

HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

**HARDEE COUNTY, FLORIDA
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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 Hardee County, Florida (the "County", the "Board"), as of and for the year ended September 30, 2014, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2014, 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.

Emphasis of Matter Regarding a Correction of Errors

As described in Note 15 to the financial statements, the County restated beginning balances to correct accounting errors that occurred in the prior year. Our opinion is not modified with respect to that matter.

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 4-15 and 61-62 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.

Honorable Board of County Commissioners
Hardee County, Florida

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 relate 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 information is fairly stated, in all material respects, in relation to the basic 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 June 26, 2015 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
June 26, 2015

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2014. This report provides comparative data for fiscal years 2013 and 2014.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2014 are as follows:

- Total assets of the County exceeded total liabilities by \$75.4 million. Of this amount, \$64.5 million was invested in capital assets, net of related debt and \$7.7 million is restricted for various purposes. Unrestricted net position that may be used to meet ongoing governmental obligations were \$3.2 million.
- The total net position was \$2.1 million higher than the previous years' net position.
- The County's total liabilities decreased by \$1.1 million or 7% from the previous year.
- As of September 30, 2014, the combined total governmental funds' fund balance reflected a balance of \$15.5 million, an increase of 10% from the previous year. Determining this balance was \$18.1 million in total governmental funds assets, less \$2.1 million in total governmental funds liabilities and deferred inflows of resources of \$477 thousand.
- The County's total unassigned fund balance was \$6.9 million.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are 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, 2014**

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 15 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, Transportation Trust Fund, Fire Control Fund and Grants 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, 2014**

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 33-60 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 \$75.4 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 (86 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 increased by \$2.1 million.

HARDEE COUNTY'S NET POSITION

NET POSITION COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014
Current and Other Assets	\$ 17,998,260	\$ 17,973,802	\$ 7,001,129	\$ 4,959,356	\$ 24,999,389	\$ 22,933,158
Capital Assets	47,105,930	48,499,504	17,710,627	19,396,794	64,816,557	67,896,298
Total Assets	65,104,190	66,473,306	24,711,756	24,356,150	89,815,946	90,829,456
Long-Term Debt Outstanding	1,802,878	1,955,327	10,605,346	10,726,754	12,408,224	12,682,081
Other Liabilities	3,923,418	1,489,209	185,754	751,631	4,109,172	2,240,840
Total Liabilities	5,726,296	3,444,536	10,791,100	11,478,385	16,517,396	14,922,921
Net Position:						
Invested in Capital Assets						
Net of Related Debt	47,105,930	48,499,504	14,110,627	15,996,794	61,216,557	64,496,298
Restricted	5,829,600	7,729,828	-	-	5,829,600	7,729,828
Unrestricted	6,442,364	6,799,438	(189,971)	(3,119,029)	6,252,393	3,680,409
Total Net Position	\$ 59,377,894	\$ 63,028,770	\$ 13,920,656	\$ 12,877,765	\$ 73,298,550	\$ 75,906,535

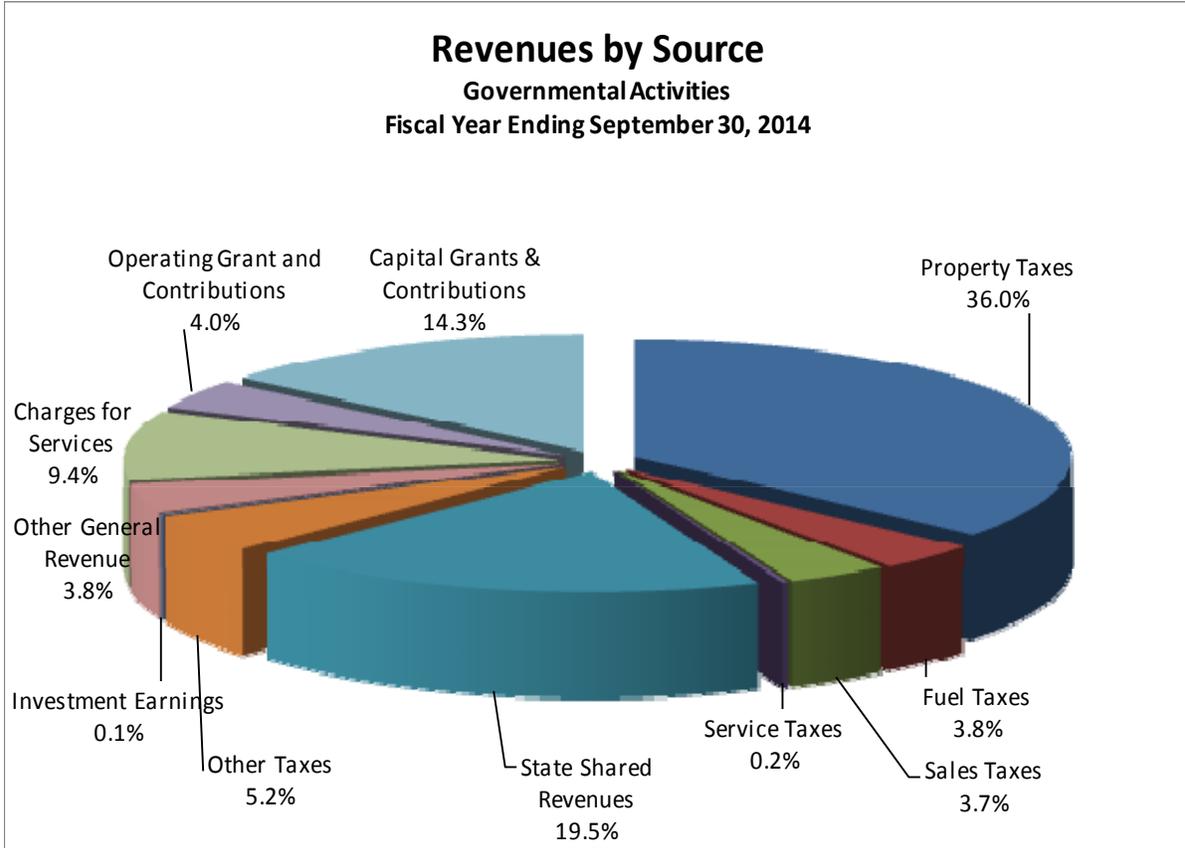
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

HARDEE COUNTY CHANGES IN NET POSITION

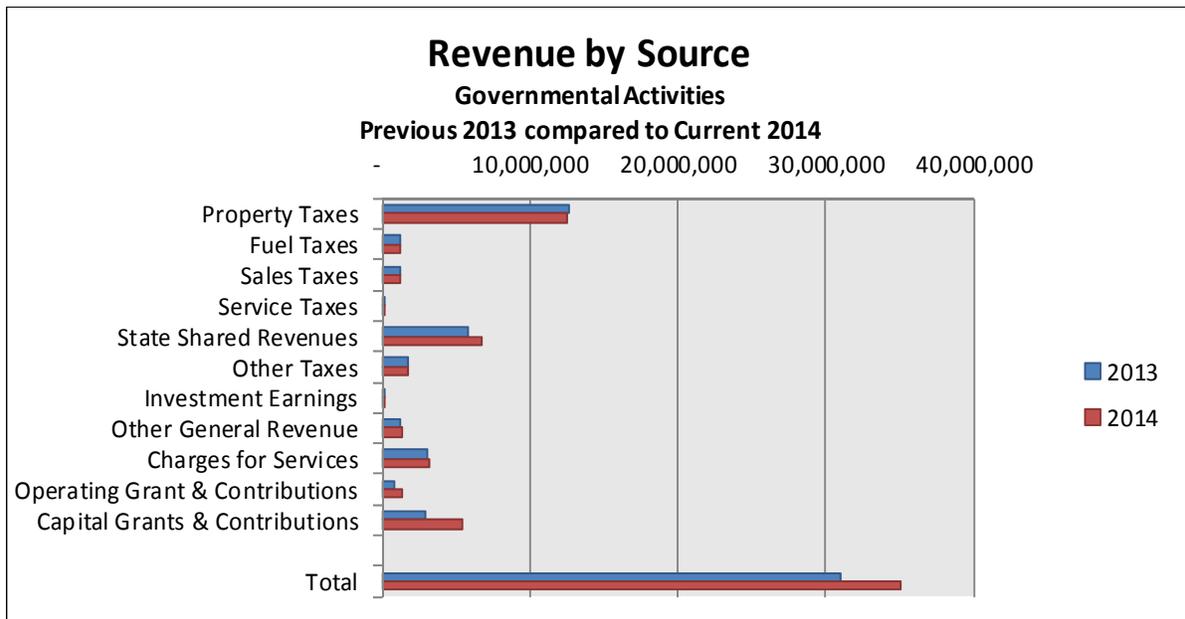
CHANGE IN NET POSITION	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014
REVENUES						
Program Revenues:						
Charges for Services	\$ 3,040,559	\$ 3,246,227	\$ 1,428,230	\$ 1,433,912	\$ 4,468,789	\$ 4,680,139
Operating Grants and Contributions	830,171	1,391,941	80,398	107,296	910,569	1,499,237
Capital Grants and Contributions	2,891,046	5,400,665	-	-	2,891,046	5,400,665
General Revenues:						
Property Taxes	12,697,516	12,464,345	-	-	12,697,516	12,464,345
Other Taxes	10,142,782	11,204,442	1,244,265	1,264,385	11,387,047	12,468,827
Other	1,320,719	1,355,048	74,526	20,647	1,395,245	1,375,695
Total Revenues	<u>30,922,793</u>	<u>35,062,668</u>	<u>2,827,419</u>	<u>2,826,240</u>	<u>33,750,212</u>	<u>37,888,908</u>
EXPENSES						
General Government	8,179,939	8,875,626	-	-	8,179,939	8,875,626
Public Safety	12,650,368	13,494,884	-	-	12,650,368	13,494,884
Physical Environment	218,267	250,687	-	-	218,267	250,687
Transportation	6,803,483	7,795,034	-	-	6,803,483	7,795,034
Economic Environment	211,590	355,980	-	-	211,590	355,980
Human Services	1,071,652	1,020,416	-	-	1,071,652	1,020,416
Culture and Recreation	1,125,187	1,160,323	-	-	1,125,187	1,160,323
Debt Service:						
Interest on Long-Term Debt	-	-	-	-	-	-
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	4,504,816	2,265,169	4,504,816	2,265,169
Wauchula Hills Wastewater	-	-	1,310,163	1,288,928	1,310,163	1,288,928
Solid Waste Landfill Closure	-	-	-	-	-	-
Vandolah Wastewater	-	-	111,607	97,429	111,607	97,429
Total Expenses	<u>30,260,486</u>	<u>32,952,950</u>	<u>5,926,586</u>	<u>3,651,526</u>	<u>36,187,072</u>	<u>36,604,476</u>
Excess before Transfers	662,307	2,109,718	(3,099,167)	(825,286)	(2,436,860)	1,284,432
Transfers	(445,610)	217,605	445,610	(217,605)	-	-
Changes in Net Position	<u>216,697</u>	<u>2,327,323</u>	<u>(2,653,557)</u>	<u>(1,042,891)</u>	<u>(2,436,860)</u>	<u>1,284,432</u>
Net Position - Beginning as Previously Stated	59,161,197	59,377,894	16,574,213	13,920,656	75,735,410	73,298,550
Prior Period Restatement	-	1,323,553	-	-	-	1,323,553
Net Position - Beginning as Restated	<u>59,161,197</u>	<u>60,701,447</u>	<u>16,574,213</u>	<u>13,920,656</u>	<u>75,735,410</u>	<u>74,622,103</u>
Net Position - Ending	<u>\$ 59,377,894</u>	<u>\$ 63,028,770</u>	<u>\$ 13,920,656</u>	<u>\$ 12,877,765</u>	<u>\$ 73,298,550</u>	<u>\$ 75,906,535</u>

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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

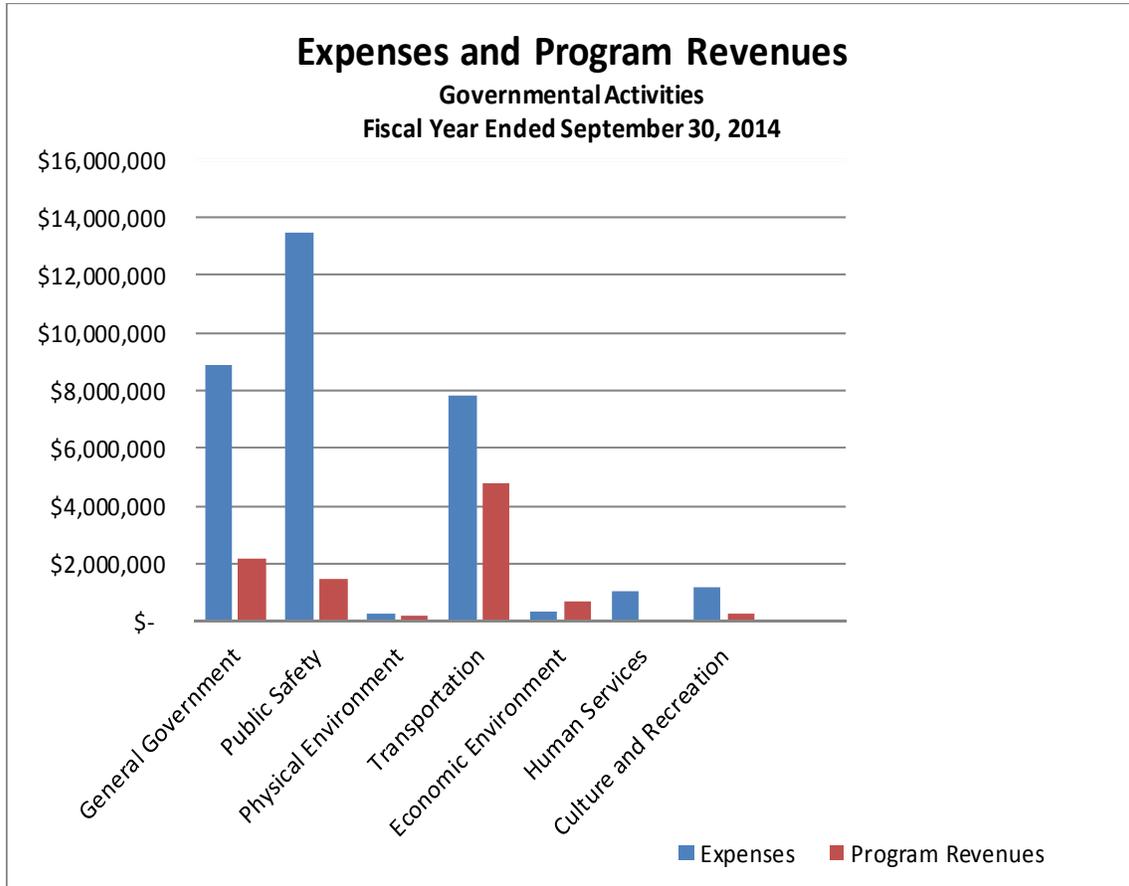


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



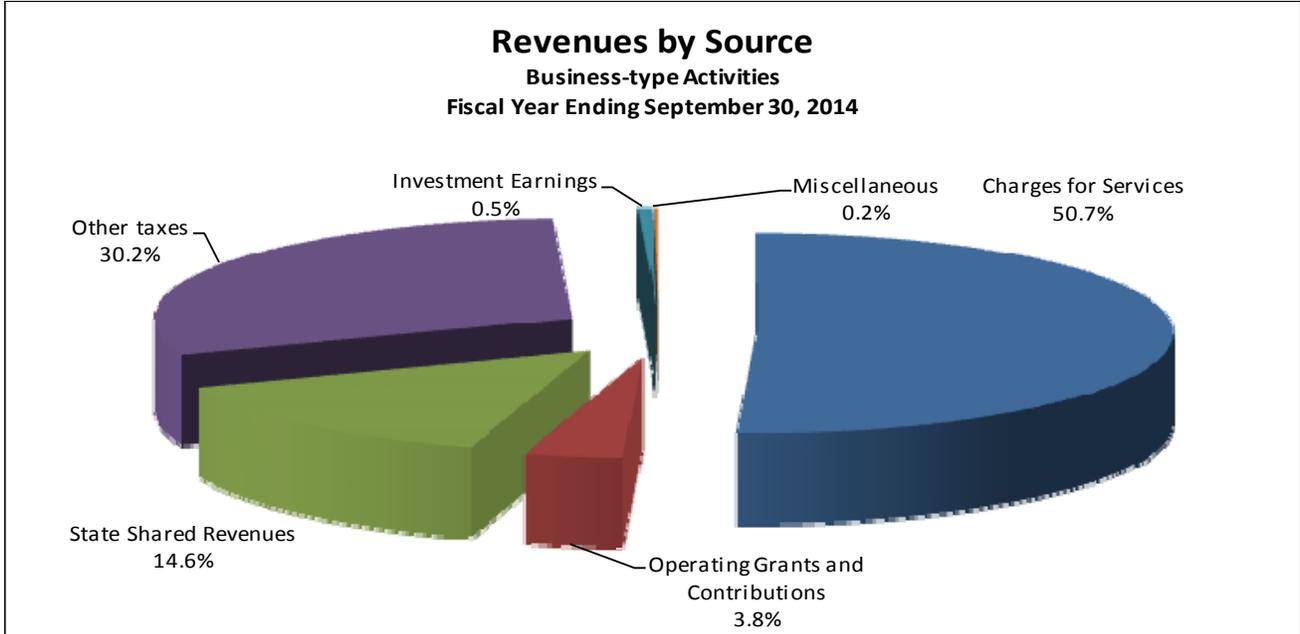
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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.

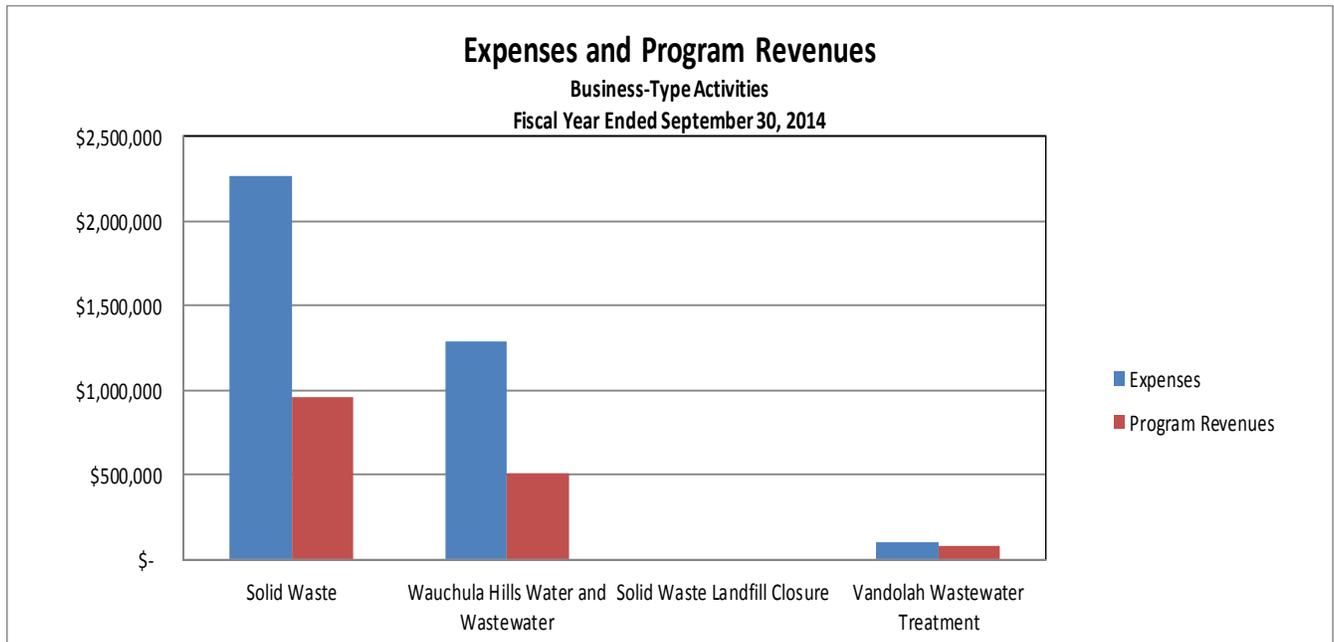


**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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, 2014**

An analysis of the County's "Changes in Net Position" reflects that the overall revenues have increased by \$3.7 million. Further analysis shows that the overall increase is attributed to a \$3.7 million increase in governmental type activities and a \$1 thousand decrease in business-type activities. Major factors contributing to the increased revenues in the government type activities are as follows:

- A \$206 thousand increase in Charges for Services
- A \$562 thousand increase in Operating Grants
- A \$2 million increase in Capital Grants
- A \$233 thousand decrease in Property Taxes
- A \$1 million increase in Other Taxes
- A \$34 thousand decrease in Other Sources

The changes in revenues in the business-type activities are as follows:

- A \$6 thousand increase in Charges for Services
- A \$27 thousand increase in Operating Grants
- A \$20 thousand increase in Other Taxes
- A \$54 thousand decrease in Other Sources

County expenses illustrate an overall increase of \$417 thousand. The overall increase was due to an increase in government type activities of \$2.7 million and a decrease in the business-type activities of \$2.3 million. The increase of the government type activities expenses are due to the following activities below:

- A \$696 thousand increase in General Government
- A \$845 thousand increase in Public Safety
- A \$32 thousand increase in Physical Environment
- A \$992 thousand increase in Transportation
- A \$144 thousand increase in Economic Environment
- A \$51 thousand decrease in Human Services
- A \$35 thousand increase in Culture and Recreation

The decrease in expenses of the business-type activities was reflective of the \$2.3 million decrease in solid waste due to the increase in capacity for the expansion in the prior year.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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 \$15.5 million. Approximately \$6.6 million of the fund balance has been deemed nonspendable and restricted to Transportation, Fire Control and Grants, and \$926 thousand is nonspendable, restricted, committed and unassigned to other non-major governmental funds. Of the remaining \$8 million of spendable fund balance, \$8 million constitutes fund balances under the general fund. At the end of the current fiscal, the unassigned fund balance of the General Fund was \$7.2 million, which represents 47% 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 24% 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 \$5 thousand. Net position of the Solid Waste Department was a decrease of \$520 thousand. The water/wastewater operating revenues were a combined total decrease of \$89 thousand and the net position decrease a total of \$523 thousand. 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, 2014**

CAPITAL ASSETS

The County's investments in capital assets for its governmental and business-type activities as of September 30, 2014 were \$150.3 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014
Land	\$ 3,573,808	\$ 3,551,168	\$ 962,625	\$ 962,625	\$ 4,536,433	\$ 4,513,793
Construction in Progress	573,341	228,976	-	2,917,992	573,341	3,146,968
Buildings and Improvements	22,527,877	23,278,638	9,884,737	9,884,737	32,412,614	33,163,375
Machinery and Equipment	16,989,747	16,684,097	1,976,757	1,993,329	18,966,504	18,677,426
Infrastructure	71,688,275	77,236,812	13,535,324	13,535,324	85,223,599	90,772,136
Total Capital Assets	<u>\$ 115,353,048</u>	<u>\$ 120,979,691</u>	<u>\$ 26,359,443</u>	<u>\$ 29,294,007</u>	<u>\$ 141,712,491</u>	<u>\$ 150,273,698</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, 2014, the County had total long-term liabilities outstanding of \$12.6 million. Of this amount, \$3.4 million is notes payable, \$755 thousand is compensated absences, and \$7.2 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 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014
Notes Payable	\$ -	\$ -	\$ 3,600,000	\$ 3,400,000	\$ 3,600,000	\$ 3,400,000
Postemployment Healthcare	1,164,000	1,227,923	-	-	1,164,000	1,227,923
Compensated Absences	638,878	727,404	21,910	27,284	660,788	754,688
Landfill Closure/Post Closure	-	-	6,983,436	7,241,393	6,983,436	7,241,393
Total	<u>\$ 1,802,878</u>	<u>\$ 1,955,327</u>	<u>\$ 10,605,346</u>	<u>\$ 10,668,677</u>	<u>\$ 12,408,224</u>	<u>\$ 12,624,004</u>

The County's long-term liabilities under governmental activities increased \$152 thousand due to an increase in postemployment health care of \$64 thousand, and an increase in compensated absences of \$89 thousand. In business-type activities, long-term liabilities increased \$63 thousand due to an increase of \$258 thousand in landfill closure and post closure obligations, an increase in compensated absences of \$5 thousand, and a decrease in notes payable of \$200 thousand. 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, 2014**

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 2014 is 27,469. As a comparison, the estimated population for Hardee County for 2013 was 27,410. This is an increase of less than 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 2014 is 7.4% and reflects a decrease from the previous year's 7.5%. The County's rate is higher than the State of Florida's average of 6.1% and higher than the national average of 6.2% for 2014.
- The final taxable value for fiscal year 2014 decreased by 2.25% over fiscal year 2013.
- The millage rate for fiscal year 2013-14 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, 2014**

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.

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, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 15,078,028	\$ 3,901,294	\$ 18,979,322	\$ 6,229,818
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	498,573	127,073	625,646	22,466
Internal Balances	(1,655)	1,655	-	-
Due from Other Governmental Agencies	1,132,743	65,816	1,198,559	970,893
Prepaid Expenses	925,764	-	925,764	-
Inventory: Land Held for Resale	-	-	-	1,324,233
Inventory of Supplies, at Cost	330,281	-	330,281	-
Restricted Assets:				
Cash and Cash Equivalents	-	859,922	859,922	-
Capital Assets, Not Being Depreciated	3,780,144	3,880,617	7,660,761	2,285,502
Capital Assets, Net of Depreciation	44,719,360	15,516,177	60,235,537	6,205,428
Total Assets	<u>66,473,306</u>	<u>24,356,150</u>	<u>90,829,456</u>	<u>17,038,340</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,403,386	712,624	2,116,010	140,624
Unearned Revenue	23,065	187	23,252	108,872
Due to Other Governmental Agencies	62,758	4,165	66,923	-
Deposits	-	34,655	34,655	-
Noncurrent Liabilities:				
Due within One Year	316,398	421,112	737,510	4,856
Due in More than One Year	1,638,929	10,305,642	11,944,571	9,009
Total Liabilities	<u>3,444,536</u>	<u>11,478,385</u>	<u>14,922,921</u>	<u>263,361</u>
NET POSITION				
Net Investment in Capital Assets	48,499,504	15,996,794	64,496,298	8,477,065
Restricted for:				
Jail Drainage Improvements	7,194	-	7,194	-
Transportation	3,098,532	-	3,098,532	-
Fire Control	2,804,765	-	2,804,765	-
Grants	697,526	-	697,526	-
Court Innovations	343,522	-	343,522	-
Law Enforcement Trust	122,766	-	122,766	-
E-911	98,711	-	98,711	-
Court	2,449	-	2,449	-
Court Operational Needs	-	-	-	-
Court Technology	7,982	-	7,982	-
Official Records	133,528	-	133,528	-
Clerk Operational Needs	283,227	-	283,227	-
Inmate Welfare	94,971	-	94,971	-
Economic Development Projects	-	-	-	6,120,200
Education	34,655	-	34,655	-
Total Restricted Net Position	<u>7,729,828</u>	<u>-</u>	<u>7,729,828</u>	<u>6,120,200</u>
Unrestricted	6,799,438	(3,119,029)	3,680,409	2,177,714
Total Net Position	<u>\$ 63,028,770</u>	<u>\$ 12,877,765</u>	<u>\$ 75,906,535</u>	<u>\$ 16,774,979</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

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	
Primary Government								
Governmental Activities:								
General Government	\$ 8,875,626	\$ 1,952,319	\$ 231,251	\$ 482,893	\$ (6,209,163)	\$ -	\$ (6,209,163)	\$ -
Public Safety	13,494,884	882,760	597,112	-	(12,015,012)	-	(12,015,012)	-
Physical Environment	250,687	209,100	-	-	(41,587)	-	(41,587)	-
Transportation	7,795,034	4,000	-	4,761,205	(3,029,829)	-	(3,029,829)	-
Economic Environment	355,980	-	509,081	156,567	309,668	-	309,668	-
Economic Development	-	-	-	-	-	-	-	-
Human Services	1,020,416	-	-	-	(1,020,416)	-	(1,020,416)	-
Culture and Recreation	1,160,323	198,048	54,497	-	(907,778)	-	(907,778)	-
Total Governmental Activities	32,952,950	3,246,227	1,391,941	5,400,665	(22,914,117)	-	(22,914,117)	-

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

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	
Business-Type Activities:								
Solid Waste	2,265,169	848,671	107,296	-	-	(1,309,202)	(1,309,202)	-
Wauchula Hills Water and Wastewater	1,288,928	502,311	-	-	-	(786,617)	(786,617)	-
Solid Waste Landfill Closure	-	-	-	-	-	-	-	-
Vandolah Wastewater Treatment	97,429	82,930	-	-	-	(14,499)	(14,499)	-
Total Business-Type Activities	<u>3,651,526</u>	<u>1,433,912</u>	<u>107,296</u>	<u>-</u>	<u>-</u>	<u>(2,110,318)</u>	<u>(2,110,318)</u>	<u>-</u>
Total Primary Government	<u>\$ 36,604,476</u>	<u>\$ 4,680,139</u>	<u>\$ 1,499,237</u>	<u>\$ 5,400,665</u>	<u>(22,914,117)</u>	<u>(2,110,318)</u>	<u>(25,024,435)</u>	<u>-</u>
Component Unit:								
Hardee County Industrial Development Authority	<u>\$ 3,821,164</u>	<u>\$ 243,521</u>	<u>\$ 541,012</u>	<u>\$ 1,394,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,642,001)</u>
General Revenues								
Taxes:								
Property Taxes					12,464,345	-	12,464,345	-
Fuel Taxes					1,288,266	-	1,288,266	-
Sales Tax					1,288,745	-	1,288,745	-
Service Taxes					81,996	-	81,996	-
State Shared Revenues					6,751,373	411,455	7,162,828	-
Other Taxes					1,794,062	852,930	2,646,992	-
Mosaic Income					-	-	-	3,500,000
Investment Earnings					35,666	14,955	50,621	6,106
Miscellaneous					1,319,382	5,692	1,325,074	33,311
Transfers					217,605	(217,605)	-	-
Total General Revenues and Transfers					<u>25,241,440</u>	<u>1,067,427</u>	<u>26,308,867</u>	<u>3,539,417</u>
Change in Net Position					<u>2,327,323</u>	<u>(1,042,891)</u>	<u>1,284,432</u>	<u>1,897,416</u>
Net Position - Beginning					59,377,894	13,920,656	73,298,550	14,877,563
Prior Period Restatement					<u>1,323,553</u>	<u>-</u>	<u>1,323,553</u>	<u>-</u>
Net Assets - Beginning, As Restated					60,701,447	13,920,656	74,622,103	14,877,563
Net Position - Ending					<u>\$ 63,028,770</u>	<u>\$ 12,877,765</u>	<u>\$ 75,906,535</u>	<u>\$ 16,774,979</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Grants	Other Governmental Funds	
ASSETS						
Cash and Cash Equivalents	\$ 7,412,250	\$ 2,874,778	\$ 2,387,788	\$ 710,064	\$ 1,693,148	\$ 15,078,028
Deposits	5,753	4,315	-	-	-	10,068
Accounts Receivable, Net	498,563	-	-	-	10	498,573
Due from Other Funds	79,830	17,575	1,655	-	15,700	114,760
Due from Other Governments	533,128	574,544	3,579	468	21,024	1,132,743
Prepaid Expenses	422,551	-	500,764	-	2,449	925,764
Inventory of Supplies, at Cost	330,281	-	-	-	-	330,281
 Total Assets	 <u>\$ 9,282,356</u>	 <u>\$ 3,471,212</u>	 <u>\$ 2,893,786</u>	 <u>\$ 710,532</u>	 <u>\$ 1,732,331</u>	 <u>\$ 18,090,217</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2014**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust	Fire Control Fund	Grants	Other Governmental Funds	
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 796,697	\$ 232,787	\$ 88,508	\$ 1,691	\$ 283,703	\$ 1,403,386
Due to Other Funds	36,578	78,567	-	100	1,170	116,415
Due to Other Governments	33,064	2,234	513	-	26,947	62,758
Unearned Revenue	-	-	-	11,215	11,850	23,065
Total Liabilities	<u>866,339</u>	<u>313,588</u>	<u>89,021</u>	<u>13,006</u>	<u>323,670</u>	<u>1,605,624</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	\$ 417,811	\$ 59,092	\$ -	\$ -	\$ -	\$ 476,903
FUND BALANCE						
Nonspendable	752,832	-	500,764	-	2,449	1,256,045
Restricted	7,194	3,098,532	2,304,001	697,526	1,119,362	7,226,615
Committed	-	-	-	-	146,355	146,355
Unassigned	7,238,180	-	-	-	140,495	7,378,675
Total Fund Balances	<u>7,998,206</u>	<u>3,098,532</u>	<u>2,804,765</u>	<u>697,526</u>	<u>1,408,661</u>	<u>16,007,690</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,282,356</u>	<u>\$ 3,471,212</u>	<u>\$ 2,893,786</u>	<u>\$ 710,532</u>	<u>\$ 1,732,331</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.	48,499,504
Certain receivables are not available to pay current period expenditures, and therefore are reported as deferred inflows of resources in the funds.	476,903
Long-term liabilities, including notes payable, capital leases, post employment healthcare and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,955,327)</u>
Net Position of Governmental Activities	<u>\$ 63,028,770</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control	Grants	Other Governmental Funds	
REVENUES						
Taxes	\$ 13,835,086	\$ 1,288,266	\$ -	\$ -	\$ -	\$ 15,123,352
Licenses and Permits	163,153	-	-	-	-	163,153
Intergovernmental	3,591,465	8,153,127	-	665,648	1,099,978	13,510,218
Charges for Services	1,426,507	-	21,036	-	1,270,659	2,718,202
Fines and Forfeitures	7,676	-	-	-	261,259	268,935
Assessments	-	-	1,794,062	-	-	1,794,062
Interest	20,066	4,944	5,687	1,253	2,538	34,488
Miscellaneous	463,431	625,240	251	111,053	117,989	1,317,964
Total Revenues	<u>19,507,384</u>	<u>10,071,577</u>	<u>1,821,036</u>	<u>777,954</u>	<u>2,752,423</u>	<u>34,930,374</u>
EXPENDITURES						
Current:						
General Government	6,797,797	-	-	-	1,396,532	8,194,329
Public Safety	9,845,117	-	2,142,949	-	542,141	12,530,207
Physical Environment	36,777	-	-	-	210,714	247,491
Transportation	-	3,745,179	-	-	-	3,745,179
Economic Environment	-	-	-	355,787	-	355,787
Human Services	834,918	-	-	159,717	-	994,635
Culture and Recreation	933,680	-	-	-	59,312	992,992
Capital Outlay	573,959	5,516,062	160,000	156,567	686,483	7,093,071
Total Expenditures	<u>19,022,248</u>	<u>9,261,241</u>	<u>2,302,949</u>	<u>672,071</u>	<u>2,895,182</u>	<u>34,153,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	485,136	810,336	(481,913)	105,883	(142,759)	776,683
OTHER FINANCING SOURCES (USES)						
Transfers in	357,524	46,012	704,714	-	431,433	1,539,683
Distribution of Excess Court Revenue to the State of Florida	-	-	-	-	(35,870)	(35,870)
Transfers out	(1,137,224)	-	(120,000)	-	(67,238)	(1,324,462)
Total Other Financing Sources (Uses)	<u>(779,700)</u>	<u>46,012</u>	<u>584,714</u>	<u>-</u>	<u>328,325</u>	<u>179,351</u>
NET CHANGE IN FUND BALANCES	(294,564)	856,348	102,801	105,883	185,566	956,034
Fund Balances - Beginning of Year, as Previously Stated	8,021,065	2,128,718	2,701,964	-	1,223,095	14,074,842
Prior Period Restatement	271,705	113,466	-	591,643	-	976,814
Fund Balances - Beginning of Year, as Restated	<u>8,292,770</u>	<u>2,242,184</u>	<u>2,701,964</u>	<u>591,643</u>	<u>1,223,095</u>	<u>15,051,656</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,998,206</u>	<u>\$ 3,098,532</u>	<u>\$ 2,804,765</u>	<u>\$ 697,526</u>	<u>\$ 1,408,661</u>	<u>\$ 16,007,690</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, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ 956,034

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 (\$7,093,071) exceeded depreciation and loss on disposal of asset (\$5,739,881) in the current period. 1,353,190

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. 40,384

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 (Unavailable revenue). 130,164

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). (152,449)

Change in Net Position of Governmental Activities \$ 2,327,323

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 13,931,870	\$ 13,931,870	\$ 13,835,086	\$ (96,784)
Licenses and Permits	81,000	81,000	163,153	82,153
Intergovernmental	2,998,660	3,283,072	3,591,465	308,393
Charges for Services	945,606	1,014,883	1,426,507	411,624
Fines and Forfeitures	7,050	7,050	7,676	626
Interest	17,870	17,870	20,066	2,196
Miscellaneous	189,334	216,371	463,431	247,060
Total Revenues	<u>18,171,390</u>	<u>18,552,116</u>	<u>19,507,384</u>	<u>955,268</u>
EXPENDITURES				
Current:				
General Government	7,748,241	7,918,575	6,797,797	1,120,778
Public Safety	10,057,838	10,164,960	9,845,117	319,843
Physical Environment	39,874	40,895	36,777	4,118
Human Services	891,305	910,980	834,918	76,062
Culture and Recreation	1,033,989	1,040,572	933,680	106,892
Capital Outlay	518,700	743,695	573,959	169,736
Total Expenditures	<u>20,289,947</u>	<u>20,819,677</u>	<u>19,022,248</u>	<u>1,797,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,118,557)	(2,267,561)	485,136	2,752,697
OTHER FINANCING SOURCES (USES)				
Transfers In	361,883	361,883	357,524	(4,359)
Transfers Out	(1,133,914)	(1,133,914)	(1,137,224)	(3,310)
Total Other Financing Sources (Uses)	<u>(772,031)</u>	<u>(772,031)</u>	<u>(779,700)</u>	<u>(7,669)</u>
NET CHANGE IN FUND BALANCES	(2,890,588)	(3,039,592)	(294,564)	2,745,028
Fund Balances - Beginning of Year as Previously Stated	-	-	8,021,065	8,021,065
Prior Period Restatement	-	-	271,705	271,705
Fund Balances - Beginning of Year, as Restated	<u>-</u>	<u>-</u>	<u>8,292,770</u>	<u>8,292,770</u>
FUND BALANCES - END OF YEAR	<u>\$ (2,890,588)</u>	<u>\$ (3,039,592)</u>	<u>\$ 7,998,206</u>	<u>\$ 11,037,798</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,216,560	\$ 1,216,560	\$ 1,288,266	\$ 71,706
Intergovernmental	6,747,229	8,569,366	8,153,127	(416,239)
Interest	7,000	7,000	4,944	(2,056)
Miscellaneous	625,300	664,188	625,240	(38,948)
Total Revenues	<u>8,596,089</u>	<u>10,457,114</u>	<u>10,071,577</u>	<u>(385,537)</u>
EXPENDITURES				
Current:				
Transportation	4,025,007	4,325,578	3,745,179	580,399
Capital Outlay	5,407,947	6,668,388	5,516,062	1,152,326
Total Expenditures	<u>9,432,954</u>	<u>10,993,966</u>	<u>9,261,241</u>	<u>1,732,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(836,865)	(536,852)	810,336	1,347,188
OTHER FINANCING SOURCES				
Transfers in	68,500	80,500	46,012	(34,488)
NET CHANGE IN FUND BALANCES	(768,365)	(456,352)	856,348	1,312,700
Fund Balances - Beginning of Year, as Previously Stated	538,836	381,751	2,128,718	1,746,967
Prior Period Restatement	-	-	113,466	113,466
Fund Balances - Beginning of Year, as Restated	<u>538,836</u>	<u>381,751</u>	<u>2,242,184</u>	<u>1,860,433</u>
FUND BALANCES - END OF YEAR	<u>\$ (229,529)</u>	<u>\$ (74,601)</u>	<u>\$ 3,098,532</u>	<u>\$ 3,173,133</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 28,008	\$ 28,008	\$ 21,036	\$ (6,972)
Assessments	1,840,960	1,840,960	1,794,062	(46,898)
Interest	4,000	4,000	5,687	1,687
Miscellaneous	1,400	1,400	251	(1,149)
Total Revenues	<u>1,874,368</u>	<u>1,874,368</u>	<u>1,821,036</u>	<u>(53,332)</u>
EXPENDITURES				
Current:				
Public Safety	2,347,240	2,347,240	2,142,949	204,291
Capital Outlay	508,000	668,000	160,000	508,000
Total Expenditures	<u>2,855,240</u>	<u>3,015,240</u>	<u>2,302,949</u>	<u>712,291</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(980,872)	(1,140,872)	(481,913)	658,959
OTHER FINANCING SOURCES (USES)				
Transfers in	702,981	703,059	704,714	1,655
Transfers out	(120,000)	(120,000)	(120,000)	-
Total Other Financing Sources (Uses)	<u>582,981</u>	<u>583,059</u>	<u>584,714</u>	<u>1,655</u>
NET CHANGE IN FUND BALANCES	(397,891)	(557,813)	102,801	660,614
Fund Balances - Beginning of Year	<u>2,701,964</u>	<u>2,701,964</u>	<u>2,701,964</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,304,073</u>	<u>\$ 2,144,151</u>	<u>\$ 2,804,765</u>	<u>\$ 660,614</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 125,000	\$ 292,808	\$ 665,648	\$ 372,840
Interest	1,000	1,000	1,253	253
Miscellaneous	10,000	10,000	111,053	101,053
Total Revenues	<u>136,000</u>	<u>303,808</u>	<u>777,954</u>	<u>474,146</u>
EXPENDITURES				
Current:				
Economic Environment	361,000	621,897	355,787	266,110
Human Services	123,200	166,953	159,717	7,236
Capital Outlay	100,000	167,518	156,567	10,951
Total Expenditures	<u>584,200</u>	<u>956,368</u>	<u>672,071</u>	<u>284,297</u>
EXCESS OF REVENUES OVER EXPENDITURES	(448,200)	(652,560)	105,883	758,443
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,800)</u>	<u>(105,966)</u>	-	<u>105,966</u>
NET CHANGE IN FUND BALANCES	(450,000)	(758,526)	105,883	864,409
Fund Balances - Beginning of Year, as Previously Stated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior Period Restatement	-	-	591,643	591,643
Fund Balances - Beginning of Year, as Restated	<u>-</u>	<u>-</u>	<u>591,643</u>	<u>591,643</u>
FUND BALANCES - END OF YEAR	<u>\$ (450,000)</u>	<u>\$ (758,526)</u>	<u>\$ 697,526</u>	<u>\$ 1,456,052</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	\$ 2,510,589	\$ 1,173,977	\$ 216,728	\$ 3,901,294
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	68,333	58,662	78	127,073
Due from Other Funds	1,655	-	-	1,655
Due from Other Governmental Agencies	-	65,816	-	65,816
Total Current Assets	<u>2,580,577</u>	<u>1,302,051</u>	<u>216,806</u>	<u>4,099,434</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	859,922	-	-	859,922
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Construction in Progress	2,860,436	57,556	-	2,917,992
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	1,631,046	353,322	8,961	1,993,329
Infrastructure	4,219,650	9,315,674	-	13,535,324
Less: Accumulated Depreciation	<u>(5,585,946)</u>	<u>(4,034,688)</u>	<u>(276,579)</u>	<u>(9,897,213)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,400,842</u>	<u>11,913,972</u>	<u>1,081,980</u>	<u>19,396,794</u>
Total Noncurrent Assets	<u>7,260,764</u>	<u>11,913,972</u>	<u>1,081,980</u>	<u>20,256,716</u>
Total Assets	9,841,341	13,216,023	1,298,786	24,356,150

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts Payable and Accrued Liabilities	\$ 666,799	\$ 43,027	\$ 2,798	\$ 712,624
Due to Other Governmental Agencies	4,165	-	-	4,165
Deposits	17,079	17,576	-	34,655
Unearned Revenue	-	-	187	187
Accrued Compensated Absences, Current Portion	14,410	-	-	14,410
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	1,109,155	60,603	2,985	1,172,743
NONCURRENT LIABILITIES				
Accrued Compensated Absences	12,874	-	-	12,874
Other Postemployment Benefits	29,039	24,973	4,065	58,077
Notes Payable, Less Current Portion	3,200,000	-	-	3,200,000
Landfill Closure and Postclosure Costs	7,034,691	-	-	7,034,691
Total Noncurrent Liabilities	10,276,604	24,973	4,065	10,305,642
Total Liabilities	11,385,759	85,576	7,050	11,478,385
NET POSITION				
Net Investment in Capital Assets	3,000,842	11,913,972	1,081,980	15,996,794
Unrestricted	(4,545,260)	1,216,475	209,756	(3,119,029)
Total Net Position	\$ (1,544,418)	\$ 13,130,447	\$ 1,291,736	\$ 12,877,765

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services	\$ 848,671	\$ 502,311	\$ 82,930	\$ 1,433,912
Special Assessments	852,930	-	-	852,930
Total Operating Revenues	<u>1,701,601</u>	<u>502,311</u>	<u>82,930</u>	<u>2,286,842</u>
OPERATING EXPENSES				
Personal Services	354,883	324,411	45,424	724,718
General and Administrative	1,299,409	252,190	27,390	1,578,989
Depreciation	562,934	712,327	24,615	1,299,876
Total Operating Expenses	<u>2,217,226</u>	<u>1,288,928</u>	<u>97,429</u>	<u>3,603,583</u>
OPERATING LOSS	(515,625)	(786,617)	(14,499)	(1,316,741)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	107,296	411,455	-	518,751
Interest Income	11,912	2,542	501	14,955
Interest Expense	(47,943)	-	-	(47,943)
Miscellaneous Revenue	1,763	3,929	-	5,692
Total Nonoperating Revenues (Expenses), Net	<u>73,028</u>	<u>417,926</u>	<u>501</u>	<u>491,455</u>
LOSS BEFORE TRANSFERS	(442,597)	(368,691)	(13,998)	(825,286)
CONTRIBUTIONS AND TRANSFERS				
Transfers in	2,889	4,200	-	7,089
Transfers out	(80,618)	(127,798)	(16,278)	(224,694)
Total Transfers	<u>(77,729)</u>	<u>(123,598)</u>	<u>(16,278)</u>	<u>(217,605)</u>
CHANGE IN NET POSITION	(520,326)	(492,289)	(30,276)	(1,042,891)
Net Position - Beginning of Year	<u>(1,024,092)</u>	<u>13,622,736</u>	<u>1,322,012</u>	<u>13,920,656</u>
NET POSITION - END OF YEAR	<u>\$ (1,544,418)</u>	<u>\$ 13,130,447</u>	<u>\$ 1,291,736</u>	<u>\$ 12,877,765</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

Business-Type Activities - Enterprise Funds

	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,737,970	\$ 504,576	\$ 81,754	\$ 2,324,300
Cash Paid to Employees for Services	(320,470)	(299,438)	(45,424)	(665,332)
Cash Paid to Suppliers for Goods and Services	(471,934)	(278,308)	(33,756)	(783,998)
Net Cash Provided (Used) by Operating Activities	945,566	(73,170)	2,574	874,970
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Nonoperating Revenue	109,059	3,929	-	112,988
Transfers In (Out)	(75,345)	(123,598)	(16,278)	(215,221)
Net Cash Provided (Used) by Noncapital Financing Activities	33,714	(119,669)	(16,278)	(102,233)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Shared Revenue from State	-	411,455	-	411,455
Acquisition and Construction of Capital Assets	(2,879,179)	(109,248)	-	(2,988,427)
Principal Payments on Long-Term Debt	(200,000)	-	-	(200,000)
Interest Paid	(47,943)	-	-	(47,943)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,127,122)	302,207	-	(2,824,915)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	11,912	2,542	501	14,955
Net Cash Provided by Investing Activities	11,912	2,542	501	14,955
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,135,930)	111,910	(13,203)	(2,037,223)
Cash and Cash Equivalents - Beginning of Year	5,506,441	1,062,067	229,931	6,798,439
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,370,511</u>	<u>\$ 1,173,977</u>	<u>\$ 216,728</u>	<u>\$ 4,761,216</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (515,625)	\$ (786,617)	\$ (14,499)	\$ (1,316,741)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	562,934	712,327	24,615	1,299,876
(Increase) Decrease in Assets:				
Accounts Receivable	15,052	2,265	7	17,324
Due from Other Governments	20,232	(34,841)	-	(14,609)
Due from Other Funds	1,835	-	-	1,835
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	567,966	7,892	(6,366)	569,492
Due to Other Government Agencies	1,552	-	-	1,552
Deposits	(750)	831	-	81
Unearned Revenue	-	-	(1,183)	(1,183)
Accrued Compensated Absences	5,374	-	-	5,374
Other Postemployment Benefits	29,039	24,973	-	54,012
Landfill Closure and Postclosure Costs	257,957	-	-	257,957
Net Cash Provided (Used) by Operating Activities	<u>\$ 945,566</u>	<u>\$ (73,170)</u>	<u>\$ 2,574</u>	<u>\$ 874,970</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Current Assets:				
Cash	\$ 2,510,589	\$ 1,173,977	\$ 216,728	\$ 3,901,294
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	859,922	-	-	859,922
Total Cash and Cash Equivalents	<u>\$ 3,370,511</u>	<u>\$ 1,173,977</u>	<u>\$ 216,728</u>	<u>\$ 4,761,216</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Transfer of Capital Assets	<u>\$ (2,384)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,384)</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS
SEPTEMBER 30, 2014**

	Agency Funds
ASSETS	
Cash	\$ 565,097
Total Assets	\$ 565,097
 LIABILITIES	
Due to Individuals	\$ 197,518
Vouchers Payable	745
Due to Other Governments	149,618
Due to Indigent Health Care Special District	206
Deposit - Installment Taxes	217,010
Total Liabilities	\$ 565,097

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014**

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, deferred inflows of resources, 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, 2014**

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, 2014**

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, 2014**

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.

Solid Waste Landfill Closure Fund – The Solid Waste Landfill Closure fund accounts for the closure and post-closure liability along with the restricted cash required by the Environmental Protection Agency.

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, 2014**

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2014 was 8.8991 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

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, 2014, 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 has been recorded in the Solid Waste Landfill Closure fund representing the Board's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2014, estimated capacity used was 51.95%. In addition, the Board has established a landfill escrow account in the Solid Waste Landfill Closure fund to fund estimated closure costs as required by the Florida Department of Environmental Protection. At September 30, 2014, the Solid Waste Landfill Closure Fund had unrestricted net position of (\$6,381,471) due to the partial closure to the landfill and because of a \$7,241,393 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.

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 be spent 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 County'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 County'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.

Deferred Inflows (Outflows) of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the County has no transactions that meet the definition of deferred outflows of resources.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows (Outflows) of Resources (Cotinued)

In addition to liabilities, the governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has several items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue, are reported in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Adoption of New Accounting Pronouncement

For the year ended September 30, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) number 65.

GASB 65 – Items Previously Reported as Assets and Liabilities. The effect date of the implementation is October 1, 2013. No adjustments or restatements are required as a result of the adoption of this new accounting standard.

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 (\$15,524,797) differs from *net position* of governmental activities (\$62,545,877) 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	\$ 120,979,691
Accumulated Depreciation	<u>(72,480,187)</u>
Total	<u><u>\$ 48,499,504</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

Receivable Transactions

Certain receivables are not available to pay current period expenditures, and therefore are reported as deferred inflows of resources in the funds. Balances as of September 30, 2014 were:

Deferred Inflows of Resources	\$ 476,903
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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, 2014 were:

Postemployment Healthcare	\$ 1,227,923
Accrued Compensated Absences	727,404
Total	\$ 1,955,327

Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$217,605 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 to Changes in Net Position on the Statement of Activities

The *net change in fund balances* for governmental funds (\$473,141) differs from the *change in net position* for governmental activities (\$1,844,430) 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.

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	\$ 7,093,071
Loss on Disposal of Equipment	(44,016)
Depreciation Expense	(5,695,865)
Difference	\$ 1,353,190

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

**Explanation of Differences Between the Governmental Statement of Revenues,
Expenditures, and Changes in Fund Balances to Changes in Net Position on the
Statement of Activities (Continued)**

Revenues

In the statement of activities, only the donation of capital assets is reported. Thus, the change in net position differs from the change in fund balance by the amount of donated capital assets.

Donated Assets	\$ 38,000
Net Change in Capital Transfer	<u>2,384</u>
Total	<u><u>\$ 40,384</u></u>

Some revenue reported in the statement of activities will not be collected for several months after the fiscal year-end and, therefore, are not reported as expenditures in governmental funds.

Charges for Services	\$ 59,092
Intergovernmental Revenues	<u>71,072</u>
Total	<u><u>\$ 130,164</u></u>

Expense Transactions

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

Net Change in Postemployment Healthcare	\$ (63,923)
Net Change in Accrued Compensated Absences	<u>(88,526)</u>
Net Adjustment	<u><u>\$ (152,449)</u></u>

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$1,324,462 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2014, the carrying amount of the County's deposits was \$20,417,963 and the bank balances were \$21,023,966. 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.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivables consist of the following at September 30, 2014 for the governmental funds individual major funds and non-major funds:

	Major	Non-Major	Total Governmental Funds
	General Fund	Other Governmental Funds	
Emergency Medical Services	\$ 727,198	\$ -	\$ 727,198
Trade Accounts	149	10	159
Accounts Receivable, Gross	727,347	10	727,357
Allowance for Uncollectible Accounts	(228,784)	-	(228,784)
Accounts Receivable, Net	<u>\$ 498,563</u>	<u>\$ 10</u>	<u>\$ 498,573</u>

Accounts receivables consist of the following at September 30, 2014 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	\$ 59,923	\$ -	\$ -	\$ 59,923
Trade Accounts	8,410	58,662	78	67,150
Accounts Receivable, Gross	68,333	58,662	78	127,073
Allowance for Uncollectibles	-	-	-	-
Accounts Receivable, Net	<u>\$ 68,333</u>	<u>\$ 58,662</u>	<u>\$ 78</u>	<u>\$ 127,073</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 DETAIL OF CAPITAL ASSETS

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

	Balance October 1, 2013	Additions	(Deletions)	Donations & Transfers	Balance September 30, 2014
GOVERNMENT ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,573,808	\$ 5,560	\$ (53,200)	\$ 25,000	\$ 3,551,168
Construction in Progress	573,341	160,980	-	(505,345)	228,976
Total Capital Assets, Not Being Depreciated	4,147,149	166,540	(53,200)	(480,345)	3,780,144
Capital Assets, Being Depreciated:					
Buildings and Improvements	22,527,877	698,299	-	52,462	23,278,638
Equipment	16,989,747	1,140,175	(1,389,163)	(56,662)	16,684,097
Infrastructure	71,688,275	5,088,057	-	460,480	77,236,812
Total Capital Assets, Being Depreciated	111,205,899	6,926,531	(1,389,163)	456,280	117,199,547
Less Accumulated Depreciation for:					
Buildings and Improvements	(8,899,590)	(568,047)	-	-	(9,467,637)
Equipment	(12,401,321)	(1,178,546)	1,398,347	64,449	(12,117,071)
Infrastructure	(46,946,207)	(3,949,272)	-	-	(50,895,479)
Total Accumulated Depreciation	(68,247,118)	(5,695,865)	1,398,347	64,449	(72,480,187)
Total Capital Assets, Being Depreciated, Net	42,958,781	1,230,666	9,184	520,729	44,719,360
Governmental Activities Capital Assets, Net	<u>\$ 47,105,930</u>	<u>\$ 1,397,206</u>	<u>\$ (44,016)</u>	<u>\$ 40,384</u>	<u>\$ 48,499,504</u>
BUSINESS-TYPE ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Progress	-	2,917,992	-	-	2,917,992
Total Capital Assets, Not Being Depreciated	962,625	2,917,992	-	-	3,880,617
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,884,737	-	-	-	9,884,737
Equipment	1,976,757	70,435	(115,928)	62,065	1,993,329
Infrastructure	13,535,324	-	-	-	13,535,324
Total Capital Assets, Being Depreciated	25,396,818	70,435	(115,928)	62,065	25,413,390
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,812,000)	(80,841)	-	-	(1,892,841)
Equipment	(1,482,472)	(132,614)	115,928	(64,449)	(1,563,607)
Infrastructure	(5,354,344)	(1,086,421)	-	-	(6,440,765)
Total Accumulated Depreciation	(8,648,816)	(1,299,876)	115,928	(64,449)	(9,897,213)
Total Capital Assets, Being Depreciated, Net	16,748,002	(1,229,441)	-	(2,384)	15,516,177
Business-Type Activities Capital Assets, Net	<u>\$ 17,710,627</u>	<u>\$ 1,688,551</u>	<u>\$ -</u>	<u>\$ (2,384)</u>	<u>\$ 19,396,794</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES

General Government	\$ 661,996
Public Safety	791,411
Physical Environment	2,011
Transportation	4,050,176
Human Services	25,781
Culture/Recreation	164,490
Total Depreciation Expense - Governmental Activities	<u>\$ 5,695,865</u>

BUSINESS-TYPE ACTIVITIES

Solid Waste	\$ 562,934
Wauchula Hills Water/Wastewater Treatment	712,327
Vandolah Wastewater Treatment	24,615
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,299,876</u>

NOTE 6 LONG-TERM DEBT

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

	Balance October 1, 2013	Additions	(Reductions)	Balance September 30, 2014	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Other Postemployment Benefits Accrued Compensated Absences	\$ 1,164,000	\$ 145,923	\$ (82,000)	\$ 1,227,923	\$ -
	<u>638,878</u>	<u>88,526</u>	<u>-</u>	<u>727,404</u>	<u>316,398</u>
Total Governmental Activities	<u>\$ 1,802,878</u>	<u>\$ 234,449</u>	<u>\$ (82,000)</u>	<u>\$ 1,955,327</u>	<u>\$ 316,398</u>
BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 3,600,000	\$ -	\$ (200,000)	\$ 3,400,000	\$ 200,000
Other Postemployment Benefits Accrued Compensated Absences	-	58,077	-	58,077	-
	21,910	5,374	-	27,284	14,410
Landfill Closure and Post Closure Costs	<u>6,983,436</u>	<u>257,957</u>	<u>-</u>	<u>7,241,393</u>	<u>206,702</u>
Total Business-Type Activities	<u>\$ 10,605,346</u>	<u>\$ 321,408</u>	<u>\$ (200,000)</u>	<u>\$ 10,726,754</u>	<u>\$ 421,112</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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
2015	\$ 200,000	\$ 5,525
2016	200,000	5,185
2017	3,000,000	1,275
Total	\$ 3,400,000	\$ 11,985

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 LONG-TERM DEBT (CONTINUED)

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, 2014:

	Year Ended September 30,	Amount
	2015	\$ 68,482
	2016	68,420
	2017	57,631
	2018	3,684
	2019	3,684
	Thereafter	3,684
Total Minimum Payments Required		\$ 205,585

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, 2014:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 79,830	\$ 36,578
Transportation Trust	17,575	78,567
Fire Control Fund	1,655	-
Grants Fund	-	100
Non-major Governmental Funds	15,700	1,170
Solid Waste Fund	1,655	-
Total	\$ 116,415	\$ 116,415

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 8 FUND BALANCE AND SPENDING POLICY

The governmental funds are classified as follows:

Nonspendable		\$ 1,256,045
Restricted		
Transportation	\$ 3,098,532	
Fire Control	2,304,001	
Grants	697,526	
Court Innovations	343,522	
Law Enforcement Trust	122,766	
E-911	98,711	
Court Technology	7,982	
Official Records	133,528	
Clerk Operational Needs	283,227	
Inmate Welfare	94,971	
Education	<u>34,655</u>	
Total Restricted		7,226,615
Committed		
Pioneer Park Days	75,478	
Mining	<u>70,877</u>	
Total Committed		146,355
Unassigned		<u>7,378,675</u>
Total Fund Balances		<u><u>\$ 16,007,690</u></u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 9 RETIREMENT PLAN

Substantially all full-time employees of the County are participants in the Florida Retirement System (the System), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service or has 33 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

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

The 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 the Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560..

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18%; DROP employees, 12.84 and 5.44%; senior management, 18.31% and 6.30%; special risk, 19.06% and 14.90%; and elected officials, 33.03% and 10.23%; for the System years ended June 30, 2014 and 2013, respectively.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DROP employees, 12.28%; senior management, 21.14%; special risk, 19.82%; and elected officials, 43.24%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The County's contributions made during the years ended September 30, 2014, 2013 and 2012 were \$1,750,067, \$1,304,417, and \$1,100,582, 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 \$200 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. These rates provide an implicit subsidy because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The postemployment healthcare plan does not issue a stand-alone report.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) or the net OPEB obligation. For the year ended September 30, 2014, 7 retirees and dependents received healthcare benefits. The County provided contributions of \$37,000 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, 2014, the amount contributed to the plan and changed in the County's net OPEB obligation:

Annual Required Contribution	\$ 163,000
Interest on Net OPEB Obligation	41,000
Less Amortization of Net OPEB Obligation	<u>(45,000)</u>
Annual OPEB Cost (Expense)	159,000
Contributions Made	<u>(37,000)</u>
Increase in Net OPEB Obligation	122,000
Net OPEB Obligation - Beginning of Year	1,164,000
Net OPEB Obligation - End of Year	<u><u>\$ 1,286,000</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, 2014 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, 2014	\$ 159,000	23.27%	\$ 1,286,000
September 30, 2013	\$ 200,000	15.50%	\$ 1,164,000
September 30, 2012	187,000	14.97%	995,000

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funding status as of September 30, 2014 was as follows:

Actuarial Accrued Liability (a)	\$ 1,330,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c) = (a-b)	\$ 1,330,000
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, 2013 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 a medical trend using SOA Long Run Medical Cost Trend Model using 1.6% GDP. 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, 2014, is twenty-five years.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 partial closure date for Section I, Phase I was January 3, 2012.

Hardee County has one landfill site which is comprised of two cells. Cell Section I, Phase I partially closed on January 2, 2012 and Cell Section II, Phase I is currently in operation and funding of \$3,800,000, has been received through the Florida Local Government Finance Commission to begin expansion of Section II, Phase II. As of September 30, 2014, \$2,860,436 expansion costs were incurred and the estimated capacity increase was included in the 51.95% 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 \$7,241,393 at September 30, 2014, represents the cumulative amount reported to date based on an average use of 51.95% of the total estimated capacity available as of September 30, 2014. There was an increase in the liability due to the capacity reduction for the estimated usage. The increase in the liability caused the general and administrative expenses to be \$257,957 as of September 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014. At September 30, 2014, \$859,922 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, 2014 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 120,000
Non-Major Governmental Funds	46,706
Solid Waste Fund	53,000
Wauchula Hills Water/Wastewater Treatment Fund	125,740
Non-Major Enterprise Fund	12,078
Total	<u>\$ 357,524</u>

Transfers to the Transportation Trust Fund from:

Non-Major Governmental Funds	\$ 18,720
Solid Waste Fund	25,234
Wauchula Hills Water/Wastewater Treatment Fund	2,058
Total	<u>\$ 46,012</u>

Transfers to the Fire Control Fund from:

General Fund	\$ 704,136
Non-Major Governmental Funds	578
Total	<u>\$ 704,714</u>

Transfers to Non-Major Governmental Funds from:

General Fund	<u>\$ 431,433</u>
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Transfers to the Solid Waste Fund from:

General Fund	\$ 1,655
Non-Major Governmental Funds	1,234
Total	<u>\$ 2,889</u>

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

Non-Major Enterprise Fund	<u>\$ 4,200</u>
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**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014**

ASSETS	
Cash	\$ 698,650
Total Assets	<u>\$ 698,650</u>
LIABILITIES	
Accounts Payable	\$ 1,124
Total Liabilities	<u>1,124</u>
FUND BALANCE	
Total Liabilities and Fund Balance	<u>\$ 697,526</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2014**

REVENUES	
Intergovernmental	\$ 349,363
Interest	1,253
Miscellaneous	111,053
Total Revenues	<u>461,669</u>
EXPENDITURES	
Economic Environment	<u>355,786</u>
NET CHANGE IN FUND BALANCES	
	105,883
Fund Balances - Beginning of Year, as Previously Stated	-
Prior Period Restatement	<u>591,643</u>
Fund Balances - Beginning of Year, as Restated	<u>591,643</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 697,526</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 15 PRIOR PERIOD RESTATEMENT

During the current year it was determined that certain tax revenues were not recognized as revenue in the proper period and grant revenues were incorrectly treated as unearned revenue in 2013. In accordance with the provisions of GASB Statement No. 33, derived tax revenue should be recognized when both the exchange transactions on which the tax is imposed have occurred and the resources are available. Voluntary nonexchange revenue should be recognized when all applicable eligibility requirements are met and the resources are available. There was an error in the conversion entry for entity wide statements related to unavailable revenues.

To correct these errors, beginning fund balances of the governmental funds and net position of the governmental activities have been restated as follows:

	General Fund	Transportation Trust Fund	Grants Fund
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning of Year, as Previously Stated	\$ 8,021,065	\$ 2,128,718	\$ -
Prior Period Restatement for:			
Derived Tax Revenue not Recorded in the Prior Year	271,705	113,466	-
Voluntary Nonexchange Revenue Not Recorded in the Prior Year	<u>-</u>	<u>-</u>	<u>591,643</u>
Total Prior Period Restatement	<u>271,705</u>	<u>113,466</u>	<u>591,643</u>
Fund Balance, Beginning of Year as Restated	<u>\$ 8,292,770</u>	<u>\$ 2,242,184</u>	<u>\$ 591,643</u>
	<u>Governmental Activities</u>		
Net Position, Beginning of Year as Previously Stated	\$ 59,377,894		
Prior Period Restatement for:			
Derived Tax Revenue not Recorded in the Prior Year	385,171		
Voluntary Nonexchange Revenue Not Recorded in the Prior Year	591,643		
Conversion of Unavailable Revenues in the Prior Year	<u>346,739</u>		
Total Prior Period Restatement	<u>1,323,553</u>		
Net Position, Beginning of Year as Restated	<u>\$ 60,701,447</u>		

REQUIRED SUPPLEMENTARY INFORMATION

HARDEE COUNTY, FLORIDA
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2014

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)
10/1/2013	-	1,330,000	1,330,000	0.00%	N/A	N/A
10/1/2011	-	1,363,000	1,363,000	0.00%	N/A	N/A
10/1/2009	-	2,154,000	2,154,000	0.00%	N/A	N/A

**HARDEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

As noted in the previous schedule, as of the actuarial valuation dates of October 1, 2013 and October 1, 2011 the County's Unfunded Actuarial Liability (UAL) decreased \$33,000. The liability decrease 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 – (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
ASSETS						
Cash and Cash Equivalents	\$ 531,702	\$ 88,822	\$ 122,766	\$ 251,021	\$ 89,100	\$ 79,262
Accounts Receivable, Net	-	-	-	10	-	-
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	154	9,611	-
Prepaid Expense	-	-	-	2,449	-	-
Total Assets	\$ 531,702	\$ 88,822	\$ 122,766	\$ 253,634	\$ 98,711	\$ 79,262
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 31,919	\$ 1,494	\$ -	\$ 239,997	\$ -	\$ 8,385
Due to Other Funds	-	-	-	7	-	-
Due to Other Governmental Agencies	13,317	-	-	13,630	-	-
Unearned Revenue	-	11,850	-	-	-	-
Total Liabilities	45,236	13,344	-	253,634	-	8,385
Fund Balances:						
Nonspendable	-	-	-	2,449	-	-
Restricted	343,522	-	122,766	-	98,711	-
Committed	-	75,478	-	-	-	70,877
Unassigned	142,944	-	-	(2,449)	-	-
Total Fund Balances	486,466	75,478	122,766	-	98,711	70,877
Total Liabilities and Fund Balances	\$ 531,702	\$ 88,822	\$ 122,766	\$ 253,634	\$ 98,711	\$ 79,262

**HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET – (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	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 Non-major Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 234,971	\$ 165,878	\$ 94,971	\$ 34,655	\$ -	\$ 1,693,148
Accounts Receivable, Net	-	-	-	-	-	10
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	15,700	-	-	-	-	15,700
Due from Other Governmental Agencies	-	11,259	-	-	-	21,024
Prepaid Expense	-	-	-	-	-	2,449
Total Assets	<u>\$ 250,671</u>	<u>\$ 177,137</u>	<u>\$ 94,971</u>	<u>\$ 34,655</u>	<u>\$ -</u>	<u>\$ 1,732,331</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 1,908	\$ -	\$ -	\$ -	\$ -	\$ 283,703
Due to Other Funds	1,163	-	-	-	-	1,170
Due to Other Governmental Agencies	-	-	-	-	-	26,947
Unearned Revenue	-	-	-	-	-	11,850
Total Liabilities	<u>3,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,670</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	2,449
Restricted	247,600	177,137	94,971	34,655	-	1,119,362
Committed	-	-	-	-	-	146,355
Unassigned	-	-	-	-	-	140,495
Total Fund Balances	<u>247,600</u>	<u>177,137</u>	<u>94,971</u>	<u>34,655</u>	<u>-</u>	<u>1,408,661</u>
Total Liabilities and Fund Balances	<u>\$ 250,671</u>	<u>\$ 177,137</u>	<u>\$ 94,971</u>	<u>\$ 34,655</u>	<u>\$ -</u>	<u>\$ 1,732,331</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
REVENUES						
Intergovernmental	\$ 482,893	\$ -	\$ -	\$ 230	\$ 286,500	\$ -
Charges for Services	23,054	78,684	-	871,058	-	209,100
Fines and Forfeitures	255,980	-	-	-	-	-
Interest	1,200	217	217	-	150	264
Miscellaneous	545	2,557	42,723	7,544	-	-
Total Revenues	763,672	81,458	42,940	878,832	286,650	209,364
EXPENDITURES						
Current:						
General Government	495,440	-	-	842,962	-	-
Public Safety	3,705	-	28,052	-	272,586	-
Physical Environment	-	-	-	-	-	210,714
Human Services	-	-	-	-	-	-
Culture and Recreation	-	59,312	-	-	-	-
Capital Outlay	514,392	-	-	-	-	26,250
Total Expenditures	1,013,537	59,312	28,052	842,962	272,586	236,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(249,865)	22,146	14,888	35,870	14,064	(27,600)
OTHER FINANCING SOURCES (USES)						
Transfers in	426,433	-	-	-	5,000	-
Distribution of Excess Court Revenue to the State of Florida	-	-	-	(35,870)	-	-
Transfers out	-	(26,973)	-	-	-	(40,265)
Total Other Financing Sources (Uses)	426,433	(26,973)	-	(35,870)	5,000	(40,265)
NET CHANGE IN FUND BALANCES	176,568	(4,827)	14,888	-	19,064	(67,865)
Fund Balances - Beginning of Year	309,898	80,305	107,878	-	79,647	138,742
FUND BALANCES - END OF YEAR	\$ 486,466	\$ 75,478	\$ 122,766	\$ -	\$ 98,711	\$ 70,877

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	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
REVENUES						
Intergovernmental	\$ -	\$ 57,769	\$ -	\$ -	\$ 272,586	\$ 1,099,978
Charges for Services	88,763	-	-	-	-	1,270,659
Fines and Forfeitures	-	-	-	5,279	-	261,259
Interest	490	-	-	-	-	2,538
Miscellaneous	-	687	63,933	-	-	117,989
Total Revenues	<u>89,253</u>	<u>58,456</u>	<u>63,933</u>	<u>5,279</u>	<u>272,586</u>	<u>2,752,423</u>
EXPENDITURES						
Current:						
General Government	38,186	19,944	-	-	-	1,396,532
Public Safety	-	-	92,822	8,734	136,242	542,141
Physical Environment	-	-	-	-	-	210,714
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	59,312
Capital Outlay	9,497	-	-	-	136,344	686,483
Total Expenditures	<u>47,683</u>	<u>19,944</u>	<u>92,822</u>	<u>8,734</u>	<u>272,586</u>	<u>2,895,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41,570	38,512	(28,889)	(3,455)	-	(142,759)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	431,433
Distribution of Excess Court Revenue to the State of Florida	-	-	-	-	-	(35,870)
Transfers out	-	-	-	-	-	(67,238)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,325</u>
NET CHANGE IN FUND BALANCES	41,570	38,512	(28,889)	(3,455)	-	185,566
Fund Balances - Beginning of Year	<u>206,030</u>	<u>138,625</u>	<u>123,860</u>	<u>38,110</u>	<u>-</u>	<u>1,223,095</u>
FUND BALANCES - END OF YEAR	<u>\$ 247,600</u>	<u>\$ 177,137</u>	<u>\$ 94,971</u>	<u>\$ 34,655</u>	<u>\$ -</u>	<u>\$ 1,408,661</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
FINES AND FORFEITURES FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 482,893	\$ 482,893
Charges for Services	20,000	20,000	23,054	3,054
Fines and Forfeitures	226,000	232,255	255,980	23,725
Interest	1,600	1,600	1,200	(400)
Miscellaneous	-	-	545	545
Total Revenues	<u>247,600</u>	<u>253,855</u>	<u>763,672</u>	<u>509,817</u>
EXPENDITURES				
Current:				
General Government	837,747	841,997	495,440	346,557
Public Safety	-	6,255	3,705	2,550
Capital Outlay	529,576	526,426	514,392	12,034
Total Expenditures	<u>1,367,323</u>	<u>1,374,678</u>	<u>1,013,537</u>	<u>361,141</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,119,723)	(1,120,823)	(249,865)	870,958
OTHER FINANCING SOURCES				
Transfers In	426,433	426,433	426,433	-
NET CHANGE IN FUND BALANCES	(693,290)	(694,390)	176,568	870,958
Fund Balances - Beginning of Year	<u>309,898</u>	<u>309,898</u>	<u>309,898</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (383,392)</u>	<u>\$ (384,492)</u>	<u>\$ 486,466</u>	<u>\$ 870,958</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
PIONEER PARK DAYS FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 74,000	\$ 74,000	\$ 78,684	\$ 4,684
Interest	100	100	217	117
Miscellaneous	2,300	2,300	2,557	257
Total Revenues	<u>76,400</u>	<u>76,400</u>	<u>81,458</u>	<u>5,058</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>65,642</u>	<u>65,564</u>	<u>59,312</u>	<u>6,252</u>
EXCESS OF REVENUES OVER EXPENDITURES	10,758	10,836	22,146	11,310
OTHER FINANCING SOURCES				
Transfers out	<u>(30,800)</u>	<u>(30,878)</u>	<u>(26,973)</u>	<u>3,905</u>
NET CHANGE IN FUND BALANCES	(20,042)	(20,042)	(4,827)	15,215
Fund Balances - Beginning of Year	<u>80,305</u>	<u>80,305</u>	<u>80,305</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 60,263</u></u>	<u><u>\$ 60,263</u></u>	<u><u>\$ 75,478</u></u>	<u><u>\$ 15,215</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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 200	\$ 200	\$ 217	\$ 17
Miscellaneous	2,000	2,000	42,723	40,723
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>42,940</u>	<u>40,740</u>
EXPENDITURES				
Current:				
Public Safety:				
Operating Expenditures	-	28,053	28,052	1
NET CHANGE IN FUND BALANCES	2,200	(25,853)	14,888	40,741
Fund Balances - Beginning of Year	<u>107,878</u>	<u>107,878</u>	<u>107,878</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 110,078</u></u>	<u><u>\$ 82,025</u></u>	<u><u>\$ 122,766</u></u>	<u><u>\$ 40,741</u></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, 2014

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 230	\$ (20)
Charges for services	839,477	842,712	871,058	28,346
Miscellaneous	-	-	7,544	7,544
Total Revenues	<u>839,727</u>	<u>842,962</u>	<u>878,832</u>	<u>35,870</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	796,290	786,777	786,777	-
Operating Expenditures	43,437	56,185	56,185	-
Total Expenditures	<u>839,727</u>	<u>842,962</u>	<u>842,962</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	35,870	35,870
OTHER FINANCING USES				
Distribution of Excess Court Revenue to the State of Florida	-	-	(35,870)	(35,870)
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
E-911 FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 119,000	\$ 289,752	\$ 286,500	\$ (3,252)
Interest	500	500	150	(350)
Total Revenues	<u>119,500</u>	<u>290,252</u>	<u>286,650</u>	<u>(3,602)</u>
EXPENDITURES				
Current:				
Public Safety	<u>166,968</u>	<u>337,720</u>	<u>272,586</u>	<u>65,134</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,468)	(47,468)	14,064	61,532
OTHER FINANCING SOURCES				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(42,468)	(42,468)	19,064	61,532
Fund Balances - Beginning of Year	<u>79,647</u>	<u>79,647</u>	<u>79,647</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 37,179</u></u>	<u><u>\$ 37,179</u></u>	<u><u>\$ 98,711</u></u>	<u><u>\$ 61,532</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
MINING FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 476,970	\$ 476,970	\$ 209,100	\$ (267,870)
Interest	380	380	264	(116)
Total Revenues	<u>477,350</u>	<u>477,350</u>	<u>209,364</u>	<u>(267,986)</u>
EXPENDITURES				
Current:				
Physical Environment	468,658	468,658	210,714	257,944
Capital Outlay	-	26,555	26,250	305
Total Expenditures	<u>468,658</u>	<u>495,213</u>	<u>236,964</u>	<u>258,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,692	(17,863)	(27,600)	(9,737)
OTHER FINANCING USES				
Transfers out	<u>(40,265)</u>	<u>(40,265)</u>	<u>(40,265)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(31,573)	(58,128)	(67,865)	(9,737)
Fund Balances - Beginning of Year	<u>138,742</u>	<u>138,742</u>	<u>138,742</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 107,169</u></u>	<u><u>\$ 80,614</u></u>	<u><u>\$ 70,877</u></u>	<u><u>\$ (9,737)</u></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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 240,419	\$ 294,790	\$ 88,763	\$ (206,027)
Interest	-	492	490	(2)
Total Revenues	<u>240,419</u>	<u>295,282</u>	<u>89,253</u>	<u>(206,029)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	19,637	19,574	63
Operating Expenditures	202,902	255,645	18,612	237,033
Capital Outlay	20,000	20,000	9,497	10,503
Total Expenditures	<u>240,419</u>	<u>295,282</u>	<u>47,683</u>	<u>247,599</u>
NET CHANGE IN FUND BALANCES	-	-	41,570	41,570
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>206,030</u>	<u>206,030</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,600</u>	<u>\$ 247,600</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 192,127	\$ 196,391	\$ 57,769	\$ (138,622)
Miscellaneous	-	690	687	(3)
Total Revenues	<u>192,127</u>	<u>197,081</u>	<u>58,456</u>	<u>(138,625)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	32,795	19,706	13,089
Operating Expenditures	157,832	162,786	238	162,548
Capital Outlay	1,500	1,500	-	1,500
Total Expenditures	<u>192,127</u>	<u>197,081</u>	<u>19,944</u>	<u>177,137</u>
NET CHANGE IN FUND BALANCES	-	-	38,512	38,512
Fund Balances - Beginning of Year	-	-	<u>138,625</u>	<u>138,625</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,137</u>	<u>\$ 177,137</u>

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

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's County Witness</u>	<u>Clerk's Cash Bond</u>	<u>Clerk's Condemnation Right-of Way</u>	<u>Tax Collector Fund</u>	<u>Tax Collector Motor Vehicle Fund</u>
ASSETS								
Cash	\$ 149,302	\$ 745	\$ 34,503	\$ 309	\$ 23,415	\$ 7,390	\$ 253,529	\$ 22,909
Total Assets	<u>\$ 149,302</u>	<u>\$ 745</u>	<u>\$ 34,503</u>	<u>\$ 309</u>	<u>\$ 23,415</u>	<u>\$ 7,390</u>	<u>\$ 253,529</u>	<u>\$ 22,909</u>
LIABILITIES								
Due to Individuals	\$ 29,323	\$ -	\$ 34,503	\$ 15	\$ 23,415	\$ 7,390	\$ 29,877	\$ -
Vouchers Payable	-	745	-	-	-	-	-	-
Due to Other Governments	119,979	-	-	294	-	-	6,436	22,909
Due to Indigent Health Care Special District	-	-	-	-	-	-	206	-
Deposit - Installment Taxes	-	-	-	-	-	-	217,010	-
Total Liabilities	<u>\$ 149,302</u>	<u>\$ 745</u>	<u>\$ 34,503</u>	<u>\$ 309</u>	<u>\$ 23,415</u>	<u>\$ 7,390</u>	<u>\$ 253,529</u>	<u>\$ 22,909</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
ALL AGENCY FUNDS
SEPTEMBER 30, 2014

	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth	Sheriff's Flower	Sheriff's Evidence	Sheriff's Drug Task Force	Total
ASSETS								
Cash	\$ 734	\$ -	\$ 12,284	\$ 9,177	\$ 3,715	\$ 41,816	\$ 5,269	\$ 565,097
Total Assets	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 12,284</u>	<u>\$ 9,177</u>	<u>\$ 3,715</u>	<u>\$ 41,816</u>	<u>\$ 5,269</u>	<u>\$ 565,097</u>
LIABILITIES								
Due to Individuals	\$ 734	\$ -	\$ 12,284	\$ 9,177	\$ 3,715	\$ 41,816	\$ 5,269	\$ 197,518
Vouchers Payable	-	-	-	-	-	-	-	745
Due to Other Governments	-	-	-	-	-	-	-	149,618
Due to Indigent Health Care Special District	-	-	-	-	-	-	-	206
Deposit - Installment Taxes	-	-	-	-	-	-	-	217,010
Total Liabilities	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 12,284</u>	<u>\$ 9,177</u>	<u>\$ 3,715</u>	<u>\$ 41,816</u>	<u>\$ 5,269</u>	<u>\$ 565,097</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>CLERK'S SPECIAL TRUST</u>				
ASSETS				
Cash	\$ 53,039	\$ 5,697,883	\$ (5,601,620)	\$ 149,302
LIABILITIES				
Due to Individuals	\$ 33,768	\$ 80,087	\$ (84,532)	\$ 29,323
Due to Other Governments	19,271	5,617,796	(5,517,088)	119,979
Total Liabilities	\$ 53,039	\$ 5,697,883	\$ (5,601,620)	\$ 149,302
 <u>CLERK'S SUPPORT</u>				
ASSETS				
Cash	\$ 614	\$ 17,870	\$ (17,739)	\$ 745
LIABILITIES				
Due to Individuals	\$ -	\$ 4,712	\$ (4,712)	\$ -
Vouchers Payable	614	8,935	(8,804)	745
Due to Other Governments	-	4,223	(4,223)	-
Total Liabilities	\$ 614	\$ 17,870	\$ (17,739)	\$ 745
 <u>CLERK'S COURT REGISTRY</u>				
ASSETS				
Cash	\$ 111,439	\$ 173,752	\$ (250,688)	\$ 34,503
LIABILITIES				
Due to Individuals	\$ 111,439	\$ 173,752	\$ (250,688)	\$ 34,503
 <u>CLERK'S COUNTY WITNESS</u>				
ASSETS				
Cash	\$ 349	\$ 40	\$ (80)	\$ 309
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	334	40	(80)	294
Total Liabilities	\$ 349	\$ 40	\$ (80)	\$ 309

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>CLERK'S CASH BOND</u>				
ASSETS				
Cash	\$ 30,857	\$ 111,955	\$ (119,397)	\$ 23,415
LIABILITIES				
Due to Individuals	\$ 30,857	\$ 111,955	\$ (119,397)	\$ 23,415
<u>CLERK'S CONDEMNATION</u>				
<u>RIGHT-OF-WAY</u>				
ASSETS				
Cash	\$ 1,090	\$ 306,711	\$ (300,411)	\$ 7,390
LIABILITIES				
Due to Individuals	\$ 1,090	\$ 306,711	\$ (300,411)	\$ 7,390
<u>TAX COLLECTOR FUND</u>				
ASSETS				
Cash	293,225	\$ 14,597,581	\$ (14,637,277)	\$ 253,529
Due from Individuals	-	585,955	(585,955)	-
	<u>\$ 293,225</u>	<u>\$ 15,183,536</u>	<u>\$ (15,223,232)</u>	<u>\$ 253,529</u>
LIABILITIES				
Due to Individuals	\$ 63,970	\$ 1,102,247	\$ (1,136,340)	\$ 29,877
Due to Other Governments	4,527	12,741,100	(12,739,191)	6,436
Due to Indigent Health Care Special District	147	537,224	(537,165)	206
Deposit - Installment Taxes	224,581	217,010	(224,581)	217,010
Total Liabilities	<u>\$ 293,225</u>	<u>\$ 14,597,581</u>	<u>\$ (14,637,277)</u>	<u>\$ 253,529</u>
<u>TAX COLLECTOR MOTOR</u>				
<u>VEHICLE FUND</u>				
ASSETS				
Cash	\$ 72,177	\$ 3,277,961	\$ (3,327,229)	\$ 22,909
Due from Individuals	569	-	(569)	-
Total Assets	<u>\$ 72,746</u>	<u>\$ 3,277,961</u>	<u>\$ (3,327,798)</u>	<u>\$ 22,909</u>
LIABILITIES				
Due to Other Governments	<u>\$ 72,746</u>	<u>\$ 3,277,961</u>	<u>\$ (3,327,798)</u>	<u>\$ 22,909</u>

**HARDEE COUNTY, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –
 ALL AGENCY FUNDS
 YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>SHERIFF'S SUSPENSE</u>				
ASSETS				
Cash	\$ 692	\$ 101,377	\$ (101,335)	\$ 734
LIABILITIES				
Due to Individuals	\$ 692	\$ 101,377	\$ (101,335)	\$ 734
<u>SHERIFF'S COLLECTIONS</u>				
ASSETS				
Cash	\$ 977	\$ 17,550	\$ (18,527)	\$ -
LIABILITIES				
Due to Individuals	\$ 977	\$ 17,550	\$ (18,527)	\$ -
<u>SHERIFF'S INMATE</u>				
ASSETS				
Cash	\$ 11,378	\$ 570,868	\$ (569,962)	\$ 12,284
LIABILITIES				
Due to Individuals	\$ 11,378	\$ 570,868	\$ (569,962)	\$ 12,284
<u>SHERIFF'S YOUTH</u>				
ASSETS				
Cash	\$ 10,496	\$ -	\$ (1,319)	\$ 9,177
LIABILITIES				
Due to Individuals	\$ 10,496	\$ -	\$ (1,319)	\$ 9,177
<u>SHERIFF'S FLOWER</u>				
ASSETS				
Cash	\$ 3,497	\$ 454	\$ (236)	\$ 3,715
LIABILITIES				
Due to Individuals	\$ 3,497	\$ 454	\$ (236)	\$ 3,715

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED) –
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>SHERIFF'S EVIDENCE</u>				
ASSETS				
Cash	\$ 50,631	\$ 6,152	\$ (14,967)	\$ 41,816
LIABILITIES				
Due to Individuals	\$ 50,631	\$ 6,152	\$ (14,967)	\$ 41,816
 <u>SHERIFF'S DRUG TASK FORCE</u>				
ASSETS				
Cash	\$ 13,924	\$ 5,190	\$ (13,845)	\$ 5,269
LIABILITIES				
Due to Individuals	\$ 13,924	\$ 5,190	\$ (13,845)	\$ 5,269
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 654,385	\$ 24,885,344	\$ (24,974,632)	\$ 565,097
Due from Individuals	569	585,955	(586,524)	-
Total Assets	\$ 654,954	\$ 25,471,299	\$ (25,561,156)	\$ 565,097
LIABILITIES				
Due to Individuals	\$ 332,734	\$ 2,481,055	\$ (2,616,271)	\$ 197,518
Vouchers Payable	614	8,935	(8,804)	745
Due to Other Governments	96,878	21,641,120	(21,588,380)	149,618
Due to Indigent Health Care Special District	147	537,224	(537,165)	206
Deposit - Installment Taxes	224,581	217,010	(224,581)	217,010
Total Liabilities	\$ 654,954	\$ 24,885,344	\$ (24,975,201)	\$ 565,097

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2015.

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 certain 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 findings 2014-001 and 2014-002 of the accompanying schedule of findings and questioned costs to be material weaknesses.

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*.

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
June 26, 2015



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE
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 State Project

We have audited Hardee County, Florida's (the County) compliance with the types of compliance 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 state projects for the year ended September 30, 2014. The County's major 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 state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's 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; Chapter 10.550, Rules of the Auditor General. Those standards 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 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 state project. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major 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 for the year ended September 30, 2014.

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 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 state project and to test and report on internal control over compliance in accordance with 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-003 to be a material weakness.

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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of County Commissioners
Hardee County, Florida

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 Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 26, 2015

**HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2014**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Drug-Free Communities Support Program	93.276	10SP016561A	\$ 130,360
Passed through Florida Department of Revenue: Child Support Enforcement	93.563	CD325	57,769
Passed through Florida Department of State: HHS Grant for Polling Place Accessibility	93.617	2014-2015-0002-HAR	10,808
Total U.S. Department of Health and Human Services			<u>198,937</u>
U.S. Department of Homeland Security			
Hurricane Faye	97.036	C2025	109,931
Emergency Management Performance Grant	97.042	14-FG1M-07-35-01-092	38,500
			<u>148,431</u>
Passed through Florida Division of Emergency Management:			
Homeland Security Grant Program	97.067	14-DS-L5-07-35-01-257	16,950
Homeland Security Grant Program	97.067	13-DS-97-07-35-01-348	26,986
			<u>43,936</u>
Total U.S. Department of Homeland Security			<u>192,367</u>
U.S. Department of Justice			
Passed through Bureau of Justice Administration:			
State Criminal Alien Assistance Program	16.606	NA	38,252
Bulletproof Vest Partnership	16.607	NA	2,192
			<u>40,444</u>
Passed through Florida Department of Law Enforcement:			
JAG Countywide (Operation Blue Light XV)	16.738	2014-JAGC-HARD-1-D7-135	41,334
FDLE Edward Byrne JAG Direct (Taser Five)	16.738	2014-JAGD-HARD-1-D8-064	3,315
			<u>44,649</u>
Total U.S. Department of Justice			<u>85,093</u>
 Total Expenditures of Federal Awards			 <u>\$ 476,397</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, 2014**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
STATE PROJECTS			
Florida Department of Emergency Management			
Emergency Management	31.063	14-BG-83-07-35-01-025	\$ 76,221
Florida Department of Environmental Protection			
Generator Grant Program	37.007	SO661	16,387
Small County Solid Waste Consolidated Grant	37.012	414SC	90,909
Total Florida Department of Environmental Protection			<u>107,296</u>
Florida Department of State and Secretary of State			
State Aid to Libraries Grant	45.030	14-ST-15	<u>54,497</u>
Florida Department of Agriculture and Consumer Services			
Mosquito Control	42.003	20269.000	<u>29,358</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership (SHIP) - Annual Entitlement	52.901	N/A	<u>243,481</u>
Florida Department of Transportation			
Small County Outreach Program - Center Hill Road	55.009	431881 1 58 01	77,475
Small County Outreach Program - W Main St	55.009	436031 58 01	69,484
Small County Outreach Program - East REA Road	55.009	431887 1 58 01	164,023
Small County Outreach Program - Sweetwater	55.009	428156 1 58 01	673,038
			<u>984,020</u>
Small County Road Assistance Program - Center Hill Road	55.016	431881 1 58 02	569,228
Small County Road Assistance Program - W Main St	55.016	43631 58 02	59,357
		430096 1 58 01,	
Small County Road Assistance Program - Hammock	55.016	430097 1 58 01	2,888,403
			<u>3,516,988</u>
Total Florida Department of Transportation			<u>4,501,008</u>
Florida Department of Health			
Emergency Medical Services (EMS) Matching Awards	64.003	64-42-10-00-000	<u>24,497</u>
Florida Division of Emergency Management			
E911 Rural County Grant Program	72.001	S6-13-12-8	136,344
E911 Rural County Grant Program	72.001	13-10-12	30,667
E911 Rural County Grant Program	72.001	14-4-12	3,740
			<u>170,751</u>
Florida State Courts System			
Small County Courthouse Facilities	22.004	N/A	<u>482,893</u>
Total Expenditures of State Projects			<u>5,690,002</u>
Total Expenditures of Federal Awards and State Projects			<u>\$ 6,166,399</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, 2014**

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, 2014. 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, 2014.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
PROJECTS
YEAR ENDED SEPTEMBER 30, 2014**

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

State Projects

Internal control over major programs	
Material weaknesses identified	Yes
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:

<u>State Projects</u>	<u>CSFA No.</u>
Small County Road Assistance Program	55.016
Small County Outreach Program	55.009
Small County Courthouse Facilities	22.004

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

State Projects	\$300,000
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Auditee qualified as low-risk	No
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**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

SECTION II – FINANCIAL STATEMENT AUDIT

Material Weaknesses

2014-001 – INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: In prior years the County did not record certain derived revenues in the period that the revenues were earned. This error was identified in the current year, and the net position of the governmental activities and fund balances of the governmental funds were restated to correct the error.

In prior years the County recognized revenue for certain grants in the period the funds were expended rather than when the eligibility requirements to receive the funds were met. This error was identified in the current year, and the net position of the governmental activities and fund balances of the nonmajor governmental funds was restated to correct the error.

Material adjustments to account balances were identified during the course of the audit.

Criteria: The County's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). GASB Statement No. 33 outlines revenue recognition for non-exchange transactions.

Cause: The County previously recorded certain derived tax revenues based on the month the funds were collected by the Florida Department of Revenue rather than the month the revenue was earned.

Grant revenue was recognized when funds were expended rather than when the County was eligible to receive grant funding.

Effect: Beginning net position of the governmental activities and fund balance of the general fund and governmental funds were understated by \$976,814. Prior year balances have been restated to correct the error. Prior year balances have been restated to correct the errors in recording derived tax revenue and grant revenue.

Account balances were adjusted to correct errors in current year balances for the following accounts:

- Landfill closure liability and general and administrative expenses
- Accounts receivable, deferred inflows of resources and grant revenues
- Derived tax revenues, accounts receivable and fund balance
- Unearned revenues and fund balance

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

SECTION II – FINANCIAL STATEMENT AUDIT (CONTINUED)

2014-001 – INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

Recommendation: Management should continue to evaluate revenue transactions to ensure revenue is recognized in accordance with GAAP. Year-end account reconciliations should be prepared by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis and to identify unusual account balances.

Management Response: We concur.

2014-002 – JOURNAL ENTRY APPROVAL

Condition: Accounting staff members prepare and post journal entries; however, two of seven general journal entries tested during our audit procedures did not show evidence of a proper approval for the entries. There is also a lack of segregation of duties over journal entries within the software in that the same person can prepare an entry and enter it in the accounting system.

Criteria: Journal entries are posted to the general ledger to record transactions and to make corrections to the account balances. Internal controls over journal entries should be in place so that incorrect or unauthorized entries are detected in a timely manner.

Cause: The general journal entries selected for testing were prior year reversals posted in early October 2013. The system allows one person to initiate the journal entry and also post the same entry because it was a prior year reversal.

Effect: Incorrect or unauthorized journal entries may be posted without detection, resulting in misstated balances.

Recommendation: Journal entries should be approved by a member of management before they are posted in the accounting software. Duties should be segregated so that the individual who initiates an entry does not post the journal entry in the accounting software.

Management Response: We concur. Management believes this was an isolated incidence due to the nature of the reversing entry.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

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

Material Weakness

2014-003 – IMPROPER AUTHORIZATION AND UNTIMELINESS OF DRAWDOWN REQUESTS

State Agency: Florida Department of Transportation

Federal Program: Small County Outreach Program – Center Hill Road, W Main St, East REA Road, Sweetwater; Small County Road Assistance Program – Center Hill Road, W Main St, Hammock

CFSA Number: 55.009 & 55.016

Contract Numbers: 431881 1 58 01, 436031 58 01, 431887 1 58 01, 428156 1 58 01, 431881 1 58 02, 43631 58 02, 430096 1 58 01, 430097 1 58 01

Condition: Our audit procedures disclosed that drawdown requests tested under the SCRAP/SCOP grants were improperly authorized. We also noted that some requests were not submitted timely.

Criteria: The internal control requires the department director to review and approve the drawdown requests.

Cause: A program manager submitted and signed the drawdown requests instead of the Public Works Director.

Effect: Inaccurate and/or untimely drawdown requests could be made without the Director's knowledge.

Recommendation: We recommend the Director review, approve and sign off on drawdown requests of the department of transportation projects and grants.

Management Response: We concur

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE
PROJECTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2013-01 Material Audit Adjustments	Material Weakness		X		2014-001
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			



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MANAGEMENT LETTER

Board of County Commissioners
Hardee County, Florida

Report on the Financial Statements

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, 2014, and have issued our report thereon dated June 26, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent 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 for Each Major State Project and Report on Internal Control Over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. *Disclosures* in those reports and schedule, which are dated, June 26, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the County 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the Auditor General conducted an operational audit for the period October 2010 through June 2012 and issued a report in February 2013. The Auditor General has returned to follow up on the findings and, as of June 26, 2015 the follow up report has not been issued.

Purpose of this Letter

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

Board of County Commissioners
Hardee County, Florida

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

CliftonLarsonAllen LLP

Lakeland, Florida
June 26, 2015



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INDEPENDENT ACCOUNTANTS' REPORT

Board of County Commissioners
Hardee County Board of County Commissioners
Hardee County, Florida

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

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

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

This report is intended solely for the information and use of the Board of County Commissioner 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
June 26, 2015

HARDEE COUNTY TAX COLLECTOR
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

**HARDEE COUNTY TAX COLLECTOR
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YEAR ENDED SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

The Honorable Jacki Johnson
Tax Collector
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying 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, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

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

Supplementary Information

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

The Honorable Jacki Johnson
Hardee County Tax Collector

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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 included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
April 23, 2015

**HARDEE COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 105,932
Accounts Receivable	14,956
	120,888
Total Assets	\$ 120,888

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 33,773
Due to the Board of County Commissioners	83,482
Due to Other Governments	2,457
Due to Indigent Health Care Special District	1,176
	120,888
Total Liabilities	120,888

FUND BALANCE

	-
Total Liabilities and Fund Balance	\$ 120,888

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 791,930	\$ 791,930	\$ 787,243	\$ (4,687)
Interest and Miscellaneous Revenue	4,100	4,100	1,518	(2,582)
Total Revenues	<u>796,030</u>	<u>796,030</u>	<u>788,761</u>	<u>(7,269)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	603,944	603,944	585,167	18,777
Operating Expenditures	105,243	105,243	102,186	3,057
Capital Outlay	<u>16,000</u>	<u>16,000</u>	<u>14,293</u>	<u>1,707</u>
Total Expenditures	<u>725,187</u>	<u>725,187</u>	<u>701,646</u>	<u>23,541</u>
EXCESS OF REVENUES OVER EXPENDITURES	70,843	70,843	87,115	16,272
OTHER FINANCING USES				
Transfer to Other Governments	-	-	(2,457)	(2,457)
Transfer to Indigent Health Care Special District	-	-	(1,176)	(1,176)
Transfer to the Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(83,482)</u>	<u>(83,482)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(87,115)</u>	<u>(87,115)</u>
NET CHANGE IN FUND BALANCES	70,843	70,843	-	(70,843)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 70,843</u>	<u>\$ 70,843</u>	<u>\$ -</u>	<u>\$ (70,843)</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 283,858
	<hr/>
Total Assets	\$ 283,858
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 29,877
Due to Board of County Commissioners	7,420
Due to Other Governments	29,345
Due to Indigent Health Care Special District	206
Deposit - Installment Taxes	217,010
	<hr/>
Total Liabilities	\$ 283,858
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 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, 2014 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 financial statements reflect all approved amendments.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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.

Adoption of New Accounting Pronouncement

For the year ended September 30, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) No. 65, *Items Previously Reported as Assets and Liabilities*.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, the carrying amount of the Tax Collector's deposits was \$389,790 and the bank balance was \$368,391. 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.

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, 2013	Additions	Disposals	Balance September 30, 2014
Machinery and Equipment	\$ 115,854	\$ 14,293	\$ (5,126)	\$ 125,021
Total Capital Assets	115,854	14,293	(5,126)	125,021
Less: Accumulated Depreciation	(106,268)	(9,833)	5,126	(110,975)
Total Capital Assets, Net	<u>\$ 9,586</u>	<u>\$ 4,460</u>	<u>\$ -</u>	<u>\$ 14,046</u>

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the 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, 1317 Winewood Boulevard, Building 8, Tallahassee, FL 32399-1560.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 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, 2013 through June 30, 2014, these rates, which include the health insurance subsidy 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 employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; deferred retirement option plan – 12.28%; and elected officials – 43.24%. The Tax Collector's contributions made during the years ended September 30, 2014, 2013 and 2012 were \$56,124, \$28,504 and \$18,099, 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, 2014:

	Balance October 1, 2013	Net Change	Balance September 30, 2014	Due Within One Year
Accrued Compensated Absences	<u>\$ 12,818</u>	<u>\$ (3,983)</u>	<u>\$ 8,835</u>	<u>\$ -</u>

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Tax Collector's compensated absences policy. The long term liabilities are not reported in the 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, 2014 were as follows:

Budget Appropriation - The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$506,900 for the year ended September 30, 2014. In addition, \$83,482 and \$7,420 was due to the Board of County Commissioners at September 30, 2014 from the General Fund and Agency Funds, respectively.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 SCHEDULE OF FIDUCIARY
 ASSETS AND LIABILITIES – ALL AGENCY FUNDS
 SEPTEMBER 30, 2014**

	Tax Collector Fund	Motor Vehicle Fund	Total
ASSETS			
Cash	\$ 260,299	\$ 23,559	\$ 283,858
Total Assets	\$ 260,299	\$ 23,559	\$ 283,858
 LIABILITIES			
Due to Individuals	\$ 29,877	\$ -	\$ 29,877
Due to Board of County Commissioners	6,770	650	7,420
Due to Other Governments	6,436	22,909	29,345
Due to Indigent Health Care Special District	206	-	206
Deposit - Installment Taxes	217,010	-	217,010
Total Liabilities	\$ 260,299	\$ 23,559	\$ 283,858

**HARDEE COUNTY TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
TAX COLLECTOR FUND				
ASSETS				
Cash	\$ 299,680	\$ 29,120,469	\$ 29,159,850	\$ 260,299
Due from Individuals	-	585,955	585,955	-
Total Assets	<u>\$ 299,680</u>	<u>\$ 29,706,424</u>	<u>\$ 29,745,805</u>	<u>\$ 260,299</u>
LIABILITIES				
Due to Individuals	\$ 63,970	\$ 1,102,247	\$ 1,136,340	\$ 29,877
Due to Board of County Commissioners	6,455	15,108,843	15,108,528	6,770
Due to Other Governments	4,527	12,741,100	12,739,191	6,436
Due to Indigent Health Care Special District	147	537,224	537,165	206
Deposit - Installment Taxes	224,581	217,010	224,581	217,010
Total Liabilities	<u>\$ 299,680</u>	<u>\$ 29,706,424</u>	<u>\$ 29,745,805</u>	<u>\$ 260,299</u>
MOTOR VEHICLE FUND				
ASSETS				
Cash	\$ 72,787	\$ 3,284,578	\$ 3,333,806	\$ 23,559
Due from Individuals	569	-	569	-
Total Assets	<u>\$ 73,356</u>	<u>\$ 3,284,578</u>	<u>\$ 3,334,375</u>	<u>\$ 23,559</u>
LIABILITIES				
Due to Board of County Commissioners	\$ 610	\$ 6,617	\$ 6,577	\$ 650
Due to Other Governments	72,746	3,225,360	3,275,197	22,909
Total Liabilities	<u>\$ 73,356</u>	<u>\$ 3,231,977</u>	<u>\$ 3,281,774</u>	<u>\$ 23,559</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 372,467	\$ 32,405,047	\$ 32,493,656	\$ 283,858
Due from Individuals	569	585,955	586,524	-
Total Assets	<u>\$ 373,036</u>	<u>\$ 32,991,002</u>	<u>\$ 33,080,180</u>	<u>\$ 283,858</u>
LIABILITIES				
Due to Individuals	\$ 63,970	\$ 1,102,247	\$ 1,136,340	\$ 29,877
Due to Board of County Commissioners	7,065	15,115,460	15,115,105	7,420
Due to Other Governments	77,273	15,966,460	16,014,388	29,345
Due to Indigent Health Care Special District	147	537,224	537,165	206
Deposit - Installment Taxes	224,581	217,010	224,581	217,010
Total Liabilities	<u>\$ 373,036</u>	<u>\$ 32,938,401</u>	<u>\$ 33,027,579</u>	<u>\$ 283,858</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 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 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, 2014, 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 April 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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 2014-001.

The Honorable Jacki Johnson
Hardee County Tax Collector

Compliance and Other Matters

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

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, Florida
April 23, 2015

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County Tax Collector, Florida (Tax Collector) as of and for the fiscal year ended September 30, 2014, and we have issued our report thereon dated April 23, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Partial corrective actions have been taken to address a finding and recommendation made in the preceding annual financial audit report, item 2014-001. See the Schedule of Findings and Responses Current Year and Prior Years where it is being repeated from prior years.

Official Title and Legal Authority

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

The Honorable Jacki Johnson
Hardee County Tax Collector

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Tax Collector 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
April 23, 2015

**HARDEE COUNTY TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2014**

Current Year Findings

Significant Deficiency

- 2014-001:** Bank reconciliations.
- Criteria:** During our audit process, we noted that from October 2013 through August 2014, there was no evidence of a review of the bank reconciliation process.
- Condition:** There were bank reconciliations during the year where there was no evidence of a review of the bank reconciliations.
- Cause:** Management changed staffing during the year to eliminate this deficiency.
- Effect:** Cash accounts are susceptible to irregularities.
- Recommendation:** All bank reconciliations be prepared, signed by an individual, dated and reviewed by another individual with initial and date.
- Response:** Management concurs and has corrected the deficiency as of September 2014.

Prior Years Findings

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2013-01 - Inadequate Segregation of Duties	Material Weakness	X			N/A
2013-02 - Bank Reconciliations	Control Deficiency		X		2014-001
2012-01 - Inadequate Segregation of Duties	Material Weakness	X			N/A



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INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

This report is intended solely for the information and use of the 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
April 23, 2015

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

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

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

Report on the Financial Statement

We have audited the accompanying 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, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Hardee County Clerk of the Circuit Court'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 Hardee County Clerk of the Circuit Court's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2015

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
ASSETS					
Cash	\$ 31,711	\$ 251,021	\$ 234,971	\$ 165,878	\$ 683,581
Due from Individuals	-	10	-	-	10
Due from Other Funds	1,163	-	15,700	-	16,863
Due from Other Governments	1,110	154	-	11,259	12,523
Prepaid Expense	1,911	2,449	-	-	4,360
	<u>1,911</u>	<u>2,449</u>	<u>-</u>	<u>-</u>	<u>4,360</u>
Total Assets	<u>\$ 35,895</u>	<u>\$ 253,634</u>	<u>\$ 250,671</u>	<u>\$ 177,137</u>	<u>\$ 717,337</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 17,700	\$ 239,997	\$ 1,908	\$ -	\$ 259,605
Due to Other Funds	15,693	7	1,163	-	16,863
Due to Other Governments	-	13,630	-	-	13,630
Due to Board of County Commissioners	2,502	-	-	-	2,502
Total Liabilities	<u>35,895</u>	<u>253,634</u>	<u>3,071</u>	<u>-</u>	<u>292,600</u>
FUND BALANCES					
Nonspendable	1,911	2,449	-	-	4,360
Restricted - Clerk Operational Needs	-	-	-	177,137	177,137
Restricted - Official Records	-	-	133,528	-	133,528
Restricted - Court Technology	-	-	7,982	-	7,982
Restricted - Court Operational Needs	-	-	106,090	-	106,090
Unassigned	(1,911)	(2,449)	-	-	(4,360)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>247,600</u>	<u>177,137</u>	<u>424,737</u>
Total Liabilities and Fund Balances	<u>\$ 35,895</u>	<u>\$ 253,634</u>	<u>\$ 250,671</u>	<u>\$ 177,137</u>	<u>\$ 717,337</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
REVENUES					
Appropriations from Board of County Commissioners	\$ 445,400	\$ -	\$ -	\$ -	\$ 445,400
Intergovernmental	-	230	-	57,769	57,999
Charges for Services	105,298	871,058	88,763	-	1,065,119
Miscellaneous	5,019	7,544	490	687	13,740
Total Revenues	<u>555,717</u>	<u>878,832</u>	<u>89,253</u>	<u>58,456</u>	<u>1,582,258</u>
EXPENDITURES					
Current:					
General Government:					
Salaries and Benefits	460,716	786,777	19,574	19,706	1,286,773
Operating Expenditures	70,814	56,185	18,612	238	145,849
Capital Outlay	21,685	-	9,497	-	31,182
Total Expenditures	<u>553,215</u>	<u>842,962</u>	<u>47,683</u>	<u>19,944</u>	<u>1,463,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,502	35,870	41,570	38,512	118,454
OTHER FINANCING SOURCES (USES)					
Distribution of Excess Court					
Revenue to the State of Florida	-	(35,870)	-	-	(35,870)
Transfer to Board of County Commissioners	(2,502)	-	-	-	(2,502)
Total Other Financing Sources (Uses)	<u>(2,502)</u>	<u>(35,870)</u>	<u>-</u>	<u>-</u>	<u>(38,372)</u>
NET CHANGE IN FUND BALANCES	-	-	41,570	38,512	80,082
Fund Balances - Beginning of Year	-	-	206,030	138,625	344,655
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,600</u>	<u>\$ 177,137</u>	<u>\$ 424,737</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 445,400	\$ 445,400	\$ 445,400	\$ -
Charges for Services	75,000	105,298	105,298	-
Miscellaneous	-	5,019	5,019	-
Total Revenues	<u>520,400</u>	<u>555,717</u>	<u>555,717</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	468,608	460,716	460,716	-
Operating Expenditures	51,792	70,814	70,814	-
Capital Outlay	-	21,685	21,685	-
Total Expenditures	<u>520,400</u>	<u>553,215</u>	<u>553,215</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,502	2,502	-
OTHER FINANCING SOURCES (USES)				
Transfer to Board of County Commissioners	-	(2,502)	(2,502)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,502)</u>	<u>(2,502)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 230	(20)
Charges for Services	839,477	842,712	871,058	28,346
Miscellaneous	-	-	7,544	7,544
Total Revenues	<u>839,727</u>	<u>842,962</u>	<u>878,832</u>	<u>35,870</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	796,290	786,777	786,777	-
Operating Expenditures	43,437	56,185	56,185	-
Total Expenditures	<u>839,727</u>	<u>842,962</u>	<u>842,962</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	35,870	35,870
OTHER FINANCING SOURCES (USES)				
Distribution of Excess Court				
Revenue to the State of Florida	-	-	(35,870)	(35,870)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(35,870)</u>	<u>(35,870)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 240,419	\$ 294,790	\$ 88,763	\$ (206,027)
Miscellaneous	-	492	490	(2)
Total Revenues	<u>240,419</u>	<u>295,282</u>	<u>89,253</u>	<u>(206,029)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	19,637	19,574	63
Operating Expenditures	202,902	255,645	18,612	237,033
Capital Outlay	20,000	20,000	9,497	10,503
Total Expenditures	<u>240,419</u>	<u>295,282</u>	<u>47,683</u>	<u>247,599</u>
NET CHANGE IN FUND BALANCES	-	-	41,570	41,570
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>206,030</u>	<u>206,030</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,600</u>	<u>\$ 247,600</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CHILD SUPPORT IV – D FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ (192,127)	\$ 196,391	\$ 57,769	\$ (138,622)
Miscellaneous	-	690	687	(3)
Total Revenues	<u>(192,127)</u>	<u>197,081</u>	<u>58,456</u>	<u>(138,625)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	32,795	19,706	13,089
Operating Expenditures	157,832	162,786	238	162,548
Capital Outlay	1,500	1,500	-	1,500
Total Expenditures	<u>192,127</u>	<u>197,081</u>	<u>19,944</u>	<u>177,137</u>
NET CHANGE IN FUND BALANCES	(384,254)	-	38,512	38,512
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>138,625</u>	<u>138,625</u>
FUND BALANCES - END OF YEAR	<u><u>\$ (384,254)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 177,137</u></u>	<u><u>\$ 177,137</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 215,664
	<hr/>
Total Assets	\$ 215,664
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 94,646
Vouchers Payable	745
Due to Other Governments	120,273
	<hr/>
Total Liabilities	\$ 215,664
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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, 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 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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental Major 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.

Other Fund Types - Fiduciary Funds

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

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2014, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 financial statements. Actual results could differ from estimates.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligation

Based on GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Clerk under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of the month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the 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, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) No. 65, *Items Previously Reported as Assets and Liabilities*.

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, 2014, the carrying amount of the Clerk's deposits was \$899,245 and the bank balance was \$1,016,928. 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.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014.

	Balance October 1, 2013	Additions	Disposals	Transfers	Balance September 30, 2014
Machinery and Equipment	\$ 478,810	\$ 31,182	\$ (8,222)	\$ 8,295	\$ 510,065
Less: Accumulated Depreciation	<u>(393,606)</u>	<u>(30,511)</u>	<u>8,222</u>	<u>(6,349)</u>	<u>(422,244)</u>
Total Capital Assets, Net	<u>\$ 85,204</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>\$ 1,946</u>	<u>\$ 87,821</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 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System; the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Any regular member, not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the 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, 1317 Winewood Boulevard, Building 8, 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, 2013 through June 30, 2014, these rates, which include the health insurance subsidy 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 employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; deferred retirement option plan – 12.28%; and elected officials – 43.24%.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 RETIREMENT PLAN (CONTINUED)

The Clerk's contributions made during the years ended September 30, 2014, 2013, and 2012 were \$87,550, \$58,577 and \$43,683, 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, 2014:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,163	\$ 15,693
Fine and Forfeiture Fund	-	7
Public Records Modernization Trust Fund	15,700	1,163
Total	\$ 16,863	\$ 16,863

NOTE 6 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2014:

	Balance October 1, 2013	Net Additions	Balance September 30, 2014	Due Within One Year
Accrued Compensated Absences	\$ 46,513	\$ 7,801	\$ 54,314	\$ -

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 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, 2014 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 \$445,400 for the year ended September 30, 2014.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 SCHEDULE OF
FIDUCIARY NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

	<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>
ASSETS							
Cash	\$ 149,302	\$ 745	\$ 34,503	\$ 309	\$ 23,415	\$ 7,390	\$ 215,664
Total Assets	<u>\$ 149,302</u>	<u>\$ 745</u>	<u>\$ 34,503</u>	<u>\$ 309</u>	<u>\$ 23,415</u>	<u>\$ 7,390</u>	<u>\$ 215,664</u>
LIABILITIES							
Due to Individuals	\$ 29,323	\$ -	\$ 34,503	\$ 15	\$ 23,415	\$ 7,390	\$ 94,646
Vouchers Payable	-	745	-	-	-	-	745
Due to Other Governments	119,979	-	-	294	-	-	120,273
Total Liabilities	<u>\$ 149,302</u>	<u>\$ 745</u>	<u>\$ 34,503</u>	<u>\$ 309</u>	<u>\$ 23,415</u>	<u>\$ 7,390</u>	<u>\$ 215,664</u>

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Increases	(Decreases)	Balance September 30, 2014
SPECIAL TRUST				
ASSETS				
Cash	\$ 53,039	\$ 5,908,049	\$ (5,811,786)	\$ 149,302
LIABILITIES				
Due to Individuals	\$ 33,768	\$ 80,087	\$ (84,532)	\$ 29,323
Due to Other Governments	19,271	5,617,796	(5,517,088)	119,979
Due to Board of County Commissioners	-	210,166	(210,166)	-
Total Liabilities	<u>\$ 53,039</u>	<u>\$ 5,908,049</u>	<u>\$ (5,811,786)</u>	<u>\$ 149,302</u>
SUPPORT				
ASSETS				
Cash	\$ 614	\$ 17,870	\$ (17,739)	\$ 745
LIABILITIES				
Due to Individuals	\$ -	\$ 4,712	\$ (4,712)	\$ -
Vouchers Payable	614	8,935	(8,804)	745
Due to Other Governments	-	4,223	(4,223)	-
Total Liabilities	<u>\$ 614</u>	<u>\$ 17,870</u>	<u>\$ (17,739)</u>	<u>\$ 745</u>
COURT REGISTRY				
ASSETS				
Cash	\$ 111,439	\$ 173,752	\$ (250,688)	\$ 34,503
LIABILITIES				
Due to Individuals	<u>\$ 111,439</u>	<u>\$ 173,752</u>	<u>\$ (250,688)</u>	<u>\$ 34,503</u>

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Increases	(Decreases)	Balance September 30, 2014
COUNTY WITNESS				
ASSETS				
Cash	\$ 349	\$ 40	\$ (80)	\$ 309
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	334	40	(80)	294
Total Liabilities	<u>\$ 349</u>	<u>\$ 40</u>	<u>\$ (80)</u>	<u>\$ 309</u>
CASH BOND				
ASSETS				
Cash	\$ 30,857	\$ 111,955	\$ (119,397)	\$ 23,415
LIABILITIES				
Due to Individuals	\$ 30,857	\$ 111,955	\$ (119,397)	\$ 23,415
CONDEMNATION RIGHT-OF-WAY				
ASSETS				
Cash	\$ 1,090	\$ 306,711	\$ (300,411)	\$ 7,390
LIABILITIES				
Due to Individuals	\$ 1,090	\$ 306,711	\$ (300,411)	\$ 7,390
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 197,388	\$ 6,518,377	\$ (6,500,101)	\$ 215,664
LIABILITIES				
Due to Individuals	\$ 177,169	\$ 677,217	\$ (759,740)	\$ 94,646
Vouchers Payable	614	8,935	(8,804)	745
Due to Other Governments	19,605	5,622,059	(5,521,391)	120,273
Due to Board of County Commissioners	-	210,166	(210,166)	-
Total Liabilities	<u>\$ 197,388</u>	<u>\$ 6,518,377</u>	<u>\$ (6,500,101)</u>	<u>\$ 215,664</u>



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**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 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, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2015

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County, Florida Clerk of the Circuit Court (Clerk) as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated March 2, 2015.

Auditor's Responsibility

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, and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards*, and the Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which is dated March 2, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2015



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INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

This report is intended solely for the information and use of the 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
March 2, 2015



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Hardee County Clerk of the Circuit Court's (the Clerk) compliance with Sections 28.35 and 28.36, Florida Statutes, regarding budget requirements and expenditures, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

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

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

This report is intended solely for the information and use of the 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
June 18, 2015

HARDEE COUNTY PROPERTY APPRAISER
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

**HARDEE COUNTY PROPERTY APPRAISER
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INDEPENDENT AUDITORS' REPORT

The Honorable Kathy Crawford
Property Appraiser
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Hardee County Property Appraiser (Property Appraiser), as of and for the year ended September 30, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Opinion

In our opinion, the 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, 2014, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, 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.



CliftonLarsonAllen LLP

Lakeland, Florida
February 27, 2015

**HARDEE COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Cash	\$ 60,382
	<hr/>
Total Assets	\$ 60,382
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	\$ 57,731
Due to Special Taxing Districts	2,651
	<hr/>
Total Liabilities	60,382

FUND BALANCE

	<hr/>
	-
	<hr/>
Total Liabilities and Fund Balance	\$ 60,382
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services:				
Board of County Commissioners	\$ 673,354	\$ 677,233	\$ 680,499	\$ 3,266
Other Governments	31,246	31,246	31,246	-
Interest Income	150	150	150	-
Miscellaneous	11,566	11,566	11,832	266
Total Revenues	<u>716,316</u>	<u>720,195</u>	<u>723,727</u>	<u>3,532</u>
EXPENDITURES				
Current:				
General Government:				
Personal Services	577,607	578,186	548,110	30,076
Operating Expenditures	132,709	136,009	111,665	24,344
Capital Outlay	6,000	6,000	3,570	2,430
Total Expenditures	<u>716,316</u>	<u>720,195</u>	<u>663,345</u>	<u>56,850</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	60,382	60,382
Other Financing Uses:				
Distribution of Excess Revenues:				
Board of County Commissioners	-	-	(57,731)	(57,731)
Special Taxing Districts	-	-	(2,651)	(2,651)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(60,382)</u>	<u>(60,382)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 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, 2014 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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>
1 st – 6 th Year	10 Days
7 th – 9 th Year	12 Days
10 th – 15 th Year	15 Days
16 th – 19 th Year	17 Days
20 Years Plus	20 Days

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

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

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

Use of Estimates

The preparation of the 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 financial statements. Actual results could differ from estimates.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. The Property Appraiser's employees are included as part of the Post-employment Health Benefits Plan (OPEB Plan) administered by the Board of County Commissioners. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the financial statements of the Property Appraiser. Such liabilities and expenses are included in the County-wide financial statements.

Other Significant Accounting Policies

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

New Adopted Accounting Pronouncements

For the year ended September 30, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) number 65.

GASB 65 – Items Previously Reported as Assets and Liabilities. The effect date of the implementation is October 1, 2013. No adjustments or restatements are required as a result of the adoption of this new accounting standard.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 CUSTODIAL CREDIT RISK

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

At September 30, 2014, the Property Appraiser's book balance of cash was \$60,342 and the bank balance was \$70,250. 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, 2013	Additions	Disposals	Transfers	Balance September 30, 2014
Machinery and Equipment	\$ 119,940	\$ 3,570	\$ (1,325)	\$ (19,059)	\$ 103,126
Vehicles	70,891	-			70,891
Total Capital Assets	<u>190,831</u>	<u>3,570</u>	<u>(1,325)</u>		<u>174,017</u>
Less Accumulated Depreciation	<u>(119,206)</u>	<u>(13,477)</u>	<u>1,325</u>	<u>19,059</u>	<u>(112,299)</u>
Total Capital Assets, Net	<u>\$ 71,625</u>	<u>\$ (9,907)</u>	<u>\$ -</u>		<u>\$ 61,718</u>

NOTE 4 RETIREMENT PLAN

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

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 the Florida Division of Retirement, 1317 Winewood Blvd, Bldg 8, 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, 2013 through June 30, 2014, these rates, which include the health insurance subsidy 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 employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; deferred retirement option plan – 12.28%; and elected officials – 43.24%. The Property Appraiser's contributions made during the years ended September 30, 2014, 2013 and 2012 were \$59,245, \$30,398 and \$22,854, respectively, equal to the actuarially determined required contribution requirements for each year.

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2014:

	Balance October 1, 2013	Net Deletions	Balance September 30, 2014	Amount Due Within One Year
Accrued Compensated Absences	\$ 8,316	\$ (1,760)	\$ 6,556	\$ -

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 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, 2014 were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$680,499 for the year ended September 30, 2014. At September 30, 2014, \$57,731 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.

**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**

T Honorable Kathy Crawford
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 financial statements of the major fund of Hardee County Property Appraiser, as of and for the year ended September 30, 2014, 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 February 27, 2015.

Internal Control Over Financial Reporting

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, FL
February 27, 2015



CliftonLarsonAllen

CliftonLarsonAllen LLP
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MANAGEMENT LETTER

The Honorable Kathy Crawford
Property Appraiser
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Property Appraiser (Property Appraiser), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 27, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which are dated February 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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



An independent member of Nexia International

The Honorable Kathy Crawford
Hardee County Property Appraiser

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, 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 27, 2015



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Kathy Crawford
Hardee County Property Appraiser
Hardee County, Florida

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 27, 2015



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HARDEE COUNTY SUPERVISOR OF ELECTIONS

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
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INDEPENDENT AUDITORS' REPORT

The Honorable Jeffery Ussery
Supervisor of Elections
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Hardee County Supervisor of Elections (the Supervisor), as of and for the year ended September 30, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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 Supervisor as of September 30, 2014, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2015 on our consideration of the Supervisor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
May 26, 2015

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2014**

ASSETS

Cash	\$	7,779
Accounts Receivable		1,513
Due from the Board of County Commissioners		10,372
Prepaid Expenditures		<u>1,295</u>
Total Assets	\$	<u><u>20,959</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	13,714
Accrued Expenditures		<u>7,245</u>
Total Liabilities		20,959

FUND BALANCE

Nonspendable		1,295
Unassigned		<u>(1,295)</u>
Total Fund Balance		<u>-</u>
Total Liabilities and Fund Balance	\$	<u><u>20,959</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final budget - Over (Under)
	Original	Final		
REVENUES				
Appropriation from Board of County Commissioners	\$ 286,308	\$ 292,308	\$ 292,308	\$ -
Intergovernmental	6,000	135,000	156,180	21,180
Interest Income	-	-	15	15
Miscellaneous	-	-	25	25
Total Revenues	<u>292,308</u>	<u>427,308</u>	<u>448,528</u>	<u>21,220</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	198,854	198,854	217,556	18,702
Operating Expenditures	87,454	87,454	89,026	1,572
Capital Outlay	6,000	141,000	141,946	946
Total Expenditures	<u>292,308</u>	<u>427,308</u>	<u>448,528</u>	<u>21,220</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 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 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, 2014 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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, 2014, 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Annual Leave

Full time 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 187.5 hours. Any accumulation in excess of 187.5 hours of annual leave at December 31 of each year is paid out, if funding permits. At termination, employees are paid for any accumulated annual leave up to 187.5 hours.

Use of Estimates

The preparation of the 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 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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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.

Adoption of New Accounting Pronouncement

For the year ended September 30, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) No. 65, *Items Previously Reported as Assets and Liabilities*.

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, 2014, the book balance of cash was \$7,779 and the bank balance was \$16,419. 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 qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2013	Additions	Disposals	Balance September 30, 2014
Machinery and Equipment	\$ 240,544	\$141,946	\$(193,111)	\$ 189,379
Total Capital Assets	240,544	141,946	(193,111)	189,379
Less Accumulated Depreciation	(224,653)	(23,249)	187,846	(60,056)
Total Capital Assets, Net	<u>\$ 15,891</u>	<u>\$118,697</u>	<u>\$ (5,265)</u>	<u>\$ 129,323</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 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with 6 or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after 8 years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with 8 or more years of service or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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, 1317 Winewood Boulevard, Building 8, 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, 2013 through June 30, 2014, these rates, which include the health insurance subsidy 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 employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; deferred retirement option plan – 12.28%; and elected officials – 43.24%. The Supervisor's contributions made during the years ended September 30, 2014, 2013 and 2012 were \$33,604, \$18,855 and \$12,539, 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, 2014:

	Balance October 1, 2013	Net Change	Balance September 30, 2014	Due Within One Year
Accrued Compensated Absences	\$ 9,417	\$ (5,237)	\$ 4,180	\$ 1,870

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 COMPENSATED ABSENCES (CONTINUED)

Accrued compensated absences represent the vested portion of accrued annual leave. See Note 1 for a summary of the Supervisor's compensated absences policy. Long term liabilities are not reported in the 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, 2014 were as follows:

Budget Appropriation – The General Fund of the Supervisor received revenue from the Board of County Commissioners in the amount of \$437,680 for the fiscal year ended September 30, 2014, including \$10,372 was due from the Board of County Commissioners at September 30, 2014. Furthermore, \$12,220 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 FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Jeffery Ussery
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 financial statements of the general fund of the Hardee County Supervisor of Elections (the Supervisor), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Supervisor's basic financial statements, and have issued our report thereon dated May 26, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses Current Year and Prior Years to be material weaknesses as item 2014-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses Current Year and Prior Years to be significant deficiencies as items 2014-002 and 2014-003.

Compliance and Other Matters

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

The Supervisor's Response to Findings

The Supervisor's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses Current Year and Prior Years. The Supervisor'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 26, 2015

MANAGEMENT LETTER

The Honorable Jeffery Ussery
Supervisor of Elections
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Supervisor of Elections (the Supervisor), Florida as of and for the fiscal year ended September 30, 2014, and we have issued our report thereon dated May 26, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated May 26, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the Schedule of Findings and Responses Current Year and Prior Years for the status of prior year findings.

Official Title and Legal Authority

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

The Honorable Jeffery Ussery
Hardee County Supervisor of Elections

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor 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 26, 2015

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2014**

Current Year Findings

Material Weakness

2014-001: Improper Financial Statement Closing Process.

Condition: The following were noted during our audit:

- The following ending account balances for September 30, 2014 were not consistent with supporting documentation: Accounts Payable, Accounts Receivable, and Excess Fees due back to the Board of County Commissioners.
- The bank reconciliation for September 30, 2014 contained signatures representing approval of balances; however they were not consistent with the balance on the Trial Balance.

Criteria: Management is responsible for designing and implementing a proper review process for the financial statement closing process to ensure proper account balances are reflected in the Trial Balance.

Cause: It was not evident that the Supervisor reviewed the account balances and supporting documentation.

Effect: General ledger accounts are not fairly represented.

Recommendation: We recommend reviewing closing account balances and related supporting documentation at year end, prior to receiving an audit.

Response: We concur and will work with a third party CPA firm to ensure a review process is properly designed and implemented.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2014**

Significant Deficiency

2014-002: Journal entries.

Condition: There were limited manual journal entries posted; however, there was a lack of proper support available and no formal review process was evident.

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.

Effect: General ledger accounts are subject to irregularities.

Recommendation: We recommend journal entries, including proper supporting documentation, 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.

2014-003: 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 now has a clearer understanding of the budgetary framework. If the office receives supplemental funding from another governmental agency (such as a grant from the State of Florida or monies received from the school board) then a budget amendment is required. This would be the case even if no additional funding is required from the Hardee County Board of County Commissioners.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2014**

Control Deficiency

2014-004: Accrual of vacation time.

Condition: During our audit procedures it was noted accrued annual leave was being recorded improperly, which caused employees to over accrue available paid time off.

Criteria: The written policy of the Supervisor as stated in the employee handbook allows employees to accrue annual leave at a specified rate. The former rate was being used causing an over accrued balance.

Cause: The Supervisor and staff did not adequately review annual leave accruals to ensure annual leave was appropriately utilized and calculated.

Effect: Employees accrued more time then the policy allowed.

Recommendation: We recommend annual leave accruals be reviewed periodically.

Response: This issue was complicated in the past because two long-time employees had accrued significant vacation time under an old policy. The process of implementing the new vacation accrual policy adopted by the Supervisor was confusing. With the cooperation of these two employees these accruals were adjusted. It should be easier to manage these accruals in the future. By the end of 2015, accrued vacation time will be down 70% from 2013 levels.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2014**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2013-01 - Journal entries and payroll checks	Significant Deficiency			X	2014-002
2013-02 - Accrual of vacation time	Control Deficiency			X	2014-004
2013-03 - Expenditures exceed approved budget	Control Deficiency			X	2014-003
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	2014-004



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INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

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

CliftonLarsonAllen LLP

Lakeland, Florida
May 26, 2015

HARDEE COUNTY SHERIFF
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2014

**HARDEE COUNTY SHERIFF
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INDEPENDENT AUDITORS' REPORT

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, as of and for the year ended September 30, 2014, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, as of September 30, 2014, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

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

Supplementary Information

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

The Honorable Arnold Lanier
Hardee County Sheriff

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015 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.



CliftonLarsonAllen LLP

Lakeland, FL
February 20, 2015

**HARDEE COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 860,165	\$ 129,626	\$ 989,791
Prepaid Items	265,292	-	265,292
	<u>\$ 1,125,457</u>	<u>\$ 129,626</u>	<u>\$ 1,255,083</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 746	\$ -	\$ 746
Accrued Liabilities	386,199	-	386,199
Due to the Board of County Commissioners	<u>738,512</u>	<u>-</u>	<u>738,512</u>
Total Liabilities	<u>1,125,457</u>	<u>-</u>	<u>1,125,457</u>
FUND BALANCES			
Nonspendable	265,292	-	265,292
Restricted	-	129,626	129,626
Unassigned	<u>(265,292)</u>	<u>-</u>	<u>(265,292)</u>
Total Fund Balances	<u>-</u>	<u>129,626</u>	<u>129,626</u>
	<u>\$ 1,125,457</u>	<u>\$ 129,626</u>	<u>\$ 1,255,083</u>
Total Liabilities and Fund Balances	<u>\$ 1,125,457</u>	<u>\$ 129,626</u>	<u>\$ 1,255,083</u>

See Accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Other Governmental Funds (Non-Major Funds)	Total Governmental Funds
REVENUES			
Appropriations from Board of County Commissioners	\$ 7,801,940	\$ -	\$ 7,801,940
Intergovernmental	46,842	272,586	319,428
Charges for Services	258,464	-	258,464
Fines and Forfeitures	-	5,279	5,279
Interest and Miscellaneous	132,584	63,933	196,517
Total Revenues	8,239,830	341,798	8,581,628
EXPENDITURES			
Current:			
Public Safety:			
Salaries and Benefits	6,307,713	92,822	6,400,535
Operating Expenditures	1,316,578	144,976	1,461,554
Capital Outlay	182,760	136,344	319,104
Total Expenditures	7,807,051	374,142	8,181,193
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	432,779	(32,344)	400,435
OTHER FINANCING USES			
Transfers to Board of County Commissioners	(432,779)	-	(432,779)
Total Other Financing Uses	(432,779)	-	(432,779)
NET CHANGE IN FUND BALANCES	-	(32,344)	(32,344)
Fund Balances - Beginning of Year	-	161,970	161,970
FUND BALANCES - END OF YEAR	\$ -	\$ 129,626	\$ 129,626

See Accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 7,767,636	\$ 7,801,940	\$ 7,801,940	\$ -
Intergovernmental	-	46,842	46,842	-
Charges for Services	-	-	258,464	258,464
Fines and Forfeitures	-	-	-	-
Interest and Miscellaneous	-	-	132,584	132,584
Total Revenues	<u>7,767,636</u>	<u>7,848,782</u>	<u>8,239,830</u>	<u>391,048</u>
EXPENDITURES				
Current:				
Public Safety:				
Salaries and Benefits	6,297,786	6,325,839	6,307,713	18,126
Operating Expenditures	1,269,850	1,322,943	1,316,578	6,365
Capital outlay	200,000	200,000	182,760	17,240
Total Expenditures	<u>7,767,636</u>	<u>7,848,782</u>	<u>7,807,051</u>	<u>41,731</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	432,779	432,779
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(432,779)	(432,779)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(432,779)</u>	<u>(432,779)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2014**

ASSETS

Cash

\$ 72,995

LIABILITIES

Due to Individuals

\$ 72,995

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 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 financial statements include only the funds of the Sheriff's office. There are no separate legal entities (component units) for which the Sheriff is considered to be financially accountable.

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Sheriff to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management's discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Sheriff as of September 30, 2014 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

A budget is legally adopted for the general fund and is on 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 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:

Major 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. The general fund is always reported as a major fund.

Non-Major Governmental Funds

Law Enforcement Trust Fund – The law enforcement trust 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. The education fund is not required to maintain a separate budget, therefore, a comparison of budget to actual revenues and expenditures is not presented in the financial statements.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Non-Major Governmental Funds (Continued)

E-911 Fund – The E-911 Fund is a special revenue fund that 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; however, a budget was adopted for the current year. A comparison of budget to actual revenues and expenditures is not presented in the financial statements.

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 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 nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2014 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. The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policies (Continued)

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.

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 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 financial statements. Actual results could differ from estimates.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 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 financial statements of the Sheriff. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

Other Significant Accounting Policies

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

NOTE 2 CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of 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, 2014, the carrying amount of the Sheriff's deposits was \$1,062,786 and the bank balance was \$1,157,798. 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014:

	Balance October 1, 2013	Additions	Disposals	Transfers	Balance September 30, 2014
Machinery and Equipment	\$ 3,670,456	\$ 319,104	\$ (402,571)	\$ 20,681	\$ 3,607,670
Less: Accumulated Depreciation	<u>(2,612,747)</u>	<u>(437,962)</u>	<u>385,024</u>	<u>36,307</u>	<u>(2,629,378)</u>
Total Capital Assets, Net	<u>\$ 1,057,709</u>	<u>\$ (118,858)</u>	<u>\$ (17,547)</u>	<u>\$ 56,988</u>	<u>\$ 978,292</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.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 RETIREMENT PLAN (CONTINUED)

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

The 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, 2013 through June 30, 2014, these rates, which include the health insurance subsidy 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 employer contribution rates, effective July 1, 2014, which include the health insurance subsidy of contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; special risk – 19.82%; deferred retirement option plan – 12.28%; and elected officials – 43.24%. The Sheriff's contributions made during the years ended September 30, 2014, 2013, and 2012 were \$716,111, \$567,487, and \$479,369, 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, 2014:

	Balance October 1, 2013	Net Additions	Balance September 30, 2014	Due Within One Year
Accrued Compensated Absences	\$ 231,845	\$ 28,691	\$ 260,536	\$ 4,198

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 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6 RELATED PARTY TRANSACTION

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2014 were as follows:

Budget Appropriation - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,801,940 for the year ended September 30, 2014. At September 30, 2014, \$738,512 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 \$10,000,000 for professional liability and \$10,000,000 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, 2014**

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; however, a budget was adopted for the current year.

Commissary Fund – The commissary fund accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, 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.

**HARDEE COUNTY SHERIFF
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>Commissary Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>E-911 Fund</u>	<u>Total All Non-Major Governmental Funds</u>
ASSETS				
Cash	\$ 94,971	\$ 34,655	\$ -	\$ 129,626
Total Assets	<u>\$ 94,971</u>	<u>\$ 34,655</u>	<u>\$ -</u>	<u>\$ 129,626</u>
Liabilities				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for Education	-	34,655	-	34,655
Restricted for Inmate Welfare	94,971	-	-	94,971
Total Fund Balances	<u>94,971</u>	<u>34,655</u>	<u>-</u>	<u>129,626</u>
Total Liabilities and Fund Balances	<u>\$ 94,971</u>	<u>\$ 34,655</u>	<u>\$ -</u>	<u>\$ 129,626</u>

**HARDEE COUNTY SHERIFF
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2014**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 272,586	\$ 272,586
Fines and Forfeitures	-	5,279	-	5,279
Miscellaneous	63,933	-	-	63,933
Total Revenues	<u>63,933</u>	<u>5,279</u>	<u>272,586</u>	<u>341,798</u>
EXPENDITURES				
Current:				
Public Safety:				
Salaries and Benefits	92,822	-	-	92,822
Operating Expenditures	-	8,734	136,242	144,976
Capital Outlay	-	-	136,344	136,344
Total Expenditures	<u>92,822</u>	<u>8,734</u>	<u>272,586</u>	<u>374,142</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(28,889)	(3,455)	-	(32,344)
Fund Balances - Beginning of Year	<u>123,860</u>	<u>38,110</u>	<u>-</u>	<u>161,970</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 94,971</u></u>	<u><u>\$ 34,655</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 129,626</u></u>

**HARDEE COUNTY SHERIFF
 COMBINING SCHEDULE OF
 FIDUCIARY NET POSITION – AGENCY FUNDS
 SEPTEMBER 30, 2014**

	<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>
ASSETS								
Cash	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 41,816</u>	<u>\$ 12,284</u>	<u>\$ 9,177</u>	<u>\$ 3,715</u>	<u>\$ 5,269</u>	<u>\$ 72,995</u>
LIABILITIES								
Due to Individuals	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 41,816</u>	<u>\$ 12,284</u>	<u>\$ 9,177</u>	<u>\$ 3,715</u>	<u>\$ 5,269</u>	<u>\$ 72,995</u>

**HARDEE COUNTY SHERIFF
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1, 2013	Increases	(Decreases)	Balance September 30, 2014
SUSPENSE				
ASSETS				
Cash	\$ 692	\$ 101,377	\$ (101,335)	\$ 734
LIABILITIES				
Due to Individuals	\$ 692	\$ 101,377	\$ (101,335)	\$ 734
COLLECTIONS				
ASSETS				
Cash	\$ 977	\$ 17,550	\$ (18,527)	\$ -
LIABILITIES				
Due to Individuals	\$ 977	\$ 17,550	\$ (18,527)	\$ -
EVIDENCE				
ASSETS				
Cash	\$ 50,631	\$ 6,152	\$ (14,967)	\$ 41,816
LIABILITIES				
Due to Individuals	\$ 50,631	\$ 6,152	\$ (14,967)	\$ 41,816
INMATE				
ASSETS				
Cash	\$ 11,378	\$ 570,868	\$ (569,962)	\$ 12,284
LIABILITIES				
Due to Individuals	\$ 11,378	\$ 570,868	\$ (569,962)	\$ 12,284
YOUTH				
ASSETS				
Cash	\$ 10,496	\$ -	\$ (1,319)	\$ 9,177
LIABILITIES				
Due to Individuals	\$ 10,496	\$ -	\$ (1,319)	\$ 9,177
FLOWER				
ASSETS				
Cash	\$ 3,497	\$ 454	\$ (236)	\$ 3,715
LIABILITIES				
Due to Individuals	\$ 3,497	\$ 454	\$ (236)	\$ 3,715
DRUG TASK FORCE				
ASSETS				
Cash	\$ 13,924	\$ 5,190	\$ (13,845)	\$ 5,269
LIABILITIES				
Due to Individuals	\$ 13,924	\$ 5,190	\$ (13,845)	\$ 5,269
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 91,595	\$ 701,591	\$ (720,191)	\$ 72,995
LIABILITIES				
Due to Individuals	\$ 91,595	\$ 701,591	\$ (720,191)	\$ 72,995

**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 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 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, 2014, and the related notes to the financial statements, which collectively comprise Hardee County Sheriff's financial statements, and have issued our report thereon dated February 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 deficiency described in finding 2014-01 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 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
February 20, 2015

MANAGEMENT LETTER

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Sheriff (Sheriff) as of and for the fiscal year ended September 30, 2014, and we have issued our report thereon dated February 20, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 20, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has not been taken to address the finding and recommendation made in the preceding annual financial audit report for item 2014-01. See the Schedule of Findings and Responses, Current Year and Prior Years where it is repeated from prior years.

Official Title and Legal Authority

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

The Honorable Arnold Lanier
Hardee County Sheriff

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

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 20, 2015

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2014**

Current Year Findings

Material Weakness

2014-01: Inadequate segregation of duties.
See 2009-01

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.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2014**

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.

2009-03: MATERIAL FINANCIAL STATEMENT ADJUSTMENTS (CONTINUED)

Status: This comment has been cleared by management.

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.

Status: This comment has been cleared by management.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2013-01 - Inadequate Segregation of Duties	Material Weakness			X	2009-01
2013-02 - Material Financial Statement Adjustments	Material Weakness	X			2009-03
2013-03 - Transfer of E911 Capital Assets	Material Weakness	X			2013-03
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



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

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

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

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

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

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

CliftonLarsonAllen LLP

Lakeland, Florida
February 20, 2015