059,952)	-
Economic Environment	211,590	-	512,710	150,365	451,485	-	451,485	-
Economic Development	-	-	-	-	-	-	-	-
Human Services	1,071,652	-	-	-	(1,071,652)	-	(1,071,652)	-
Culture and Recreation	1,125,187	185,873	53,148	-	(886,166)	-	(886,166)	-
Total Governmental Activities	30,260,486	3,040,559	830,171	2,891,046	(23,498,710)	-	(23,498,710)	-

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Business-Type Activities:</b>								
Solid Waste	4,504,816	834,727	80,398	-	-	(3,589,691)	(3,589,691)	-
Wauchula Hills Water and Wastewater	1,310,163	493,419	-	-	-	(816,744)	(816,744)	-
Vandolah Wastewater Treatment	111,607	100,084	-	-	-	(11,523)	(11,523)	-
Total Business-Type Activities	<u>5,926,586</u>	<u>1,428,230</u>	<u>80,398</u>	<u>-</u>	<u>-</u>	<u>(4,417,958)</u>	<u>(4,417,958)</u>	<u>-</u>
Total Primary Government	<u>\$ 36,187,072</u>	<u>\$ 4,468,789</u>	<u>\$ 910,569</u>	<u>\$ 2,891,046</u>	(23,498,710)	(4,417,958)	(27,916,668)	-
<b>Component Unit:</b>								
Hardee County Industrial Development Authority	<u>\$ 5,601,267</u>	<u>\$ 288,483</u>	<u>\$ 250,000</u>	<u>\$ 1,327,873</u>	-	-	-	(3,734,911)
<b>General Revenues</b>								
<b>Taxes:</b>								
Property Taxes					12,697,516	-	12,697,516	-
Fuel Taxes					1,253,472	-	1,253,472	-
Sales Tax					1,214,539	-	1,214,539	-
Service Taxes					90,390	-	90,390	-
State Shared Revenues					5,778,629	382,336	6,160,965	-
Other Taxes					1,805,752	861,929	2,667,681	-
Mosaic Income					-	-	-	3,500,000
Investment Earnings					39,834	17,260	57,094	5,993
Miscellaneous					1,280,885	57,266	1,338,151	135
Capital Contributions and Transfers					(445,610)	445,610	-	-
Total General Revenues and Transfers					<u>23,715,407</u>	<u>1,764,401</u>	<u>25,479,808</u>	<u>3,506,128</u>
Change in Net Position					<u>216,697</u>	<u>(2,653,557)</u>	<u>(2,436,860)</u>	<u>(228,783)</u>
Net Position - Beginning					59,161,197	16,574,213	75,735,410	15,106,346
Net Position - Ending					<u>\$ 59,377,894</u>	<u>\$ 13,920,656</u>	<u>\$ 73,298,550</u>	<u>\$ 14,877,563</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Grants	Other Governmental Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 7,781,479	\$ 2,273,440	\$ 2,766,356	\$ 842,921	\$ 2,012,528	\$ 15,676,724
Deposits	5,753	4,315	-	-	-	10,068
Accounts Receivable, Net	399,608	1,480	-	-	20	401,108
Due from Other Funds	62,808	32,260	3,491	-	66,486	165,045
Due from Other Governments	276,299	983,032	3,209	47	20,139	1,282,726
Prepaid Expenses	254,126	-	-	-	2,918	257,044
Inventory of Supplies, at Cost	374,080	-	-	-	-	374,080
 Total Assets	 <u>\$ 9,154,153</u>	 <u>\$ 3,294,527</u>	 <u>\$ 2,773,056</u>	 <u>\$ 842,968</u>	 <u>\$ 2,102,091</u>	 <u>\$ 18,166,795</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2013**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Grants	Other Governmental Funds	
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ 672,344	\$ 984,785	\$ 70,560	\$ 41,962	\$ 312,863	\$ 2,082,514
Due to Other Funds	90,491	29,112	-	47,757	1,175	168,535
Due to Other Governments	23,514	151,830	532	-	68,315	244,191
Unearned Revenue	346,739	82	-	753,249	496,643	1,596,713
Total Liabilities	<u>1,133,088</u>	<u>1,165,809</u>	<u>71,092</u>	<u>842,968</u>	<u>878,996</u>	<u>4,091,953</u>
<b>Fund Balances:</b>						
Nonspendable	628,206	-	-	-	2,918	631,124
Restricted	-	2,128,718	2,701,964	-	996,000	5,826,682
Committed	-	-	-	-	299,352	299,352
Assigned	136,079	-	-	-	8,048	144,127
Unassigned	7,256,780	-	-	-	(83,223)	7,173,557
Total Fund Balances	<u>8,021,065</u>	<u>2,128,718</u>	<u>2,701,964</u>	<u>-</u>	<u>1,223,095</u>	<u>14,074,842</u>
Total Liabilities and Fund Balances	<u>\$ 9,154,153</u>	<u>\$ 3,294,527</u>	<u>\$ 2,773,056</u>	<u>\$ 842,968</u>	<u>\$ 2,102,091</u>	

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

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

47,105,930

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

(1,802,878)

Net Position of Governmental Activities

\$ 59,377,894



**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control	Grants	Other Governmental Funds	
<b>REVENUES</b>						
Taxes	\$ 14,002,445	\$ 1,253,472	\$ -	\$ -	\$ -	\$ 15,255,917
Licenses and Permits	130,304	-	-	-	-	130,304
Intergovernmental	3,380,558	5,259,414	-	663,075	299,954	9,603,001
Charges for Services	1,266,797	-	24,961	-	1,334,221	2,625,979
Fines and Forfeitures	7,547	-	-	-	256,160	263,707
Assessments	-	-	1,805,752	-	-	1,805,752
Interest	21,501	6,112	6,683	1,050	4,235	39,581
Miscellaneous	875,075	201,044	1,740	40,953	50,966	1,169,778
Total Revenues	<u>19,684,227</u>	<u>6,720,042</u>	<u>1,839,136</u>	<u>705,078</u>	<u>1,945,536</u>	<u>30,894,019</u>
<b>EXPENDITURES</b>						
Current:						
General Government	6,087,950	-	-	-	1,496,695	7,584,645
Public Safety	9,327,797	-	2,037,979	-	322,627	11,688,403
Physical Environment	5,420	-	-	18,610	194,851	218,881
Transportation	-	3,347,539	-	-	-	3,347,539
Economic Environment	-	-	-	217,473	-	217,473
Human Services	854,263	-	-	186,580	-	1,040,843
Culture and Recreation	873,331	-	-	-	63,240	936,571
Capital Outlay	551,927	4,474,412	384,783	131,873	42,494	5,585,489
Total Expenditures	<u>17,700,688</u>	<u>7,821,951</u>	<u>2,422,762</u>	<u>554,536</u>	<u>2,119,907</u>	<u>30,619,844</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,983,539	(1,101,909)	(583,626)	150,542	(174,371)	274,175
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	254,172	64,833	695,311	-	-	1,014,316
Distribution of Excess Court Revenue to the State of Florida	-	-	-	-	(61,263)	(61,263)
Transfers out	(1,135,490)	-	(101,016)	(150,542)	(59,365)	(1,446,413)
Total Other Financing Sources (Uses)	<u>(881,318)</u>	<u>64,833</u>	<u>594,295</u>	<u>(150,542)</u>	<u>(120,628)</u>	<u>(493,360)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,102,221	(1,037,076)	10,669	-	(294,999)	(219,185)
Fund Balances - Beginning of Year	6,918,844	3,165,794	2,691,295	-	1,518,094	14,294,027
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 8,021,065</u>	<u>\$ 2,128,718</u>	<u>\$ 2,701,964</u>	<u>\$ -</u>	<u>\$ 1,223,095</u>	<u>\$ 14,074,842</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, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$ (219,185)
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 (\$5,585,489) exceeded depreciation (\$5,102,465) in the current period.	483,024
In the statement of activities, only the gain on the sale of capital assets is reported. In the statement of activities, donated capital assets increase revenues. Thus, the change in net position differs from the change in fund balance by the net book value of capital assets deleted and the contributed capital.	373,461
Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds (deferred revenue).	(283,424)
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, and other postemployment benefits).	<u>(137,179)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 216,697</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, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 14,186,236	\$ 14,186,236	\$ 14,002,445	\$ (183,791)
Licenses and Permits	82,825	82,825	130,304	47,479
Intergovernmental	3,018,180	3,084,628	3,380,558	295,930
Charges for Services	1,036,528	1,089,465	1,266,797	177,332
Fines and Forfeitures	7,300	7,300	7,547	247
Interest	22,176	22,176	21,501	(675)
Miscellaneous	614,452	769,314	875,075	105,761
Total Revenues	<u>18,967,697</u>	<u>19,241,944</u>	<u>19,684,227</u>	<u>442,283</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,583,384	7,654,501	6,087,950	1,566,551
Public Safety	9,684,986	9,703,897	9,327,797	376,100
Physical Environment	40,038	31,662	5,420	26,242
Human Services	763,331	930,831	854,263	76,568
Culture and Recreation	920,986	933,235	873,331	59,904
Capital Outlay	398,881	508,601	551,927	(43,326)
Total Expenditures	<u>19,391,606</u>	<u>19,762,727</u>	<u>17,700,688</u>	<u>2,062,039</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(423,909)	(520,783)	1,983,539	2,504,322
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	276,633	331,898	254,172	(77,726)
Transfers Out	<u>(1,431,022)</u>	<u>(1,465,508)</u>	<u>(1,135,490)</u>	<u>330,018</u>
Total Other Financing Sources (Uses)	<u>(1,154,389)</u>	<u>(1,133,610)</u>	<u>(881,318)</u>	<u>252,292</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,578,298)	(1,654,393)	1,102,221	2,756,614
Fund Balances - Beginning of Year	<u>(1,454,711)</u>	<u>(1,447,377)</u>	<u>6,918,844</u>	<u>8,366,221</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ (3,033,009)</u></u>	<u><u>\$ (3,101,770)</u></u>	<u><u>\$ 8,021,065</u></u>	<u><u>\$ 11,122,835</u></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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,148,333	\$ 1,148,333	\$ 1,253,472	\$ 105,139
Intergovernmental	5,032,752	9,418,133	5,259,414	(4,158,719)
Interest	10,000	10,000	6,112	(3,888)
Miscellaneous	115,000	115,000	201,044	86,044
Total Revenues	<u>6,306,085</u>	<u>10,691,466</u>	<u>6,720,042</u>	<u>(3,971,424)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	3,907,481	3,937,208	3,347,539	589,669
Capital Outlay	5,069,062	9,610,928	4,474,412	5,136,516
Total Expenditures	<u>8,976,543</u>	<u>13,548,136</u>	<u>7,821,951</u>	<u>5,726,185</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,670,458)	(2,856,670)	(1,101,909)	1,754,761
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	43,500	76,627	64,833	(11,794)
Transfers out	-	(4,000)	-	4,000
Total Other Financing Sources (Uses)	<u>43,500</u>	<u>72,627</u>	<u>64,833</u>	<u>(7,794)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,626,958)	(2,784,043)	(1,037,076)	1,746,967
Fund Balances - Beginning of Year	<u>3,165,794</u>	<u>3,165,794</u>	<u>3,165,794</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 538,836</u>	<u>\$ 381,751</u>	<u>\$ 2,128,718</u>	<u>\$ 1,746,967</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, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 25,654	\$ 25,654	\$ 24,961	\$ (693)
Assessments	1,847,054	1,847,054	1,805,752	(41,302)
Interest	2,000	2,000	6,683	4,683
Miscellaneous	500	500	1,740	1,240
Total Revenues	<u>1,875,208</u>	<u>1,875,208</u>	<u>1,839,136</u>	<u>(36,072)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,201,597	2,201,543	2,037,979	163,564
Capital Outlay	154,856	158,856	384,783	(225,927)
Total Expenditures	<u>2,356,453</u>	<u>2,360,399</u>	<u>2,422,762</u>	<u>(62,363)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(481,245)	(485,191)	(583,626)	(98,435)
<b>OTHER FINANCING USES</b>				
Transfers in	692,320	696,320	695,311	(1,009)
Transfers out	(116,750)	(116,804)	(101,016)	15,788
Total Other Financing Sources (Uses)	<u>575,570</u>	<u>579,516</u>	<u>594,295</u>	<u>14,779</u>
<b>NET CHANGE IN FUND BALANCES</b>	94,325	94,325	10,669	(83,656)
Fund Balances - Beginning of Year	<u>2,691,295</u>	<u>2,691,295</u>	<u>2,691,295</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,785,620</u>	<u>\$ 2,785,620</u>	<u>\$ 2,701,964</u>	<u>\$ (83,656)</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**GRANTS FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 788,027	\$ 902,492	\$ 663,075	\$ (239,417)
Interest	500	542	1,050	508
Miscellaneous	5,000	5,000	40,953	35,953
Total Revenues	<u>793,527</u>	<u>908,034</u>	<u>705,078</u>	<u>(202,956)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	423,589	434,208	217,473	216,735
Physical Environment	10,000	19,225	18,610	615
Human Services	159,160	203,032	186,580	16,452
Capital Outlay	308,000	298,775	131,873	166,902
Total Expenditures	<u>900,749</u>	<u>955,240</u>	<u>554,536</u>	<u>400,704</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES</b>	(107,222)	(47,206)	150,542	197,748
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(171,278)	(234,742)	(150,542)	84,200
Total Other Financing Sources (Uses)	<u>(171,278)</u>	<u>(234,742)</u>	<u>(150,542)</u>	<u>84,200</u>
<b>NET CHANGE IN FUND BALANCES</b>	(278,500)	(281,948)	-	281,948
Fund Balances - Beginning of Year	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (278,500)</u>	<u>\$ (281,948)</u>	<u>\$ -</u>	<u>\$ 281,948</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 4,758,193	\$ 1,062,067	\$ 229,931	\$ 6,050,191
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	83,385	60,927	85	144,397
Due from Other Funds	3,490	-	-	3,490
Due from Other Governmental Agencies	20,232	30,975	-	51,207
Total Current Assets	<u>4,865,300</u>	<u>1,157,565</u>	<u>230,016</u>	<u>6,252,881</u>
<b>NONCURRENT ASSETS</b>				
Restricted Cash and Cash Equivalents	748,248	-	-	748,248
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	1,656,560	311,236	8,961	1,976,757
Infrastructure	4,219,650	9,315,674	-	13,535,324
Less: Accumulated Depreciation	<u>(5,064,885)</u>	<u>(3,331,967)</u>	<u>(251,964)</u>	<u>(8,648,816)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,086,981</u>	<u>12,517,051</u>	<u>1,106,595</u>	<u>17,710,627</u>
Total Noncurrent Assets	<u>4,835,229</u>	<u>12,517,051</u>	<u>1,106,595</u>	<u>18,458,875</u>
Total Assets	9,700,529	13,674,616	1,336,611	24,711,756

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS</b>				
Accounts Payable and Accrued Liabilities	\$ 98,833	\$ 35,135	\$ 13,229	\$ 147,197
Due to Other Governmental Agencies	2,613	-	-	2,613
Deposits	17,829	16,745	-	34,574
Unearned Revenue	-	-	1,370	1,370
Accrued Compensated Absences, Current Portion	15,252	-	-	15,252
Notes Payable, Current Portion	200,000	-	-	200,000
Landfill Closure and Postclosure Costs, Current Portion	206,702	-	-	206,702
Total Current Liabilities, Payable from Current Assets	541,229	51,880	14,599	607,708
<b>NONCURRENT LIABILITIES</b>				
Accrued Compensated Absences	6,658	-	-	6,658
Notes Payable, Less Current Portion	3,400,000	-	-	3,400,000
Landfill Closure and Postclosure Costs	6,776,734	-	-	6,776,734
Total Noncurrent Liabilities	10,183,392	-	-	10,183,392
Total Liabilities	10,724,621	51,880	14,599	10,791,100
<b>NET POSITION</b>				
Net Investment in Capital Assets Unrestricted	486,981 (1,511,073)	12,517,051 1,105,685	1,106,595 215,417	14,110,627 (189,971)
Total Net Position	<u>\$ (1,024,092)</u>	<u>\$ 13,622,736</u>	<u>\$ 1,322,012</u>	<u>\$ 13,920,656</u>

See accompanying Notes to Financial Statements.



**HARDEE COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION –  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
<b>OPERATING REVENUES</b>				
Sales and Charges for Services	\$ 834,727	\$ 493,419	\$ 100,084	\$ 1,428,230
Special Assessments	861,929	-	-	861,929
Total Operating Revenues	<u>1,696,656</u>	<u>493,419</u>	<u>100,084</u>	<u>2,290,159</u>
<b>OPERATING EXPENSES</b>				
Personal Services	323,557	285,835	59,651	669,043
General and Administrative	3,534,230	327,829	26,854	3,888,913
Depreciation	593,521	696,353	25,102	1,314,976
Total Operating Expenses	<u>4,451,308</u>	<u>1,310,017</u>	<u>111,607</u>	<u>5,872,932</u>
<b>OPERATING INCOME (LOSS)</b>	(2,754,652)	(816,598)	(11,523)	(3,582,773)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	80,398	382,336	-	462,734
Interest Income	14,347	2,366	548	17,261
Interest Expense	(53,508)	(146)	-	(53,654)
Gain on Disposal of Capital Assets	488	-	-	488
Miscellaneous Revenue	29,345	23,932	3,500	56,777
Total Nonoperating Revenues (Expenses), Net	<u>71,070</u>	<u>408,488</u>	<u>4,048</u>	<u>483,606</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(2,683,582)	(408,110)	(7,475)	(3,099,167)
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital Contributions	13,513	-	-	13,513
Transfers in	4,707	563,477	-	568,184
Transfers out	(86,693)	(40,930)	(8,464)	(136,087)
Total Transfers	<u>(68,473)</u>	<u>522,547</u>	<u>(8,464)</u>	<u>445,610</u>
<b>CHANGE IN NET POSITION</b>	(2,752,055)	114,437	(15,939)	(2,653,557)
Net Position - Beginning of Year	<u>1,727,963</u>	<u>13,508,299</u>	<u>1,337,951</u>	<u>16,574,213</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (1,024,092)</u>	<u>\$ 13,622,736</u>	<u>\$ 1,322,012</u>	<u>\$ 13,920,656</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 1,700,254	\$ 488,175	\$ 118,609	\$ 2,307,038
Cash Paid to Employees for Services	(1,102,921)	(403,011)	(25,365)	(1,531,297)
Cash Paid to Suppliers for Goods and Services	(319,228)	(285,835)	(59,651)	(664,714)
Net Cash Provided (Used) by Operating Activities	278,105	(200,671)	33,593	111,027
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Other Nonoperating Revenue	109,743	23,932	3,500	137,175
Transfers In (Out)	(81,986)	522,547	(8,464)	432,097
Net Cash Provided (Used) by Noncapital Financing Activities	27,757	546,479	(4,964)	569,272
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Shared Revenue from State	-	382,336	-	382,336
Acquisition and Construction of Capital Assets	(208,025)	(132,255)	-	(340,280)
Principal Payments on Long-Term Debt	(200,000)	(525,000)	-	(725,000)
Interest Paid	(53,508)	(146)	-	(53,654)
Net Cash Provided (Used) by Capital and Related Financing Activities	(461,533)	(275,065)	-	(736,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest from Investments	14,347	2,365	549	17,261
Net Cash Provided by Investing Activities	14,347	2,365	549	17,261
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	(141,324)	73,108	29,178	(39,038)
Cash and Cash Equivalents - Beginning of Year	5,647,765	988,959	200,753	6,837,477
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 5,506,441</u>	<u>\$ 1,062,067</u>	<u>\$ 229,931</u>	<u>\$ 6,798,439</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (2,754,652)	\$ (816,598)	\$ (11,523)	\$ (3,582,773)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	593,521	696,353	25,102	1,314,976
Gain on Disposal of Capital Assets	488	-	-	488
(Increase) Decrease in Assets:				
Accounts Receivable	13,732	(6,305)	17,967	25,394
Due from Other Governments	(11,681)	1,066	-	(10,615)
Due from Other Funds	809	-	-	809
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	(100,219)	(77,141)	1,490	(175,870)
Due to Other Government Agencies	(141)	-	-	(141)
Deposits	250	1,960	-	2,210
Deferred Revenue	-	(5)	558	553
Accrued Compensated Absences	4,329	-	-	4,329
Landfill Closure and Postclosure Costs	2,531,668	-	-	2,531,668
Net Cash Provided (Used) by Operating Activities	<u>\$ 278,104</u>	<u>\$ (200,670)</u>	<u>\$ 33,594</u>	<u>\$ 111,028</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Current Assets:				
Cash	\$ 4,758,193	\$ 1,062,067	\$ 229,931	\$ 6,050,191
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	748,248	-	-	748,248
Total Cash and Cash Equivalents	<u>\$ 5,506,441</u>	<u>\$ 1,062,067</u>	<u>\$ 229,931</u>	<u>\$ 6,798,439</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contribution of Capital Assets	<u>\$ 13,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,513</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION –  
AGENCY FUNDS  
SEPTEMBER 30, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 654,385
Due from Individuals	<u>569</u>
Total Assets	<u><u>\$ 654,954</u></u>
 <b>LIABILITIES</b>	
Due to Individuals	\$ 332,734
Vouchers Payable	614
Due to Other Governments	96,878
Due to Indigent Health Care Special District	147
Deposit - Installment Taxes	<u>224,581</u>
Total Liabilities	<u><u>\$ 654,954</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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 unit). 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, 2013**

**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, 2013**

**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 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 receivables in 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, 2013**

**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 statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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 another 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, 2013**

**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.

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

**Proprietary Major Funds**

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

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

**Other Fund Types**

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

**Noncurrent Governmental Assets/Liabilities**

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

**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, 2013**

**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 Position. 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, 2013**

**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.

Depreciation on capital assets is charged as an expense against operations which is closed to net position. 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, 2013**

**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, 2013 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, 2013**

**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 position at September 30, 2013, 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 position 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, 2013 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, 2013, estimated capacity used was 50.85%. 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, 2013, the Solid Waste Fund had unrestricted net position of (\$1,511,073) and had net position invested in capital assets, net of related debt of \$486,981 due to the partial closure to the landfill and because of a \$6,983,436 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, 2013**

**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, 2013**

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

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) numbers 62 and 63.

GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only the authoritative literature of the Governmental Accounting Standards Board (GASB) or to follow Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

**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 Position**

*Total fund balances* of the county's governmental funds (\$14,074,842) differs from *net position* of governmental activities (\$72,502,181) reported in the statement of net position. This difference primarily results from the long term economic focus of the statement of net position 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 position included those capital assets among the assets of the County as a whole.

Cost of Capital Assets	\$ 110,738,010
Accumulated Depreciation	<u>(63,632,080)</u>
Total	<u><u>\$ 47,105,930</u></u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**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 position. Balances as of September 30, 2013 were:

Postemployment Healthcare	\$ 1,164,000
Accrued Compensated Absences	638,878
Total	<u>\$ 1,802,878</u>

**Elimination of Interfund Receivables/Payables**

Interfund receivables and payables in the amount of \$165,045 between governmental funds have been eliminated for the statement of net position.

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

The *net change in fund balances* for governmental funds (\$219,185) differs from the *change in net position* for governmental activities \$216,697 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.

**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 position decrease by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 5,585,489
Depreciation Expense	(5,102,465)
Difference	<u>\$ 483,024</u>



**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Expense Transactions**

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

Net Change in Postemployment Healthcare	\$ (169,000)
Net Change in Accrued Compensated Absences	45,334
Net Change in Capital Contribution	<u>(13,513)</u>
Net Adjustment	<u><u>\$ (137,179)</u></u>

**Reclassification and Eliminations**

Transfers in and transfers out in the amount of \$1,446,413 between governmental activities are eliminated.

**NOTE 3 CASH AND CASH EQUIVALENTS**

**Cash Deposits and Cash Equivalents**

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

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

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

At September 30, 2013, the carrying amount of the County's deposits was \$23,129,548 and the bank balances were \$23,907,893. 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, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivables consist of the following at September 30, 2013 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	\$ 574,646	\$ -	\$ -	\$ -	\$ 574,646
Trade Accounts	188	1,480	-	20	1,688
Accounts Receivable, Gross	574,834	1,480	-	20	576,334
Allowance for Uncollectible Accounts	(175,226)	-	-	-	(175,226)
Accounts Receivable, Net	<u>\$ 399,608</u>	<u>\$ 1,480</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 401,108</u>

Accounts receivables consist of the following at September 30, 2013 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	\$ 82,955	\$ -	\$ -	\$ 82,955
Trade Accounts	430	60,927	85	61,442
Accounts Receivable, Gross	83,385	60,927	85	144,397
Allowance for Uncollectibles	-	-	-	-
Accounts Receivable, Net	<u>\$ 83,385</u>	<u>\$ 60,927</u>	<u>\$ 85</u>	<u>\$ 144,397</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 5 DETAIL OF CAPITAL ASSETS**

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

	Balance October 1, 2012	Additions	(Deletions)	Donations, Capital Contribution & Transfers	Balance September 30, 2013
<b>GOVERNMENT ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,490,408	\$ -	\$ -	\$ 83,400	\$ 3,573,808
Construction in Progress	1,200,575	567,938	-	(1,195,172)	573,341
Total Capital Assets, Not Being Depreciated	4,690,983	567,938	-	(1,111,772)	4,147,149
Capital Assets, Being Depreciated:					
Buildings and Improvements	22,212,096	25,774	-	290,007	22,527,877
Equipment	17,215,837	1,095,739	(1,279,226)	(42,603)	16,989,747
Infrastructure	66,619,094	3,896,038	(18,052)	1,191,195	71,688,275
Total Capital Assets, Being Depreciated	106,047,027	5,017,551	(1,297,278)	1,438,599	111,205,899
Less Accumulated Depreciation for:					
Buildings and Improvements	(8,346,602)	(552,988)	-	-	(8,899,590)
Equipment	(12,523,537)	(1,180,267)	1,270,833	31,650	(12,401,321)
Infrastructure	(43,604,913)	(3,369,210)	5,516	22,400	(46,946,207)
Total Accumulated Depreciation	(64,475,052)	(5,102,465)	1,276,349	54,050	(68,247,118)
Total Capital Assets, Being Depreciated, Net	41,571,975	(84,914)	(20,929)	1,492,649	42,958,781
Governmental Activities Capital Assets, Net	<u>\$ 46,262,958</u>	<u>\$ 483,024</u>	<u>\$ (20,929)</u>	<u>\$ 380,877</u>	<u>\$ 47,105,930</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Progress	109,578	-	-	(109,578)	-
Total Capital Assets, Not Being Depreciated	1,072,203	-	-	(109,578)	962,625
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,884,737	-	-	-	9,884,737
Equipment	1,827,064	89,221	(7,091)	67,563	1,976,757
Infrastructure	13,174,687	251,059	-	109,578	13,535,324
Total Capital Assets, Being Depreciated	24,886,488	340,280	(7,091)	177,141	25,396,818
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,731,158)	(80,842)	-	-	(1,812,000)
Equipment	(1,292,976)	(142,538)	7,091	(54,049)	(1,482,472)
Infrastructure	(4,262,748)	(1,091,596)	-	-	(5,354,344)
Total Accumulated Depreciation	(7,286,882)	(1,314,976)	7,091	(54,049)	(8,648,816)
Total Capital Assets, Being Depreciated, Net	17,599,606	(974,696)	-	123,092	16,748,002
Business-Type Activities Capital Assets, Net	<u>\$ 18,671,809</u>	<u>\$ (974,696)</u>	<u>\$ -</u>	<u>\$ 13,514</u>	<u>\$ 17,710,627</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

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

**GOVERNMENTAL ACTIVITIES**

General Government	\$ 584,606
Public Safety	823,913
Physical Environment	2,067
Transportation	3,468,898
Human Services	30,809
Culture/Recreation	192,172
Total Depreciation Expense - Governmental Activities	<u>\$ 5,102,465</u>

**BUSINESS-TYPE ACTIVITIES**

Solid Waste	\$ 593,521
Wauchula Hills Water/Wastewater Treatment	696,353
Vandolah Wastewater Treatment	25,102
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,314,976</u>

**NOTE 6 LONG-TERM DEBT**

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

	Balance October 1, 2012	Additions	(Reductions)	Balance September 30, 2013	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Postemployment Healthcare	\$ 995,000	\$ 169,000	\$ -	\$ 1,164,000	\$ -
Accrued Compensated Absences	684,212	(45,334)	-	638,878	326,374
Total Governmental Activities	<u>\$ 1,679,212</u>	<u>\$ 123,666</u>	<u>\$ -</u>	<u>\$ 1,802,878</u>	<u>\$ 326,374</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Notes Payable	\$ 4,325,000	\$ -	\$ (725,000)	\$ 3,600,000	\$ 200,000
Accrued Compensated Absences	17,581	4,329	-	21,910	15,252
Landfill Closure and Post Closure Costs	4,451,768	2,531,668	-	6,983,436	206,702
Total Business-Type Activities	<u>\$ 8,794,349</u>	<u>\$ 2,535,997</u>	<u>\$ (725,000)</u>	<u>\$ 10,605,346</u>	<u>\$ 421,954</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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:

Year Ending September 30,	Business-Type Activities	
	Florida Local Government Finance Commission	
	Principal	Interest
2014	\$ 200,000	\$ 6,048
2015	200,000	5,712
2016	200,000	5,376
2017	3,000,000	5,040
Total	<u>\$ 3,600,000</u>	<u>\$ 22,176</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, 2013:

	Year Ended September 30,	Amount
	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, 2013**

**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, 2013:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 62,808	\$ 90,491
Transportation Trust	32,260	29,112
Fire Control Fund	3,491	-
Grants Fund	-	47,757
Non-major Governmental Funds	66,486	1,175
Solid Waste Fund	3,490	-
Total	\$ 168,535	\$ 168,535

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		\$ 631,124
Restricted		
Transportation	\$ 2,128,718	
Fire Control	2,701,964	
Court Innovations	301,850	
Law Enforcement Trust	107,878	
E-911	79,647	
Court Operational Needs	74,153	
Court Technology	6,624	
Official Records	125,253	
Clerk Operational Needs	138,625	
Inmate Welfare	123,860	
Education	38,110	
Total Restricted	5,826,682	5,826,682
Committed		
Pioneer Park Days	160,610	
Mining	138,742	
Total Committed	299,352	299,352
Assigned		
Fines and Forfeitures General Government	8,048	
Race Track Recreation	136,079	
Total Assigned	144,127	144,127
Unassigned		7,173,557
Total Fund Balances		\$ 14,074,842

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**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.

## **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, 2012 through June 30, 2013, 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 – 5.18%; special risk – 14.9%; deferred retirement option plan – 5.44%, and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.20%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; special risk – 19.06%; deferred retirement option plan – 12.84%; and elected officials – 33.03%. The County's contributions to the System for the years ended September 30, 2013, 2012 and 2011 were \$1,302,780, \$1,100,582, and \$1,680,456, 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. 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.



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

**Plan Description (Continued)**

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, 2013, 5 retirees and dependents received healthcare benefits. The County provided contributions of \$31,000 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, 2013, the amount contributed to the plan and changed in the County's net OPEB obligation:

Annual Required Contribution	\$ 202,000
Interest on Net OPEB Obligation	35,000
Less Amortization of Net OPEB Obligation	<u>(37,000)</u>
Annual OPEB Cost (Expense)	200,000
Contributions Made	<u>(31,000)</u>
Increase in Net OPEB Obligation	169,000
Net OPEB Obligation - Beginning of Year	<u>995,000</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,164,000</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, 2013 and the two preceding years 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, 2013	\$ 200,000	15.50%	\$ 1,164,000
September 30, 2012	187,000	14.97%	995,000
September 30, 2011	296,000	17.57%	836,000

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

**Funded Status and Funding Progress**

The funding status as of September 30, 2013 was as follows

Actuarial Accrued Liability (a)	\$ 1,522,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c) = (a-b)	<u>1,522,000</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 required supplementary information following the notes to the financial statements, 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 seven and a half 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, 2013, is twenty-six years.

## **NOTE 11 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County is a member of Public Risk Management of Florida (PRM), a local government risk management pool.

The PRM program is structured under a self-insured retention insurance program, whereby PRM pays claims up to a specified amount annually for property and general liability, public officials' liability, automobile liability and workers' compensation. PRM purchases excess insurance or stop loss insurance from commercial carriers to cover losses above the self-insured retention amounts.

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

## **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, 2013, no expansion costs were incurred and the estimated capacity increase was included in the 50.85% 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 \$6,983,436 at September 30, 2013, represents the cumulative amount reported to date based on an average use of 50.85% of the total estimated capacity available as of September 30, 2013. There was a significant increase in the liability due to the capacity increase for the expansion of Cell Section II, Phase II. The increase in the liability caused the general and administrative expenses to be \$3,534,229 as of September 30, 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

## **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, 2013. At September 30, 2013, \$748,248 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, 2013 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

## NOTE 13 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, 2013 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$	100,963
Grants Fund		12,065
Non-Major Governmental Funds		51,394
Solid Waste Fund		40,740
Wauchula Hills Water/Wastewater Treatment Fund		40,678
Non-Major Enterprise Fund		8,332
Total	\$	<u>254,172</u>

Transfers to the Transportation Trust Fund from:

General Fund	\$	3,163
Fire Control Fund		53
Non-Major Governmental Funds		15,280
Solid Waste Fund		45,953
Wauchula Hills Water/Wastewater Treatment Fund		252
Non-Major Enterprise Fund		132
Total	\$	<u>64,833</u>

Transfers to the Fire Control Fund from:

General Fund	\$	469,311
Non-Major Governmental Funds		226,000
Total	\$	<u>695,311</u>

Transfers to the Solid Waste Fund from:

General Fund	\$	3,491
Non-Major Governmental Funds		1,216
Total	\$	<u>4,707</u>

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

General Fund	\$	425,000
Grants Fund		138,477
Total	\$	<u>563,477</u>

**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, 2013

<b>ASSETS</b>		
Cash		\$ 591,643
		<u>591,643</u>
Total Assets		<u>\$ 591,643</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable		\$ -
Due to Other Funds		-
Deferred Revenue		591,643
Total Liabilities		<u>591,643</u>
<b>Fund Balance</b>		<u>-</u>
Total Liabilities and Fund Balance		<u>\$ 591,643</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

Year Ended September 30, 2013

<b>REVENUES</b>		
Intergovernmental		\$ 73,710
Interest		899
Miscellaneous		40,942
Total Revenues		<u>115,551</u>
<b>EXPENDITURES</b>		
Economic Environment		<u>115,551</u>
<b>NET CHANGE IN FUND BALANCES</b>		-
Fund Balances - Beginning of Year		<u>325,654</u>
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 325,654</u>

**NOTE 15 SUBSEQUENT EVENTS**

In October of 2013, the Florida Institute for Neurological Rehabilitation (FINR) served a lawsuit on the County, cause of action based upon violation of the Bert Harris Act. The suit is a claim for damages in the amount \$38 million. The County filed a Motion to Dismiss. The Court granted the motion dismissing the suit with prejudice. FINR has appealed the Courts Ruling to the Second District of Appeal who has not acted upon it to date. The County is of the opinion and believe there is little chance this suit will succeed on the merits.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HARDEE COUNTY, FLORIDA  
 SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS  
 YEAR ENDED SEPTEMBER 30, 2013**

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)
10/1/2010	\$ -	\$ 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
10/1/2012	-	1,522,000	1,522,000	0.00%	N/A	N/A



**HARDEE COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 OTHER POSTEMPLOYMENT BENEFITS**

As noted in the previous schedule, as of the actuarial valuation dates of October 1, 2011 and October 1, 2012 the County's Unfunded Actuarial Liability (UAL) increased \$159,000. The liability increase is attributed to actuarial estimates for the change in both the contribution schedule and retirees eligible.

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

**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

**Sheriff's Department E-911 Fund** – The Sheriff's Department E-911 Fund accounts for proceeds received from 911 fees and grants related to providing E-911 services within the County. The E-911fund is a special revenue fund which accounts for the 911 system operated in the County. Funding is provided to the Sheriff by the Florida Department of Management Services and is used to maintain the E-911 system which assists Hardee County residents that are in need of law enforcement, fire and emergency medical responders. The E-911 fund is not required to maintain a separate budget.

**HARDEE COUNTY, FLORIDA  
COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 826,774	\$ 95,401	\$ 112,878	\$ 327,278	\$ 69,974	\$ 146,022
Accounts Receivable, Net	10	-	-	10	-	-
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	-	-	-	3	-	-
Due from Other Governmental Agencies	-	-	-	313	9,673	-
Prepaid Expense	-	-	-	2,918	-	-
<b>Total Assets</b>	<b>\$ 826,784</b>	<b>\$ 95,401</b>	<b>\$ 112,878</b>	<b>\$ 330,522</b>	<b>\$ 79,647</b>	<b>\$ 146,022</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ 27,661	\$ 1,346	\$ 5,000	\$ 268,532	\$ -	\$ 7,280
Due to Other Funds	-	-	-	7	-	-
Due to Other Governmental Agencies	6,332	-	-	61,983	-	-
Unearned Revenue	482,893	13,750	-	-	-	-
<b>Total Liabilities</b>	<b>516,886</b>	<b>15,096</b>	<b>5,000</b>	<b>330,522</b>	<b>-</b>	<b>7,280</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	2,918	-	-
Restricted	301,850	-	107,878	-	79,647	-
Committed	-	80,305	-	-	-	138,742
Assigned	8,048	-	-	-	-	-
Unassigned	-	-	-	(2,918)	-	-
<b>Total Fund Balances</b>	<b>309,898</b>	<b>80,305</b>	<b>107,878</b>	<b>-</b>	<b>79,647</b>	<b>138,742</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 826,784</b>	<b>\$ 95,401</b>	<b>\$ 112,878</b>	<b>\$ 330,522</b>	<b>\$ 79,647</b>	<b>\$ 146,022</b>

**HARDEE COUNTY, FLORIDA  
COMBINING BALANCE SHEET – (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	Special Revenue Funds (Continued)					Total Other Non-major Governmental Funds
	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 143,461	\$ 128,770	\$ 123,860	\$ 38,110	\$ -	\$ 2,012,528
Accounts Receivable, Net	-	-	-	-	-	20
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	66,483	-	-	-	-	66,486
Due from Other Governmental Agencies	-	10,153	-	-	-	20,139
Prepaid Expense	-	-	-	-	-	2,918
Total Assets	<u>\$ 209,944</u>	<u>\$ 138,923</u>	<u>\$ 123,860</u>	<u>\$ 38,110</u>	<u>\$ -</u>	<u>\$ 2,102,091</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ 2,746	\$ 298	\$ -	\$ -	\$ -	\$ 312,863
Due to Other Funds	1,168	-	-	-	-	1,175
Due to Other Governmental Agencies	-	-	-	-	-	68,315
Unearned Revenue	-	-	-	-	-	496,643
Total Liabilities	<u>3,914</u>	<u>298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,996</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	2,918
Restricted	206,030	138,625	123,860	38,110	-	996,000
Committed	-	-	-	-	-	299,352
Assigned	-	-	-	-	-	8,048
Unassigned	-	-	-	-	-	(83,223)
Total Fund Balances	<u>206,030</u>	<u>138,625</u>	<u>123,860</u>	<u>38,110</u>	<u>-</u>	<u>1,223,095</u>
Total Liabilities and Fund Balances	<u>\$ 209,944</u>	<u>\$ 138,923</u>	<u>\$ 123,860</u>	<u>\$ 38,110</u>	<u>\$ -</u>	<u>\$ 2,102,091</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 164,262	\$ -
Charges for Services	25,216	76,827	-	899,999	-	249,582
Fines and Forfeitures	251,820	-	-	-	-	-
Interest	2,402	266	273	-	176	381
Miscellaneous	-	2,300	5,864	384	-	-
<b>Total Revenues</b>	<b>279,438</b>	<b>79,393</b>	<b>6,137</b>	<b>900,383</b>	<b>164,438</b>	<b>249,963</b>
<b>EXPENDITURES</b>						
Current:						
General Government	513,160	-	-	852,057	-	-
Public Safety	33,167	-	5,000	-	166,955	-
Physical Environment	-	-	-	-	-	194,851
Human Services	-	-	-	-	-	-
Culture and Recreation	-	63,240	-	-	-	-
Capital Outlay	26,993	-	-	-	-	-
<b>Total Expenditures</b>	<b>573,320</b>	<b>63,240</b>	<b>5,000</b>	<b>852,057</b>	<b>166,955</b>	<b>194,851</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(293,882)</b>	<b>16,153</b>	<b>1,137</b>	<b>48,326</b>	<b>(2,517)</b>	<b>55,112</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Distribution of Excess Court						
Revenue to the State of Florida	-	-	-	(61,263)	-	-
Transfers out	-	(22,862)	-	-	-	(36,503)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(22,862)</b>	<b>-</b>	<b>(61,263)</b>	<b>-</b>	<b>(36,503)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(293,882)</b>	<b>(6,709)</b>	<b>1,137</b>	<b>(12,937)</b>	<b>(2,517)</b>	<b>18,609</b>
Fund Balances - Beginning of Year	603,780	87,014	106,741	12,937	82,164	120,133
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 309,898</b>	<b>\$ 80,305</b>	<b>\$ 107,878</b>	<b>\$ -</b>	<b>\$ 79,647</b>	<b>\$ 138,742</b>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue Funds (Continued)					
	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	Total Other Nonmajor Governmental Funds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 53,192	\$ -	\$ -	\$ 82,500	\$ 299,954
Charges for Services	82,597	-	-	-	-	1,334,221
Fines and Forfeitures	-	-	-	4,340	-	256,160
Interest	401	336	-	-	-	4,235
Miscellaneous	-	1,837	40,581	-	-	50,966
<b>Total Revenues</b>	<b>82,998</b>	<b>55,365</b>	<b>40,581</b>	<b>4,340</b>	<b>82,500</b>	<b>1,945,536</b>
<b>EXPENDITURES</b>						
Current:						
General Government	56,317	75,161	-	-	-	1,496,695
Public Safety	-	-	25,287	12,016	80,202	322,627
Physical Environment	-	-	-	-	-	194,851
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	63,240
Capital Outlay	6,070	7,133	-	-	2,298	42,494
<b>Total Expenditures</b>	<b>62,387</b>	<b>82,294</b>	<b>25,287</b>	<b>12,016</b>	<b>82,500</b>	<b>2,119,907</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>20,611</b>	<b>(26,929)</b>	<b>15,294</b>	<b>(7,676)</b>	<b>-</b>	<b>(174,371)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Distribution of Excess Court						
Revenue to the State of Florida	-	-	-	-	-	(61,263)
Transfers out	-	-	-	-	-	(59,365)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,628)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>20,611</b>	<b>(26,929)</b>	<b>15,294</b>	<b>(7,676)</b>	<b>-</b>	<b>(294,999)</b>
Fund Balances - Beginning of Year	185,419	165,554	108,566	45,786	-	1,518,094
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 206,030</b>	<b>\$ 138,625</b>	<b>\$ 123,860</b>	<b>\$ 38,110</b>	<b>\$ -</b>	<b>\$ 1,223,095</b>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**FINES AND FORFEITURES FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 20,000	\$ 20,000	\$ 25,216	\$ 5,216
Fines and Forfeitures	253,000	257,932	251,820	(6,112)
Interest	1,000	1,000	2,402	1,402
Miscellaneous	100	100	-	(100)
Total Revenues	<u>274,100</u>	<u>279,032</u>	<u>279,438</u>	<u>406</u>
<b>EXPENDITURES</b>				
Current:				
General Government	817,647	834,518	513,160	321,358
Public Safety	-	4,932	33,167	(28,235)
Capital Outlay	517,776	513,671	26,993	486,678
Total Expenditures	<u>1,335,423</u>	<u>1,353,121</u>	<u>573,320</u>	<u>779,801</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,061,323)	(1,074,089)	(293,882)	780,207
<b>OTHER FINANCING SOURCES</b>				
Transfers In	250,000	250,000	-	(250,000)
Total Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(811,323)	(824,089)	(293,882)	530,207
Fund Balances - Beginning of Year	<u>603,780</u>	<u>603,780</u>	<u>603,780</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (207,543)</u>	<u>\$ (220,309)</u>	<u>\$ 309,898</u>	<u>\$ 530,207</u>



**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
PIONEER PARK DAYS FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 87,000	\$ 87,000	\$ 76,827	\$ (10,173)
Interest	150	150	266	116
Miscellaneous	1,300	1,300	2,300	1,000
Total Revenues	<u>88,450</u>	<u>88,450</u>	<u>79,393</u>	<u>(9,057)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	<u>63,989</u>	<u>68,989</u>	<u>63,240</u>	<u>5,749</u>
Total Expenditures	<u>63,989</u>	<u>68,989</u>	<u>63,240</u>	<u>5,749</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	24,461	19,461	16,153	(3,308)
<b>OTHER FINANCING SOURCES</b>				
Transfers out	<u>(37,800)</u>	<u>(32,800)</u>	<u>(22,862)</u>	<u>9,938</u>
<b>NET CHANGE IN FUND BALANCES</b>	(13,339)	(13,339)	(6,709)	6,630
Fund Balances - Beginning of Year	<u>87,014</u>	<u>87,014</u>	<u>87,014</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 73,675</u></u>	<u><u>\$ 73,675</u></u>	<u><u>\$ 80,305</u></u>	<u><u>\$ 6,630</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ 250	\$ 250	\$ 273	\$ 23
Miscellaneous	2,000	2,000	5,864	3,864
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>6,137</u>	<u>3,887</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,250	(2,750)	1,137	3,887
Fund Balances - Beginning of Year	<u>106,741</u>	<u>106,741</u>	<u>106,741</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 108,991</u>	<u>\$ 103,991</u>	<u>\$ 107,878</u>	<u>\$ 3,887</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, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget - Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 787,608	\$ 839,826	\$ 899,999	\$ 60,173
Miscellaneous	-	312	384	72
Total Revenues	<u>787,608</u>	<u>840,138</u>	<u>900,383</u>	<u>60,245</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	765,817	784,320	793,087	(8,767)
Operating Expenditures	21,791	55,826	58,970	(3,144)
Total Expenditures	<u>787,608</u>	<u>840,146</u>	<u>852,057</u>	<u>(11,911)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(8)	48,326	48,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Distribution of Excess Court				
Revenue to the State of Florida	-	-	(61,263)	(61,263)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(61,263)</u>	<u>(61,263)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(8)	(12,937)	(12,929)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>12,937</u>	<u>12,937</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ 8</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**E-911 FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 120,230	\$ 156,916	\$ 164,262	\$ 7,346
Interest	500	500	176	(324)
Total Revenues	<u>120,730</u>	<u>157,416</u>	<u>164,438</u>	<u>7,022</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	188,970	206,394	166,955	39,439
Total Expenditures	<u>188,970</u>	<u>206,394</u>	<u>166,955</u>	<u>39,439</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(68,240)	(48,978)	(2,517)	46,461
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>64,202</u>	<u>44,940</u>	<u>-</u>	<u>(44,940)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,038)	(4,038)	(2,517)	1,521
Fund Balances - Beginning of Year	<u>82,164</u>	<u>82,164</u>	<u>82,164</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 78,126</u></u>	<u><u>\$ 78,126</u></u>	<u><u>\$ 79,647</u></u>	<u><u>\$ 1,521</u></u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**MINING FUND**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 597,688	\$ 623,938	\$ 249,582	\$ (374,356)
Interest	400	400	381	(19)
Total Revenues	<u>598,088</u>	<u>624,338</u>	<u>249,963</u>	<u>(374,375)</u>
<b>EXPENDITURES</b>				
Physical Environment	<u>631,531</u>	<u>605,281</u>	<u>194,851</u>	<u>410,430</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(33,443)	19,057	55,112	36,055
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(40,265)</u>	<u>(40,265)</u>	<u>(36,503)</u>	<u>3,762</u>
<b>NET CHANGE IN FUND BALANCES</b>	(73,708)	(21,208)	18,609	39,817
Fund Balances - Beginning of Year	<u>120,133</u>	<u>120,133</u>	<u>120,133</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 46,425</u>	<u>\$ 98,925</u>	<u>\$ 138,742</u>	<u>\$ 39,817</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 240,419	\$ 268,027	\$ 82,597	\$ (185,430)
Interest	-	415	401	(14)
<b>Total Revenues</b>	<u>240,419</u>	<u>268,442</u>	<u>82,998</u>	<u>(185,444)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	17,517	17,697	17,645	52
Operating Expenditures	124,000	135,850	38,672	97,178
Capital Outlay	<u>20,000</u>	<u>21,320</u>	<u>6,070</u>	<u>15,250</u>
<b>Total Expenditures</b>	<u>161,517</u>	<u>174,867</u>	<u>62,387</u>	<u>112,480</u>
<b>NET CHANGE IN FUND BALANCES</b>	78,902	93,575	20,611	(72,964)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>185,419</u>	<u>185,419</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 78,902</u></u>	<u><u>\$ 93,575</u></u>	<u><u>\$ 206,030</u></u>	<u><u>\$ 112,455</u></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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 192,127	\$ 218,746	\$ 53,192	\$ (165,554)
Interest	-	-	336	336
Miscellaneous	-	2,181	1,837	(344)
Total Revenues	<u>192,127</u>	<u>220,927</u>	<u>55,365</u>	<u>(165,562)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	32,795	62,506	62,480	26
Operating Expenditures	157,832	149,781	12,681	137,100
Capital Outlay	1,500	8,640	7,133	1,507
Total Expenditures	<u>192,127</u>	<u>220,927</u>	<u>82,294</u>	<u>138,633</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(26,929)	(26,929)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>165,554</u>	<u>165,554</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,625</u>	<u>\$ 138,625</u>

**HARDEE COUNTY, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –  
 ALL AGENCY FUNDS  
 SEPTEMBER 30, 2013**

	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
<b>ASSETS</b>								
Cash	\$ 53,039	\$ 614	\$ 111,439	\$ 349	\$ 30,857	\$ 1,090	\$ 293,225	\$ 72,177
Due from Individuals	-	-	-	-	-	-	-	569
Total Assets	<u>\$ 53,039</u>	<u>\$ 614</u>	<u>\$ 111,439</u>	<u>\$ 349</u>	<u>\$ 30,857</u>	<u>\$ 1,090</u>	<u>\$ 293,225</u>	<u>\$ 72,746</u>
<b>LIABILITIES</b>								
Due to Individuals	\$ 33,768	-	\$ 111,439	\$ 15	\$ 30,857	\$ 1,090	\$ 63,970	-
Vouchers Payable	-	614	-	-	-	-	-	-
Due to Other Governments	19,271	-	-	334	-	-	4,527	72,746
Due to Indigent Health Care Special District	-	-	-	-	-	-	147	-
Deposit - Installment Taxes	-	-	-	-	-	-	224,581	-
Total Liabilities	<u>\$ 53,039</u>	<u>\$ 614</u>	<u>\$ 111,439</u>	<u>\$ 349</u>	<u>\$ 30,857</u>	<u>\$ 1,090</u>	<u>\$ 293,225</u>	<u>\$ 72,746</u>



**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2013**

	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth	Sheriff's Flower	Sheriff's Evidence	Sheriff's Drug Task Force	Total
<b>ASSETS</b>								
Cash	\$ 692	\$ 977	\$ 11,378	\$ 10,496	\$ 3,497	\$ 50,631	\$ 13,924	\$ 654,385
Due from Individuals	-	-	-	-	-	-	-	569
<b>Total Assets</b>	<u>\$ 692</u>	<u>\$ 977</u>	<u>\$ 11,378</u>	<u>\$ 10,496</u>	<u>\$ 3,497</u>	<u>\$ 50,631</u>	<u>\$ 13,924</u>	<u>\$ 654,954</u>
<b>LIABILITIES</b>								
Due to Individuals	\$ 692	\$ 977	\$ 11,378	\$ 10,496	\$ 3,497	\$ 50,631	\$ 13,924	\$ 332,734
Vouchers Payable	-	-	-	-	-	-	-	614
Due to Other Governments	-	-	-	-	-	-	-	96,878
Due to Indigent Health Care Special District	-	-	-	-	-	-	-	147
Deposit - Installment Taxes	-	-	-	-	-	-	-	224,581
<b>Total Liabilities</b>	<u>\$ 692</u>	<u>\$ 977</u>	<u>\$ 11,378</u>	<u>\$ 10,496</u>	<u>\$ 3,497</u>	<u>\$ 50,631</u>	<u>\$ 13,924</u>	<u>\$ 654,954</u>

**HARDEE COUNTY, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION –  
 ALL AGENCY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<b><u>CLERK'S SPECIAL TRUST</u></b>				
<b>ASSETS</b>				
Cash	\$ 139,319	\$ 2,460,638	\$ (2,546,918)	\$ 53,039
<b>LIABILITIES</b>				
Due to Individuals	\$ 26,448	\$ 103,302	\$ (95,982)	\$ 33,768
Due to Other Governments	112,871	2,357,336	(2,450,936)	19,271
Total Liabilities	<u>\$ 139,319</u>	<u>\$ 2,460,638</u>	<u>\$ (2,546,918)</u>	<u>\$ 53,039</u>
<b><u>CLERK'S SUPPORT</u></b>				
<b>ASSETS</b>				
Cash	\$ 664	\$ 17,445	\$ (17,495)	\$ 614
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 4,265	\$ (4,265)	\$ -
Vouchers Payable	664	8,723	(8,773)	614
Due to Other Governments	-	4,457	(4,457)	-
Total Liabilities	<u>\$ 664</u>	<u>\$ 17,445</u>	<u>\$ (17,495)</u>	<u>\$ 614</u>
<b><u>CLERK'S COURT REGISTRY</u></b>				
<b>ASSETS</b>				
Cash	\$ 17,202	\$ 355,608	\$ (261,371)	\$ 111,439
<b>LIABILITIES</b>				
Due to Individuals	\$ 17,202	\$ 355,608	\$ (261,371)	\$ 111,439
<b><u>CLERK'S COUNTY WITNESS</u></b>				
<b>ASSETS</b>				
Cash	\$ 349	\$ 14	\$ (14)	\$ 349
<b>LIABILITIES</b>				
Due to Individuals	\$ 29	\$ -	\$ (14)	\$ 15
Due to Other Governments	320	14	-	334
Total Liabilities	<u>\$ 349</u>	<u>\$ 14</u>	<u>\$ (14)</u>	<u>\$ 349</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –**  
**ALL AGENCY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<b><u>CLERK'S CASH BOND</u></b>				
<b>ASSETS</b>				
Cash	\$ 43,692	\$ 87,553	\$ (100,388)	\$ 30,857
<b>LIABILITIES</b>				
Due to Individuals	\$ 43,692	\$ 87,553	\$ (100,388)	\$ 30,857
<b><u>CLERK'S CONDEMNATION</u></b>				
<b><u>RIGHT-OF-WAY</u></b>				
<b>ASSETS</b>				
Cash	\$ 1,090	\$ -	\$ -	\$ 1,090
<b>LIABILITIES</b>				
Due to Individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
<b><u>TAX COLLECTOR FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 240,187	\$ 15,626,786	\$ (15,573,748)	\$ 293,225
Due from Individuals	-	611,989	(611,989)	-
	<u>\$ 240,187</u>	<u>\$ 16,238,775</u>	<u>\$ (16,185,737)</u>	<u>\$ 293,225</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 24,284	\$ 2,096,968	\$ (2,057,282)	\$ 63,970
Due to Other Governments	5,536	13,379,692	(13,380,701)	4,527
Due to Indigent Health Care Special District	229	537,534	(537,616)	147
Deposit - Installment Taxes	210,138	224,581	(210,138)	224,581
Total Liabilities	<u>\$ 240,187</u>	<u>\$ 16,238,775</u>	<u>\$ (16,185,737)</u>	<u>\$ 293,225</u>
<b><u>TAX COLLECTOR MOTOR</u></b>				
<b><u>VEHICLE FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 55,548	\$ 3,200,044	\$ (3,183,415)	\$ 72,177
Due from Individuals	618	569	(618)	569
Total Assets	<u>\$ 56,166</u>	<u>\$ 3,200,613</u>	<u>\$ (3,184,033)</u>	<u>\$ 72,746</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 56,166</u>	<u>\$ 3,200,613</u>	<u>\$ (3,184,033)</u>	<u>\$ 72,746</u>

**HARDEE COUNTY, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –  
 ALL AGENCY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<b><u>SHERIFF'S SUSPENSE</u></b>				
<b>ASSETS</b>				
Cash	\$ 16,105	\$ 37,115	\$ (52,528)	\$ 692
<b>LIABILITIES</b>				
Due to Individuals	\$ 16,105	\$ 37,115	\$ (52,528)	\$ 692
<b><u>SHERIFF'S COLLECTIONS</u></b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 18,140	\$ (17,163)	\$ 977
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 18,140	\$ (17,163)	\$ 977
<b><u>SHERIFF'S INMATE</u></b>				
<b>ASSETS</b>				
Cash	\$ 6,626	\$ 388,388	\$ (383,636)	\$ 11,378
<b>LIABILITIES</b>				
Due to Individuals	\$ 6,626	\$ 388,388	\$ (383,636)	\$ 11,378
<b><u>SHERIFF'S YOUTH</u></b>				
<b>ASSETS</b>				
Cash	\$ 10,129	\$ 1,383	\$ (1,016)	\$ 10,496
<b>LIABILITIES</b>				
Due to Individuals	\$ 10,129	\$ 1,383	\$ (1,016)	\$ 10,496
<b><u>SHERIFF'S FLOWER</u></b>				
<b>ASSETS</b>				
Cash	\$ 2,733	\$ 908	\$ (144)	\$ 3,497
<b>LIABILITIES</b>				
Due to Individuals	\$ 2,733	\$ 908	\$ (144)	\$ 3,497

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –**  
**ALL AGENCY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<b><u>SHERIFF'S EVIDENCE</u></b>				
<b>ASSETS</b>				
Cash	\$ 28,133	\$ 28,641	\$ (6,143)	\$ 50,631
<b>LIABILITIES</b>				
Due to Individuals	\$ 28,133	\$ 28,641	\$ (6,143)	\$ 50,631
 <b><u>SHERIFF'S DRUG TASK FORCE</u></b>				
<b>ASSETS</b>				
Cash	\$ 28,196	\$ 5,808	\$ (20,080)	\$ 13,924
<b>LIABILITIES</b>				
Due to Individuals	\$ 28,196	\$ 5,808	\$ (20,080)	\$ 13,924
 <b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 589,973	\$ 22,228,471	\$ (22,164,059)	\$ 654,385
Due from Individuals	618	612,558	(612,607)	569
Total Assets	\$ 590,591	\$ 22,841,029	\$ (22,776,666)	\$ 654,954
<b>LIABILITIES</b>				
Due to Individuals	\$ 204,667	\$ 3,128,079	\$ (3,000,012)	\$ 332,734
Vouchers Payable	664	8,723	(8,773)	614
Due to Other Governments	174,893	18,942,112	(19,020,127)	96,878
Due to Indigent Health Care Special District	229	537,534	(537,616)	147
Deposit - Installment Taxes	210,138	224,581	(210,138)	224,581
Total Liabilities	\$ 590,591	\$ 22,841,029	\$ (22,776,666)	\$ 654,954

## **SUPPLEMENTAL INFORMATION**

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

Board of County Commissioners  
Wauchula, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Hardee County Board of County Commissioners (the County), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 15, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control 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 deficiencies described in finding 2013-01 of 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*.

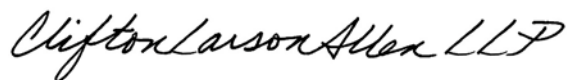
We noted certain matters that we reported to management of the constitutional officers in separate letters related to the year ended September 30, 2013.

**The County’s Response to Findings**

The County’s response to the findings identified in our audit are described in the accompanying schedule findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
May 15, 2014





**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**

Honorable Board of County Commissioners  
Hardee County, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Hardee County, Florida's (the 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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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, 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance with those requirements.

***Opinion on Each Major Federal Program and State Project***

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
May 15, 2014

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2013**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
<b><u>FEDERAL AWARDS</u></b>			
<b>U.S. Department of Health and Human Services</b>			
Drug-Free Communities Support Program	93.276	5 SP016561	\$ 146,159
Passed through Florida Department of Revenue:			
Child Support Enforcement	93.563	CD325	<u>82,294</u>
Total U.S. Department of Health and Human Services			<u>228,453</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Management Performance Grant	97.042	13-FG-86-07-35-01-092	26,347
Emergency Management Performance Grant	97.042	14-FG1M-07-35-01-092	<u>7,242</u>
			<u>33,589</u>
Passed through Florida Division of Emergency Management:			
Homeland Security Grant Program	97.067	13-DS-97-07-35-01-348	17,750
Total U.S. Department of Homeland Security			<u>51,339</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Florida Department of Economic Opportunity:			
Community Development Block Grant Program			
Community Development Block Grant - DREF Grant	14.228	12-DB-P5-07-35-01-K 56	146,362
Community Development Block Grant - Housing	14.228	11-DB-C5-07-35-01-H10	<u>51,606</u>
			<u>197,968</u>
<b>U.S. Department of Justice</b>			
Passed through Bureau of Justice Administration:			
State Criminal Alien Assistance Program	16.606	NA	28,535
Bulletproof Vest Partnership	16.607	NA	<u>4,492</u>
			<u>33,027</u>
Passed through Florida Department of Law Enforcement:			
JAG Countywide (Operation Blue Light XV)	16.738	2013-JAGC-HARD-1-D7-135	40,814
FDLE Edward Byrne JAG Direct (Taser Five)	16.738	2013-JAGD-HARD-1-D8-064	<u>3,392</u>
			<u>44,206</u>
Total U.S. Department of Justice			<u>77,233</u>
			<u>\$ 554,993</u>

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

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
<b>STATE PROJECTS</b>			
<b>Florida Department of Community Affairs</b>			
Residential Construction Mitigation Program	31.066	13RC-52-07-35-01-292	\$ 42,430
<b>Florida Department of Environmental Protection</b>			
Small County Solid Waste Consolidated Grant	37.012	314SC	70,588
Cooperative Collection Center Grant	37.007	SO625	9,810
Total Florida Department of Environmental Protection			<u>80,398</u>
<b>Florida Department of Management Services</b>			
E911 Rural County Grant Program	72.001	12/10/2012	30,667
E911 Rural County Grant Program	72.001	13-4-11	6,019
Total Florida Department of Management Services			<u>36,686</u>
<b>Florida Department of State</b>			
State Aid to Libraries Grant	45.030	13-ST-15	53,148
<b>Florida Department of Transportation</b>			
Small County Road Assistance-CR664	55.016	431838 1 58 01	974,552
		431881 1 58 01	
Small County Road Assistance-Hammond	55.016	431881 1 58 02	202,971
	55.016	431881 1 58 01	
Small County Road Assistance/SCOP-Center Hill	55.009	431881 1 58 02	58,892
			<u>1,236,415</u>
Small County Outreach Program - East REA Road	55.009	431887 1 58 01	40,140
Small County Outreach Program - Sweetwater	55.009	428156 1 58 01	1,464,126
			<u>1,504,266</u>
Total Florida Department of Transportation			<u>2,740,681</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiative Partnership (SHIP) - Annual Entitlement	52.901	N/A	73,710
<b>Florida Department of Agriculture and Consumer Services</b>			
Mosquito Control	42.003	018781	42,173
<b>Florida Division of Emergency Management</b>			
Emergency Management	31.063	13-BG-83-07-35-01-025	81,294
Emergency Management	31.063	14-BG-83-07-35-01-025	29,585
			<u>110,879</u>

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

**HARDEE COUNTY, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 1 GENERAL**

The accompanying Schedule of Expenditures of Federal Awards and State Projects presents the activity of all federal and state 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, 2013. 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 Projects 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, 2013.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
PROJECTS  
YEAR ENDED SEPTEMBER 30, 2013**

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

***Financial Statements***

Type of auditor's report issued	Unmodified
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 Projects***

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	Unmodified

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
--	----

Identification of major programs:

**Federal Programs**

Community Development Block Grant

**CFDA No.**

14.228

**State Projects**

Small County Road Assistance

**CSFA No.**

55.016

Small County Outreach Program

55.009

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

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

Auditee qualified as low-risk	Yes
-------------------------------	-----

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

**SECTION II – FINANCIAL STATEMENT AUDIT**

**Material Weakness**

**2013-01 – MATERIAL AUDIT ADJUSTMENTS**

**Condition:** Our audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

**Criteria:** The following accounts were adjusted: landfill closure liability, general and administrative expenses, capital assets, depreciation, accumulated depreciation, accounts receivable, grant revenues, and fund balance.

**Cause:** Improper reporting of transactions.

**Effect:** Various account balances were misstated.

**Recommendation:** We recommend internal controls be implemented to insure proper reporting and year end closing for the County's financial statements.

**Management Response:** We concur.

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

There were no current year findings.

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS AND STATE  
PROJECTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

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

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2012-01 Prior Period Restatement	Material Weakness	X			
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 financial statements of the Hardee County Board of County Commissioners (the County), Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 15, 2014.

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 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, 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 15, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., 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. The component unit's information is disclosed in Note 1. Hardee County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1 (c).


Section 10.554(1)(i)6.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)6.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, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County'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 15, 2014

**HARDEE COUNTY TAX COLLECTOR**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY TAX COLLECTOR  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	
<b>SPECIAL-PURPOSE BALANCE SHEET</b>	<b>4</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL     FUND</b>	<b>5</b>
<b>SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION – ALL     AGENCY FUNDS</b>	<b>6</b>
<b>NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTAL INFORMATION</b>	
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY ASSETS     AND LIABILITIES – ALL AGENCY FUNDS</b>	<b>16</b>
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN     FIDUCIARY NET POSITION – ALL AGENCY FUNDS</b>	<b>17</b>
<b>INDEPENDENT AUDITORS' 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</b>	<b>18</b>
<b>MANAGEMENT LETTER</b>	<b>20</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES – CURRENT YEAR AND     PRIOR YEARS</b>	<b>22</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable Jacki Johnson  
Tax Collector  
Hardee County, Florida

### **Report on the Special-Purpose Financial Statements**

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Hardee County Tax Collector (Tax Collector), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida, for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditors' Responsibility***

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 from material misstatement.

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

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

**Opinion**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Hardee County Tax Collector as of September 30, 2013, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the basis of the financial reporting provisions of the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Rules of the Auditor General, State of Florida. Our opinion is not modified with respect to that matter.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Hardee County Tax Collector's financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The combining statement and schedule 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. Such 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 special-purpose financial statements or 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 combining statements and schedules are fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of Hardee County Tax Collector'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Tax Collector's internal control over financial reporting and compliance.

The Honorable Jacki Johnson  
Hardee County Tax Collector

**Restriction on Use**

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 3, 2014

**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$ 177,993
Accounts Receivable	<u>14,850</u>
Total Assets	<u><u>\$ 192,843</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 4,163
Due to the Board of County Commissioners	180,944
Due to Other Governments	5,264
Due to Indigent Health Care Special District	<u>2,472</u>
Total Liabilities	192,843

**FUND BALANCE**

	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 192,843</u></u>

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



**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 815,100	\$ 815,100	\$ 808,032	\$ (7,068)
Interest and Miscellaneous Revenue	2,850	2,850	2,737	(113)
Total Revenues	<u>817,950</u>	<u>817,950</u>	<u>810,769</u>	<u>(7,181)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	551,109	537,256	502,532	34,724
Operating Expenditures	104,134	110,942	104,289	6,653
Capital Outlay	<u>15,043</u>	<u>22,088</u>	<u>15,268</u>	<u>6,820</u>
Total Expenditures	<u>670,286</u>	<u>670,286</u>	<u>622,089</u>	<u>48,197</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	147,664	147,664	188,680	41,016
<b>OTHER FINANCING USES</b>				
Transfer to Other Governments	-	-	(5,264)	(5,264)
Transfer to Indigent Health Care Special District	-	-	(2,472)	(2,472)
Transfer to the Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(180,944)</u>	<u>(180,944)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(188,680)</u>	<u>(188,680)</u>
<b>NET CHANGE IN FUND BALANCES</b>	147,664	147,664	-	(147,664)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 147,664</u></u>	<u><u>\$ 147,664</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (147,664)</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION  
ALL AGENCY FUNDS  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$ 372,467
Due from Individuals	<u>569</u>
Total Assets	<u><u>\$ 373,036</u></u>

**LIABILITIES**

Due to Individuals	\$ 63,970
Due to Board of County Commissioners	7,065
Due to Other Governments	77,273
Due to Indigent Health Care Special District	147
Deposit - Installment Taxes	<u>224,581</u>
Total Liabilities	<u><u>\$ 373,036</u></u>

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

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Hardee County Tax Collector (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 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, 2013 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, 2013**

**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, 2013**

**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, 2013**

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

**Fund Balance and Spending Policies**

In accordance with GASB Statement – *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, 2013, 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, 2013**

**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– *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 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, 2013**

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

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) numbers 62 and 63.

GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only the authoritative literature of the Governmental Accounting Standards Board (GASB) or to follow Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. All cash deposits are carried at cost and are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Florida Statutes require deposits by governmental units in a financial institution to be collateralized.

At September 30, 2013, the carrying amount of the Tax Collector's deposits was \$550,460 and the bank balance was \$526,177. The Tax Collector's interest bearing bank balance is 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 TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, 2012	Additions	Disposals	Balance September 30, 2013
Machinery and Equipment	\$ 121,989	\$ 15,268	\$ (21,403)	\$ 115,854
Total Capital Assets	121,989	15,268	(21,403)	115,854
Less: Accumulated Depreciation	(99,454)	(6,814)	-	(106,268)
Total Capital Assets, Net	<u>\$ 22,535</u>	<u>\$ 8,454</u>	<u>\$ (21,403)</u>	<u>\$ 9,586</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 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 TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

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

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

The 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, 2012 through June 30, 2013, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%; and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.2%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; senior management – 18.31%; deferred retirement option plan – 12.84%; and elected officials – 33.03%. The Tax Collector's contributions made during the years ended September 30, 2013, 2012 and 2011 were \$28,504, \$18,099 and \$35,307, 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, 2013:

	Balance October 1, 2012	Net Additions	Balance September 30, 2013	Due Within One Year
Accrued Compensated Absences	\$ 10,118	\$ 2,700	\$ 12,818	\$ -

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 5 COMPENSATED ABSENCES (CONTINUED)**

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, 2013 were as follows:

**Budget Appropriation** - The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$511,608 for the year ended September 30, 2013. In addition, \$180,944 and \$7,065 was due to the Board of County Commissioners at September 30, 2013 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

**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, 2013**

	Tax Collector Fund	Motor Vehicle Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 299,680	\$ 72,787	\$ 372,467
Due from Individuals	-	569	569
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 299,680</u>	<u>\$ 73,356</u>	<u>\$ 373,036</u>
<b>LIABILITIES</b>			
Due to Individuals	\$ 63,970	\$ -	\$ 63,970
Due to Board of County Commissioners	6,455	610	7,065
Due to Other Governments	4,527	72,746	77,273
Due to Indigent Health Care Special District	147	-	147
Deposit - Installment Taxes	224,581	-	224,581
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>\$ 299,680</u>	<u>\$ 73,356</u>	<u>\$ 373,036</u>

**HARDEE COUNTY TAX COLLECTOR  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN FIDUCIARY  
NET POSITION – ALL AGENCY FUNDS  
SEPTEMBER 30, 2013**

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
<b>TAX COLLECTOR FUND</b>				
<b>ASSETS</b>				
Cash	\$ 248,372	\$ 30,989,423	\$ 30,938,115	\$ 299,680
Due from Individuals	-	611,989	611,989	-
Total Assets	<u>\$ 248,372</u>	<u>\$ 31,601,412</u>	<u>\$ 31,550,104</u>	<u>\$ 299,680</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 24,284	\$ 2,096,968	\$ 2,057,282	\$ 63,970
Due to Board of County Commissioners	8,185	15,362,637	15,364,367	6,455
Due to Other Governments	5,536	13,379,692	13,380,701	4,527
Due to Indigent Health Care Special District	229	537,534	537,616	147
Deposit - Installment Taxes	210,138	224,581	210,138	224,581
Total Liabilities	<u>\$ 248,372</u>	<u>\$ 31,601,412</u>	<u>\$ 31,550,104</u>	<u>\$ 299,680</u>
<b>MOTOR VEHICLE FUND</b>				
<b>ASSETS</b>				
Cash	\$ 55,926	\$ 3,206,951	\$ 3,190,090	\$ 72,787
Due from Individuals	618	569	618	569
Total Assets	<u>\$ 56,544</u>	<u>\$ 3,207,520</u>	<u>\$ 3,190,708</u>	<u>\$ 73,356</u>
<b>LIABILITIES</b>				
Due to Board of County Commissioners	\$ 378	\$ 6,907	\$ 6,675	\$ 610
Due to Other Governments	56,166	3,200,613	3,184,033	72,746
Total Liabilities	<u>\$ 56,544</u>	<u>\$ 3,207,520</u>	<u>\$ 3,190,708</u>	<u>\$ 73,356</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 304,298	\$ 34,196,374	\$ 34,128,205	\$ 372,467
Due from Individuals	618	612,558	612,607	569
Total Assets	<u>\$ 304,916</u>	<u>\$ 34,808,932</u>	<u>\$ 34,740,812</u>	<u>\$ 373,036</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 24,284	\$ 2,096,968	\$ 2,057,282	\$ 63,970
Due to Board of County Commissioners	8,563	15,369,544	15,371,042	7,065
Due to Other Governments	61,702	16,580,305	16,564,734	77,273
Due to Indigent Health Care Special District	229	537,534	537,616	147
Deposit - Installment Taxes	210,138	224,581	210,138	224,581
Total Liabilities	<u>\$ 304,916</u>	<u>\$ 34,808,932</u>	<u>\$ 34,740,812</u>	<u>\$ 373,036</u>

**INDEPENDENT AUDITORS' 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 Jacki Johnson  
Hardee County Tax Collector  
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the major fund and the aggregate remaining fund information of Hardee County Tax Collector, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Hardee County Tax Collector's financial statements, and have issued our report thereon dated January 3, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses current year and prior years, we identified a deficiency in internal control 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 described in finding 2013-01 of the accompanying Schedule of Findings and Responses Current Year and Prior Years to be a material weakness.

### **Compliance and Other Matters**

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

### **Hardee County Tax Collector's Response to Findings**

Hardee County Tax Collector's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses Current Year and Prior Years. Hardee County Tax Collector's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



### **CliftonLarsonAllen LLP**

Lakeland, FL  
January 3, 2014

## MANAGEMENT LETTER

The Honorable Jacki Johnson  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Tax Collector, Florida (Tax Collector) as of and for the fiscal year ended September 30, 2013, and we have issued our report thereon dated January 3, 2014.

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 Auditors' 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 Current Year and Prior Years. Disclosures in that report and schedule, which are dated January 3, 2014, 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 action has not been taken to address finding and recommendation made in the preceding annual financial audit report, item 2013-01. See the Schedule of Findings and Responses Current Year and Prior Years where it is 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 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 noted recommendation 2013-02 in the Schedule of Findings and Responses Current Year and Prior Years.



The Honorable Jacki Johnson  
Hardee County Tax Collector

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

Section 10.554(1)(i)5., 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.

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, 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 3, 2014

**HARDEE COUNTY TAX COLLECTOR  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS  
SEPTEMBER 30, 2013**

**Current Year Findings**

**Material Weakness**

**2013-01:** Inadequate segregation of duties.  
**See 2009-01.**

**Control Deficiency**

**2013-02:** Bank reconciliations.

**Criteria:** During our audit process, we noted there was a handwritten version of the bank reconciliation for the motor vehicle fund. The reconciled cash balance provided was incorrect. We also noted there was no evidence of a review of the bank reconciliation process.

**Condition:** There was an error in the bank reconciliation.

**Cause:** Management has limited staffing.

**Effect:** Cash accounts are susceptible to irregularities.

**Recommendation:** We recommend the bank reconciliation should be prepared on the client's general ledger software to reduce errors and ensure proper reporting. In addition, the bank reconciliation should be prepared, signed by an individual, dated and reviewed by another individual and dated.

**Response:** Management concurs. Management has changed staffing and is making efforts to input controls to prevent errors in bank reconciliations and utilize the general ledger.

**HARDEE COUNTY TAX COLLECTOR  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS  
SEPTEMBER 30, 2013**

**Prior Years 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 and reconciliation 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.

**Cause:** Management has limited staffing.

**Effect:** Cash accounts are susceptible to irregularities.

**Recommendation:** Segregate the duties within the accounting department.

**Response:** Management concurs. Management has changed staffing and is making efforts to properly segregate duties.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2012-01 - Inadequate Segregation of Duties	Material Weakness		X		2013-01
2011-01 - Inadequate Segregation of Duties	Material Weakness		X		2013-01

**HARDEE COUNTY SHERIFF**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY SHERIFF  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	
<b>SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>5</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL     FUND</b>	<b>6</b>
<b>SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION – ALL     AGENCY FUNDS</b>	<b>7</b>
<b>NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	<b>8</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS</b>	<b>16</b>
<b>COMBINING SPECIAL-PURPOSE BALANCE SHEETS – NON-MAJOR     GOVERNMENTAL FUNDS</b>	<b>17</b>
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES,     EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR     GOVERNMENTAL FUNDS</b>	<b>18</b>
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY NET     POSITION – AGENCY FUNDS</b>	<b>19</b>
<b>SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN     FIDUCIARY NET POSITION – AGENCY FUNDS</b>	<b>20</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>INDEPENDENT AUDITORS' 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 <i>GOVERNMENT AUDITING     STANDARDS</i></b>	<b>21</b>
<b>MANAGEMENT LETTER</b>	<b>23</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES – CURRENT YEAR AND PRIOR YEARS</b>	<b>25</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

### **Report on the Special-Purpose Financial Statements**

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's special-purpose financial statements as listed in the table of contents.

### ***Management's Responsibility for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for special-purpose financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditors' Responsibility***

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 from material misstatement.

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

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

### ***Opinions***

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 Hardee County Sheriff, as of September 30, 2013, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the basis of the financial reporting provisions of the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Rules of the Auditor General, State of Florida. Our opinion is not modified with respect to that matter.

### ***Other Matters***

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Hardee County Sheriff's special-purpose financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The Combining Statements and 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. Such 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 special-purpose financial statements or 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 Combining Statements and Schedules are fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2014 on our consideration of Hardee County 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Sheriff's internal control over financial reporting and compliance.

The Honorable Arnold Lanier  
Hardee County Sheriff

**Restriction on Use**

This report is intended solely for the information and use of the Hardee County 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*

**CliftonLarsonAllen LLP**

Lakeland, FL  
April 4, 2014



**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	General Fund	Commissary Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash	\$ 703,309	\$ 123,860	\$ 38,110	\$ 865,279
Prepaid Items	249,657	-	-	249,657
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 952,966</u>	<u>\$ 123,860</u>	<u>\$ 38,110</u>	<u>\$ 1,114,936</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 14,858	\$ -	\$ -	\$ 14,858
Accrued Liabilities	337,372	-	-	337,372
Due to the Board of County Commissioners	600,736	-	-	600,736
Total Liabilities	<u>952,966</u>	<u>-</u>	<u>-</u>	<u>952,966</u>
 <b>FUND BALANCES</b>				
Nonspendable	249,657	-	-	249,657
Restricted for Inmate Welfare	-	123,860	-	123,860
Restricted for Education	-	-	38,110	38,110
Unassigned	(249,657)	-	-	(249,657)
Total Fund Balances	<u>-</u>	<u>123,860</u>	<u>38,110</u>	<u>161,970</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 952,966</u>	<u>\$ 123,860</u>	<u>\$ 38,110</u>	<u>\$ 1,114,936</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, 2013**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ 7,419,099	\$ -	\$ -	\$ 7,419,099
Intergovernmental	75,153	-	82,500	157,653
Charges for Services	190,909	-	-	190,909
Fines and Forfeitures	-	-	4,340	4,340
Interest and Miscellaneous	63,146	40,581	-	103,727
Total Revenues	<u>7,748,307</u>	<u>40,581</u>	<u>86,840</u>	<u>7,875,728</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Salaries and Benefits	5,923,843	25,287	-	5,949,130
Operating Expenditures	1,273,404	-	92,218	1,365,622
Capital Outlay	262,766	-	2,298	265,064
Total Expenditures	<u>7,460,013</u>	<u>25,287</u>	<u>94,516</u>	<u>7,579,816</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	288,294	15,294	(7,676)	295,912
<b>OTHER FINANCING USES</b>				
Transfers to Board of County Commissioners	<u>(288,294)</u>	<u>-</u>	<u>-</u>	<u>(288,294)</u>
Total Other Financing Uses	<u>(288,294)</u>	<u>-</u>	<u>-</u>	<u>(288,294)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	15,294	(7,676)	7,618
Fund Balances - Beginning of Year	<u>-</u>	<u>108,566</u>	<u>45,786</u>	<u>154,352</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 123,860</u>	<u>\$ 38,110</u>	<u>\$ 161,970</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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ 7,414,167	\$ 7,414,167	\$ 7,419,099	\$ 4,932
Intergovernmental	-	48,698	75,153	26,455
Charges for Services	-	-	190,909	190,909
Fines and Forfeitures	-	-	-	-
Interest and Miscellaneous	-	-	63,146	63,146
Total Revenues	<u>7,414,167</u>	<u>7,462,865</u>	<u>7,748,307</u>	<u>285,442</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Salaries and Benefits	5,894,521	5,894,521	5,923,843	(29,322)
Operating Expenditures	1,399,646	1,399,646	1,273,404	126,242
Capital outlay	120,000	168,698	262,766	(94,068)
Total Expenditures	<u>7,414,167</u>	<u>7,462,865</u>	<u>7,460,013</u>	<u>2,852</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	288,294	288,294
<b>OTHER FINANCING USES</b>				
Transfer to the Board of County Commissioners	-	-	(288,294)	(288,294)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(288,294)</u>	<u>(288,294)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$ 91,595
------	-----------

**LIABILITIES**

Due to Individuals	\$ 91,595
--------------------	-----------

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

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, are 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 special-purpose 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 special-purpose financial statements do not constitute a complete presentation of financial position of the Sheriff as of September 30, 2013 and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB 34) Statement on *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, 2013**

**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 special-purpose 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 the modified accrual basis of accounting. 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, 2013**

**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 on *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, 2013, 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, 2013**

**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 on 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, 2013**

**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 special-purpose financial statements prepared on a GAAP basis reflect any receipts or disbursements made after the close of the fiscal year as receivables or payables, as applicable.

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) numbers 62 and 63.

GASBS 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only the authoritative literature of the Governmental Accounting Standards Board (GASB) or to follow Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature. The adoption of this standard had no impact on the District's financial statements.

GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

**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, 2013, the carrying amount of the Sheriff's deposits was \$956,874 and the bank balance was \$1,010,039. The Sheriff's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship and the 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 SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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.

The following is a summary of changes in capital assets for which the Sheriff is custodian for the year ended September 30, 2013:

	Balance October 1, 2012	Additions	Disposals	Transfers	Balance September 30, 2013
Machinery and Equipment	\$ 3,642,607	\$ 265,064	\$ (373,409)	\$ 136,194	\$ 3,670,456
Less: Accumulated Depreciation	<u>(2,534,740)</u>	<u>(437,596)</u>	<u>337,189</u>	<u>22,400</u>	<u>(2,612,747)</u>
Total Capital Assets, Net	<u>\$ 1,107,867</u>	<u>\$ (172,532)</u>	<u>\$ (36,220)</u>	<u>\$ 158,594</u>	<u>\$ 1,057,709</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

**HARDEE COUNTY SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

some earlier data, at the employee's choosing. Employees are not required to contribute to the FRS Investment Plan.

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, 2012 through June 30, 2013, 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 – 5.18%; special risk – 14.90%; deferred retirement option plan – 5.44%, and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.20%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; special risk – 19.06%; deferred retirement option plan – 12.84%; and elected officials – 33.03%. The Sheriff's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$567,487, \$479,369, and \$665,563, 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, 2013:

	Balance October 1, 2012	Net Additions	Balance September 30, 2013	Due Within One Year
Accrued Compensated Absences	\$ 196,995	\$ 34,850	\$ 231,845	\$ 2,558

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, 2013**

**NOTE 6 RELATED PARTY TRANSACTION**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2013 were as follows:

**Budget Appropriation** - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,419,099 for the year ended September 30, 2013. At September 30, 2013, \$600,736 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 \$5,000,000 for professional liability and \$5,000,000 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.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

**HARDEE COUNTY SHERIFF  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
SEPTEMBER 30, 2013**

**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.

**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. The law enforcement trust fund is not required to maintain a separate budget.

**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. The E911 fund is a special revenue fund for which accounts for the 911 system operated in the County. Funding is provided to the Sheriff by the Florida Department of Management Services and is used to maintain the E911 system which assists Hardee County residents that are in need of law enforcement, fire, and emergency medical responders. The E-911 fund is not required to maintain a separate budget.

**HARDEE COUNTY SHERIFF  
 COMBINING SPECIAL-PURPOSE BALANCE SHEETS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013**

	<u>Law Enforcement Trust Fund</u>	<u>E-911 Fund</u>	<u>Total All Non-Major Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 38,110	\$ -	\$ 38,110
Total Assets	<u>\$ 38,110</u>	<u>\$ -</u>	<u>\$ 38,110</u>
<b>Liabilities</b>			
Total Liabilities	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>			
Restricted for Education	\$ 38,110	\$ -	\$ 38,110
Total Fund Balances	<u>38,110</u>	<u>-</u>	<u>38,110</u>
Total Liabilities and Fund Balances	<u>\$ 38,110</u>	<u>\$ -</u>	<u>\$ 38,110</u>

**HARDEE COUNTY SHERIFF  
COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 82,500	\$ 82,500
Fines and Forfeitures	4,340	-	4,340
<b>Total Revenues</b>	<u>4,340</u>	<u>82,500</u>	<u>86,840</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety:			
Operating Expenditures	12,016	80,202	92,218
Capital Outlay	-	2,298	2,298
<b>Total Expenditures</b>	<u>12,016</u>	<u>82,500</u>	<u>94,516</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(7,676)	-	(7,676)
<b>OTHER FINANCING USES</b>			
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(7,676)	-	(7,676)
Fund Balances - Beginning of Year	<u>45,786</u>	<u>-</u>	<u>45,786</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 38,110</u>	<u>\$ -</u>	<u>\$ 38,110</u>



**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE COMBINING SCHEDULE OF  
FIDUCIARY NET POSITION- AGENCY FUNDS  
SEPTEMBER 30, 2013**

	<u>Suspense Fund</u>	<u>Collections Fund</u>	<u>Evidence Fund</u>	<u>Inmate Fund</u>	<u>Youth Fund</u>	<u>Flower Fund</u>	<u>Drug Task Force Fund</u>	<u>Total</u>
<b>ASSETS</b>								
Cash	<u>\$ 692</u>	<u>\$ 977</u>	<u>\$ 50,631</u>	<u>\$ 11,378</u>	<u>\$ 10,496</u>	<u>\$ 3,497</u>	<u>\$ 13,924</u>	<u>\$ 91,595</u>
<b>LIABILITIES</b>								
Due to Individuals	<u>\$ 692</u>	<u>\$ 977</u>	<u>\$ 50,631</u>	<u>\$ 11,378</u>	<u>\$ 10,496</u>	<u>\$ 3,497</u>	<u>\$ 13,924</u>	<u>\$ 91,595</u>

**HARDEE COUNTY SHERIFF  
SPECIAL-PURPOSE COMBINING SCHEDULE OF CHANGES IN  
FIDUCIARY NET POSITION- AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Increases	(Decreases)	Balance September 30, 2013
<b>SUSPENSE</b>				
<b>ASSETS</b>				
Cash	\$ 16,105	\$ 37,115	\$ (52,528)	\$ 692
<b>LIABILITIES</b>				
Due to Individuals	\$ 16,105	\$ 37,115	\$ (52,528)	\$ 692
<b>COLLECTIONS</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 18,140	\$ (17,163)	\$ 977
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 18,140	\$ (17,163)	\$ 977
<b>EVIDENCE</b>				
<b>ASSETS</b>				
Cash	\$ 28,133	\$ 28,641	\$ (6,143)	\$ 50,631
<b>LIABILITIES</b>				
Due to Individuals	\$ 28,133	\$ 28,641	\$ (6,143)	\$ 50,631
<b>INMATE</b>				
<b>ASSETS</b>				
Cash	\$ 6,626	\$ 388,388	\$ (383,636)	\$ 11,378
<b>LIABILITIES</b>				
Due to Individuals	\$ 6,626	\$ 388,388	\$ (383,636)	\$ 11,378
<b>YOUTH</b>				
<b>ASSETS</b>				
Cash	\$ 10,129	\$ 1,383	\$ (1,016)	\$ 10,496
<b>LIABILITIES</b>				
Due to Individuals	\$ 10,129	\$ 1,383	\$ (1,016)	\$ 10,496
<b>FLOWER</b>				
<b>ASSETS</b>				
Cash	\$ 2,733	\$ 908	\$ (144)	\$ 3,497
<b>LIABILITIES</b>				
Due to Individuals	\$ 2,733	\$ 908	\$ (144)	\$ 3,497
<b>DRUG TASK FORCE</b>				
<b>ASSETS</b>				
Cash	\$ 28,196	\$ 5,808	\$ (20,080)	\$ 13,924
<b>LIABILITIES</b>				
Due to Individuals	\$ 28,196	\$ 5,808	\$ (20,080)	\$ 13,924
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 91,922	\$ 480,383	\$ (480,710)	\$ 91,595
<b>LIABILITIES</b>				
Due to Individuals	\$ 91,922	\$ 480,383	\$ (480,710)	\$ 91,595

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund and the aggregate remaining fund information of Hardee County Sheriff, as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise Hardee County Sheriff's special-purpose financial statements, and have issued our report thereon dated April 4, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses current year and prior years, we identified deficiencies in internal control 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 deficiencies described in finding 2013-01, 2013-02, and 2013-03 of the accompanying Schedule of Findings and Responses Current Year and Prior Years to be material weaknesses.

### **Compliance and Other Matters**

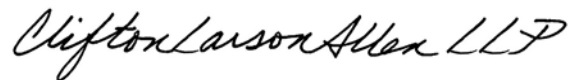
As part of obtaining reasonable assurance about whether Hardee County Sheriff's special-purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

### **Hardee County Sheriff's Response to Findings**

Hardee County Sheriff's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses Current Year and Prior Years. Hardee County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



### **CliftonLarsonAllen LLP**

Lakeland, FL  
April 4, 2014

## 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 (Sheriff), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated April 4, 2014.

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 Auditing Standards*. Disclosures in that report, which is dated April 4, 2014, 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 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, items 2013-01 and 2013-02. See the Schedule of Findings and Responses Current Year and Prior Years where they 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 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 recommendations 2013-01, 2013-02 and 2013-03 in the Schedule of Findings and Responses Current Year and Prior Years.

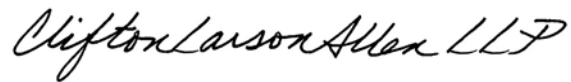
The Honorable Arnold Lanier  
Hardee County Sheriff

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

Section 10.554(1)(i)5., 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.

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, 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 4, 2014

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS  
SEPTEMBER 30, 2013**

**Current Year Findings**

**Material Weakness**

- 2013-01:** Inadequate segregation of duties.  
**See 2009-01**
- 2013-02:** Material financial statement adjustments.  
**See 2009-03**
- 2013-03:** **TRANSFER OF E911 CAPITAL ASSETS**
- Criteria:** Management is responsible for properly disclosing and recording capital assets.
- Condition:** Management did not properly account for the E911 assets that were transferred and added to the Sheriff's books.
- Cause:** Lack of recording transactions.
- Effect:** Capital assets disclosed in footnotes were incorrectly stated.
- Recommendation:** Enhance internal controls within the Sheriff to ensure all transfers are properly recorded.
- Response:** We concur.

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS (CONTINUED)  
SEPTEMBER 30, 2013**

**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:**                Due to limited staffing, 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:**                We concur.



**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS (CONTINUED)  
SEPTEMBER 30, 2013**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2012-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2012-02 - Preparation of Financial Statements	Material Weakness	X			2009-02
2012-03 - Material Financial Statement Adjustments	Material Weakness			X	2009-03
2012-04 - Inadequate General Ledger Software	Significant Deficiency	X			2009-04
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

**HARDEE COUNTY PROPERTY APPRAISER  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY PROPERTY APPRAISER  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	
<b>SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND</b>	<b>3</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL     FUND</b>	<b>4</b>
<b>NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	<b>5</b>
<b>SUPPLEMENTAL INFORMATION</b>	
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>14</b>
<b>MANAGEMENT LETTER</b>	<b>16</b>

## INDEPENDENT AUDITORS' REPORT

Kathy Crawford  
Hardee County Property Appraiser  
Hardee County, Florida

We have audited the accompanying special-purpose financial statements of the major fund of the Hardee County Property Appraiser (Property Appraiser), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida, for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditors' Responsibility***

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 from material misstatement.

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

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

**Opinion**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Hardee County Property Appraiser as of September 30, 2013, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

**Basis of Accounting**

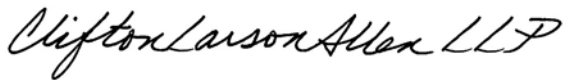
We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the basis of the financial reporting provisions of the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Rules of the Auditor General, State of Florida. Our opinion is not modified with respect to that matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of Hardee County Property Appraiser'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Property Appraiser's internal control over financial reporting and compliance.

**Restriction on Use**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 13, 2013

**HARDEE COUNTY PROPERTY APPRAISER  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$ 51,770
	<hr/>
Total Assets	\$ 51,770
	<hr/> <hr/>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Due to Board of County Commissioners	\$ 48,567
Due to Special Taxing Districts	2,262
Accounts Payable	941
	<hr/>
Total Liabilities	51,770

**FUND BALANCE**

	<hr/>
	-
	<hr/>
Total Liabilities and Fund Balance	\$ 51,770
	<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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services:				
Board of County Commissioners	\$ 602,636	\$ 611,489	\$ 611,489	\$ -
Other Governments	28,680	28,680	28,680	-
Interest Income	176	176	176	-
Miscellaneous	11,144	11,144	11,144	-
Total Revenues	<u>642,636</u>	<u>651,489</u>	<u>651,489</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Personal Services	503,230	491,121	454,328	36,793
Operating Expenditures	123,406	128,868	114,997	13,871
Capital Outlay	16,000	31,500	31,336	164
Total Expenditures	<u>642,636</u>	<u>651,489</u>	<u>600,661</u>	<u>50,828</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	50,828	50,828
Other Financing Uses:				
Distribution of Excess Revenues:				
Board of County Commissioners	-	-	(48,566)	(48,566)
Special Taxing Districts	-	-	(2,262)	(2,262)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(50,828)</u>	<u>(50,828)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, are 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, 2013 and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement on *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, 2013**

**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 the modified accrual basis of accounting. 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, 2013**

**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 on *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, 2013, 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, 2013**

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

**Accumulated Unpaid Vacation and Sick Pay**

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

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

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

The maximum permissible accumulation of annual leave is 160 hours. Any accumulation in excess of 160 hours of annual leave at December 31 of each year is lost. At termination, employees are paid for any accumulated annual leave up to 160 hours.

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 – 24 Years	25%
25 – 29 Years	35.5%
30 Years Plus	50%

**Use of Estimates**

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

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Other Postemployment Benefit Obligations**

Based on GASB Statement on *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.

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) number 63. GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Property Appraiser will not be able to recover the value of its securities that are in the possession of an outside party.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 2 CUSTODIAL CREDIT RISK**

At September 30, 2013, the Property Appraiser's book balance of cash was \$51,730 and the bank balance was \$61,387. The Federal Deposit Insurance Corporation (FDIC) insures the Property Appraiser's bank balances for \$250,000 for each banking relationship and the balances are collateralized pursuant to Chapter 280, Florida Statutes. The Property Appraiser's investment policy requires that deposits be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

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

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2012	Additions	Disposals	Balance September 30, 2013
Machinery and Equipment	\$143,551	\$ 31,336	\$ (54,947)	\$ 119,940
Vehicles	92,204	-	(21,313)	70,891
Total Capital Assets	235,755	31,336	(76,260)	190,831
Less Accumulated Depreciation	(178,137)	(15,058)	73,989	(119,206)
Total Capital Assets, Net	<u>\$ 57,618</u>	<u>\$ 16,278</u>	<u>\$ (2,271)</u>	<u>\$ 71,625</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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

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

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account 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.

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, 2012 through June 30, 2013, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%, and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.20%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; senior management – 18.31%; deferred retirement option plan – 12.84%; and elected officials – 33.03%. The Property Appraiser's contributions made during the years ended September 30, 2013, 2012 and 2011 were \$30,398, \$22,854 and \$42,338, respectively, equal to the actuarially determined required contribution requirements for each year

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2013:

	Balance October 1, 2012	Net Deletions	Balance September 30, 2013	Amount Due Within One Year
Accrued Compensated Absences	\$ 6,012	\$ 2,304	\$ 8,316	\$ -

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

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2013 were as follows:

**Budget Appropriation** – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$611,487 for the year ended September 30, 2013. At September 30, 2013, \$48,567 was due to the Board of County Commissioners.

**NOTE 7 RISK MANAGEMENT**

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The 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

There have been no decreases in coverage nor have there been any settlements in excess of coverage in any of the three prior years.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 8 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2013:

	Balance October 1, 2012	Net Deletions	Balance September 30, 2013	Amount Due Within One Year
Accrued Compensated Absences	\$ 6,012	\$ 2,304	\$ 8,316	\$ -

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

**NOTE 9 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2013 were as follows:

**Budget Appropriation** – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$611,4887 for the year ended September 30, 2013. At September 30, 2013, \$48,5667 was due to the Board of County Commissioners.

**NOTE 10 RISK MANAGEMENT**

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The 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

There have been no decreases in coverage nor have there been any settlements in excess of coverage in any of the three prior years.



**INDEPENDENT AUDITORS' 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**

Kathy Crawford  
Hardee County Property Appraiser  
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the major fund of Hardee County Property Appraiser, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Hardee County Property Appraiser's financial statements, and have issued our report thereon dated December 13, 2013.

**Internal Control Over Financial Reporting**

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

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

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

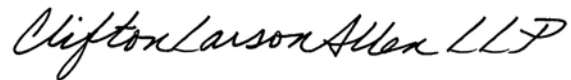
The Honorable Kathy Crawford  
Hardee County Property Appraiser

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**

Lakeland, FL  
December 13, 2013

## 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, 2013, and have issued our report thereon dated December 13, 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 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 Auditing Standards*. Disclosures in that report, which is dated December 13, 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' 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.

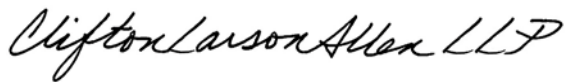
Section 10.554(1)(i)4., Rules of the Auditor General, require that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

The Honorable Kathy Crawford  
Hardee County Property Appraiser

Section 10.554(l)(i)5., 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, 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 13, 2013

**HARDEE COUNTY SUPERVISOR OF ELECTIONS**  
**SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	
<b>SPECIAL-PURPOSE BALANCE SHEET – GENERAL FUND</b>	<b>3</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL     FUND</b>	<b>4</b>
<b>NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	<b>5</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>INDEPENDENT AUDITORS' 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 <i>GOVERNMENT AUDITING     STANDARDS</i></b>	<b>13</b>
<b>MANAGEMENT LETTER</b>	<b>15</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>17</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections  
Hardee County, Florida

### **Report on the Special-Purpose Financial Statements**

We have audited the accompanying special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections, as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditors' Responsibility***

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

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

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

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Hardee County Supervisor of Elections as of September 30, 2013, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

**Basis of Accounting**

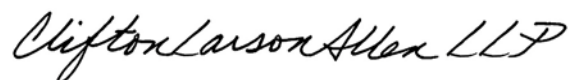
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the basis of the financial reporting provisions of the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Rules of the Auditor General, State of Florida. Our opinion is not modified with respect to that matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2014 on our consideration of the Hardee County Supervisor of Elections' 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Supervisor of Elections' internal control over financial reporting and compliance.

**Restriction on Use**

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 3, 2014



**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$	6,699
Accounts Receivable		683
Due from the Board of County Commissioners		459
Prepaid Expense		1,417
		1,417
Total Assets	\$	9,258

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Overdraft	\$	5,461
Accrued Expenses		3,797
		3,797
Total Liabilities		9,258

**FUND BALANCE**

Nonspendable		1,417
Unassigned		(1,417)
		-
Total Fund Balance		-
Total Liabilities and Fund Balance	\$	9,258

*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, 2013**

	Budgeted Amounts		Actual	Variance with Final budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Appropriation from Board of County Commissioners	\$ 284,474	\$ 284,474	\$ 284,934	\$ 460
Intergovernmental	-	-	17,303	17,303
Interest Income	-	-	19	19
Miscellaneous	-	-	1,135	1,135
Total Revenues	<u>284,474</u>	<u>284,474</u>	<u>303,391</u>	<u>18,917</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	200,020	196,549	223,746	27,197
Operating Expenditures	83,454	86,925	79,645	(7,280)
Capital Outlay	1,000	1,000	-	(1,000)
Total Expenditures	<u>284,474</u>	<u>284,474</u>	<u>303,391</u>	<u>18,917</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Special-Purpose Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, 2013 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, 2013**

**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, 2013, actual expenditures exceeded 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, 2013**

**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, 2013, 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, 2013**

**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.

**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.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Other Significant Accounting Policies (Continued)**

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.

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) number 63. GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

**NOTE 2 CUSTODIAL CREDIT RISK**

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Supervisor's deposits may not be returned. All cash deposits are carried at cost and are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

At September 30, 2013, the book balance of cash was \$6,699 and the bank balance was \$28,399. The Supervisor's bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Supervisor's operations is recorded as an expenditure in the 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.

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2012	Additions	Disposals	Transfers	Balance September 30, 2013
Machinery and Equipment	\$ 235,584	\$ -	\$ -	\$ 4,960	\$ 240,544
Total Capital Assets	235,584	-	-	4,960	240,544
Less Accumulated Depreciation	(217,743)	(6,910)	-	-	(224,653)
Total Capital Assets, Net	<u>\$ 17,841</u>	<u>\$ (6,910)</u>	<u>\$ -</u>	<u>\$ 4,960</u>	<u>\$ 15,891</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.



**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investments in their account amount the investments funds available through the Plan. These investment accounts vest to the employee after 1 year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System.

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

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

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, 2012 through June 30, 2013, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%, and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.12%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; senior management – 18.31%; deferred retirement option plan – 12.84%; and elected officials – 33.03%. The Supervisor's contributions made during the years ended September 30, 2013, 2012 and 2011 were \$18,855, \$12,539 and \$19,348, 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, 2013:

	Balance October 1, 2012	Net Additions	Balance September 30, 2013	Due Within One Year
Accrued Compensated Absences	\$ 7,232	\$ 2,185	\$ 9,417	\$ -

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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.

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2013 were as follows:

**Budget Appropriation** – The General Fund of the Supervisor received revenue from the Board of County Commissioners in the amount of \$284,934 for the fiscal year ended September 30, 2013. The amount of \$459 was due from the Board of County Commissioners at September 30, 2013 from the General Fund. Furthermore, \$8,802 was paid to the Hardee County Board of County Commissioners for Health Insurance.

**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

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Hardee County Supervisor of Elections' financial statements, and have issued our report thereon dated February 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the special-purpose financial statements, we considered Hardee County Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Hardee County Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of Hardee County Supervisor of Elections' internal control.

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

The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses Current Year and Prior Years that we consider to be a significant deficiency as item 2013-01.

### **Compliance and Other Matters**

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

### **Hardee County Supervisor of Elections' Response to Findings**

Hardee County Supervisor of Elections' response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses Current Year and Prior Years. Hardee County Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

### **CliftonLarsonAllen LLP**



Lakeland, FL  
February 3, 2014

## 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 of Elections as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 3, 2014.

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 REPORT DATE, 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 or schedule:

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 2013-02 and 2013-03 in the Schedule of Findings and Responses Current Year and Prior Years, 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 items 2013-01, 2013-02 and 2013-03 in the Schedule of Findings and Responses Current Year and Prior Years as recommendations.

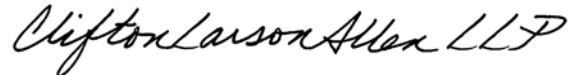
The Honorable Jeffery Ussery  
Hardee County Supervisor of Elections

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

Section 10.554(1)(i)5., 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  
February 3, 2014

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS  
SEPTEMBER 30, 2013**

**Current Year Findings**

**Significant Deficiency**

**2013-01:                   Journal entries and payroll checks.**

**Condition:**            The following were noted during our audit:

- There were limited manual journal entries posted; however, there was a lack of proper support available and no formal review process was evident.
  
- There was no formal review process evident for all paychecks written.

**Criteria:**             Management is responsible for designing and implementing an internal control structure that will provide a proper review process for transactions which will ensure proper support for transactions recorded.

**Cause:**                It was not evident that the Supervisor reviewed the manual journal entries and the paychecks.

**Effect:**               General ledger accounts are subject to irregularities.

**Recommendation:** We recommend journal entries, including proper supporting documentation, and payroll checks be signed off as evidence of a formal review process.

**Response:**            We concur and will work with a third party CPA firm to ensure controls are properly designed and implemented.

**Control Deficiencies**

**2013-02:                   Accrual of vacation time.  
See 2010-08.**

**2013-03:                   Actual expenditures greater than budget.  
See 2011-02.**

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS (CONTINUED)  
SEPTEMBER 30, 2013**

**Prior Years Findings**

**Control Deficiencies**

**2010-08:                   Accrual of vacation time.**

**Condition:**               During our audit procedures it was noted an employee had 435 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:**               A new policy is being written to correct this condition.

**2011-02:                   Actual expenditures greater than budget.**

**Condition:**               Total actual expenditures of the entity were greater than total budgeted expenditures for the fiscal year.

**Criteria:**                 Chapter 129.07, Florida Statutes.

**Cause:**                    Management did not track the expenditures in relation to the budget and did not amend the budget for expenditures related to additional intergovernmental funding.

**Effect:**                    Total actual expenditures exceeded budgeted expenditures.

**Recommendation:**    The Supervisor should perform a periodic review of total expenditures to ascertain whether a budget amendment is needed to stay in compliance with F.S. 129.07.

**Response:**                The Supervisor will periodically review budget to actual expenditures.



**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
CURRENT YEAR AND PRIOR YEARS (CONTINUED)  
SEPTEMBER 30, 2013**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2012-01 - Preparation of financial statements	Material Weakness	X			N/A
2012-02 - Material financial statement adjustments	Material Weakness	X			N/A
2012-03 - Inadequate bank reconciliations	Material Weakness	X			N/A
2012-04 - Inadequate segregation of duties	Significant Deficiency	X			N/A
2012-05 - Inadequate supporting documentation	Control Deficiency	X			N/A
2012-06 - Qualified public depository	Control Deficiency	X			N/A
2012-07 - Accrual of vacation time	Control Deficiency			X	2010-08
2011-02 - Expenditures exceed approved budget	Material Weakness			X	2011-02
2011-03 - Elected official's salary	Significant Deficiency	X			N/A

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	
<b>SPECIAL-PURPOSE BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>5</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL     FUND</b>	<b>6</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FINE AND     FORFEITURE FUND</b>	<b>7</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – PUBLIC     RECORDS MODERNIZATION TRUST FUND</b>	<b>8</b>
<b>SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CHILD     SUPPORT IV-D FUND</b>	<b>9</b>
<b>SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION– ALL     AGENCY FUNDS</b>	<b>10</b>
<b>NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS</b>	<b>11</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY NET     POSITION – ALL AGENCY FUNDS</b>	<b>20</b>
<b>COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN     FIDUCIARY NET POSITION – ALL AGENCY FUNDS</b>	<b>21</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER     FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS     BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN     ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>23</b>
<b>MANAGEMENT LETTER</b>	<b>25</b>

## INDEPENDENT AUDITORS' REPORT

The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

### **Report on the Special-Purpose Financial Statement**

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Hardee County Clerk of the Circuit Court (Clerk) as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the basis of accounting practices specified by the Rules of the Auditor General, State of Florida for financial statements of constitutional officers. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditors' Responsibility***

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 from material misstatement.

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

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

**Opinions**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk as of September 30, 2013, and the respective changes in financial position and budgetary comparisons thereof for the year then ended in accordance with the financial reporting provisions of the Rules of the Auditor General, State of Florida as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the basis of the financial reporting provisions of the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Rules of the Auditor General, State of Florida. Our opinion is not modified with respect to that matter.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Clerk's financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The combining 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. Such 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 special-purpose financial statements or 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 combining schedules are fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clerk's internal control over financial reporting and compliance.

The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court

**Restriction on Use**

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 16, 2014

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
<b>ASSETS</b>					
Cash	\$ 97,368	\$ 327,278	\$ 143,461	\$ 128,770	\$ 696,877
Due from Individuals	-	10	-	-	10
Due from Other Funds	1,162	3	66,483	-	67,648
Due from Other Governments	414	313	-	10,153	10,880
Prepaid Expense	3,052	2,918	-	-	5,970
	<u>3,052</u>	<u>2,918</u>	<u>-</u>	<u>-</u>	<u>5,970</u>
Total Assets	<u>\$ 101,996</u>	<u>\$ 330,522</u>	<u>\$ 209,944</u>	<u>\$ 138,923</u>	<u>\$ 781,385</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 34,945	\$ 268,532	\$ 2,746	\$ 298	\$ 306,521
Due to Other Funds	66,473	7	1,168	-	67,648
Due to Other Governments	-	61,983	-	-	61,983
Due to Board of County Commissioners	578	-	-	-	578
Total Liabilities	<u>101,996</u>	<u>330,522</u>	<u>3,914</u>	<u>298</u>	<u>436,730</u>
<b>FUND BALANCES</b>					
Nonspendable	3,052	2,918	-	-	5,970
Restricted - Clerk Operational Needs	-	-	-	138,625	138,625
Restricted - Official Records	-	-	125,253	-	125,253
Restricted - Court Technology	-	-	6,624	-	6,624
Restricted - Court Operational Needs	-	-	74,153	-	74,153
Unassigned	(3,052)	(2,918)	-	-	(5,970)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>206,030</u>	<u>138,625</u>	<u>344,655</u>
Total Liabilities and Fund Balances	<u>\$ 101,996</u>	<u>\$ 330,522</u>	<u>\$ 209,944</u>	<u>\$ 138,923</u>	<u>\$ 781,385</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
<b>REVENUES</b>					
Appropriations from Board of County Commissioners	\$ 470,400	\$ -	\$ -	\$ -	\$ 470,400
Intergovernmental	-	-	-	53,192	53,192
Charges for Services	96,121	899,999	82,597	-	1,078,717
Miscellaneous	2,613	384	401	2,173	5,571
<b>Total Revenues</b>	<b>569,134</b>	<b>900,383</b>	<b>82,998</b>	<b>55,365</b>	<b>1,607,880</b>
<b>EXPENDITURES</b>					
Current:					
General Government:					
Salaries and Benefits	488,341	793,087	17,645	62,480	1,361,553
Operating Expenditures	66,751	58,970	38,672	12,681	177,074
Capital Outlay	13,464	-	6,070	7,133	26,667
<b>Total Expenditures</b>	<b>568,556</b>	<b>852,057</b>	<b>62,387</b>	<b>82,294</b>	<b>1,565,294</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	578	48,326	20,611	(26,929)	42,586
<b>OTHER FINANCING SOURCES (USES)</b>					
Distribution of Excess Court					
Revenue to the State of Florida	-	(61,263)	-	-	(61,263)
Transfer to Board of County Commissioners	(578)	-	-	-	(578)
<b>Total Other Financing Sources (Uses)</b>	<b>(578)</b>	<b>(61,263)</b>	<b>-</b>	<b>-</b>	<b>(61,841)</b>
<b>NET CHANGE IN FUND BALANCES</b>	-	(12,937)	20,611	(26,929)	(19,255)
Fund Balances - Beginning of Year	-	12,937	185,419	165,554	363,910
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 206,030</b>	<b>\$ 138,625</b>	<b>\$ 344,655</b>



**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ 470,400	\$ 470,400	\$ 470,400	\$ -
Charges for Services	75,000	96,121	96,121	-
Miscellaneous	-	2,613	2,613	-
Total Revenues	<u>545,400</u>	<u>569,134</u>	<u>569,134</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	497,599	488,341	488,341	-
Operating Expenditures	47,801	66,751	66,751	-
Capital Outlay	-	13,464	13,464	-
Total Expenditures	<u>545,400</u>	<u>568,556</u>	<u>568,556</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	578	578	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Board of County Commissioners	-	(578)	(578)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(578)</u>	<u>(578)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FINE AND FORFEITURE FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 787,608	\$ 839,826	\$ 899,999	\$ 60,173
Miscellaneous	-	312	384	72
Total Revenues	<u>787,608</u>	<u>840,138</u>	<u>900,383</u>	<u>60,245</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	765,817	784,320	793,087	(8,767)
Operating Expenditures	21,791	55,826	58,970	(3,144)
Total Expenditures	<u>787,608</u>	<u>840,146</u>	<u>852,057</u>	<u>(11,911)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	(8)	48,326	48,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Distribution of Excess Court				
Revenue to the State of Florida	-	-	(61,263)	(61,263)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(61,263)</u>	<u>(61,263)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	-	(8)	(12,937)	(12,929)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>12,937</u>	<u>12,937</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ 8</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
PUBLIC RECORDS MODERNIZATION TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 240,419	\$ 268,027	\$ 82,597	\$ (185,430)
Miscellaneous	-	415	401	(14)
Total Revenues	<u>240,419</u>	<u>268,442</u>	<u>82,998</u>	<u>(185,444)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	17,517	17,697	17,645	52
Operating Expenditures	124,000	135,850	38,672	97,178
Capital Outlay	20,000	21,320	6,070	15,250
Total Expenditures	<u>161,517</u>	<u>174,867</u>	<u>62,387</u>	<u>112,480</u>
<b>NET CHANGE IN FUND BALANCES</b>	78,902	93,575	20,611	(72,964)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>185,419</u>	<u>185,419</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 78,902</u></u>	<u><u>\$ 93,575</u></u>	<u><u>\$ 206,030</u></u>	<u><u>\$ 112,455</u></u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CHILD SUPPORT IV – D FUND  
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 192,127	\$ 218,746	\$ 53,192	\$ (165,554)
Miscellaneous	-	2,181	2,173	(8)
Total Revenues	<u>192,127</u>	<u>220,927</u>	<u>55,365</u>	<u>(165,562)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	32,795	62,506	62,480	26
Operating Expenditures	157,832	149,781	12,681	137,100
Capital Outlay	1,500	8,640	7,133	1,507
Total Expenditures	<u>192,127</u>	<u>220,927</u>	<u>82,294</u>	<u>138,633</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(26,929)	(26,929)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>165,554</u>	<u>165,554</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,625</u>	<u>\$ 138,625</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY  
NET POSITION – ALL AGENCY FUNDS  
SEPTEMBER 30, 2013**

**ASSETS**

Cash	\$ 197,388
	<hr/>
Total Assets	\$ 197,388
	<hr/> <hr/>

**LIABILITIES**

Due to Individuals	\$ 177,169
Vouchers Payable	614
Due to Other Governments	19,605
	<hr/>
Total Liabilities	\$ 197,388
	<hr/> <hr/>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

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

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

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

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

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management’s discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2013 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

**Fund Accounting**

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Fund Accounting (Continued)**

**Governmental Funds**

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

**Special Revenue Funds**

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

**Fiduciary Funds**

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

**Fund Balance and Spending Policies**

In accordance with GASB Statement on *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, 2013, there was no fund balance in the General Fund and Fine and Forfeitures and the remaining fund balances in the Public Records Modernization Trust and Child Support IV-D Funds are appropriately classified as restricted.

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

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



**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Accumulated Unpaid Vacation and Sick Pay**

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

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

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

The maximum permissible accumulation of annual leave is as follows:

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

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

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

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

**Use of Estimates**

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Other Postemployment Benefit Obligation**

Based on GASB Statement on *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Clerk under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of the month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Clerk. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**Other Significant Accounting Policies**

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

**Adoption of New Accounting Pronouncement**

For the year ended September 30, 2013, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) numbers 62 and 63.

GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only the authoritative literature of the Governmental Accounting Standards Board (GASB) or to follow Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position." The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 2 CUSTODIAL CREDIT RISK**

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

At September 30, 2013, the carrying amount of the Clerk's deposits was \$894,265 and the bank balance was \$912,402. The Clerk's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank accounts are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 CAPITAL ASSETS**

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

The following is a summary of changes in capital assets for which the Clerk is custodian for the year ended September 30, 2013.

	Balance October 1, 2012	Additions	Disposals	Balance September 30, 2013
Machinery and Equipment	\$ 470,492	\$ 26,667	\$ (18,349)	\$ 478,810
Less: Accumulated Depreciation	<u>(385,642)</u>	<u>(26,313)</u>	<u>18,349</u>	<u>(393,606)</u>
Total Capital Assets, Net	<u>\$ 84,850</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 85,204</u>

**NOTE 4 RETIREMENT PLAN**

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

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

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, 2012 through June 30, 2013, 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 – 5.18%; senior management – 6.30%; deferred retirement option plan – 5.44%, and elected officials – 10.23%. The employer contribution rates, effective July 1, 2013, which include the health insurance subsidy of contributions of 1.20%, and the 0.03% administrative/education fee, are applied to employee salaries as follows: regular employees – 6.95%; senior management – 18.31%; deferred retirement option plan – 12.84%; and elected officials – 33.03%.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

The Clerk's contributions made during the years ended September 30, 2013, 2012, and 2011 were \$58,577, \$43,683 and \$83,869, respectively, equal to the actuarially determined required contribution requirements for each year.

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

The balances of due from and due to other funds were as follows at September 30, 2013:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,162	\$ 66,473
Fine and Forfeiture Fund	3	7
Public Records Modernization Trust Fund	66,483	1,168
Total	\$ 67,648	\$ 67,648

**NOTE 6 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2013:

	Balance October 1, 2012	Net Reductions	Balance September 30, 2013	Due Within One Year
Accrued Compensated Absences	\$ 85,450	\$ (38,937)	\$ 46,513	\$ -

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

**NOTE 7 RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2013 were as follows:

Budget Appropriation – The General Fund of the Clerk received payments from the Board of County Commissioners for non-court related and accounting services in the amount of \$470,400 for the year ended September 30, 2013.

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 8 RISK MANAGEMENT**

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

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF  
FIDUCIARY NET POSITION – ALL AGENCY FUNDS  
SEPTEMBER 30, 2013**

	<u>Special Trust</u>	<u>Support</u>	<u>Court Registry</u>	<u>County Witness</u>	<u>Cash Bond</u>	<u>Condemnation Right-of-Way</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>							
Cash	\$ 53,039	\$ 614	\$ 111,439	\$ 349	\$ 30,857	\$ 1,090	\$ 197,388
Total Assets	<u>\$ 53,039</u>	<u>\$ 614</u>	<u>\$ 111,439</u>	<u>\$ 349</u>	<u>\$ 30,857</u>	<u>\$ 1,090</u>	<u>\$ 197,388</u>
<b>LIABILITIES</b>							
Due to Individuals	\$ 33,768	\$ -	\$ 111,439	\$ 15	\$ 30,857	\$ 1,090	\$ 177,169
Vouchers Payable	-	614	-	-	-	-	614
Due to Other Governments	19,271	-	-	334	-	-	19,605
Total Liabilities	<u>\$ 53,039</u>	<u>\$ 614</u>	<u>\$ 111,439</u>	<u>\$ 349</u>	<u>\$ 30,857</u>	<u>\$ 1,090</u>	<u>\$ 197,388</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
FIDUCIARY NET POSITION – ALL AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Increases	(Decreases)	Balance September 30, 2013
<b>SPECIAL TRUST</b>				
<b>ASSETS</b>				
Cash	\$ 164,426	\$ 2,711,291	\$ (2,822,678)	\$ 53,039
<b>LIABILITIES</b>				
Due to Individuals	\$ 26,448	\$ 103,302	\$ (95,982)	\$ 33,768
Due to Other Governments	112,871	2,357,336	(2,450,936)	19,271
Due to Board of County Commissioners	25,107	250,653	(275,760)	-
Total Liabilities	<u>\$ 164,426</u>	<u>\$ 2,711,291</u>	<u>\$ (2,822,678)</u>	<u>\$ 53,039</u>
<b>SUPPORT</b>				
<b>ASSETS</b>				
Cash	\$ 664	\$ 17,445	\$ (17,495)	\$ 614
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 4,265	\$ (4,265)	\$ -
Vouchers Payable	664	8,723	(8,773)	614
Due to Other Governments	-	4,457	(4,457)	-
Total Liabilities	<u>\$ 664</u>	<u>\$ 17,445</u>	<u>\$ (17,495)</u>	<u>\$ 614</u>
<b>COURT REGISTRY</b>				
<b>ASSETS</b>				
Cash	\$ 17,202	\$ 355,608	\$ (261,371)	\$ 111,439
<b>LIABILITIES</b>				
Due to Individuals	<u>\$ 17,202</u>	<u>\$ 355,608</u>	<u>\$ (261,371)</u>	<u>\$ 111,439</u>



**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
FIDUCIARY NET POSITION – ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2013**

	Balance October 1, 2012	Increases	(Decreases)	Balance September 30, 2013
<b>COUNTY WITNESS</b>				
<b>ASSETS</b>				
Cash	\$ 349	\$ 14	\$ (14)	\$ 349
<b>LIABILITIES</b>				
Due to Individuals	\$ 29	\$ -	\$ (14)	\$ 15
Due to Other Governments	320	14	-	334
Total Liabilities	<u>\$ 349</u>	<u>\$ 14</u>	<u>\$ (14)</u>	<u>\$ 349</u>
<b>CASH BOND</b>				
<b>ASSETS</b>				
Cash	\$ 43,692	\$ 87,553	\$ (100,388)	\$ 30,857
<b>LIABILITIES</b>				
Due to Individuals	\$ 43,692	\$ 87,553	\$ (100,388)	\$ 30,857
<b>CONDEMNATION RIGHT-OF-WAY</b>				
<b>ASSETS</b>				
Cash	\$ 1,090	\$ -	\$ -	\$ 1,090
<b>LIABILITIES</b>				
Due to Individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 227,423	\$ 3,171,911	\$ (3,201,946)	\$ 197,388
<b>LIABILITIES</b>				
Due to Individuals	\$ 88,461	\$ 550,728	\$ (462,020)	\$ 177,169
Vouchers Payable	664	8,723	(8,773)	614
Due to Other Governments	113,191	2,361,807	(2,455,393)	19,605
Due to Board of County Commissioners	25,107	250,653	(275,760)	-
Total Liabilities	<u>\$ 227,423</u>	<u>\$ 3,171,911</u>	<u>\$ (3,201,946)</u>	<u>\$ 197,388</u>

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

The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Hardee County Clerk of the Circuit Court (Clerk), as of and for the year ended September 30, 2013, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated April 16, 2014.

**Internal Control Over Financial Reporting**

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

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

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


The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

### **CliftonLarsonAllen LLP**

Lakeland, Florida  
April 16, 2014

## MANAGEMENT LETTER

The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County, Florida Clerk of the Circuit Court (Clerk) as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated April 16, 2014.

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 Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 16, 2014, should be considered in conjunction with this management letter.

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

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

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

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

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

The Honorable Victoria L. Rogers  
Hardee County Clerk of the Circuit Court

Section 10.554(1)(i)5., 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. The Clerk was established by the Constitution of the State of Florida, Article VII, Section 1(d).

Section 10.554(1)(i)7., Rules of the Auditor General, requires a statement as to whether or not the Clerk of the Courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined the clerk complied with such requirements.

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, 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
April 16, 2014