

**HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2008**

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

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

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

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

**HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

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



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

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hardee County, Florida

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County) as of September 30, 2008, and for the year then ended, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County at September 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated March 19, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards and State Financial Assistance as of and for the year ended September 30, 2008, is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009

**HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR 2007-2008**

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2008. This report provides comparative data for fiscal years 2007 and 2008.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2008 are as follows:

- Total assets of the County exceeded total liabilities by \$77.4 million. Of this amount, \$68.6 million was invested in capital assets, net of related debt and \$69,122 is restricted for debt service. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$8.8 million.
- The total net assets increased by \$2 million. Of that amount, a loss of \$1.2 million is attributable to a decrease in governmental activities and \$3.2 million is attributable to an increase in business-type activities.
- The County's total liabilities decreased by \$2.7 million or 11.4% from the previous year.
- As of September 30, 2008, the combined total governmental funds fund balance reflected a balance of \$14.1 million, an increase of \$200,000 from the previous year. Determining this balance was \$19.8 million in total governmental funds assets, less \$5.7 million in total governmental funds liabilities.
- The County's total unreserved undesignated fund balance was \$14 million.
- Of the total unreserved undesignated fund balance, \$5.8 million was in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The ***Governmental Fund Financial Statements*** provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. Governmental funds are used to account for the same functions as reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Hardee County has 14 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues and expenditures and changes in fund balances for the General Fund, Fines and Forfeitures Fund, Transportation Trust Fund, and Grants Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements within the report. To demonstrate compliance with the Board's adopted budget, a budgetary comparison statement has been provided for the general fund and other major governmental funds.

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

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

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

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

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

Notes to the Financial Statement

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as useful indicators of a government’s financial position. In our particular case, the County’s total assets exceeded liabilities by \$77.4 million at the close of the most recent fiscal year. The following schedule provides a summary of assets, liabilities and net assets of the County.

HARDEE COUNTY’S NET ASSETS

The largest portion of the County’s net assets (89 percent) reflects its investment in capital assets, (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that remain outstanding. These assets are used to provide services to citizens and are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets for its governmental activities. The same situation held true for the prior fiscal year. Overall, the County’s net assets increased \$2 million during the current fiscal year, which included a \$1.2 million decrease in governmental activities and a \$3.2 million increase in business-type activities.

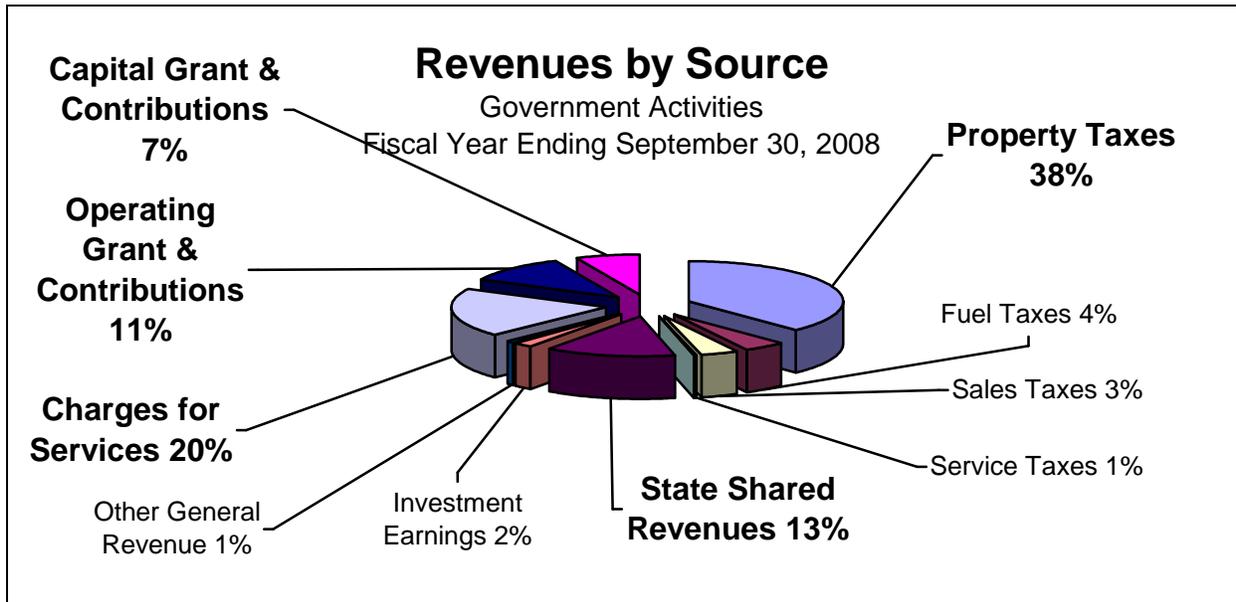
HARDEE COUNTY’S NET ASSETS

NET ASSETS COMPARISON	Governmental Activities		Business-type Activities		Total	
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008
Current and Other Assets	\$ 20,380,244	\$ 18,889,016	\$ 5,377,047	\$ 5,965,311	\$ 25,757,291	\$ 24,854,327
Capital Assets	58,631,266	56,389,982	14,795,263	17,297,664	73,426,529	73,687,646
Total Assets	79,011,510	75,278,998	20,172,310	23,262,975	99,183,820	98,541,973
Long-term Debt Outstanding	4,400,285	3,487,580	12,469,135	12,626,649	16,869,420	16,114,229
Other Liabilities	6,469,133	4,817,914	484,755	183,424	6,953,888	5,001,338
Total Liabilities	10,869,418	8,305,494	12,953,890	12,810,073	23,823,308	21,115,567
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	54,995,072	53,727,916	11,645,263	14,872,664	66,640,335	68,600,580
Restricted	231,108	69,122	-	-	231,108	69,122
Unrestricted	12,915,912	13,176,466	(4,426,843)	(4,419,762)	8,489,069	8,756,704
Total Net Assets	\$ 68,142,092	\$ 66,973,504	\$ 7,218,420	\$ 10,452,902	\$ 75,360,512	\$ 77,426,406

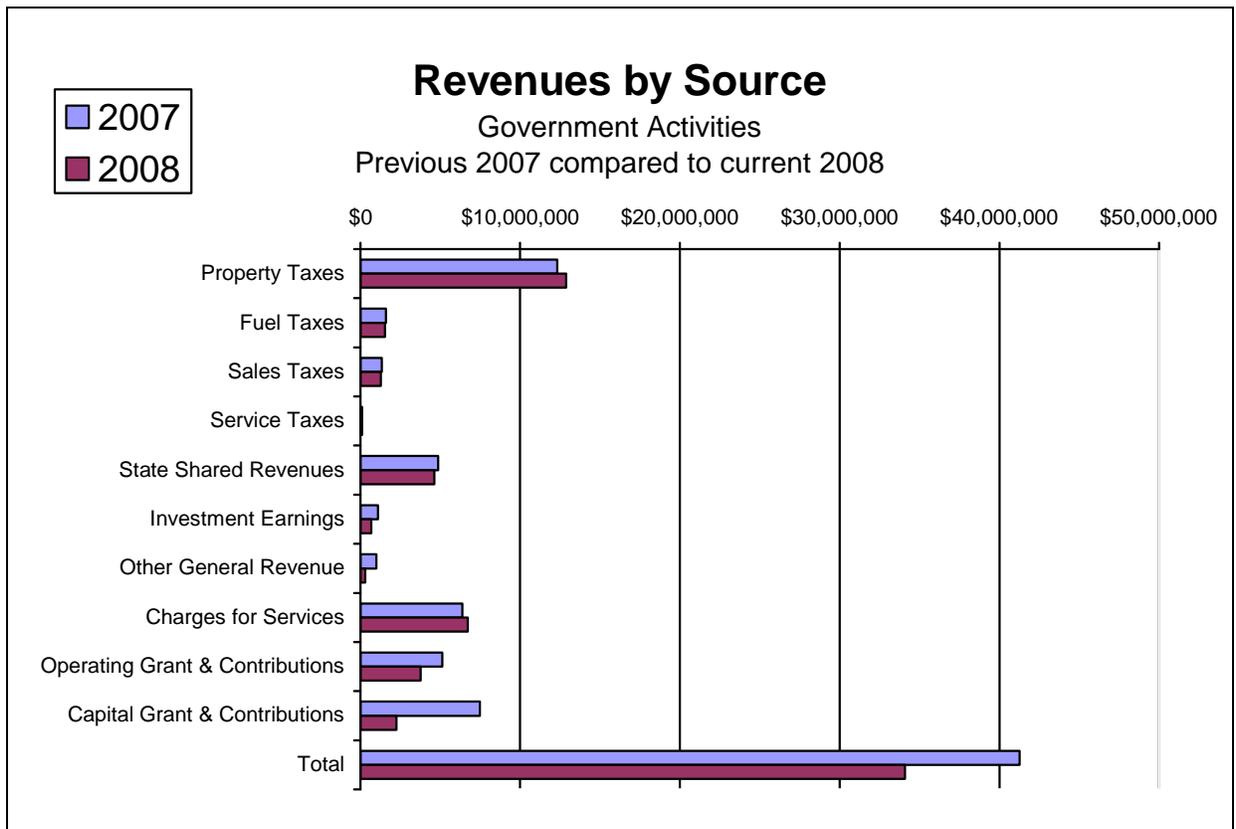
HARDEE COUNTY CHANGES IN NET ASSETS

CHANGES IN NET ASSETS	Governmental Activities		Business-type Activities		Total	
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,374,749	\$ 6,703,005	\$ 2,162,786	\$ 2,250,760	\$ 8,537,535	\$ 8,953,765
Operating Grants & Contributions	5,115,689	3,753,854	223,799	256,522	5,339,488	4,010,376
Capital Grants & Contributions	7,460,849	2,240,765	269,908	2,690,059	7,730,757	4,930,824
General Revenues:						
Property taxes	12,335,201	12,885,773	-	-	12,335,201	12,885,773
Other Taxes	7,899,256	7,520,776	367,758	432,208	8,267,014	7,952,984
Other	2,089,958	980,678	1,359,932	100,353	3,449,890	1,081,031
Total Revenues	41,275,702	34,084,851	4,384,183	5,729,902	45,659,885	39,814,753
Expenses:						
General Government	9,271,188	9,300,872	-	-	9,271,188	9,300,872
Public Safety	12,254,582	12,493,998	-	-	12,254,582	12,493,998
Physical Environment	341,547	595,900	-	-	341,547	595,900
Transportation	11,117,713	6,933,553	-	-	11,117,713	6,933,553
Economic Environment	3,599,120	2,316,848	-	-	3,599,120	2,316,848
Human Services	1,345,324	1,362,828	-	-	1,345,324	1,362,828
Culture and Recreation	1,312,035	1,179,706	-	-	1,312,035	1,179,706
Debt Service:						
Interest on Long-Term Debt	186,453	89,269	-	-	186,453	89,269
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	4,639,477	2,636,588	4,639,477	2,636,588
Wauchula Hills Wastewater	-	-	475,661	717,480	475,661	717,480
Vandolah Wastewater	-	-	87,504	121,817	87,504	121,817
Total Expenses	39,427,962	34,272,974	5,202,642	3,475,885	44,630,604	37,748,859
Excess before transfers	1,847,740	(188,123)	(818,459)	2,254,017	1,029,281	2,065,894
Transfers	(1,376,918)	(980,465)	1,376,918	980,465	-	-
Changes in Net Assets	470,822	(1,168,588)	558,459	3,234,482	1,029,281	2,065,894
Net Assets-Beginning	67,671,270	68,142,092	6,659,961	7,218,420	74,331,231	75,360,512
Net Assets-Ending	\$ 68,142,092	\$ 66,973,504	\$ 7,218,420	\$ 10,452,902	\$ 75,360,512	\$ 77,426,406

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



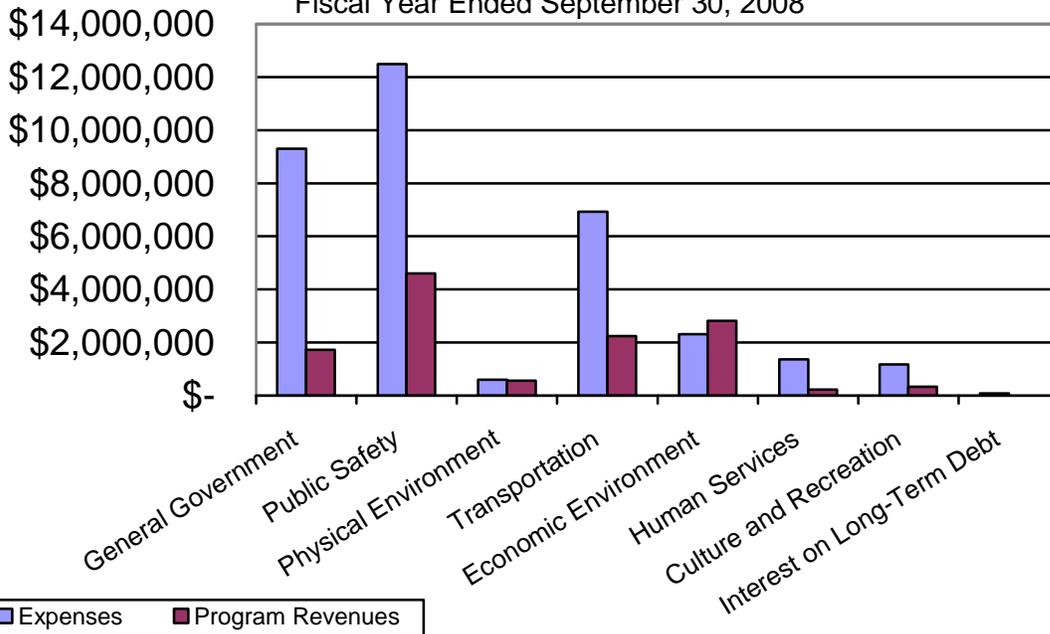
The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



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

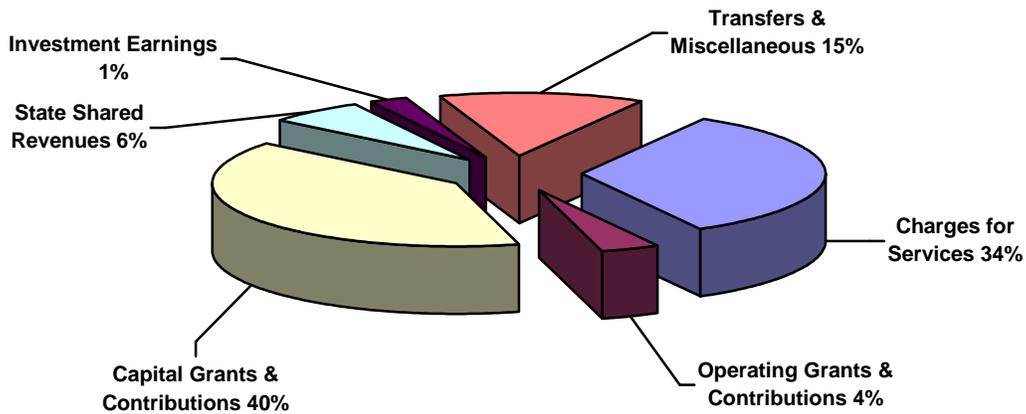
Expenses and Program Revenues Government Activities

Fiscal Year Ended September 30, 2008

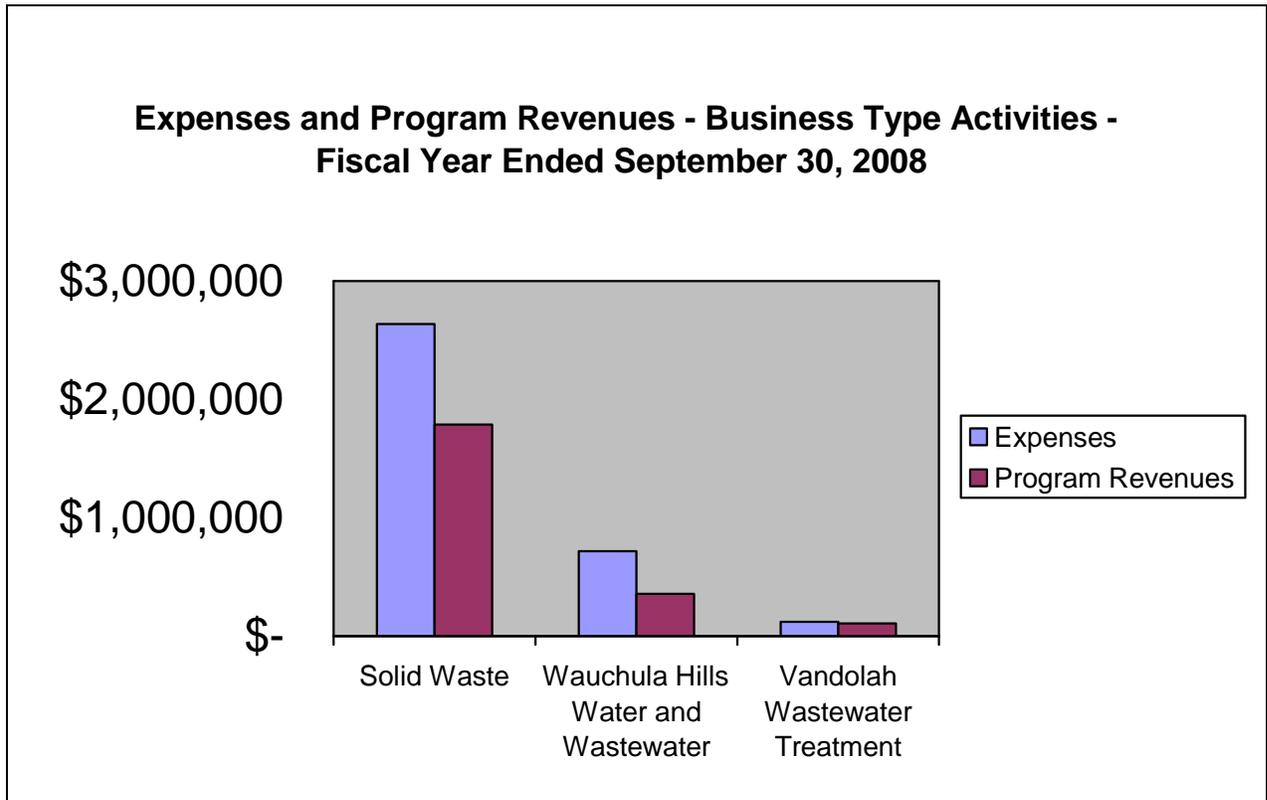


The following chart depicts revenues of the business-type activities for the year:

Revenues by Source - Business-type Activities Fiscal Year Ending September 30, 2008



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



An analysis of the County’s “Changes in Net Assets” reflects that the overall revenues have decreased by \$5.8 million. Further analysis shows that the overall decrease is attributed to a \$7.2 million decrease in governmental type activities and a \$1.4 million increase in business type activities. Factors contributing to the decrease in the government type activities include:

- A \$1.4 million decrease in Operating Grants and Contributions
- A \$5.2 million decrease in Capital Grants and Contributions.

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

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

County expenses illustrate an overall decrease of \$6.9 million. The overall increase was due to a decrease in government type activities of \$5.2 million and a decrease in the business type activities of \$1.7 million. The decrease of the government type activities expenses was, for the most part, reflective of the following:

- The major factor influencing expenses was a decrease of \$4.2 million from the final phase of recovery from the 2004 hurricanes in Transportation for hurricane repairs and capital grants, and a decrease of \$1.3 million related to hurricane housing and disaster relief projects in Economic Environment.

The decrease in the expenses of the business type activities were, for the most part, reflective of the decreased activities related to a landfill expansion that was mostly completed in 2007.

Overall, governmental activities decreased net assets by \$1.1 million while business-type activities increased net assets by \$3.2 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$14.1 million. Approximately all of the fund balance constitutes unreserved fund balances, which is available for spending at the government's discretion, and approximately 0.4% of the remainder of the balance is reserved for debt services. The General Fund is the primary operating fund of the county. At the end of the current fiscal, the unreserved fund balance of the General Fund was \$5.8 million, which represents 41% of the total fund balance in the governmental funds. As a measure of the General Fund's liquidity, the total general fund balance represents 29% of the total general fund expenditures.

Proprietary Funds

Hardee County's proprietary funds provide the same type of information found in the government wide business-type activities financial statements, but in more detail. Solid waste operating revenues decreased by \$15,646, explained by economic conditions specifically related to a decrease in construction activities and a failing market for the sale of recyclables. Unrestricted net assets of the Solid Waste Department were (\$6.9) million primarily due to long term closure and post closure care liability. The water/wastewater revenues were a combined total of \$3.6 million and the unrestricted net assets was \$2.5 million. Activities of the water/wastewater facilities do not yet reflect full scale operations.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of September 30, 2008 were \$73.7 million (net of accumulated depreciation).

Hardee County's Capital Assets (Net of Depreciation)

CAPITAL ASSETS	Government Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 3,494,863	\$ 3,494,863	\$ 790,992	\$ 790,992	\$ 4,285,855	\$ 4,285,855
Buildings and Improvements	15,083,323	14,892,751	7,418,362	7,214,859	22,501,685	22,107,610
Machinery and Equipment	6,838,835	6,627,558	741,197	712,526	7,580,032	7,340,084
Infrastructure	33,214,245	31,374,810	5,844,712	8,579,287	39,058,957	39,954,097
Total Net Assets	\$ 58,631,266	\$ 56,389,982	\$ 14,795,263	\$ 17,297,664	\$ 73,426,529	\$ 73,687,646

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

DEBT MANAGEMENT

As of September 30, 2008, the county had total debt outstanding of \$16.1 million. Of this amount, \$5.1 million is loans payable and capital leases, \$837 thousand is compensated absences, and \$10.2 million is landfill closure and postclosure obligations.

Hardee County's Outstanding Debt

OUTSTANDING DEBT	Government Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
	Capital Leases	\$ 1,336,194	\$ 1,062,066	\$ -	\$ -	\$ 1,336,194
Notes payable	2,300,000	1,600,000	3,150,000	2,425,000	5,450,000	4,025,000
Compensated Absences	764,091	825,514	11,265	11,265	775,356	836,779
Landfill Closure/ Post Closure Cost	-	-	9,307,870	10,190,385	9,307,870	10,190,385
Total	\$ 4,400,285	\$ 3,487,580	\$ 12,469,135	\$ 12,626,650	\$ 16,869,420	\$ 16,114,230

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- As referenced from the University of Florida's Bureau of Economic and Business Research, the total estimated population for Hardee County in 2008 was 27,520 which was a 0.5% decrease from the previous year's estimate of 27,662, or a net decrease of 142.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2008 is 6.9% and reflects an increase from the previous year's 4.4%. The County's rate is lower than the State of Florida's average of 8.1% and higher than the national average of 5.8% for 2008.
- The total tax base for fiscal year 2009 decreased approximately 49 million or 1% over fiscal year 2008. New construction was reported as 47,423,084 in the prior year and decreased to 28,895,976 in 2009. Assessed values decreased by 6.5% from 1.69 billion in 2008 to 1.58 billion in 2009. This decrease is due to the effects of Amendment 1 combined with a downfall in the economy.

The millage rate for 2008 was adopted by a unanimous vote and set at the roll-back rate of 8.5540 mills. The County's general fund continues to suffer with continued reductions to state-shared revenues and taxes and will continue to cut positions, reduce operating expenditures and remove capital expenses as a result.

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

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

Amendment 1 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.

Based on information submitted to the State from the Hardee County Property Appraiser's office, the loss of property tax values for Hardee County from the additional homestead exemption and the \$25,000 exemption for tangible personal property was approximately \$75,899,429 which equates to approximately a \$591,454 decrease in revenues. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues.

Hardee County continues to suffer a loss in values due to Amendment 1 and economic conditions with a decrease in total taxable value of \$146 million in fiscal year 2009.

REQUESTS FOR INFORMATION

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

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

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

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

HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 15,389,394	\$ 3,176,282	\$ 18,565,676
Investments	36,595	-	36,595
Deposit	10,068	3,596	13,664
Accounts Receivable - Net	995,397	105,201	1,100,598
Internal Balances	9,744	(9,744)	-
Due From Other Governmental Agencies	1,751,292	102,980	1,854,272
Prepaid Expenses	328,861	4,935	333,796
Inventory of Supplies, At Cost	367,665	-	367,665
Restricted Assets:			
Cash	-	2,582,061	2,582,061
Capital Assets, Not Being Depreciated	3,494,863	790,992	4,285,855
Capital Assets, Net of Depreciation	52,895,119	16,506,672	69,401,791
Total Assets	75,278,998	23,262,975	98,541,973
Liabilities			
Accounts Payable			
and Accrued Liabilities	971,476	86,638	1,058,114
Deferred Revenue	3,770,638	70,837	3,841,475
Due to Other Governmental Agencies	43,951	6,620	50,571
Deposits	-	19,329	19,329
Accrued Interest Payable	31,849	-	31,849
Noncurrent Liabilities:			
Due Within One Year	1,286,850	736,264	2,023,114
Due in More Than One Year	2,200,730	11,890,385	14,091,115
Total Liabilities	8,305,494	12,810,073	21,115,567
Net Assets			
Invested in Capital Assets, Net of Related Debt	53,727,916	14,872,664	68,600,580
Restricted for:			
Debt Service	69,122	-	69,122
Unrestricted	13,176,466	(4,419,762)	8,756,704
Total Net Assets	\$ 66,973,504	\$ 10,452,902	\$ 77,426,406

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 9,300,871	\$ 1,662,238	\$ 65,037	\$ -
Public Safety	12,493,998	4,071,929	534,581	5,630
Physical Environment	595,900	568,061	-	-
Transportation	6,933,553	171,675	-	2,064,004
Economic Environment	2,316,848	-	2,816,902	-
Human Services	1,362,828	-	227,370	-
Culture and Recreation	1,179,706	229,102	109,964	171,131
Debt Service:				
Interest and Fiscal Charges on Long-Term Debt	89,270	-	-	-
Total Governmental Activities	<u>34,272,974</u>	<u>6,703,005</u>	<u>3,753,854</u>	<u>2,240,765</u>
Business-Type Activities:				
Solid Waste	2,636,588	1,786,672	256,522	-
Wauchula Hills Water & Wastewater	717,480	357,180	-	2,690,059
Vandolah Wastewater Treatment	121,817	106,908	-	-
Total Business-Type Activities	<u>3,475,885</u>	<u>2,250,760</u>	<u>256,522</u>	<u>2,690,059</u>
Total Primary Government	<u>\$ 37,748,859</u>	<u>\$ 8,953,765</u>	<u>\$ 4,010,376</u>	<u>\$ 4,930,824</u>

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

Net Assets - Beginning
Net Assets - Ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (7,573,596)	\$ -	\$ (7,573,596)
(7,881,858)	-	(7,881,858)
(27,839)	-	(27,839)
(4,697,874)	-	(4,697,874)
500,054	-	500,054
(1,135,458)	-	(1,135,458)
(669,509)	-	(669,509)
<u>(89,270)</u>	<u>-</u>	<u>(89,270)</u>
<u>(21,575,350)</u>	<u>-</u>	<u>(21,575,350)</u>
-	(593,394)	(593,394)
-	2,329,759	2,329,759
-	(14,909)	(14,909)
<u>-</u>	<u>1,721,456</u>	<u>1,721,456</u>
<u>\$ (21,575,350)</u>	<u>\$ 1,721,456</u>	<u>\$ (19,853,894)</u>
12,885,773	-	12,885,773
1,525,385	-	1,525,385
1,268,561	-	1,268,561
108,150	-	108,150
4,618,680	432,208	5,050,888
679,407	163,515	842,922
(30,466)	(69,337)	(99,803)
331,737	6,175	337,912
(980,465)	980,465	-
<u>20,406,762</u>	<u>1,513,026</u>	<u>21,919,788</u>
<u>(1,168,588)</u>	<u>3,234,482</u>	<u>2,065,894</u>
<u>68,142,092</u>	<u>7,218,420</u>	<u>75,360,512</u>
<u>\$ 66,973,504</u>	<u>\$ 10,452,902</u>	<u>\$ 77,426,406</u>

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	<u>General</u>	<u>Fines and Forfeitures</u>	<u>Transportation Trust</u>
Assets			
Cash	\$ 4,500,074	\$ 1,981,545	\$ 4,140,262
Investments	36,595	-	-
Deposit	5,753	-	4,315
Accounts Receivable, net	991,587	3,700	-
Due From Other Funds	308,940	499,942	31,104
Due From Other Governmental Agencies	340,776	69,629	1,055,391
Prepaid Expenses	324,733	-	-
Inventory of Supplies, At Cost	367,665	-	-
Total Assets	<u>\$ 6,876,123</u>	<u>\$ 2,554,816</u>	<u>\$ 5,231,072</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 384,415	\$ 51,417	\$ 339,655
Due to Other Funds	576,001	11,513	64,479
Due to Other Governmental Agencies	27,418	13,887	2,646
Deferred Revenue	66,676	775,856	-
Total Liabilities	<u>1,054,510</u>	<u>852,673</u>	<u>406,780</u>
Fund Balances			
Reserved For Debt Service	-	-	-
Unreserved, reported in:			
General Fund	5,821,613	-	-
Special Revenue Funds	-	1,702,143	4,824,292
Total Fund Balances	<u>5,821,613</u>	<u>1,702,143</u>	<u>4,824,292</u>
Total Liabilities and Fund Balances	<u>\$ 6,876,123</u>	<u>\$ 2,554,816</u>	<u>\$ 5,231,072</u>

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

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

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

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

Net assets of governmental activities

See accompanying notes to financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,897,924	\$ 1,869,589	\$ 15,389,394
-	-	36,595
-	-	10,068
100	10	995,397
83,122	7,010	930,118
260,745	24,751	1,751,292
-	4,128	328,861
-	-	367,665
<u>\$ 3,241,891</u>	<u>\$ 1,905,488</u>	<u>\$ 19,809,390</u>

\$ 95,002	\$ 100,987	\$ 971,476
259,783	8,598	920,374
-	-	43,951
<u>2,887,106</u>	<u>41,000</u>	<u>3,770,638</u>
<u>3,241,891</u>	<u>150,585</u>	<u>5,706,439</u>

-	69,122	69,122
-	-	5,821,613
-	1,685,781	8,212,216
<u>-</u>	<u>1,754,903</u>	<u>14,102,951</u>
<u>\$ 3,241,891</u>	<u>\$ 1,905,488</u>	

56,389,982

(3,487,580)

(31,849)

\$ 66,973,504

HARDEE COUNTY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General	Fines and Forfeitures
Revenues		
Taxes	\$ 6,751,998	\$ 7,510,486
Licenses and Permits	281,680	-
Intergovernmental	3,498,154	235,028
Charges For Services	795,923	765,533
Fines and Forfeitures	7,753	304,379
Assessments	-	-
Interest	229,307	110,639
Miscellaneous	644,893	3,621
Total Revenues	12,209,708	8,929,686
Expenditures		
Current:		
General Government	6,886,134	913,140
Public Safety	9,707,789	-
Physical Environment	591,448	-
Transportation	-	-
Economic Environment	-	-
Human Services	861,255	-
Culture and Recreation	810,486	-
Capital Outlay	1,060,423	80,357
Debt Service:		
Principal Retirement	98,269	-
Interest and fiscal charges	13,144	-
Total Expenditures	20,028,948	993,497
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,819,240)	7,936,189
Other Financing Sources (Uses)		
Transfers In	7,878,442	-
Transfers Out	(1,377,231)	(7,460,573)
Total Other Financing Sources (Uses)	6,501,211	(7,460,573)
Net Change in Fund Balances	(1,318,029)	475,616
Fund Balances, beginning of year	7,139,642	1,226,527
Fund Balances, end of year	\$ 5,821,613	\$ 1,702,143

See accompanying notes to financial statements.

Transportation Trust	Grants	Other Governmental Funds	Total Governmental Funds
\$ 1,525,385	\$ -	\$ -	\$ 15,787,869
-	-	-	281,680
3,891,716	3,214,635	707,735	11,547,268
-	-	1,000,958	2,562,414
-	-	5,506	317,638
-	-	1,939,860	1,939,860
148,076	128,085	50,136	666,243
202,030	45,096	128,945	1,024,585
<u>5,767,207</u>	<u>3,387,816</u>	<u>3,833,140</u>	<u>34,127,557</u>
-	-	1,103,380	8,902,654
-	-	2,131,418	11,839,207
-	-	-	591,448
3,475,163	-	-	3,475,163
-	2,318,292	-	2,318,292
-	226,794	220,500	1,308,549
-	173,231	65,367	1,049,084
1,286,435	-	12,091	2,439,306
52,202	-	823,657	974,128
9,621	-	73,492	96,257
<u>4,823,421</u>	<u>2,718,317</u>	<u>4,429,905</u>	<u>32,994,088</u>
<u>943,786</u>	<u>669,499</u>	<u>(596,765)</u>	<u>1,133,469</u>
131,288	7,500	1,639,069	9,656,299
(708,000)	(676,999)	(413,961)	(10,636,764)
<u>(576,712)</u>	<u>(669,499)</u>	<u>1,225,108</u>	<u>(980,465)</u>
367,074	-	628,343	153,004
<u>4,457,218</u>	<u>-</u>	<u>1,126,560</u>	<u>13,949,947</u>
<u>\$ 4,824,292</u>	<u>\$ -</u>	<u>\$ 1,754,903</u>	<u>\$ 14,102,951</u>

HARDEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds	\$	153,004
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,697,230) exceeded depreciation (\$4,895,898) in the current period.</p>		(2,198,578)
<p>In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. In the statement of activities, donated capital assets increase revenues. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets deleted and the contributed capital.</p>		(42,706)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		912,705
<p>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 decrease in accrued interest of \$6,987).</p>		<u>6,987</u>
Change in net assets of governmental activities	\$	<u><u>(1,168,588)</u></u>

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget - Positive (Negative)
Revenues				
Taxes	\$ 6,465,879	\$ 6,465,879	\$ 6,751,998	\$ 286,119
Licenses and Permits	534,653	534,653	281,680	(252,973)
Intergovernmental	2,602,291	3,100,762	3,498,154	397,392
Charges For Services	1,078,381	1,078,381	795,923	(282,458)
Fines and Forfeitures	26,688	26,688	7,753	(18,935)
Interest	433,000	434,873	229,307	(205,566)
Miscellaneous	349,716	651,404	644,893	(6,511)
Total Revenues	11,490,608	12,292,640	12,209,708	(82,932)
Expenditures				
Current:				
General Government	7,768,265	7,925,363	6,886,134	1,039,229
Public Safety	10,189,669	10,576,097	9,707,789	868,308
Physical Environment	521,922	725,119	591,448	133,671
Human Services	1,091,916	1,108,961	861,255	247,706
Culture and Recreation	875,867	875,745	810,486	65,259
Capital Outlay	318,708	675,607	1,060,423	(384,816)
Debt Service:				
Principal Retirement	110,398	110,398	98,269	12,129
Interest	16,053	16,053	13,144	2,909
Total Expenditures	20,892,798	22,013,343	20,028,948	1,984,395
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(9,402,190)	(9,720,703)	(7,819,240)	1,901,463
Other Financing Sources (Uses)				
Transfers In	8,024,342	8,241,371	7,878,442	(362,929)
Transfers Out	(1,162,341)	(1,381,393)	(1,377,231)	4,162
Total Other Financing Sources (Uses)	6,862,001	6,859,978	6,501,211	(358,767)
Net Change in Fund Balances	(2,540,189)	(2,860,725)	(1,318,029)	1,542,696
Fund Balances, beginning of year	3,563,791	3,574,291	7,139,642	3,565,351
Fund Balances, end of year	\$ 1,023,602	\$ 713,566	\$ 5,821,613	\$ 5,108,047

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
FINES AND FORFEITURES FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,163,868	\$ 8,163,868	\$ 7,510,486	\$ (653,382)
Intergovernmental	502,500	482,499	235,028	(247,471)
Charges For Services	755,000	755,000	765,533	10,533
Fines and Forfeitures	265,000	265,000	304,379	39,379
Interest	100,000	100,000	110,639	10,639
Miscellaneous	1,000	1,000	3,621	2,621
Total Revenues	<u>9,787,368</u>	<u>9,767,367</u>	<u>8,929,686</u>	<u>(837,681)</u>
Expenditures				
Current:				
General Government	2,781,896	2,622,550	913,140	1,709,410
Capital Outlay	31,200	104,307	80,357	23,950
Total Expenditures	<u>2,813,096</u>	<u>2,726,857</u>	<u>993,497</u>	<u>1,733,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,974,272</u>	<u>7,040,510</u>	<u>7,936,189</u>	<u>895,679</u>
Other Financing Sources (Uses)				
Transfers Out	(7,394,342)	(7,460,580)	(7,460,573)	7
Total Other Financing Sources (Uses)	<u>(7,394,342)</u>	<u>(7,460,580)</u>	<u>(7,460,573)</u>	<u>7</u>
Net Change in Fund Balances	(420,070)	(420,070)	475,616	895,686
Fund Balances, beginning of year	<u>420,070</u>	<u>420,070</u>	<u>1,226,527</u>	<u>806,457</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,702,143</u>	<u>\$ 1,702,143</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
TRANSPORTATION TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 1,707,873	\$ 1,707,873	\$ 1,525,385	\$ (182,488)
Intergovernmental	6,633,146	6,633,146	3,891,716	(2,741,430)
Interest	121,400	121,400	148,076	26,676
Miscellaneous	24,850	24,850	202,030	177,180
Total Revenues	<u>8,487,269</u>	<u>8,487,269</u>	<u>5,767,207</u>	<u>(2,720,062)</u>
Expenditures				
Current:				
Transportation	6,618,589	6,618,589	3,475,163	3,143,426
Capital Outlay	3,856,203	3,859,203	1,286,435	2,572,768
Debt Service:				
Principal Retirement	52,203	52,203	52,202	1
Interest	9,621	9,621	9,621	-
Total Expenditures	<u>10,536,616</u>	<u>10,539,616</u>	<u>4,823,421</u>	<u>5,716,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,049,347)</u>	<u>(2,052,347)</u>	<u>943,786</u>	<u>2,996,133</u>
Other Financing Sources (Uses)				
Transfers In	203,850	203,850	131,288	(72,562)
Transfers Out	(723,833)	(720,833)	(708,000)	12,833
Total Other Financing Sources (Uses)	<u>(519,983)</u>	<u>(516,983)</u>	<u>(576,712)</u>	<u>(59,729)</u>
Net Change in Fund Balances	(2,569,330)	(2,569,330)	367,074	2,936,404
Fund Balances, beginning of year	<u>2,569,330</u>	<u>2,569,330</u>	<u>4,457,218</u>	<u>1,887,888</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,824,292</u>	<u>\$ 4,824,292</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues				
Intergovernmental	\$ 2,037,848	\$ 2,573,191	\$ 3,214,635	\$ 641,444
Interest	100,050	100,050	128,085	28,035
Miscellaneous	50,000	50,000	45,096	(4,904)
Total Revenues	<u>2,187,898</u>	<u>2,723,241</u>	<u>3,387,816</u>	<u>664,575</u>
Expenditures				
Current:				
Economic Environment	5,124,944	5,542,000	2,318,292	3,223,708
Human Services	228,050	228,050	226,794	1,256
Culture and Recreation	516,800	516,800	173,231	343,569
Capital Outlay	1,800	-	-	-
Total Expenditures	<u>5,871,594</u>	<u>6,286,850</u>	<u>2,718,317</u>	<u>3,568,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,683,696)</u>	<u>(3,563,609)</u>	<u>669,499</u>	<u>4,233,108</u>
Other Financing Sources (Uses)				
Transfers In	-	-	7,500	7,500
Transfers Out	(4,114)	(90,500)	(676,999)	(586,499)
Total Other Financing Sources (Uses)	<u>(4,114)</u>	<u>(90,500)</u>	<u>(669,499)</u>	<u>7,500</u>
Net Change in Fund Balances	(3,687,810)	(3,654,109)	-	3,654,109
Fund Balances, beginning of year	<u>3,687,810</u>	<u>3,654,109</u>	<u>-</u>	<u>(3,654,109)</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	(Non-major Fund) Vandolah Wastewater Treatment	
Assets				
Current Assets				
Cash	\$ 651,753	\$ 2,295,488	\$ 229,041	\$ 3,176,282
Deposit	-	3,596	-	3,596
Accounts Receivable, net	64,123	33,778	7,300	105,201
Due From Other Funds	4,630	-	-	4,630
Due From Other Governmental Agencies	-	102,980	-	102,980
Prepaid Expenses	1,981	2,954	-	4,935
Total Current Assets	722,487	2,438,796	236,341	3,397,624
Noncurrent Assets				
Restricted Cash	2,582,061	-	-	2,582,061
Capital Assets				
Land	372,775	253,217	165,000	790,992
Buildings and Improvements	2,902,881	4,685,452	1,180,696	8,769,029
Equipment	1,364,401	49,267	4,509	1,418,177
Infrastructure	3,855,501	5,277,019	-	9,132,520
Less Accumulated Depreciation	(2,056,220)	(629,436)	(127,398)	(2,813,054)
Total capital assets (net of accumulated depreciation)	6,439,338	9,635,519	1,222,807	17,297,664
Total Noncurrent Assets	9,021,399	9,635,519	1,222,807	19,879,725
Total Assets	\$ 9,743,886	\$ 12,074,315	\$ 1,459,148	\$ 23,277,349

(continued)

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS (concluded)
 SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	(Non-major Fund) Vandolah Wastewater Treatment	
Liabilities				
Current Liabilities, payable from current assets				
Accounts Payable and Accrued Liabilities	\$ 43,402	\$ 26,854	\$ 16,382	\$ 86,638
Due to Other Funds	11,568	2,721	85	14,374
Due to Other Governmental Agencies	3,431	3,189	-	6,620
Deposits	13,129	6,200	-	19,329
Deferred Revenue	-	6,892	63,945	70,837
Accrued Compensated Absences	11,264	-	-	11,264
Notes Payable - Current Portion	500,000	225,000	-	725,000
Total Current Liabilities, payable from current assets	582,794	270,856	80,412	934,062
Noncurrent Liabilities				
Notes Payable	500,000	1,200,000	-	1,700,000
Long-term closure and post-closure care	10,190,385	-	-	10,190,385
Total Noncurrent Liabilities	10,690,385	1,200,000	-	11,890,385
Total Liabilities	11,273,179	1,470,856	80,412	12,824,447
Net Assets				
Invested in capital assets, net of related debt	5,439,338	8,210,519	1,222,807	14,872,664
Unrestricted	(6,968,631)	2,392,940	155,929	(4,419,762)
Total Net Assets	\$ (1,529,293)	\$ 10,603,459	\$ 1,378,736	\$ 10,452,902

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	(Non-major Fund) Vandolah Wastewater Treatment	
Operating Revenues				
Charges For Services	\$ 987,022	\$ 357,180	\$ 106,908	\$ 1,451,110
Special Assessments	799,650	-		799,650
Total Revenues	<u>1,786,672</u>	<u>357,180</u>	<u>106,908</u>	<u>2,250,760</u>
Operating Expenses				
Personal Services	338,115	-	21,663	359,778
General and Administrative	1,857,094	485,232	75,830	2,418,156
Depreciation	406,201	189,189	24,324	619,714
Total Operating Expenses	<u>2,601,410</u>	<u>674,421</u>	<u>121,817</u>	<u>3,397,648</u>
Operating Income (Loss)	<u>(814,738)</u>	<u>(317,241)</u>	<u>(14,909)</u>	<u>(1,146,888)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	256,522	3,122,267	-	3,378,789
Interest Income	103,888	51,792	7,835	163,515
Interest Expense	(35,178)	(43,059)	-	(78,237)
Miscellaneous Revenue	4,543	1,632	-	6,175
Total Nonoperating Revenues (Expenses) Net	<u>329,775</u>	<u>3,132,632</u>	<u>7,835</u>	<u>3,470,242</u>
Income before transfers	(484,963)	2,815,391	(7,074)	2,323,354
Capital Contributions to Other Funds	(69,337)	-	-	(69,337)
Transfers In	200,872	969,982	-	1,170,854
Transfers Out	(164,277)	(23,440)	(2,672)	(190,389)
Change in Net Assets	(517,705)	3,761,933	(9,746)	3,234,482
Net Assets, beginning of year	(1,011,588)	6,841,526	1,388,482	7,218,420
Total Net Assets, end of year	<u>\$ (1,529,293)</u>	<u>\$ 10,603,459</u>	<u>\$ 1,378,736</u>	<u>\$ 10,452,902</u>

See accompanying notes to financial statements.

**HARDEE COUNTY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,789,515	\$ 356,467
Cash paid to suppliers for goods and services	(963,600)	(772,203)
Cash paid to employees for services	(338,116)	-
Net cash provided by operating activities	<u>487,799</u>	<u>(415,736)</u>
Cash Flows From Noncapital and Related Financing Activities		
Grants received	256,522	-
Other non-operating revenue	4,543	1,632
Transfers in/(out)	36,595	946,542
Net cash provided (used) by noncapital and related financing activities	<u>297,660</u>	<u>948,174</u>
Cash Flows From Capital and Related Financing Activities		
Capital grant receipts	-	2,690,059
Shared revenues from state	-	366,084
Acquisition and construction of capital assets	(81,630)	(3,112,222)
Principal paid on capital debt	(500,000)	(225,000)
Interest paid on capital debt	(35,178)	(39,832)
Net cash (used) by capital and related financing activities	<u>(616,808)</u>	<u>(320,911)</u>
Cash Flows From Investing Activities		
Interest and dividends from investments	103,888	51,792
Net cash provided by investing activities	<u>103,888</u>	<u>51,792</u>
Net Increase In Cash	272,539	263,319
Cash, Beginning of Year	<u>2,961,275</u>	<u>2,032,169</u>
Cash, End of Year	<u><u>\$ 3,233,814</u></u>	<u><u>\$ 2,295,488</u></u>

See accompanying notes to financial statements.

**Business-Type Activities -
Enterprise Funds**

Vandolah Wastewater Treatment	Total
\$ 73,000	\$ 2,218,982
(64,269)	(1,800,072)
(21,663)	(359,779)
<u>(12,932)</u>	<u>59,131</u>
-	256,522
-	6,175
<u>(2,672)</u>	<u>980,465</u>
<u>(2,672)</u>	<u>1,243,162</u>
-	2,690,059
-	366,084
2,400	(3,191,452)
-	(725,000)
-	(75,010)
<u>2,400</u>	<u>(935,319)</u>
<u>7,835</u>	<u>163,515</u>
<u>7,835</u>	<u>163,515</u>
(5,369)	530,489
<u>234,410</u>	<u>5,227,854</u>
<u>\$ 229,041</u>	<u>\$ 5,758,343</u>

(continued)

HARDEE COUNTY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Reconciliation of Net Operation Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (814,738)	\$ (317,241)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	406,201	189,189
(Increase) Decrease in accounts receivable	3,025	(3,703)
(Increase) Decrease in due from other funds	518	-
(Increase) Decrease in prepaid expenses	3,504	-
Increase (Decrease) in accounts payable and accrued liabilities	541	(290,653)
Increase (Decrease) in due to other funds	6,353	2,640
Increase (Decrease) in due to other governmental agencies	580	1,042
Increase (Decrease) in deferred revenues	-	2,990
Increase (Decrease) in retainage payable	-	-
Increase (Decrease) in deposits	(700)	-
Increase (Decrease) in long-term closure and post-closure care	882,515	-
	1,302,537	(98,495)
Net cash provided by operating activities	\$ 487,799	\$ (415,736)
Noncash investing, capital, and financing activities:		
Contributions of capital assets to other funds	\$ 69,337	\$ -
Reconciliation of Enterprise Fund Cash to Proprietary Funds Statement of Net Assets		
Current assets:		
Cash	\$ 651,753	\$ 2,295,488
Restricted assets:		
Cash	2,582,061	-
Total cash	\$ 3,233,814	\$ 2,295,488

See accompanying notes to financial statements.

**Business-Type Activities -
Enterprise Funds**

<u>Vandolah Wastewater Treatment</u>	<u>Total</u>
\$ (14,909)	\$ (1,146,888)
24,324	619,714
(7,300)	(7,978)
-	518
-	3,504
11,476	(278,636)
85	9,078
-	1,622
(26,608)	(23,618)
-	-
-	(700)
-	882,515
<u>1,977</u>	<u>1,206,019</u>
<u>\$ (12,932)</u>	<u>\$ 59,131</u>
<u>\$ -</u>	<u>\$ 69,337</u>
\$ 229,041	\$ 3,176,282
-	2,582,061
<u>\$ 229,041</u>	<u>\$ 5,758,343</u>

HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2008

	<u>Agency Funds</u>
Assets	
Cash	\$ 621,625
Due from Individuals	<u>982</u>
Total Assets	<u><u>\$ 622,607</u></u>
 Liabilities	
Due to Individuals	\$ 192,982
Due to Other Governments	215,807
Deposit - Installment Taxes	<u>213,818</u>
Total Liabilities	<u><u>\$ 622,607</u></u>

See accompanying notes to financial statements.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - REPORTING ENTITY

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (concluded)

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

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

Governmental Funds

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

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

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

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

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

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

Basis of Presentation

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

Governmental Major Funds

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

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

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Major Funds

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

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

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

Other Fund Types

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

Non-current Governmental Assets/Liabilities

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

B. Budgets and Budgetary Accounting

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Investments

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

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

D. Receivables

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

E. Interfund Transactions

Interfund transactions are accounted for in the following manner:

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

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

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

F. Inventories

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

G. Deferred Revenue

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Revenue (concluded)

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-way, and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

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

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

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

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

The estimated useful lives are as follows:

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2008 was 8.5540 mills.

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

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

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

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

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

J. Compensated Absences

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

The County's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for certain sick and accumulated leave if they meet certain criteria. In governmental fund types, the cost of accumulated sick and annual leave is recognized when payments are made to employees. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net assets at September 30, 2008, representing the Board's commitment to fund such costs from future operations.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Restricted Assets

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

L. Encumbrances

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

M. Landfill Closure and Postclosure Costs

The County has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and postclosure costs. A long-term liability of accrued landfill closure and postclosure costs at September 30, 2008, has been recorded in the enterprise fund representing the County's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2008, estimated capacity used was 84.01%. In addition, the County has established a landfill escrow account in the landfill closure fund to fund estimated closure costs as required by the Florida Department of Environmental Protection.

N. Use of Estimates

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

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

“Total fund balances” of the county’s governmental funds (\$14,102,951) differs from “net assets” of governmental activities (\$66,973,504) reported in the statement of net assets. This difference primarily results from the long term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

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

Cost of capital assets	\$ 102,908,075
Accumulated depreciation	(46,518,093)
Total capital assets added	<u>\$ 56,389,982</u>

Long-term Debt Transactions

Long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances as of September 30, 2008 were:

Capital leases payable	\$ (1,062,066)
Notes payable	(1,600,000)
Compensated absences	(825,514)
Total	<u>\$ (3,487,580)</u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

Accrued Interest

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

Accrued interest on capital leases payable and notes payable	\$ <u>31,849</u>
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Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$920,374 between governmental funds have been eliminated for the statement of net assets.

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

The “net change in fund balances” for governmental funds (\$153,004) differs from the “change in net assets” for governmental activities (-\$1,168,588) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

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

Capital outlay	\$ 2,697,320
Depreciation expense	(4,895,898)
Difference	<u>\$ (2,198,578)</u>

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

Donated capital assets	\$ 69,337
Sale of capital assets	(112,043)
Net adjustment	<u>\$ (42,706)</u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

Long-term Debt Transactions

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

Principal repayments:	
Capital leases payable	\$ 274,128
Notes payable	700,000
Net change in compensated absences	<u>(61,423)</u>
Net adjustment	<u><u>\$ 912,705</u></u>

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

Net change in accrued interest payable	<u><u>\$ 6,987</u></u>
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Reclassification and Eliminations

Transfers in and transfers out in the amount of \$9,393,978 between governmental activities are eliminated.

NOTE 4 – CASH AND INVESTMENTS

Deposits

The County's carrying amount of cash deposits was \$21,769,362 and the bank balances were \$22,562,877 at September 30, 2008.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4 – CASH AND INVESTMENTS (concluded)

Investments

At September 30, 2008, the Board’s investments consisted of the following:

Investment Type	Fair Value
Certificates of Deposit	\$ 36,595

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

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

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

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

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

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

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5 – RECEIVABLES

Receivables consist of the following at September 30, 2008:

	General Fund	Fines and Forfeitures	Grants	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Non-Major and Other Funds	Total
Emergency Medical Services	\$ 1,156,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,156,366
Landfill Charges	-	-	-	64,123			64,123
Accounts	147,440	3,700	100		33,778	7,310	192,328
Accounts Receivable, gross	1,303,806	3,700	100	64,123	33,778	7,310	1,412,817
(Allowance for uncollectibles)	(312,219)						(312,219)
Accounts Receivable, net	\$ 991,587	\$ 3,700	\$ 100	\$ 64,123	\$ 33,778	\$ 7,310	\$ 1,100,598

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6 - DETAIL OF CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,494,863	\$ -	\$ -	\$ -	\$ 3,494,863
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>3,494,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,494,863</u>
Capital assets, being depreciated:					
Buildings and improvements	20,911,733	315,688	(545)	-	21,226,876
Machinery and equipment	14,815,940	1,151,016	(530,573)	69,337	15,505,720
Infrastructure	61,450,000	1,230,616	-	-	62,680,616
Total capital assets, being depreciated:	<u>97,177,673</u>	<u>2,697,320</u>	<u>(531,118)</u>	<u>69,337</u>	<u>99,413,212</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,828,410)	(505,715)	-	-	(6,334,125)
Machinery and equipment	(7,977,105)	(1,320,132)	419,075	-	(8,878,162)
Infrastructure	(28,235,755)	(3,070,051)	-	-	(31,305,806)
Total accumulated depreciation	<u>(42,041,270)</u>	<u>(4,895,898)</u>	<u>419,075</u>	<u>-</u>	<u>(46,518,093)</u>
Total capital assets, being depreciated, net	<u>55,136,403</u>	<u>(2,198,578)</u>	<u>(112,043)</u>	<u>69,337</u>	<u>52,895,119</u>
Governmental activities capital assets, net	<u>\$ 58,631,266</u>	<u>\$(2,198,578)</u>	<u>\$ (112,043)</u>	<u>\$ 69,337</u>	<u>\$ 56,389,982</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 790,992	\$ -	\$ -	\$ -	\$ 790,992
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>790,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,992</u>
Capital assets, being depreciated:					
Buildings and improvements	8,817,529	-	(48,500)	-	8,769,029
Machinery and equipment	1,454,616	42,206	(9,308)	(69,337)	1,418,177
Infrastructure	5,934,320	3,198,200	-	-	9,132,520
Total capital assets, being depreciated:	<u>16,206,465</u>	<u>3,240,406</u>	<u>(57,808)</u>	<u>(69,337)</u>	<u>19,319,726</u>
Less accumulated depreciation for:					
Buildings and system	(1,399,167)	(223,758)	43,850	24,905	(1,554,170)
Machinery and equipment	(713,419)	(57,080)	2,705	62,143	(705,651)
Infrastructure	(89,608)	(376,577)	-	(87,048)	(553,233)
Total accumulated depreciation	<u>(2,202,194)</u>	<u>(657,415)</u>	<u>46,555</u>	<u>-</u>	<u>(2,813,054)</u>
Total capital assets, being depreciated, net	<u>14,004,271</u>	<u>2,582,991</u>	<u>(11,253)</u>	<u>(69,337)</u>	<u>16,506,672</u>
Business-type activities capital assets, net	<u>\$ 14,795,263</u>	<u>\$ 2,582,991</u>	<u>\$ (11,253)</u>	<u>\$ (69,337)</u>	<u>\$ 17,297,664</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 6 - DETAIL OF CAPITAL ASSETS (concluded)

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

Governmental activities:	
General government	\$ 648,491
Public safety	601,903
Physical environment	3,349
Transportation	3,455,488
Human services	54,279
Culture/recreation	132,388
Total depreciation expense - governmental activities	<u>\$ 4,895,898</u>
Business-type activities:	
Solid Waste	\$ 403,044
Wauchula Hills Water/Wastewater Treatment	230,646
Vandolah Wastewater Treatment	23,725
Total depreciation expense - business-type activities	<u>\$ 657,415</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended September 30, 2008:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Governmental Activities:					
Capital leases	\$ 1,336,194	-	(274,128)	\$ 1,062,066	\$ 253,496
Notes payable	2,300,000	-	(700,000)	1,600,000	700,000
Compensated absences	764,091	61,423	-	825,514	333,354
Total Governmental Activities:	<u>\$ 4,400,285</u>	<u>\$ 61,423</u>	<u>\$ (974,128)</u>	<u>\$ 3,487,580</u>	<u>\$ 1,286,850</u>
Business-Type Activities:					
Notes payable	\$ 3,150,000	-	(725,000)	\$ 2,425,000	\$ 725,000
Compensated absences	11,264	-	-	11,264	11,264
Landfill closure and postclosure costs	9,307,870	882,515	-	10,190,385	-
Total Business-Type Activities:	<u>\$ 12,469,134</u>	<u>\$ 882,515</u>	<u>\$ (725,000)</u>	<u>\$ 12,626,649</u>	<u>\$ 736,264</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 - LONG-TERM DEBT (continued)

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

Capital Leases

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

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

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

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

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

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

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

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

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

Asset:	
Machinery and Equipment	\$ 2,235,166
Less: Accumulated Depreciation	<u>(575,082)</u>
Total	<u><u>\$ 1,660,084</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 - LONG-TERM DEBT (continued)

Capital Leases (concluded)

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

Year Ending September 30,	Governmental Activities
2009	\$ 308,516
2010	268,588
2011	206,765
2012	206,763
2013	103,483
thereafter	121,451
Total payments	\$ 1,215,566
Less: Amount representing interest	(153,500)
Total	\$ 1,062,066

Notes Payable

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

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

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

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 - LONG-TERM DEBT (concluded)

Notes Payable (concluded)

Maturities of notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Florida Local Government Finance Commission</u>		<u>Florida Local Government Finance Commission</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 700,000	\$ 21,130	\$ 725,000	\$ 36,635
2010	700,000	9,547	725,000	25,787
2011	200,000	3,097	225,000	16,611
2012	-	-	225,000	11,682
2013	-	-	525,000	2,581
	<u>\$ 1,600,000</u>	<u>\$ 33,774</u>	<u>\$ 2,425,000</u>	<u>\$ 93,296</u>

NOTE 8 – OTHER DISCLOSURES

The balance of interfund receivables and payables were as follows at September 30, 2008:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 308,940	576,001
Fines and Forfeitures	499,942	11,513
Transportation Trust	31,104	64,479
Grants	83,122	259,783
Non-Major Governmental Funds	7,010	8,598
Solid Waste	4,630	11,568
Wauchula Hills	-	2,721
V andolah Wastewater Treatment	-	85
Total	<u>\$ 934,748</u>	<u>\$ 934,748</u>

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLAN (concluded)

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

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

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the plan.

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

The County's contributions to the System for the years ended September 30, 2008, 2007, and 2006 were \$1,826,528, \$1,880,609, and \$1,503,866, respectively, equal to the required contributions for each year.

NOTE 10 - RISK MANAGEMENT

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

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Landfill Closure Commitments

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

Hardee County has one landfill site which is comprised of one cell which is currently in operation. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and postclosure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and postclosure care liability of \$10,190,385 at September 30, 2008, represents the cumulative amount reported to date based on an average use of 84.01% of the total estimated capacity. The remaining \$1,939,387 will be recognized as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2008 with \$2,582,061 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, 2008 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 12 – FUND BALANCE DEFICIT

Enterprise Funds

Solid Waste Fund – The unrestricted net assets deficit of \$6,968,631 is due to the landfill closure and post-closure care liability which is not fully funded. Management will continue to fund the required portion of the liability annually.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 13 - TRANSFERS

Transfers during the year ended September 30, 2008, consisted of the following:

Transfers to the General Fund from:

Transportation Trust	\$ 125,000
Fines and Forfeitures	7,460,080
Grants	39,532
Non-Major Governmental Funds	87,226
Sheriff's Commissary Fund	71,932
Solid Waste Fund	70,000
Wauchula Hills Water/Wastewater Treatment	22,000
Non-Major Enterprise Fund	2,672
	<u>\$ 7,878,442</u>

Transfers to the Transportation Trust Fund from:

General	7,838
Fines and Forfeitures	493
Non-Major Governmental Funds	27,240
Solid Waste Fund	94,277
Wauchula Hills Water/Wastewater Treatment	1,440
	<u>\$ 131,288</u>

Transfers to the Grants Fund from:

General	<u>\$ 7,500</u>
---------	-----------------

Transfers to Non-Major Governmental Funds from:

General	829,826
Transportation Trust	583,000
Non-Major Governmental Funds	226,243
	<u>\$ 1,639,069</u>

Transfers to Wauchula Hills Water/Wastewater Treatment from:

General	332,515
Grants	637,467
	<u>\$ 969,982</u>

Transfers to the Solid Waste Fund from:

General	199,552
Non-Major Governmental Funds	1,320
	<u>\$ 200,872</u>

Transfers are used to 1) move revenues from the fund that state law required to collect them to the fund that state law requires to expend them, 2) provide matching funds for grants, 3) use unrestricted fund revenues to finance activities which must be accounted for in another fund.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 14 - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)

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

**Balance Sheet
September 30, 2008**

Assets	
Cash	\$ 805,148
Due from Other Governments	175,100
Due from Other Funds	<u>36,354</u>
Total Assets	<u><u>\$ 1,016,602</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 51,557
Due to Other Funds	1,408
Deferred Revenue	<u>963,637</u>
Total Liabilities	1,016,602
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,016,602</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 184,133	\$ (165,867)
Interest	20,000	20,000	27,931	7,931
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>42,996</u>	<u>(7,004)</u>
Total Revenues	<u>420,000</u>	<u>420,000</u>	<u>255,060</u>	<u>(164,940)</u>
Expenditures:				
Economic Environment	<u>955,500</u>	<u>867,451</u>	<u>262,560</u>	<u>604,891</u>
Total Expenditures	<u>955,500</u>	<u>867,451</u>	<u>262,560</u>	<u>604,891</u>
Deficiency of Revenues Under Expenditures	(535,500)	(447,451)	(7,500)	439,951
Transfers In	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Net change in fund balance	(535,500)	(447,451)	-	447,451
Fund balance, beginning of year	<u>535,500</u>	<u>447,451</u>	<u>-</u>	<u>(447,451)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 15 – HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND

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

**Balance Sheet
September 30, 2008**

Assets	
Cash	\$ 1,927,746
Due From Other Funds	2,424
Total Assets	\$ 1,930,170
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 35,436
Due to Other Funds	764
Deferred Revenue	1,893,970
Total Liabilities	1,930,170
Fund Balance	-
Total Liabilities and Fund Balance	\$ 1,930,170

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 1,712,368	\$ 1,512,368
Interest	80,000	80,000	100,104	20,104
Total Revenues	280,000	280,000	1,812,472	1,532,472
Expenditures:				
Economic Environment	3,410,510	3,466,399	1,773,566	1,692,833
Total Expenditures	3,410,510	3,466,399	1,773,566	1,692,833
Excess of Revenues Over Expenditures	(3,130,510)	(3,186,399)	38,906	3,225,305
Transfers In	-	-	(38,906)	(38,906)
Net change in fund balance	(3,130,510)	(3,186,399)	-	3,186,399
Fund balance, beginning of year	3,130,510	3,186,399	-	(3,186,399)
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

**HARDEE COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

	<u>Special Revenue</u>				
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park</u>	<u>Law Enforcement Trust</u>	<u>Clerk's Fine and Forfeiture</u>
Assets					
Cash	\$ 1,132,000	\$ 3,330	\$ 167,351	\$ 90,174	\$ 36,596
Accounts Receivable, net	-	-	-	-	10
Due From Other Funds	4,753	-	-	-	-
Due From Other Governmental Agencies	-	-	-	-	14,283
Prepaid Expenses	-	-	-	-	1,003
Total Assets	<u>\$ 1,136,753</u>	<u>\$ 3,330</u>	<u>\$ 167,351</u>	<u>\$ 90,174</u>	<u>\$ 51,892</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 46,872	\$ -	\$ 770	\$ -	\$ 51,731
Due to Other Funds	8,432	-	-	-	161
Due to Other Governmental Agencies	-	-	-	-	-
Deferred Revenue	-	-	41,000	-	-
Total Liabilities	<u>55,304</u>	<u>-</u>	<u>41,770</u>	<u>-</u>	<u>51,892</u>
Fund Balances					
Reserved for Debt Service	-	-	-	-	-
Unreserved	1,081,449	3,330	125,581	90,174	-
Total Fund Balances	<u>1,081,449</u>	<u>3,330</u>	<u>125,581</u>	<u>90,174</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,136,753</u>	<u>\$ 3,330</u>	<u>\$ 167,351</u>	<u>\$ 90,174</u>	<u>\$ 51,892</u>

(continued)

Clerk's Records Modernization	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Debt Service Transportation Trust	Total All Nonmajor Governmental Funds
\$ 195,528	\$ 13,774	\$ 126,384	\$ 38,455	\$ 65,997	\$ 1,869,589
-	-	-	-	-	10
2,257	-	-	-	-	7,010
-	10,468	-	-	-	24,751
-	-	-	-	3,125	4,128
<u>\$ 197,785</u>	<u>\$ 24,242</u>	<u>\$ 126,384</u>	<u>\$ 38,455</u>	<u>\$ 69,122</u>	<u>\$ 1,905,488</u>
\$ -	\$ 1,614	\$ -	\$ -	\$ -	\$ 100,987
5	-	-	-	-	8,598
-	-	-	-	-	-
-	-	-	-	-	41,000
<u>5</u>	<u>1,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,585</u>
-	-	-	-	69,122	69,122
<u>197,780</u>	<u>22,628</u>	<u>126,384</u>	<u>38,455</u>	<u>-</u>	<u>1,685,781</u>
<u>197,780</u>	<u>22,628</u>	<u>126,384</u>	<u>38,455</u>	<u>69,122</u>	<u>1,754,903</u>
<u>\$ 197,785</u>	<u>\$ 24,242</u>	<u>\$ 126,384</u>	<u>\$ 38,455</u>	<u>\$ 69,122</u>	<u>\$ 1,905,488</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Special Revenue</u>				
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park</u>	<u>Law Enforcement Trust</u>	<u>Clerk's Fine and Forfeiture</u>
Revenues					
Intergovernmental	\$ -	\$ 446,500	\$ -	\$ -	\$ 221,819
Charges For Services	39,439	-	113,992	-	803,243
Fines and Forfeitures	-	-	-	-	-
Assessments	1,939,860	-	-	-	-
Interest	19,634	993	5,538	2,850	8,061
Miscellaneous	9,210	-	5,070	5,602	9,724
Total Revenues	<u>2,008,143</u>	<u>447,493</u>	<u>124,600</u>	<u>8,452</u>	<u>1,042,847</u>
Expenditures					
Current:					
General Government	-	-	-	-	1,042,847
Public Safety	2,105,985	-	-	-	-
Human Services	-	220,500	-	-	-
Culture and Recreation	-	-	65,367	-	-
Capital Outlay	3,000	-	-	-	-
Debt Service:					
Principal Retirement	123,657	-	-	-	-
Interest	22,340	-	-	-	-
Total Expenditures	<u>2,254,982</u>	<u>220,500</u>	<u>65,367</u>	<u>-</u>	<u>1,042,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(246,839)</u>	<u>226,993</u>	<u>59,233</u>	<u>8,452</u>	<u>-</u>
Other Financing Sources (Uses)					
Operating Transfers In	1,056,069	-	-	-	-
Operating Transfers Out	(77,497)	(226,000)	(38,532)	-	-
Total Other Financing Sources (Uses)	<u>978,572</u>	<u>(226,000)</u>	<u>(38,532)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	731,733	993	20,701	8,452	-
Fund Balance, beginning of year	<u>349,716</u>	<u>2,337</u>	<u>104,880</u>	<u>81,722</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,081,449</u>	<u>\$ 3,330</u>	<u>\$ 125,581</u>	<u>\$ 90,174</u>	<u>\$ -</u>

(continued)

				Debt Service	
Clerk's Records Modernization	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Transportation Trust	Total All Nonmajor Governmental Funds
\$ -	\$ 39,416	\$ -	\$ -	\$ -	\$ 707,735
44,284	-	-	-	-	1,000,958
-	-	-	5,506	-	5,506
-	-	-	-	-	1,939,860
6,104	790	-	-	6,166	50,136
219	160	98,960	-	-	128,945
<u>50,607</u>	<u>40,366</u>	<u>98,960</u>	<u>5,506</u>	<u>6,166</u>	<u>3,833,140</u>
23,524	37,009	-	-	-	1,103,380
-	-	22,743	2,690	-	2,131,418
-	-	-	-	-	220,500
-	-	-	-	-	65,367
-	9,091	-	-	-	12,091
-	-	-	-	700,000	823,657
-	-	-	-	51,152	73,492
<u>23,524</u>	<u>46,100</u>	<u>22,743</u>	<u>2,690</u>	<u>751,152</u>	<u>4,429,905</u>
<u>27,083</u>	<u>(5,734)</u>	<u>76,217</u>	<u>2,816</u>	<u>(744,986)</u>	<u>(596,765)</u>
-	-	-	-	583,000	1,639,069
-	-	(71,932)	-	-	(413,961)
-	-	(71,932)	-	583,000	1,225,108
27,083	(5,734)	4,285	2,816	(161,986)	628,343
<u>170,697</u>	<u>28,362</u>	<u>122,099</u>	<u>35,639</u>	<u>231,108</u>	<u>1,126,560</u>
<u>\$ 197,780</u>	<u>\$ 22,628</u>	<u>\$ 126,384</u>	<u>\$ 38,455</u>	<u>\$ 69,122</u>	<u>\$ 1,754,903</u>

**HARDEE COUNTY, FLORIDA
FIRE CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Charges For Services	\$ 175,464	\$ 175,464	\$ 39,439	\$ (136,025)
Assessments	1,761,000	1,761,000	1,939,860	178,860
Interest	18,000	18,000	19,634	1,634
Miscellaneous	1,000	4,000	9,210	5,210
Total Revenues	<u>1,955,464</u>	<u>1,958,464</u>	<u>2,008,143</u>	<u>49,679</u>
Expenditures				
Current:				
Public Safety	2,203,275	2,215,775	2,105,985	109,790
Capital Outlay	-	3,000	3,000	-
Debt Service:				
Principal Retirement	149,056	140,540	123,657	16,883
Interest	32,506	41,022	22,340	18,682
Total Expenditures	<u>2,384,837</u>	<u>2,400,337</u>	<u>2,254,982</u>	<u>145,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(429,373)</u>	<u>(441,873)</u>	<u>(246,839)</u>	<u>195,034</u>
Other Financing Sources (Uses)				
Transfers In	831,126	831,126	1,056,069	224,943
Transfers In	(84,000)	(84,000)	(77,497)	6,503
Total Other Financing Sources (Uses)	<u>747,126</u>	<u>747,126</u>	<u>978,572</u>	<u>231,446</u>
Net Change in Fund Balances	317,753	305,253	731,733	426,480
Fund Balances, beginning of year	-	-	349,716	349,716
Fund Balances, end of year	<u>\$ 317,753</u>	<u>\$ 305,253</u>	<u>\$ 1,081,449</u>	<u>\$ 776,196</u>

**HARDEE COUNTY, FLORIDA
RACE TRACK JAI ALAI FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	993	993
Total Revenues	<u>446,500</u>	<u>446,500</u>	<u>447,493</u>	<u>993</u>
Expenditures				
Current:				
Human Services	220,500	220,500	220,500	-
Total Expenditures	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,000</u>	<u>226,000</u>	<u>226,993</u>	<u>993</u>
Other Financing Sources (Uses)				
Transfers Out	(226,000)	(226,000)	(226,000)	-
Total Other Financing Sources (Uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	993	993
Fund Balances, beginning of year	-	-	2,337	2,337
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,330</u>	<u>\$ 3,330</u>

**HARDEE COUNTY, FLORIDA
PIONEER PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 119,020	\$ 119,020	\$ 113,992	\$ (5,028)
Interest	5,250	5,250	5,538	288
Miscellaneous	2,000	6,000	5,070	(930)
Total Revenues	<u>126,270</u>	<u>130,270</u>	<u>124,600</u>	<u>(5,670)</u>
Expenditures				
Current:				
Culture and Recreation	84,104	88,404	65,367	23,037
Total Expenditures	<u>84,104</u>	<u>88,404</u>	<u>65,367</u>	<u>23,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,166</u>	<u>41,866</u>	<u>59,233</u>	<u>17,367</u>
Other Financing Sources (Uses)				
Transfers Out	(82,200)	(81,900)	(38,532)	43,368
Total Other Financing Sources (Uses)	<u>(82,200)</u>	<u>(81,900)</u>	<u>(38,532)</u>	<u>43,368</u>
Net Change in Fund Balances	(40,034)	(40,034)	20,701	60,735
Fund Balances, beginning of year	<u>111,035</u>	<u>111,035</u>	<u>104,880</u>	<u>(6,155)</u>
Fund Balances, end of year	<u>\$ 71,001</u>	<u>\$ 71,001</u>	<u>\$ 125,581</u>	<u>\$ 54,580</u>

**HARDEE COUNTY, FLORIDA
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 3,000	\$ 3,000	\$ 2,850	\$ (150)
Miscellaneous	8,000	8,000	5,602	(2,398)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>8,452</u>	<u>(2,548)</u>
Expenditures				
Current:				
Public Safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,000	11,000	8,452	(2,548)
Fund Balances, beginning of year	<u>75,198</u>	<u>75,198</u>	<u>81,722</u>	<u>6,524</u>
Fund Balances, end of year	<u>\$ 86,198</u>	<u>\$ 86,198</u>	<u>\$ 90,174</u>	<u>\$ 3,976</u>

**HARDEE COUNTY, FLORIDA
CLERK'S FINE & FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental	\$ 207,751	\$ 207,751	\$ 221,819	\$ 14,068
Charges for Services	870,191	870,191	803,243	(66,948)
Interest	11,826	11,826	8,061	(3,765)
Miscellaneous	21,483	21,483	9,724	(11,759)
Total Revenues	<u>1,111,251</u>	<u>1,111,251</u>	<u>1,042,847</u>	<u>(68,404)</u>
Expenditures				
Current:				
General Government	1,111,251	1,103,133	1,042,847	60,286
Capital Outlay	-	8,118	-	8,118
Total Expenditures	<u>1,111,251</u>	<u>1,111,251</u>	<u>1,042,847</u>	<u>68,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARDEE COUNTY, FLORIDA
TRANSPORTATION TRUST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 5,000	\$ 5,000	\$ 6,166	\$ 1,166
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>6,166</u>	<u>1,166</u>
Expenditures				
Debt Service:				
Principal Retirement	700,000	700,000	700,000	-
Interest	95,000	95,000	51,152	43,848
Total Expenditures	<u>795,000</u>	<u>795,000</u>	<u>751,152</u>	<u>43,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(790,000)</u>	<u>(790,000)</u>	<u>(744,986)</u>	<u>45,014</u>
Other Financing Sources (Uses)				
Transfers In	598,833	598,833	583,000	(15,833)
Total Other Financing Sources (Uses)	<u>598,833</u>	<u>598,833</u>	<u>583,000</u>	<u>(15,833)</u>
Net Change in Fund Balances	(191,167)	(191,167)	(161,986)	29,181
Fund Balances, beginning of year	<u>191,167</u>	<u>191,167</u>	<u>231,108</u>	<u>39,941</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,122</u>	<u>\$ 69,122</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2008

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's State Juror & Witness</u>
Assets				
Cash	\$ 199,651	\$ 884	\$ 74,536	\$ 270
Due from Individuals	-	-	-	-
Total Assets	<u>\$ 199,651</u>	<u>\$ 884</u>	<u>\$ 74,536</u>	<u>\$ 270</u>
 Liabilities				
Due to Individuals	\$ 28,884	\$ 9	\$ 74,536	\$ 270
Due to Other Governments	170,767	875	-	-
Deposit - Installment Taxes	-	-	-	-
Total Liabilities	<u>\$ 199,651</u>	<u>\$ 884</u>	<u>\$ 74,536</u>	<u>\$ 270</u>

Clerk's County Witness	Clerk's Cash Bond	Clerk's Condemnation Right-of Way	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth
\$ 300	\$ 47,520	\$ 1,090	\$ 14,630	\$ -	\$ 3,254	\$ 3,621
-	-	-	-	-	-	-
<u>\$ 300</u>	<u>\$ 47,520</u>	<u>\$ 1,090</u>	<u>\$ 14,630</u>	<u>\$ -</u>	<u>\$ 3,254</u>	<u>\$ 3,621</u>
\$ 12	\$ 47,520	\$ 1,090	\$ 14,630	\$ -	\$ 3,254	\$ 3,621
288	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 300</u>	<u>\$ 47,520</u>	<u>\$ 1,090</u>	<u>\$ 14,630</u>	<u>\$ -</u>	<u>\$ 3,254</u>	<u>\$ 3,621</u>

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS (Concluded)
SEPTEMBER 30, 2008

	<u>Sheriff's Flower</u>	<u>Tax Collector Fund</u>	<u>Tax Collector's Motor Vehicle Fund</u>	<u>Total</u>
Assets				
Cash	\$ 4,628	\$ 243,262	\$ 27,979	\$ 621,625
Due from Individuals	-	-	982	982
Total Assets	<u>\$ 4,628</u>	<u>\$ 243,262</u>	<u>\$ 28,961</u>	<u>\$ 622,607</u>
Liabilities				
Due to Individuals	\$ 4,628	\$ 14,528	-	\$ 192,982
Due to Other Governments	-	14,916	28,961	215,807
Deposit - Installment Taxes	-	213,818	-	213,818
Total Liabilities	<u>\$ 4,628</u>	<u>\$ 243,262</u>	<u>\$ 28,961</u>	<u>\$ 622,607</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<u>CLERK'S SPECIAL TRUST</u>				
Assets				
Cash	\$ 397,836	\$ 2,234,622	\$ (2,432,807)	\$ 199,651
Liabilities				
Due to Individuals	\$ 27,859	\$ 101,326	\$ (100,301)	\$ 28,884
Due to Other Governments	369,977	2,133,296	(2,332,506)	170,767
Total Liabilities	<u>\$ 397,836</u>	<u>\$ 2,234,622</u>	<u>\$ (2,432,807)</u>	<u>\$ 199,651</u>
 <u>CLERK'S SUPPORT</u>				
Assets				
Cash	\$ 782	\$ 10,866	\$ (10,764)	\$ 884
Liabilities				
Due to Individuals	\$ 9	\$ 65	\$ (65)	\$ 9
Due to Other Governments	773	10,801	(10,699)	875
Total Liabilities	<u>\$ 782</u>	<u>\$ 10,866</u>	<u>\$ (10,764)</u>	<u>\$ 884</u>
 <u>CLERK'S COURT REGISTRY</u>				
Assets				
Cash	\$ 95,635	\$ 315,368	\$ (336,467)	\$ 74,536
Liabilities				
Due to Individuals	\$ 95,635	\$ 315,368	\$ (336,467)	\$ 74,536
 <u>CLERK'S STATE JUROR AND WITNESS</u>				
Assets				
Cash	\$ 765	\$ 46,093	\$ (46,588)	\$ 270
Liabilities				
Due to Individuals	\$ 765	\$ 46,093	\$ (46,588)	\$ 270

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<u>CLERK'S COUNTY WITNESS</u>				
Assets				
Cash	\$ 259	\$ 100	\$ (59)	\$ 300
Liabilities				
Due to Individuals	\$ 17	\$ 5	\$ (10)	\$ 12
Due to Other Governments	242	95	(49)	288
Total Liabilities	<u>\$ 259</u>	<u>\$ 100</u>	<u>\$ (59)</u>	<u>\$ 300</u>
 <u>CLERK'S CASH BOND</u>				
Assets				
Cash	\$ 46,777	\$ 229,323	\$ (228,580)	\$ 47,520
Liabilities				
Due to Individuals	\$ 46,777	\$ 229,323	\$ (228,580)	\$ 47,520
 <u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u>				
Assets				
Cash	\$ 1,090	\$ -	\$ -	\$ 1,090
Liabilities				
Due to Individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
 <u>SHERIFF'S SUSPENSE</u>				
Assets				
Cash	\$ 16,348	\$ 54,212	\$ (55,930)	\$ 14,630
Liabilities				
Due to individuals	\$ 16,348	\$ 54,212	\$ (55,930)	\$ 14,630

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
<u>SHERIFF'S COLLECTIONS</u>				
Assets				
Cash	\$ -	\$ 16,730	\$ (16,730)	\$ -
Liabilities				
Due to individuals	\$ -	\$ 16,730	\$ (16,730)	\$ -
 <u>SHERIFF'S INMATE</u>				
Assets				
Cash	\$ 3,763	\$ 251,127	\$ (251,636)	\$ 3,254
Liabilities				
Due to individuals	\$ 3,763	\$ 251,127	\$ (251,636)	\$ 3,254
 <u>SHERIFF'S YOUTH</u>				
Assets				
Cash	\$ 5,364	\$ 1,468	\$ (3,211)	\$ 3,621
Liabilities				
Due to individuals	\$ 5,364	\$ 1,468	\$ (3,211)	\$ 3,621
 <u>SHERIFF'S FLOWER</u>				
Assets				
Cash	\$ 1,928	\$ 1,109	\$ 1,591	\$ 4,628
Liabilities				
Due to Individuals	\$ 1,928	\$ 1,109	\$ 1,591	\$ 4,628

(continued)

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<u>TAX COLLECTOR FUND</u>				
Assets				
Cash	\$ 216,616	\$ 3,736,995	\$ (3,710,349)	\$ 243,262
Liabilities				
Due to Individuals	\$ 29,486	\$ 873,332	\$ (888,290)	\$ 14,528
Due to Other Governments	9,150	2,649,845	(2,644,079)	14,916
Deposit - Installment Taxes	177,980	213,818	(177,980)	213,818
	<u>\$ 216,616</u>	<u>\$ 3,736,995</u>	<u>\$ (3,710,349)</u>	<u>\$ 243,262</u>
 <u>TAX COLLECTOR'S MOTOR VEHICLE FUND</u>				
Assets				
Cash	\$ 41,839	\$ 1,968,148	\$ (1,982,008)	\$ 27,979
Due from Individuals	56	982	(56)	982
Total Assets	<u>\$ 41,895</u>	<u>\$ 1,969,130</u>	<u>\$ (1,982,064)</u>	<u>\$ 28,961</u>
Liabilities				
Due to Other Governments	<u>\$ 41,895</u>	<u>\$ 1,969,130</u>	<u>\$ (1,982,064)</u>	<u>\$ 28,961</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 829,002	\$ 8,866,161	\$ (9,073,538)	\$ 621,625
Due from Individuals	56	982	(56)	982
Total Assets	<u>\$ 829,058</u>	<u>\$ 8,867,143</u>	<u>\$ (9,073,594)</u>	<u>\$ 622,607</u>
Liabilities				
Due to Individuals	\$ 229,041	\$ 1,890,158	\$ (1,926,217)	\$ 192,982
Due to Other Governments	422,037	6,763,167	(6,969,397)	215,807
Deposit - Installment Taxes	177,980	213,818	(177,980)	213,818
Total Liabilities	<u>\$ 829,058</u>	<u>\$ 8,867,143</u>	<u>\$ (9,073,594)</u>	<u>\$ 622,607</u>

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



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

The Honorable Board of County Commissioners
Hardee County, Florida

We have audited the financial statements of the Hardee County, Florida (County), as of and for the year ended September 30, 2008, and have issued our report thereon dated March 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the deficiency described below to be a material weakness in internal control over financial reporting.

07-01: Material audit adjustments

Finding:

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

Several material adjusting journal entries needed to be posted to the trial balance. Fixed asset balances from the capital asset management system did not agree to asset balances in the general ledger. Material grant reimbursements and another receivable were not accrued.

Recommendation:

We recommend that management identify recurring material adjustments analyze receipts and disbursements that occur at year-end for items requiring accrual, and reconcile fixed asset detail to the general ledger to assure that the trial balance, as originally presented for audit, is fairly stated.

Management Response:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted other matters that we have reported to the County's management in a separate letter dated March 19, 2009.

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



THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009



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

The Honorable Board of County Commissioners
Hardee County, Florida

Compliance

We have audited the compliance of Hardee County, Florida (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

Internal Control Over Compliance

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

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

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

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

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009

**HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/Pass-Through Program Title	CFDA CSFA Number	Contract Grant Number	Expenditures
<u>Federal Awards</u>			
Department of Homeland Security			
Pass-through from Florida Department of Community Affairs:			
FDLE Terrorism Prevention Grant	97.067	2008-LETP-HARD-2-Q4-0	14,939
Homeland Security Grant Program	97.067	06-DS-3W-07-35-01-336	13,184
Homeland Security Grant Program	97.067	07-DS-5N-07-35-01-420	5,148
Homeland Security Grant Program	97.067	08-DS-60-07-35-01-172	5,484
U.S. Department of Housing and Urban Development			
Pass-through Florida Department of Community Affairs:			
Community Development Block Grant - Housing	14.228	O8DB-T3-07-35-01-H12	269,041
Community Development Block Grant - DRI	14.228	06DB-3C-07-35-01-W13	662,669
U.S. Department of Justice			
Pass-through from Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-1007	11,192
Pass-through from City of Wauchula, Florida			
Edward Byrne Memorial Justice Assistance Grant	16.738	2008-JAGC-628	28,545
Edward Byrne Memorial Formula Grant Program	16.579	2008-PMAG-HARD-1-R6-003	7,473
Total Expenditures of Federal Awards			<u>\$ 1,017,675</u>

State Financial Assistance

Florida Department of Community Affairs			
Emergency Management Programs	52.008	08-BG-24-07-35-01-316	\$ 116,585
Hazardous Mitigation Grant	52.010	07HM-42-07-35-01-025	44,100
Hazardous Material Analysis Grant	52.023	08-CP-04-07-35-01-128	3,526
Planning Grants	52.033	08-DR-90-07	100,000

(continued)

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-Through Program Title	CFDA CSFA Number	Contract Grant Number	Expenditures
<u>State Financial Assistance - (continued)</u>			
Florida Department of Environmental Protection			
Small County Solid Waste Grant	37.012	SC-814	277,316
Florida Recreational Development Assistance Program:			
Hardee Lakes	37.017	F6054	143,447
Ball Complex	37.017	F07192	2,100
Soccer Fields	37.017	F07200	27,684
Statewide Surface Water Restoration and Wastewater Projects:			
Wachula Hills Wastewater Services	37.039	LP6036	1,484,983
Wastewater Master Design	37.039	LP6722	60,121
Reuse Master Design	37.039	LP6796	1,626
Bowling Green Wastewater Services	37.039	LP6035	900,000
Florida Department of Health			
Small County Courthouse Facilities	22.004	SC814	218,311
Florida Department of Health			
EMS County Grant	64.005	C70	20,125
Primary Care Challenge Grant	64.007	PCCG-0708-03	103,050
Closing the Gap Grant - Diabetes	64.053	COH1X / COH2S	124,369
Florida Department of Management Services			
Wireless 911 Emergency Telephone System	72.001	e91103/08	251,723
Florida Department of State			
State Aid to Libraries	45.030	08-ST-18	93,980
Florida Department of Transportation			
Small County Outreach Program - Florida Avenue	55.009	FM 414514-1-58-01	943,394
Small County Road Assistance - Goose Pond	55.016	FM 421236-1-58-01	747,586
Small County Road Assistance - Dansby	55.016	FM 418662-1-58-01	560,450
Small County Road Assistance - College Hill	55.016	FM 422359-1-58-01	57,259
Small County Road Assistance - Steve Roberts Special	55.016	FM 422360-1-58-01	157,235
Florida Housing Finance Corporation			
State Housing Initiative Partnership (SHIP)	52.901	N/A	262,559
Hurricane Housing Recovery Program	52.902	N/A	1,812,472
Total Expenditures of State Financial Assistance			<u>\$ 8,514,001</u>

HARDEE COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
For the Year Ended September 30, 2008

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial award programs of Hardee County, Florida (County). The County reporting entity is defined in Note 1 to the County's basic financial statements for the year ended September 30, 2008. All federal financial awards received directly from federal agencies as well as federal financial awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for awards recorded in governmental fund types and the accrual basis of accounting for awards recorded in the proprietary fund types which are described in Note 2 to the County's basic financial statements for the year ended September 30, 2008.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
For the Year Ended September 30, 2008**

A. SUMMARY OF AUDITOR’S RESULTS

PART I – SUMMARY OF AUDITOR’S RESULTS

Basic Financial Statement Section

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

Federal Awards Section

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

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Community Development Block Grant	14.228
<u>State Projects</u>	<u>CSFA No.</u>
Small County Outreach Program (FDOT)	55.009
Small County Road Assistance Program (FDOT)	55.016
Statewide Surface Water Restoration and Wastewater Projects	37.039
State Courthouse Allocation	22.004

HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS (continued)
For the Year Ended September 30, 2008

PART II – SCHEDULE OF BASIC FINANCIAL STATEMENT FINDINGS

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

Finding 07-01:

Condition:

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

Criteria:

Accounting principles generally accepted in the United States of America.

Context:

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

Cause:

Certain contractors are not timely in submitting invoices, some of which were not known or discovered during the year end closing. Receivables for reimbursement of grant expenditures were not accrued for all grants.

Recommendation:

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

Management Response:

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

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

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

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



MANAGEMENT LETTER

The Honorable Board of County Commissioners
Hardee County, Florida

We have audited the financial statements of Hardee County, Florida (County), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 19, 2009.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, March 19, 2009, should be considered in conjunction with this management letter.

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

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

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

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

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

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

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

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 281.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. In connection with our audit, we determined that these two reports were in agreement.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of County Commissioners, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE
FINANCIAL STATEMENT
AND
OTHER FINANCIAL INFORMATION
SEPTEMBER 30, 2008**

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	<u>Page</u>
Report of Independent Certified Public Accountants	1-2
 Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – Governmental Funds	3-4
Governmental Funds – Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances	5-6
General Fund – Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	7
Fines and Forfeitures Fund – Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	8
Transportation Trust Fund – Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	9
Grants Fund – Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	10
Proprietary Funds – Special-Purpose Statement of Net Assets	11-12
Proprietary Funds – Special-Purpose Statement of Revenues, Expenses and Changes in Fund Net Assets	13
Proprietary Funds – Special-Purpose Statement of Cash Flows.....	14-17
Notes to Special-Purpose Financial Statements.....	18-34
Nonmajor Governmental Funds Descriptions.....	35
Nonmajor Governmental Funds – Special-Purpose Combining Balance Sheet.....	36-37
Special-Purpose Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	38-39
Fire Control Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	40
Race Track Jai Alai Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	41

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	<u>Page</u>
Pioneer Park Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	42
Law Enforcement Trust Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	43
Transportation Trust Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	44
Additional Elements of Report Prepared in Accordance with <i>Government Auditing Standards</i>, Issued by The Comptroller General of The United States and The <i>Rules of the Auditor General of the State of Florida</i>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Management Letter.....	47-49



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

Certified Public Accountants and Consultants

Report of Independent Certified Public Accountants

Honorable Board of County Commissioners
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, each major fund and the aggregate remaining fund information of the Hardee County Board of County Commissioners (the "Board") as of and for the year ended September 30, 2008 which collectively comprises the special-purpose financial statements as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Board. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, each major fund and the aggregate remaining fund information of the Board as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison of its general fund and each major fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2009 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	General	Fines and Forfeitures
Assets		
Cash	\$ 4,028,314	\$ 1,950,211
Investments	36,595	-
Deposit	5,753	-
Accounts Receivable, net	988,368	3,700
Due From Constitutional Officers	246,295	531,275
Due From Other Funds	312,884	-
Due From Other Governmental Agencies	253,714	69,630
Prepaid Expenses	-	-
Inventory of Supplies, At Cost	367,665	-
	\$ 6,239,588	\$ 2,554,816
Total Assets		
 Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 339,101	\$ 51,417
Due to Other Funds	49,372	11,513
Due to Constitutional Officers	511	-
Due to Other Governmental Agencies	13,261	13,887
Deferred Revenue	15,730	775,856
Total Liabilities	417,975	852,673
Fund Balances		
Reserved For Debt Service	-	-
Unreserved, reported in:		
General Fund	5,821,613	-
Special Revenue Funds	-	1,702,143
Total Fund Balances	5,821,613	1,702,143
Total Liabilities and Fund Balances	\$ 6,239,588	\$ 2,554,816

See accompanying notes to financial statements

Transportation Trust	Grants	Other Governmental Funds	Total Governmental Funds
\$ 4,140,262	\$ 2,897,924	\$ 1,457,957	\$ 14,474,668
-	-	-	36,595
4,315	-	-	10,068
-	100	-	992,168
19,157	-	5,648	802,375
11,947	83,122	-	407,953
1,055,391	260,745	-	1,639,480
-	-	3,125	3,125
-	-	-	367,665
<u>\$ 5,231,072</u>	<u>\$ 3,241,891</u>	<u>\$ 1,466,730</u>	<u>\$ 18,734,097</u>

\$ 339,655	\$ 95,002	\$ 47,642	\$ 872,817
64,479	259,783	8,432	393,579
-	-	-	511
2,646	-	-	29,794
-	2,887,106	41,000	3,719,692
<u>406,780</u>	<u>3,241,891</u>	<u>97,074</u>	<u>5,016,393</u>

-	-	69,122	69,122
-	-	-	5,821,613
4,824,292	-	1,300,534	7,826,969
<u>4,824,292</u>	<u>-</u>	<u>1,369,656</u>	<u>13,717,704</u>
<u>\$ 5,231,072</u>	<u>\$ 3,241,891</u>	<u>\$ 1,466,730</u>	<u>\$ 18,734,097</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
GOVERNMENTAL FUNDS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>General</u>	<u>Fines and Forfeitures</u>
Revenues		
Taxes	\$ 6,751,998	\$ 7,510,486
Licenses and Permits	281,680	-
Intergovernmental	2,797,924	235,028
Charges For Services	1,017,616	765,533
Fines and Forfeitures	7,753	304,379
Assessments	-	-
Interest	218,297	110,639
Miscellaneous	494,163	3,621
Total Revenues	<u>11,569,431</u>	<u>8,929,686</u>
Expenditures		
Current:		
General Government	5,040,851	913,140
Public Safety	2,614,090	-
Physical Environment	591,448	-
Transportation	-	-
Economic Environment	-	-
Human Services	861,255	-
Culture and Recreation	810,486	-
Capital Outlay	488,380	80,357
Debt Service:		
Principal Retirement	98,269	-
Interest	13,144	-
Total Expenditures	<u>10,517,923</u>	<u>993,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,051,508</u>	<u>7,936,189</u>
Other Financing Sources (Uses)		
Transfers In	457,168	-
Transfers Out	(1,377,231)	(111,231)
Transfers From Constitutional Officers	253,901	-
Transfers to Constitutional Officers	(1,703,375)	(7,349,342)
Total Other Financing Sources (Uses)	<u>(2,369,537)</u>	<u>(7,460,573)</u>
Net Change in Fund Balances	(1,318,029)	475,616
Fund Balances, beginning of year	<u>7,139,642</u>	<u>1,226,527</u>
Fund Balances, end of year	<u>\$ 5,821,613</u>	<u>\$ 1,702,143</u>

See accompanying notes to financial statements

Transportation Trust	Grants	Other Governmental Funds	Total Governmental Funds
\$ 1,525,385	\$ -	\$ -	\$ 15,787,869
-	-	-	281,680
3,891,716	3,214,635	446,500	10,585,803
-	-	153,431	1,936,580
-	-	-	312,132
-	-	1,939,860	1,939,860
148,076	128,085	35,181	640,278
202,030	45,096	19,882	764,792
<u>5,767,207</u>	<u>3,387,816</u>	<u>2,594,854</u>	<u>32,248,994</u>
-	-	-	5,953,991
-	-	2,105,985	4,720,075
-	-	-	591,448
3,475,163	-	-	3,475,163
-	2,318,292	-	2,318,292
-	226,794	220,500	1,308,549
-	173,231	65,367	1,049,084
1,286,435	-	3,000	1,858,172
52,203	-	823,657	974,129
9,620	-	73,492	96,256
<u>4,823,421</u>	<u>2,718,317</u>	<u>3,292,001</u>	<u>22,345,159</u>
<u>943,786</u>	<u>669,499</u>	<u>(697,147)</u>	<u>9,903,835</u>
131,288	7,500	1,639,069	2,235,025
(708,000)	(676,999)	(342,029)	(3,215,490)
-	-	-	253,901
-	-	-	(9,052,717)
<u>(576,712)</u>	<u>(669,499)</u>	<u>1,297,040</u>	<u>(9,779,281)</u>
367,074	-	599,893	124,554
<u>4,457,218</u>	<u>-</u>	<u>769,763</u>	<u>13,593,150</u>
<u>\$ 4,824,292</u>	<u>\$ -</u>	<u>\$ 1,369,656</u>	<u>\$ 13,717,704</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
GENERAL FUND
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 6,465,879	\$ 6,465,879	\$ 6,751,998	\$ 286,119
Licenses and Permits	534,653	534,653	281,680	(252,973)
Intergovernmental	2,602,291	3,045,324	2,797,924	(247,400)
Charges For Services	606,689	606,689	1,017,616	410,927
Fines and Forfeitures	26,688	26,688	7,753	(18,935)
Interest	433,000	434,873	218,297	(216,576)
Miscellaneous	337,533	568,440	494,163	(74,277)
Total Revenues	<u>11,006,733</u>	<u>11,682,546</u>	<u>11,569,431</u>	<u>(113,115)</u>
Expenditures				
Current:				
General Government	5,932,081	5,897,915	5,040,851	857,064
Public Safety	2,922,722	2,970,702	2,614,090	356,612
Physical Environment	521,922	725,119	591,448	133,671
Human Services	1,091,916	1,108,961	861,255	247,706
Culture and Recreation	875,867	875,745	810,486	65,259
Capital Outlay	181,169	509,532	488,380	21,152
Debt Service:				
Principal Retirement	110,398	110,398	98,269	12,129
Interest	16,053	16,053	13,144	2,909
Total Expenditures	<u>11,652,128</u>	<u>12,214,425</u>	<u>10,517,923</u>	<u>1,696,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(645,395)</u>	<u>(531,879)</u>	<u>1,051,508</u>	<u>1,583,387</u>
Other Financing Sources (Uses)				
Transfers In	675,000	675,000	457,168	(217,832)
Transfers Out	(1,162,341)	(1,381,393)	(1,377,231)	4,162
Transfers From Constitutional Officers	110,000	110,000	253,901	143,901
Transfers to Constitutional Officers	(1,517,453)	(1,732,453)	(1,703,375)	29,078
Insurance Proceeds	-	-	-	-
Proceeds From the Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,894,794)</u>	<u>(2,328,846)</u>	<u>(2,369,537)</u>	<u>(40,691)</u>
Net Change in Fund Balances	(2,540,189)	(2,860,725)	(1,318,029)	1,542,696
Fund Balances, beginning of year	<u>3,563,791</u>	<u>3,574,291</u>	<u>7,139,642</u>	<u>3,565,351</u>
Fund Balances, end of year	<u>\$ 1,023,602</u>	<u>\$ 713,566</u>	<u>\$ 5,821,613</u>	<u>\$ 5,108,047</u>

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
FINES AND FORFEITURES FUND
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 8,163,868	8,163,868	\$ 7,510,486	\$ (653,382)
Intergovernmental	502,500	482,499	235,028	(247,471)
Charges For Services	755,000	755,000	765,533	10,533
Fines and Forfeitures	265,000	265,000	304,379	39,379
Interest	100,000	100,000	110,639	10,639
Miscellaneous	1,000	1,000	3,621	2,621
Total Revenues	<u>9,787,368</u>	<u>9,767,367</u>	<u>8,929,686</u>	<u>(837,681)</u>
Expenditures				
Current:				
General Government	2,781,896	2,622,550	913,140	1,709,410
Capital Outlay	31,200	104,307	80,357	23,950
Total Expenditures	<u>2,813,096</u>	<u>2,726,857</u>	<u>993,497</u>	<u>1,733,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,974,272</u>	<u>7,040,510</u>	<u>7,936,189</u>	<u>895,679</u>
Other Financing Sources (Uses)				
Transfers Out	(45,000)	(111,238)	(111,231)	7
Transfers to Constitutional Officers	(7,349,342)	(7,349,342)	(7,349,342)	-
Total Other Financing Sources (Uses)	<u>(7,394,342)</u>	<u>(7,460,580)</u>	<u>(7,460,573)</u>	<u>7</u>
Net Change in Fund Balances	(420,070)	(420,070)	475,616	895,686
Fund Balances, beginning of year	<u>420,070</u>	<u>420,070</u>	<u>1,226,527</u>	<u>806,457</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,702,143</u>	<u>\$ 1,702,143</u>

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
TRANSPORTATION TRUST FUND
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 1,707,873	\$ 1,707,873	\$ 1,525,385	\$ (182,488)
Intergovernmental	6,633,146	6,633,146	3,891,716	(2,741,430)
Interest	121,400	121,400	148,076	26,676
Miscellaneous	24,850	24,850	202,030	177,180
Total Revenues	<u>8,487,269</u>	<u>8,487,269</u>	<u>5,767,207</u>	<u>(2,720,062)</u>
Expenditures				
Current:				
Transportation	6,618,589	6,618,589	3,475,163	3,143,426
Capital Outlay	3,856,203	3,859,203	1,286,435	2,572,768
Debt Service:				
Principal Retirement	52,203	52,203	52,203	-
Interest	9,621	9,621	9,620	1
Total Expenditures	<u>10,536,616</u>	<u>10,539,616</u>	<u>4,823,421</u>	<u>5,716,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,049,347)</u>	<u>(2,052,347)</u>	<u>943,786</u>	<u>2,996,133</u>
Other Financing Sources (Uses)				
Transfers In	203,850	203,850	131,288	(72,562)
Transfers Out	(723,833)	(720,833)	(708,000)	12,833
Total Other Financing Sources (Uses)	<u>(519,983)</u>	<u>(516,983)</u>	<u>(576,712)</u>	<u>(59,729)</u>
Net Change in Fund Balances	(2,569,330)	(2,569,330)	367,074	2,936,404
Fund Balances, beginning of year	<u>2,569,330</u>	<u>2,569,330</u>	<u>4,457,218</u>	<u>1,887,888</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,824,292</u>	<u>\$ 4,824,292</u>

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
GRANTS FUND
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental	\$ 2,037,848	\$ 2,573,191	\$ 3,214,635	\$ 641,444
Interest	100,050	100,050	128,085	28,035
Miscellaneous	50,000	50,000	45,096	(4,904)
Total Revenues	<u>2,187,898</u>	<u>2,723,241</u>	<u>3,387,816</u>	<u>664,575</u>
Expenditures				
Current:				
Economic Environment	5,124,944	5,542,000	2,318,292	3,223,708
Human Services	228,050	228,050	226,794	1,256
Culture and Recreation	516,800	516,800	173,231	343,569
Capital Outlay	1,800	-	-	-
Total Expenditures	<u>5,871,594</u>	<u>6,286,850</u>	<u>2,718,317</u>	<u>3,568,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,683,696)</u>	<u>(3,563,609)</u>	<u>669,499</u>	<u>4,233,108</u>
Other Financing Sources (Uses)				
Transfers In	-	-	7,500	7,500
Transfers Out	(4,114)	(90,500)	(676,999)	(586,499)
	<u>(4,114)</u>	<u>(90,500)</u>	<u>(669,499)</u>	<u>(578,999)</u>
Net Change in Fund Balances	(3,687,810)	(3,654,109)	-	3,654,109
Fund Balances, beginning of year	<u>3,687,810</u>	<u>3,654,109</u>	<u>-</u>	<u>(3,654,109)</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
 PROPRIETARY FUNDS
 SPECIAL-PURPOSE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
Assets				
Current Assets				
Cash	\$ 650,600	\$ 2,295,488	\$ 229,041	\$ 3,175,129
Deposit	-	3,596	-	3,596
Accounts Receivable, net	64,123	33,778	7,300	105,201
Due From Constitutional Officers	5,783	-	-	5,783
Due From Other Governmental Agencies	-	102,980	-	102,980
Prepaid Expenses	1,981	2,954	-	4,935
Total Current Assets	722,487	2,438,796	236,341	3,397,624
Noncurrent Assets				
Restricted Cash	2,582,061	-	-	2,582,061
Capital Assets				
Land	372,775	253,217	165,000	790,992
Buildings and Improvements	2,902,881	4,685,452	1,180,696	8,769,029
Equipment	1,364,401	49,267	4,509	1,418,177
Infrastructure	3,855,501	5,277,019	-	9,132,520
Less Accumulated Depreciation	(2,056,220)	(629,436)	(127,398)	(2,813,054)
Total capital assets (net of accumulated depreciation)	6,439,338	9,635,519	1,222,807	17,297,664
Total Noncurrent Assets	9,021,399	9,635,519	1,222,807	19,879,725
Total Assets	\$ 9,743,886	\$ 12,074,315	\$ 1,459,148	\$ 23,277,349

(continued)

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
 PROPRIETARY FUNDS
 SPECIAL-PURPOSE STATEMENT OF NET ASSETS (concluded)
 SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
Liabilities				
Current Liabilities, payable from current assets				
Accounts Payable and Accrued				
Liabilities	\$ 43,402	\$ 26,854	\$ 16,382	\$ 86,638
Due to Other Funds	11,568	2,721	85	14,374
Due to Other Governmental Agencies	3,431	3,189	-	6,620
Deposits	13,129	6,200	-	19,329
Deferred Revenue	-	6,892	63,945	70,837
Accrued Compensated Absences	11,264	-	-	11,264
Notes Payable - Current Portion	500,000	225,000	-	725,000
Total Current Liabilities, payable from current assets	582,794	270,856	80,412	934,062
Noncurrent Liabilities				
Notes Payable	500,000	1,200,000	-	1,700,000
Long-term closure and post-closure care	10,190,385	-	-	10,190,385
Total Noncurrent Liabilities	10,690,385	1,200,000	-	11,890,385
Total Liabilities	11,273,179	1,470,856	80,412	12,824,447
Net Assets				
Invested in capital assets, net of related debt	5,439,338	8,210,519	1,222,807	14,872,664
Unrestricted	(6,968,631)	2,392,940	155,929	(4,419,762)
Total Net Assets	\$ (1,529,293)	\$ 10,603,459	\$ 1,378,736	\$ 10,452,902

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
 PROPRIETARY FUNDS
 SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
Operating Revenues				
Charges For Services	\$ 987,022	\$ 357,180	\$ 106,908	\$ 1,451,110
Special Assessments	799,650	-	-	799,650
Total Revenues	<u>1,786,672</u>	<u>357,180</u>	<u>106,908</u>	<u>2,250,760</u>
Operating Expenses				
Personal Services	338,115	-	21,663	359,778
General and Administrative	1,857,094	485,232	75,830	2,418,156
Depreciation	406,201	189,189	24,324	619,714
Total Operating Expenses	<u>2,601,410</u>	<u>674,421</u>	<u>121,817</u>	<u>3,397,648</u>
Operating Income (Loss)	<u>(814,738)</u>	<u>(317,241)</u>	<u>(14,909)</u>	<u>(1,146,888)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	256,522	3,122,267	-	3,378,789
Interest Income	103,888	51,792	7,835	163,515
Interest Expense	(35,178)	(43,059)	-	(78,237)
Miscellaneous Revenue	4,543	1,632	-	6,175
Total Nonoperating Revenues (Expenses) Net	<u>329,775</u>	<u>3,132,632</u>	<u>7,835</u>	<u>3,470,242</u>
Income before transfers	(484,963)	2,815,391	(7,074)	2,323,354
Capital Contributions to Other Funds	(69,337)	-	-	(69,337)
Transfers In	200,872	969,982	-	1,170,854
Transfers Out	(164,277)	(23,440)	(2,672)	(190,389)
Change in Net Assets	(517,705)	3,761,933	(9,746)	3,234,482
Net Assets, beginning of year,	(1,011,588)	6,841,526	1,388,482	7,218,420
Total Net Assets, end of year	<u>\$ (1,529,293)</u>	<u>\$ 10,603,459</u>	<u>\$ 1,378,736</u>	<u>\$ 10,452,902</u>

See accompanying notes to financial statements

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
 PROPRIETARY FUNDS
 SPECIAL-PURPOSE STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,788,362	\$ 356,467
Cash paid to suppliers for goods and services	(963,600)	(772,203)
Cash paid to employees for services	(338,116)	-
Net cash from operating activities	<u>486,646</u>	<u>(415,736)</u>
Cash Flows From Noncapital and Related Financing Activities		
Grants received	256,522	-
Other non-operating revenue	4,543	1,632
Transfers in (out)	36,595	946,542
Net cash from noncapital and related financing activities	<u>297,660</u>	<u>948,174</u>
Cash Flows From Capital and Related Financing Activities		
Capital grant receipts	-	2,690,059
Shared revenues from state	-	366,084
Acquisition and construction of capital assets	(81,630)	(3,112,222)
Principal paid on capital debt	(500,000)	(225,000)
Interest paid on capital debt	(35,178)	(39,832)
Net cash from capital and related financing activities	<u>(616,808)</u>	<u>(320,911)</u>
Cash Flows From Investing Activities		
Interest and dividends from investments	103,888	51,792
Net cash from investing activities	<u>103,888</u>	<u>51,792</u>
Net Increase (Decrease) In Cash	271,386	263,319
Cash, Beginning of Year	<u>2,961,275</u>	<u>2,032,169</u>
Cash, End of Year	<u>\$ 3,232,661</u>	<u>\$ 2,295,488</u>

See accompanying notes to financial statements

**Business-Type Activities -
Enterprise Funds**

Vandolah Wastewater Treatment	Total
\$ 73,000	\$ 2,217,829
(64,269)	(1,800,072)
(21,663)	(359,779)
(12,932)	57,978
-	256,522
-	6,175
(2,672)	980,465
(2,672)	1,243,162
-	2,690,059
-	366,084
2,400	(3,191,452)
-	(725,000)
-	(75,010)
2,400	(935,319)
7,835	163,515
7,835	163,515
(5,369)	529,336
234,410	5,227,854
\$ 229,041	\$ 5,757,190

(continued)

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Concluded)
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Business-Type Activities - Enterprise Funds	
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment
Reconciliation of Net Operation Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (814,738)	\$ (317,241)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	406,201	189,189
(Increase) decrease in accounts receivable	3,025	(3,703)
(Increase) decrease in due from constitutional officers	(635)	-
(Increase) decrease in prepaid expenses	3,504	-
Increase (decrease) in accounts payable and accrued liabilities	541	(290,653)
Increase (decrease) in due to other funds	6,353	2,640
Increase (decrease) in due to other governmental agencies	580	1,042
Increase (decrease) in deferred revenues	-	2,990
Increase (decrease) in retainage payable	-	-
Increase (decrease) in deposits	(700)	-
Increase (decrease) in long-term closure and post-closure care	882,515	-
Total adjustments	1,301,384	(98,495)
Net cash provided by operating activities	\$ 486,646	\$ (415,736)
Noncash investing, capital, and financing activities:		
Contributions of capital assets to other funds	\$ 69,337	\$ -
Reconciliation of Enterprise Fund Cash to Proprietary Funds Statement of Net Assets		
Current assets:		
Cash	\$ 650,600	\$ 2,295,488
Restricted assets:		
Cash	2,582,061	-
Total cash	\$ 3,232,661	\$ 2,295,488

See accompanying notes to financial statements

**Business-Type Activities -
Enterprise Funds**

Vandolah Wastewater Treatment	Total
\$ (14,909)	\$ (1,146,888)
24,324	619,714
(7,300)	(7,978)
-	(635)
-	3,504
11,476	(278,636)
85	9,078
-	1,622
(26,608)	(23,618)
-	-
-	(700)
-	882,515
<hr/>	<hr/>
1,977	1,204,866
<hr/>	<hr/>
\$ (12,932)	\$ 57,978
<hr/> <hr/>	<hr/> <hr/>
\$ -	\$ 69,337
<hr/> <hr/>	<hr/> <hr/>
\$ 229,041	\$ 3,175,129
-	2,582,061
<hr/>	<hr/>
\$ 229,041	\$ 5,757,190
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 1 - REPORTING ENTITY

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

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

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

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds (concluded)

Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Ambulance fees, intergovernmental revenues and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Board.

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

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

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

Proprietary Funds

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

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.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds (concluded)

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

Basis of Presentation

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

Governmental Major Funds

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

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

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

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

Proprietary Major Funds

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

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

Vandolah Wastewater Treatment Fund (Non-Major Fund) – The Vandolah Wastewater Treatment Fund accounts for operations of the Vandolah Wastewater utilities.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

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

Cash

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

Investments

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

Receivables

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

Due From Constitutional Officers

During the course of operations, numerous transactions occur between the Board and the Constitutional Officers of the County for goods provided, services rendered, or other budgeted transactions. These receivables are classified as "Due From Constitutional Officers" on the balance sheets.

Due From (To) Other Funds

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

Inventories

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

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

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

Capital Assets

Capital assets, which include 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.

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

Capital assets are recorded as expenditures in the general, 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.

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

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2008 was 8.5540 mills.

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

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

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

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

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

Compensated Absences

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

The Board's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for certain sick and accumulated leave if they meet certain criteria. In governmental fund types, the cost of accumulated sick and annual leave is recognized when payments are made to employees. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net assets of Hardee County as a whole at September 30, 2008, representing the Board's commitment to fund such costs, including the elected officials, from future operations.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Reserved Fund Equity

Reserves indicate that portion of fund balance that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended.

Encumbrances

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

Landfill Closure and Postclosure 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 postclosure costs. A long-term liability of accrued landfill closure and postclosure costs at September 30, 2008, has been recorded in the Solid Waste fund representing the Board's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2008, estimated capacity used was 84.01%. In addition, the Board has established a landfill escrow account in the Solid Waste fund to fund estimated closure costs as required by the Florida Department of Environmental Protection.

At September 30, 2008, the Solid Waste Fund had deficit net assets of \$1,529,293 and had deficit unrestricted net assets of \$6,968,631 due to the construction of a five acre addition to the landfill and because of an \$882,515 increase in the landfill closure liability.

Use of Estimates

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

NOTE 3 – CASH AND INVESTMENTS

Deposits

The Board's carrying amount of cash deposits was \$20,268,453 and the bank balances were \$20,702,531 at September 30, 2008.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 3 – CASH AND INVESTMENTS (concluded)

Investments

At September 30, 2008, the Board’s investments consisted of the following:

Investment Type	Fair Value
Certificates of Deposit	<u>\$ 36,595</u>

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

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

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

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

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

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

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 4 – RECEIVABLES

Receivables consist of the following at September 30, 2008 for the government’s individual major funds and nonmajor funds:

	General Fund	Grants	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Non-Major and Other Funds	Total
Emergency Medical Services	\$ 1,156,366	\$ -	\$ -	\$ -	\$ -	\$ 1,156,366
Landfill Charges	-	-	64,123	-	-	64,123
Accounts	144,221	100	-	33,778	11,000	189,099
Accounts Receivable, gross	1,300,587	100	64,123	33,778	11,000	1,409,588
(Allowance for uncollectibles)	(312,219)	-	-	-	-	(312,219)
Accounts Receivable, net	\$ 988,368	\$ 100	\$ 64,123	\$ 33,778	\$ 11,000	\$ 1,097,369

NOTE 5 - DETAIL OF CAPITAL ASSETS

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

	Balance 10/1/2007	Additions	(Deductions)	Transfers	Balance 9/30/2008
Governmental Activities:					
Land	\$ 3,494,863	\$ -	\$ -	\$ -	\$ 3,494,863
Building and improvements	20,911,733	315,688	(545)	-	21,226,876
Machinery, equipment and library books	12,039,860	647,150	(258,725)	69,337	12,497,622
Roads and bridges	61,450,000	1,230,616	-	-	62,680,616
Totals	<u>\$ 97,896,456</u>	<u>\$ 2,193,454</u>	<u>\$ (259,270)</u>	<u>\$ 69,337</u>	<u>\$ 99,899,977</u>
Business-Type Activities:					
Land	\$ 790,992	\$ -	\$ -	\$ -	\$ 790,992
Building and improvements	8,817,530	-	(48,501)	-	8,769,029
Machinery and equipment	1,454,615	42,206	(9,307)	(69,337)	1,418,177
Infrastructure	5,934,320	3,198,200	-	-	9,132,520
Totals	<u>\$ 16,997,457</u>	<u>\$ 3,240,406</u>	<u>\$ (57,808)</u>	<u>\$ (69,337)</u>	<u>\$ 20,110,718</u>

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 6 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended September 30, 2008:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Governmental Activities:					
Capital leases	\$ 1,336,194	\$ -	\$ (274,129)	\$ 1,062,065	\$ 253,496
Notes payable	2,300,000	-	(700,000)	1,600,000	700,000
Compensated absences	764,091	61,423	-	825,514	333,354
Total Governmental Activities	\$ 4,400,285	\$ 61,423	\$ (974,129)	\$ 3,487,579	\$ 1,286,850
Business-Type Activities:					
Notes payable	\$ 3,150,000	\$ -	\$ (725,000)	\$ 2,425,000	\$ 725,000
Compensated absences	11,264	-	-	11,264	11,264
Landfill closure and postclosure costs	9,307,870	882,515	-	10,190,385	-
Total Business-Type Activities	\$ 12,469,134	\$ 882,515	\$ (725,000)	\$ 12,626,649	\$ 736,264

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

Capital Leases

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

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

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

The Board purchased a fire truck for \$216,964, down payment of \$108,964 and capital lease of \$108,000, during the 2004-2005 fiscal year. Annual payments of \$18,762 include interest at 4.38%.

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

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 6 - LONG-TERM DEBT (continued)

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

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

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

Machinery and Equipment	\$	2,235,166
Less: Accumulated Depreciation		(575,082)
Net	\$	1,660,084

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

Year Ending Sept. 30,	Total Payments
2009	\$ 308,516
2010	268,588
2011	206,765
2012	206,763
2013	103,483
thereafter	121,451
Total payments	\$ 1,215,566
Less: amounts representing interest	(153,500)
Total	\$ 1,062,066

Notes Payable

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

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 6 - LONG-TERM DEBT (concluded)

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

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

Maturities of notes payable are as follows:

Year Ending Sept. 30,	Governmental Activities		Business-Type Activities	
	Florida Local Government Finance Commission		Florida Local Government Finance Commission	
	Principal	Interest	Principal	Interest
2009	\$ 700,000	\$ 21,130	\$ 725,000	\$ 36,635
2010	700,000	9,547	725,000	25,787
2011	200,000	3,097	225,000	16,611
2012	-	-	225,000	11,682
2013			525,000	2,581
	<u>\$ 1,600,000</u>	<u>\$ 33,774</u>	<u>\$ 2,425,000</u>	<u>\$ 93,296</u>

NOTE 7 – OTHER DISCLOSURES

The balance of interfund receivables and payables were as follows at September 30, 2008:

	Interfund Receivable	Interfund Payable
General Fund	\$ 312,884	\$ 49,372
Fines and Forfeitures	-	11,513
Transportation Trust	11,947	64,479
Grants	44,344	221,005
Non-Major Governmental Funds	-	8,432
Solid Waste	-	11,568
Wauchula Hill Water/Wastewater Treatment	-	2,721
Non-Major Enterprise Fund		85
Total	<u>\$ 369,175</u>	<u>\$ 369,175</u>

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 8 - DEFINED BENEFIT PENSION PLAN

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

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

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

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the plan.

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

The Board's contributions to the System for the years ended September 30, 2008, 2007, and 2006, were \$926,911, \$956,116, and \$758,031, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 9 - RISK MANAGEMENT (concluded)

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 10 - COMMITMENTS AND CONTINGENCIES

Landfill Closure Commitments

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

Hardee County has one landfill site which is comprised of one cell which is currently in operation. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and postclosure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and postclosure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and postclosure care liability of \$10,190,385 at September 30, 2008, represents the cumulative amount reported to date based on an average use of 84.01% of the total estimated capacity. The remaining \$1,939,387 will be recognized as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2008 with \$2,582,061 held in a separate cash account to fund the following year's long-term care costs, as well as a portion of the estimated closure costs, of the regional landfill, materials recovery facility, and waste tire facility. The County expects that future inflation costs will be paid from future contributions and interest earnings on these contributions. In the event closure escrow and interest earnings prove inadequate due to higher than expected inflation changes in technology or changes in laws and regulations, these costs may need to be financed by future landfill uses or future tax revenue. The Board intends to fund these costs annually through its solid waste special assessment.

Contingencies

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

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 10 - COMMITMENTS AND CONTINGENCIES (concluded)

Contingencies (Concluded)

The Board is subject to various grant program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2008, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Board's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Board expects such amounts, if any, to be immaterial.

NOTE 12 - TRANSFERS

Transfers are used to 1) move revenues from the fund that state law required to collect them to the fund that state law requires to expend them, 2) provide matching funds for grants, and 3) use unrestricted fund revenues to finance activities which must be accounted for in another fund. Transfers during the year ended September 30, 2008, consisted of the following:

Transfers to the General Fund from:	
Transportation Trust	\$ 125,000
Fines and Forfeitures	110,738
Grants Fund	39,532
Solid Waste Fund	70,000
Wauchula Hills Water/Wastewater Treatment	22,000
Non-Major Enterprise Fund	2,672
Non-Major Governmental Funds	87,226
	<u>\$ 457,168</u>
Transfers to the Transportation Trust Fund from:	
General Fund	\$ 7,838
Fines and Forfeitures	493
Solid Waste Fund	94,277
Wauchula Hills Water/Wastewater Treatment	1,440
Non-Major Governmental Funds	27,240
	<u>\$ 131,288</u>
Transfers to the Grants Fund from:	
General	<u>\$ 7,500</u>
Transfers to Non-Major Governmental Funds from:	
General Fund	\$ 829,826
Transportation Trust	583,000
Non-Major Governmental Funds	226,243
	<u>\$ 1,639,069</u>
Transfers to Wauchula Hills Water/Wastewater Treatment from:	
General Fund	\$ 332,515
Grants Fund	637,467
	<u>\$ 969,982</u>
Transfers to the Solid Waste Fund from:	
Solid Waste Fund	\$ 199,552
Non-Major Governmental Funds	1,320
	<u>\$ 200,872</u>

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 13 - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)

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

**Balance Sheet
September 30, 2008**

Assets	
Cash	\$ 805,148
Due from Other Governments	175,100
Due from Other Funds	<u>36,354</u>
Total Assets	<u><u>\$ 1,016,602</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 51,557
Due to Other Funds	1,408
Deferred Revenue	<u>963,637</u>
Total Liabilities	<u>1,016,602</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,016,602</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 184,133	\$ (165,867)
Interest	20,000	20,000	27,931	7,931
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>42,996</u>	<u>(7,004)</u>
Total Revenues	<u>420,000</u>	<u>420,000</u>	<u>255,060</u>	<u>(164,940)</u>
Expenditures:				
Economic Environment	<u>955,500</u>	<u>867,451</u>	<u>262,560</u>	<u>604,891</u>
Total Expenditures	<u>955,500</u>	<u>867,451</u>	<u>262,560</u>	<u>604,891</u>
Deficiency of Revenues Under Expenditures	(535,500)	(447,451)	(7,500)	439,951
Transfers In	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Net change in fund balance	(535,500)	(447,451)	-	447,451
Fund balance, beginning of year	<u>535,500</u>	<u>447,451</u>	<u>-</u>	<u>(447,451)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NOTE 14 - HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND

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

**Balance Sheet
September 30, 2008**

Assets	
Cash	\$ 1,927,746
Due From Other Funds	2,424
Total Assets	<u><u>\$ 1,930,170</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 35,436
Due to Other Funds	764
Deferred Revenue	1,893,970
Total Liabilities	<u>1,930,170</u>
Fund Balance	-
Total Liabilities and Fund Balance	<u><u>\$ 1,930,170</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 1,712,368	\$ 1,512,368
Interest	80,000	80,000	100,104	20,104
Total Revenues	<u>280,000</u>	<u>280,000</u>	<u>1,812,472</u>	<u>1,532,472</u>
Expenditures:				
Economic Environment	3,410,510	3,466,399	1,773,566	1,692,833
Total Expenditures	<u>3,410,510</u>	<u>3,466,399</u>	<u>1,773,566</u>	<u>1,692,833</u>
Excess of Revenues Over Expenditures	(3,130,510)	(3,186,399)	38,906	3,225,305
Transfers In	-	-	(38,906)	(38,906)
Net change in fund balance	(3,130,510)	(3,186,399)	-	3,186,399
Fund balance, beginning of year	3,130,510	3,186,399	-	(3,186,399)
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SEPTEMBER 30, 2008**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Pioneer Park Days – 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.

DEBT SERVICE FUNDS

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

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

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL-PURPOSE COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

	Special Revenue			
	Fire Control	Race Track Jai Alai	Pioneer Park	Law Enforcement Trust
Assets				
Cash	\$ 1,131,105	\$ 3,330	\$ 167,351	\$ 90,174
Accounts Receivable, net	-	-	-	-
Due From Constitutional Officers	5,648	-	-	-
Due From Other Funds	-	-	-	-
Prepaid Expenses	-	-	-	-
Total Assets	\$ 1,136,753	\$ 3,330	\$ 167,351	\$ 90,174
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 46,872	\$ -	\$ 770	\$ -
Due to Other Funds	8,432	-	-	-
Due To Other Governmental Agencies	-	-	-	-
Deferred Revenue	-	-	41,000	-
Total Liabilities	55,304	-	41,770	-
Fund Balances				
Reserved for Debt Service	-	-	-	-
Unreserved	1,081,449	3,330	125,581	90,174
Total Fund Balances	1,081,449	3,330	125,581	90,174
Total Liabilities and Fund Balances	\$ 1,136,753	\$ 3,330	\$ 167,351	\$ 90,174

<u>Debt Service</u>	
<u>Transportation Trust</u>	<u>Total All Nonmajor Governmental Funds</u>
\$ 65,997	\$ 1,457,957
-	-
-	5,648
-	-
3,125	3,125
<u>\$ 69,122</u>	<u>\$ 1,466,730</u>

\$ -	\$ 47,642
-	8,432
-	-
-	41,000
<u>-</u>	<u>97,074</u>

69,122	69,122
-	1,300,534
<u>69,122</u>	<u>1,369,656</u>
<u>\$ 69,122</u>	<u>\$ 1,466,730</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Special Revenue</u>			
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park</u>	<u>Law Enforcement Trust</u>
Revenues				
Intergovernmental	\$ -	\$ 446,500	\$ -	\$ -
Charges For Services	39,439	-	113,992	-
Assessments	1,939,860	-	-	-
Interest	19,634	993	5,538	2,850
Miscellaneous	9,210	-	5,070	5,602
Total Revenues	<u>2,008,143</u>	<u>447,493</u>	<u>124,600</u>	<u>8,452</u>
Expenditures				
Current:				
Public Safety	2,105,985	-	-	-
Human Services	-	220,500	-	-
Culture and Recreation	-	-	65,367	-
Capital Outlay	3,000	-	-	-
Debt Service:				
Principal Retirement	123,657	-	-	-
Interest	22,340	-	-	-
Total Expenditures	<u>2,254,982</u>	<u>220,500</u>	<u>65,367</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(246,839)</u>	<u>226,993</u>	<u>59,233</u>	<u>8,452</u>
Other Financing Sources (Uses)				
Transfers In	1,056,069	-	-	-
Transfers Out	(77,497)	(226,000)	(38,532)	-
Total Other Financing Sources (Uses)	<u>978,572</u>	<u>(226,000)</u>	<u>(38,532)</u>	<u>-</u>
Net Change in Fund Balances	731,733	993	20,701	8,452
Fund Balances, beginning of year	<u>349,716</u>	<u>2,337</u>	<u>104,880</u>	<u>81,722</u>
Fund Balances, end of year	<u>\$ 1,081,449</u>	<u>\$ 3,330</u>	<u>\$ 125,581</u>	<u>\$ 90,174</u>

<u>Debt Service</u>	
<u>Transportation Trust</u>	<u>Total All Nonmajor Governmental Funds</u>
\$ -	\$ 446,500
-	153,431
-	1,939,860
6,166	35,181
-	19,882
<u>6,166</u>	<u>2,594,854</u>
-	2,105,985
-	220,500
-	65,367
-	3,000
700,000	823,657
51,152	73,492
<u>751,152</u>	<u>3,292,001</u>
<u>(744,986)</u>	<u>(697,147)</u>
583,000	1,639,069
-	(342,029)
<u>583,000</u>	<u>1,297,040</u>
(161,986)	599,893
231,108	769,763
<u>\$ 69,122</u>	<u>\$ 1,369,656</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
FIRE CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues				
Charges For Services	\$ 175,464	\$ 175,464	\$ 39,439	\$ (136,025)
Assessments	1,761,000	1,761,000	1,939,860	178,860
Interest	18,000	18,000	19,634	1,634
Miscellaneous	1,000	4,000	9,210	5,210
Total Revenues	<u>1,955,464</u>	<u>1,958,464</u>	<u>2,008,143</u>	<u>49,679</u>
Expenditures				
Current:				
Public Safety	2,203,275	2,215,775	2,105,985	109,790
Capital Outlay	-	3,000	3,000	-
Debt Service:				
Principal Retirement	149,056	140,540	123,657	16,883
Interest	32,506	41,022	22,340	18,682
Total Expenditures	<u>2,384,837</u>	<u>2,400,337</u>	<u>2,254,982</u>	<u>145,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(429,373)</u>	<u>(441,873)</u>	<u>(246,839)</u>	<u>195,034</u>
Other Financing Sources (Uses)				
Transfers In	831,126	831,126	1,056,069	224,943
Transfers Out	(84,000)	(84,000)	(77,497)	6,503
Total Other Financing Sources (Uses)	<u>747,126</u>	<u>747,126</u>	<u>978,572</u>	<u>231,446</u>
Net Change in Fund Balances	317,753	305,253	731,733	426,480
Fund Balances, beginning of year	-	-	349,716	349,716
Fund Balances, end of year	<u>\$ 317,753</u>	<u>\$ 305,253</u>	<u>\$ 1,081,449</u>	<u>\$ 776,196</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
RACE TRACK JAI ALAI FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	993	993
Total Revenues	<u>446,500</u>	<u>446,500</u>	<u>447,493</u>	<u>993</u>
Expenditures				
Current:				
Human Services	220,500	220,500	220,500	-
Total Expenditures	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,000</u>	<u>226,000</u>	<u>226,993</u>	<u>993</u>
Other Financing Sources (Uses)				
Transfers Out	(226,000)	(226,000)	(226,000)	-
Total Other Financing Sources (Uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	993	993
Fund Balances, beginning of year	-	-	2,337	2,337
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,330</u>	<u>\$ 3,330</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
PIONEER PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 119,020	\$ 119,020	\$ 113,992	\$ (5,028)
Interest	5,250	5,250	5,538	288
Miscellaneous	2,000	6,000	5,070	(930)
Total Revenues	<u>126,270</u>	<u>130,270</u>	<u>124,600</u>	<u>(5,670)</u>
Expenditures				
Current:				
Culture and Recreation	84,104	88,404	65,367	23,037
Total Expenditures	<u>84,104</u>	<u>88,404</u>	<u>65,367</u>	<u>23,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,166</u>	<u>41,866</u>	<u>59,233</u>	<u>17,367</u>
Other Financing Sources (Uses)				
Transfers Out	(82,200)	(81,900)	(38,532)	43,368
Total Other Financing Sources (Uses)	<u>(82,200)</u>	<u>(81,900)</u>	<u>(38,532)</u>	<u>43,368</u>
Net Change in Fund Balances	(40,034)	(40,034)	20,701	60,735
Fund Balances, beginning of year	<u>111,035</u>	<u>111,035</u>	<u>104,880</u>	<u>(6,155)</u>
Fund Balances, end of year	<u><u>\$ 71,001</u></u>	<u><u>\$ 71,001</u></u>	<u><u>\$ 125,581</u></u>	<u><u>\$ 54,580</u></u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 3,000	\$ 3,000	\$ 2,850	\$ (150)
Miscellaneous	8,000	8,000	5,602	(2,398)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>8,452</u>	<u>(2,548)</u>
Expenditures				
Current:				
Public Safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,000	11,000	8,452	(2,548)
Fund Balances, beginning of year	<u>75,198</u>	<u>75,198</u>	<u>81,722</u>	<u>6,524</u>
Fund Balances, end of year	<u>\$ 86,198</u>	<u>\$ 86,198</u>	<u>\$ 90,174</u>	<u>\$ 3,976</u>

**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS
TRANSPORTATION TRUST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 5,000	\$ 5,000	\$ 6,166	\$ 1,166
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>6,166</u>	<u>1,166</u>
Expenditures				
Debt Service:				
Principal Retirement	700,000	700,000	700,000	-
Interest	95,000	95,000	51,152	43,848
Total Expenditures	<u>795,000</u>	<u>795,000</u>	<u>751,152</u>	<u>43,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(790,000)</u>	<u>(790,000)</u>	<u>(744,986)</u>	<u>45,014</u>
Other Financing Sources (Uses)				
Transfers In	598,833	598,833	583,000	(15,833)
Total Other Financing Sources (Uses)	<u>598,833</u>	<u>598,833</u>	<u>583,000</u>	<u>(15,833)</u>
Net Change in Fund Balances	(191,167)	(191,167)	(161,986)	29,181
Fund Balances, beginning of year	<u>191,167</u>	<u>191,167</u>	<u>231,108</u>	<u>39,941</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,122</u>	<u>\$ 69,122</u>

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



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

Certified Public Accountants and Consultants

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

The Honorable Board of County Commissioners
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Board of County Commissioners (the "Board"), as of and for the year ended September 30, 2008, and have issued our report thereon dated March 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the deficiency described below to be a material weakness in internal control over financial reporting:

07-01: Material audit adjustments

Finding:

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

Several material adjusting journal entries needed to be posted to the trial balance. Fixed asset balances from the capital asset management system did not agree to asset balances in the general ledger. Material grant reimbursements and another receivable were not accrued.

Recommendation:

We recommend that management identify recurring material adjustments, analyze receipts and disbursements that occur at year-end for items requiring accrual, and reconcile fixed asset detail to the general ledger to assure that the trial balance, as originally presented for audit, is fairly stated.

Management Response:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Board in a separate letter dated March 19, 2009.

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



THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

The Honorable Board of County Commissioners
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Board of County Commissioners (the "Board") as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated March 19, 2009.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and other matters. Disclosures in that report, which is dated March 19, 2009, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our audit disclosed the following matters required to be reported by the *Rules of the Auditor General*.

STATUS OF PRIOR YEAR COMMENTS

04-10: Capital Assets

Finding:

In the prior year, we noted differences between the capital asset records and the general ledger balances, related to construction in progress.

We did not note this condition during the current year.

In the current year, we noted differences between the capital asset records and general ledger balances. These differences resulted from non-routine transactions regarding capital assets. Audit adjustments were posted in order to bring the general ledger and the subsidiary records into agreement.

Recommendation:

We recommend that management reconcile the capital asset balances to the general ledger balances at least annually, prior to audit.

Management Response:

Management will coordinate with the accounting department in reconciling capital outlay and capital asset balances to the general ledger balance.

06-06: Schedule of expenditure of Federal awards

Finding:

The United States, Office of Management and Budget, Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations states that an auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule must include a number of requirements including the total federal awards expended for each individual federal program. The awards expended, as reported in the original schedule provided to us, were not accurate in respect to the unadjusted accounting records.

We did not note this condition during the current year.

CURRENT YEAR COMMENTS

08-01: Material Accruals

Finding:

In the current year, several material audit adjustments were proposed to accrue grant reimbursements for expenditures made during the fiscal year, and for other receivables related to the fiscal year.

Recommendation:

We recommend that management carefully review payments received near fiscal year end, and grant reimbursement requests placed before year end, to identify items requiring accrual.

Management Response:

Management will coordinate with the accounting department in identifying potential accruals.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violation of laws, regulations, contracts or grant agreements, or abuse that have occurred or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including but not limited to, (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the special-purpose financial

statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information and use of the Board and management, and the Florida Auditor General, and is not intended to be, and should not be used by, anyone other than those specified parties.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
March 19, 2009

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA**

**SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL REPORTS**

SEPTEMBER 30, 2008

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
SEPTEMBER 30, 2008**

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountant.....	1-2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – Governmental Funds.....	3-4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5-6
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	7
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fine and Forfeiture Fund.....	8
Special-Purpose Statement of Fiduciary Net Assets – Agency Fund.....	9
Notes to Special-Purpose Financial Statements.....	10-15
Combining Special-Purpose Statement of Fiduciary Net Assets – All Agency Funds.....	16-17
Combining Special-Purpose Statement of Changes in Assets and Liabilities – All Agency Funds.....	18-19
Supplemental Reports	
Independent Auditor’s Report Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20-21
Management Letter	22-23



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

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the special-purpose financial statements of the general fund, special revenue funds and aggregate agency fund information of the Hardee County, Florida, Clerk of the Circuit Court as of and for the year ended September 30, 2008. These special-purpose financial statements are the responsibility of the management of the Clerk. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds and the aggregate agency fund information of the Hardee County, Florida, Clerk as of September 30, 2008, and the changes in financial position of its general fund and special revenue funds, and budgetary comparison of its general fund and fine and forfeiture fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying Combining Statement of Fiduciary Assets and Liabilities, and Combining Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements of the Clerk. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

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.

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
January 5, 2009

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
SPECIAL PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	General	Fine and Forfeiture
Assets		
Cash	\$ 101,791	\$ 162,353
Due from individuals	-	10
Due from other funds	201	-
Due from other governments	822	14,283
Prepaid expense	-	1,003
Total Assets	\$ 102,814	\$ 177,649
 Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	\$ 26,522	\$ 51,731
Due to other funds	76,292	125,918
Total Liabilities	102,814	177,649
 Fund Balances		
Fund balance - reserved for records modernization	-	-
Unreserved	-	-
Total Fund Balances	-	-
 Total Liabilities and Fund Balances	 \$ 102,814	 \$ 177,649

See accompanying notes to the financial statements.

<u>Records Modernization</u>	<u>Child Support IV-D (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
\$ 195,528	\$ 13,774	\$ 473,446
-	-	10
2,257	-	2,458
-	10,468	25,573
-	-	1,003
<u>\$ 197,785</u>	<u>\$ 24,242</u>	<u>\$ 502,490</u>
\$ -	\$ 1,614	\$ 79,867
5	-	202,215
<u>5</u>	<u>1,614</u>	<u>282,082</u>
197,780	-	197,780
-	22,628	22,628
<u>197,780</u>	<u>22,628</u>	<u>220,408</u>
<u>\$ 197,785</u>	<u>\$ 24,242</u>	<u>\$ 502,490</u>

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
SPECIAL PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	General	Fine and Forfeiture
Revenues		
Appropriations from Board of County Commissioners	\$ 434,900	\$ -
Intergovernmental	-	221,819
Charges for services	133,628	803,243
Miscellaneous	6,281	17,785
Total Revenues	574,809	1,042,847
Expenditures		
Current:		
General Government:		
Salaries and benefits	449,783	921,579
Operating expenditures	115,840	121,268
Capital outlay	9,186	-
Total Expenditures	574,809	1,042,847
Net Change in Fund Balances	-	-
Fund Balances, Beginning of Year	-	-
Fund Balances, End of Year	\$ -	\$ -

See accompanying notes to the financial statements.

<u>Records Modernization</u>	<u>Child Support IV-D (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 434,900
-	39,416	261,235
44,284	-	981,155
6,323	950	31,339
<u>50,607</u>	<u>40,366</u>	<u>1,708,629</u>
21,973	-	1,393,335
1,551	37,009	275,668
-	9,091	18,277
<u>23,524</u>	<u>46,100</u>	<u>1,687,280</u>
27,083	(5,734)	21,349
<u>170,697</u>	<u>28,362</u>	<u>199,059</u>
<u>\$ 197,780</u>	<u>\$ 22,628</u>	<u>\$ 220,408</u>

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Appropriations from Board of County Commissioners	\$ 434,900	\$ 434,900	\$ 434,900	\$ -
Charges for services	177,098	177,098	133,628	(43,470)
Miscellaneous	3,383	3,383	6,281	2,898
Total Revenues	<u>615,381</u>	<u>615,381</u>	<u>574,809</u>	<u>(40,572)</u>
Expenditures				
Current:				
General Government:				
Salaries and benefits	515,297	477,871	449,783	28,088
Operating expenditures	100,084	126,774	115,840	10,934
Capital outlay	-	10,736	9,186	1,550
Total Expenditures	<u>615,381</u>	<u>615,381</u>	<u>574,809</u>	<u>40,572</u>
Excess of Revenues Over Expenditures	-	-	-	-
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 the financial statements.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FINE AND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 207,751	\$ 207,751	\$ 221,819	\$ 14,068
Charges for services	870,191	870,191	803,243	(66,948)
Miscellaneous	33,309	33,309	17,785	(15,524)
Total Revenues	<u>1,111,251</u>	<u>1,111,251</u>	<u>1,042,847</u>	<u>(68,404)</u>
Expenditures				
Current:				
General Government:				
Salaries and benefits	1,017,617	972,703	921,579	51,124
Operating expenditures	93,634	130,430	121,268	9,162
Capital outlay	-	8,118	-	8,118
Total Expenditures	<u>1,111,251</u>	<u>1,111,251</u>	<u>1,042,847</u>	<u>68,404</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 the financial statements.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
SEPTEMBER 30, 2008**

Assets

Cash	\$ 149,826
Due from other funds	<u>199,792</u>

Total Assets \$ 349,618

Liabilities

Due to individuals	\$ 152,321
Due to other funds	35
Due to other governments	171,880
Due to Board of County Commissioners	<u>25,382</u>

Total Liabilities \$ 349,618

See accompanying notes to the financial statements.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 - 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.

The Hardee County Clerk of the Circuit Court (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.

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

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. Excess fees are remitted per Florida Statute 28.36.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of 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 more significant policies:

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:

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.
- **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.
- **Records Modernization Fund** – The records modernization fund is used to account for court technology revenues and expenditures.
- **Child Support Enforcement Grant Fund (non-major fund)** – The child support enforcement grant fund is used to account for the child support enforcement grant and related expenditures.

Fiduciary Fund Type

- **Agency Fund** – 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.

Measurement Focus

- **Governmental Fund Types** – The general and special revenue funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriate resources. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- **Fiduciary Fund Type** – The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Requirements

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 and fine and forfeiture 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.

Capital Assets

Capital assets are recorded as expenditures in the general and special revenue funds at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost and are reported with Hardee County as a whole.

Accrued Compensated Absences

It is the Clerk's policy to grant permanent full-time employees vacation and sick leave. Vacation time may be accrued to a maximum balance as noted below. Upon termination of employment, employees may receive payment for accrued vacation leave as follows:

<u>Length of Service</u>	<u>Maximum Number of Days</u>	<u>Maximum Number of Hours</u>
0-10 Years	15 Workdays	120
11-20 Years	20 Workdays	160
21 Years and Over	25 Workdays	200

Employees of the Clerk are entitled to accrue an unlimited amount of sick leave. Upon termination of employment, employees may receive payment for accrued sick leave as follows:

<u>Length of Service</u>	<u>Amount of Accrued Time Paid</u>
0-20 Years	0.0%
20-24 Years	25.0%
25-29 Years	37.5%
30 Years and Over	50.0%

The Clerk's liability for compensated absences is reported in the records of Hardee County as a whole.

Reserved Fund Balance

The records modernization fund reserved fund balance is set aside for records modernization purposes.

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

NOTE 3 – CASH

Cash Deposits

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, 2008, the carrying amount of the Clerk's deposits was \$623,272 and the bank balance was \$670,890. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

NOTE 4 – EMPLOYEE BENEFITS

Pension Plan

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

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

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

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4 – EMPLOYEE BENEFITS (continued)

The FRS Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee’s account balance. Employees are not required to contribute to the plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Hardee County Clerk of Circuit Court, are required to contribute 9.85 % of the compensation for regular members and 16.53 % for county officials, which includes the health insurance subsidy contribution of 1.11 %.

The Clerk’s contributions to the System for the years ended September 30, 2008, 2007 and 2006 were \$102,252, \$98,853 and \$77,541, respectively, equal to the required contributions for each year.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

The balance of interfund receivables and payables were as follows at September 30, 2008:

	Interfund Receivable	Interfund Payable
General Fund	\$ 201	\$ 76,292
Special Revenue Funds		
Fine and Forfeiture Fund	-	125,918
Records Modernization	2,257	5
Agency Funds		
Special Trust	199,792	35
	\$ 202,250	\$ 202,250

NOTE 6 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2008:

	Balance October 1, 2007	Net Change	Balance September 30, 2008
Accrued Compensated Absences	\$ 58,591	\$ 5,535	\$ 64,126

Accrued compensated absences represent the vested portion of accrued annual leave. See Note 2 for a summary of the Clerk’s compensated absences policy.

**CLERK OF THE CIRCUIT COURT
HARDEE COUNTY, FLORIDA
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2008 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 \$434,900 for the year ended September 30, 2008.

NOTE 8 – RISK MANAGEMENT

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

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

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
 COMBINING SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2008**

	<u>Special Trust</u>	<u>Support</u>	<u>Court Registry</u>	<u>State Jury & Witness</u>
Assets				
Cash	\$ 25,196	\$ 889	\$ 74,541	\$ 275
Due from other funds	<u>199,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 224,988</u></u>	<u><u>\$ 889</u></u>	<u><u>\$ 74,541</u></u>	<u><u>\$ 275</u></u>
 Liabilities				
Due to individuals	\$ 28,884	\$ 9	\$ 74,536	\$ 270
Due to other funds	5	5	5	5
Due to other governments	170,717	875	-	-
Due to Board of County Commissioners	<u>25,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>\$ 224,988</u></u>	<u><u>\$ 889</u></u>	<u><u>\$ 74,541</u></u>	<u><u>\$ 275</u></u>

<u>County Witness</u>	<u>Cash Bond</u>	<u>Condemnation Right-of Way</u>	<u>Total</u>
\$ 305	\$ 47,525	\$ 1,095	\$ 149,826
-	-	-	199,792
<u>\$ 305</u>	<u>\$ 47,525</u>	<u>\$ 1,095</u>	<u>\$ 349,618</u>
\$ 12	\$ 47,520	\$ 1,090	\$ 152,321
5	5	5	35
288	-	-	171,880
-	-	-	25,382
<u>\$ 305</u>	<u>\$ 47,525</u>	<u>\$ 1,095</u>	<u>\$ 349,618</u>

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
COMBINING SPECIAL-PURPOSE STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2008</u>
<u>SPECIAL TRUST</u>				
Assets				
Cash	\$ 23,087	53,825	(51,716)	\$ 25,196
Due from other funds	409,560	2,427,528	(2,637,296)	199,792
Total Assets	<u>\$ 432,647</u>	<u>\$ 2,481,353</u>	<u>\$ (2,689,012)</u>	<u>\$ 224,988</u>
Liabilities				
Due to individuals	\$ 27,859	\$ 101,326	\$ (100,301)	\$ 28,884
Due to other funds	5	-	-	5
Due to other governments	369,977	2,133,246	(2,332,506)	170,717
Due to Board of County Commissioners	34,806	246,781	(256,205)	25,382
Total Liabilities	<u>\$ 432,647</u>	<u>\$ 2,481,353</u>	<u>\$ (2,689,012)</u>	<u>\$ 224,988</u>
<u>SUPPORT</u>				
Assets				
Cash	<u>\$ 787</u>	<u>\$ 10,866</u>	<u>\$ (10,764)</u>	<u>\$ 889</u>
Liabilities				
Due to individuals	\$ 9	\$ 65	\$ (65)	\$ 9
Due to other funds	5	-	-	5
Due to other governments	773	10,801	(10,699)	875
Total Liabilities	<u>\$ 787</u>	<u>\$ 10,866</u>	<u>\$ (10,764)</u>	<u>\$ 889</u>
<u>COURT REGISTRY</u>				
Assets				
Cash	<u>\$ 95,640</u>	<u>\$ 315,368</u>	<u>\$ (336,467)</u>	<u>\$ 74,541</u>
Liabilities				
Due to individuals	\$ 95,635	\$ 315,368	\$ (336,467)	\$ 74,536
Due to other funds	5	-	-	5
Total Liabilities	<u>\$ 95,640</u>	<u>\$ 315,368</u>	<u>\$ (336,467)</u>	<u>\$ 74,541</u>
<u>STATE JUROR AND WITNESS</u>				
Assets				
Cash	<u>\$ 770</u>	<u>\$ 46,093</u>	<u>\$ (46,588)</u>	<u>\$ 275</u>
Liabilities				
Due to individuals	\$ 765	\$ 46,093	\$ (46,588)	\$ 270
Due to other funds	5	-	-	5
Total Liabilities	<u>\$ 770</u>	<u>\$ 46,093</u>	<u>\$ (46,588)</u>	<u>\$ 275</u>

(continued)

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
 COMBINING SPECIAL-PURPOSE STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - ALL AGENCY FUNDS (continued)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2008</u>
<u>COUNTY WITNESS</u>				
Assets				
Cash	\$ 264	\$ 100	\$ (59)	\$ 305
Liabilities				
Due to individuals	\$ 17	5	(10)	12
Due to other funds	5	-	-	5
Due to other governments	242	95	(49)	288
Total Liabilities	<u>\$ 264</u>	<u>\$ 100</u>	<u>\$ (59)</u>	<u>\$ 305</u>
<u>CASH BOND</u>				
Assets				
Cash	\$ 46,782	\$ 229,323	\$ (228,580)	\$ 47,525
Liabilities				
Due to individuals	\$ 46,777	\$ 229,323	\$ (228,580)	\$ 47,520
Due to other funds	5	-	-	5
Total Liabilities	<u>\$ 46,782</u>	<u>\$ 229,323</u>	<u>\$ (228,580)</u>	<u>\$ 47,525</u>
<u>CONDEMNATION RIGHT-OF-WAY</u>				
Assets				
Cash	\$ 1,095	\$ -	\$ -	\$ 1,095
Liabilities				
Due to individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
Due to other funds	5	-	-	5
Total Liabilities	<u>\$ 1,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,095</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 168,425	\$ 655,575	\$ (674,174)	\$ 149,826
Due from other funds	409,560	2,427,528	(2,637,296)	199,792
Total Assets	<u>\$ 577,985</u>	<u>\$ 3,083,103</u>	<u>\$ (3,311,470)</u>	<u>\$ 349,618</u>
Liabilities				
Due to individuals	\$ 172,152	\$ 692,180	\$ (712,011)	\$ 152,321
Due to other funds	35	-	-	35
Due to other governments	370,992	2,144,142	(2,343,254)	171,880
Due to Board of County Commissioners	34,806	246,781	(256,205)	25,382
Total Liabilities	<u>\$ 577,985</u>	<u>\$ 3,083,103</u>	<u>\$ (3,311,470)</u>	<u>\$ 349,618</u>



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

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

We have audited the special-purpose financial statements of the general fund, special revenue funds, and aggregate agency fund information of the Hardee County Clerk of the Circuit Court, Hardee County, Florida (the Clerk) as of and for the year ended September 30, 2008, and have issued our report thereon dated January 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Hardee County, Florida, Clerk of the Circuit Court, in accordance with auditing standards generally accepted in the United States of America, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
January 5, 2009



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Hardee County, Florida Clerk of the Circuit Court (the Clerk) as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated January 5, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 5, 2009, should be considered in conjunction with this management letter.

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

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

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

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

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

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

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

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with budget and performance standards pursuant to Section 28.35, Florida Statutes.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
January 5, 2009

**SHERIFF
HARDEE COUNTY, FLORIDA**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL REPORTS**

SEPTEMBER 30, 2008

**HARDEE COUNTY SHERIFF
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	<u>Page</u>
Report of Independent Certified Public Accountants	1-2
 Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	5
Special-Purpose Statement of Fiduciary Net Assets – Agency Fund	6
Notes to Special-Purpose Financial Statements	7-12
Combining Special-Purpose Statement of Fiduciary Net Assets – All Agency Funds	13-14
Combining Special-Purpose Schedule of Changes in Assets and Liabilities – All Agency Funds	15-16
 Supplemental Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	17-19
Management Letter	20-22



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

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds and aggregate agency fund information of the Sheriff, Hardee County, Florida (Sheriff) as of and for the year ended September 30, 2008. These special-purpose financial statements are the responsibility of the management of the Sheriff. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds, and the aggregate agency fund information of the Sheriff as of September 30, 2008, and the changes in financial position of its general fund and special revenue funds and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2009 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA'S, L.L.P.
Lakeland, Florida
February 22, 2009

**HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 123,213	\$ 126,384	\$ 38,455	\$ 288,052
Due from other governments	86,240	-	-	86,240
Prepaid items	324,733	-	-	324,733
Total Assets	<u>\$ 534,186</u>	<u>\$ 126,384</u>	<u>\$ 38,455</u>	<u>\$ 699,025</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 7,429	\$ -	\$ -	\$ 7,429
Accrued payroll expenses	8,536	-	-	8,536
Due to the Board of County Commissioners	518,221	-	-	518,221
Total Liabilities	<u>534,186</u>	<u>-</u>	<u>-</u>	<u>534,186</u>
 Fund Balances				
Fund balances	-	126,384	38,455	164,839
Total Fund Balances	<u>-</u>	<u>126,384</u>	<u>38,455</u>	<u>164,839</u>
 Total Liabilities and Fund Balances	 <u>\$ 534,186</u>	 <u>\$ 126,384</u>	 <u>\$ 38,455</u>	 <u>\$ 699,025</u>

See accompanying notes to the financial statements.

**HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
Revenues				
Appropriations From Board of County Commissioners	\$ 7,349,342	\$ -	\$ -	\$ 7,349,342
Intergovernmental	698,078	-	-	698,078
Fines and forfeitures	-	-	5,506	5,506
Interest	3,297	-	-	3,297
Miscellaneous	136,492	98,960	-	235,452
Total Revenues	<u>8,187,209</u>	<u>98,960</u>	<u>5,506</u>	<u>8,291,675</u>
Expenditures				
Current:				
Public safety:				
Salaries and benefits	5,759,601	-	-	5,759,601
Operating expenditures	1,334,098	22,743	2,690	1,359,531
Capital outlay	503,867	-	-	503,867
Total Expenditures	<u>7,597,566</u>	<u>22,743</u>	<u>2,690</u>	<u>7,622,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>589,643</u>	<u>76,217</u>	<u>2,816</u>	<u>668,676</u>
Other Financing Sources (Uses)				
Operating transfer in	71,932	-	-	71,932
Operating transfer out	-	(71,932)	-	(71,932)
Transfers to Board of County Commissioners	(661,575)	-	-	(661,575)
Total Other Financing Sources (Uses)	<u>(589,643)</u>	<u>(71,932)</u>	<u>-</u>	<u>(661,575)</u>
Net change in fund balances	-	4,285	2,816	7,101
Fund Balances, Beginning of Year	-	122,099	35,639	157,738
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 126,384</u>	<u>\$ 38,455</u>	<u>\$ 164,839</u>

See accompanying notes to the financial statements.

HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
Revenues				
Appropriation from Board of County Commissioners	\$ 7,349,342	\$ 7,494,439	\$ 7,349,342	\$ (145,097)
Intergovernmental	-	55,438	698,078	642,640
Interest Income	-	-	3,297	3,297
Miscellaneous	-	70,781	136,492	65,711
Total Revenues	<u>7,349,342</u>	<u>7,620,658</u>	<u>8,187,209</u>	<u>566,551</u>
Expenditures				
Current:				
Public safety:				
Salaries and Benefits	5,919,285	6,054,265	5,759,601	294,664
Operating Expenditures	1,347,662	1,551,130	1,334,098	217,032
Capital Outlay	82,395	87,195	503,867	(416,672)
Total Expenditures	<u>7,349,342</u>	<u>7,692,590</u>	<u>7,597,566</u>	<u>95,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(71,932)</u>	<u>589,643</u>	<u>661,575</u>
Other Financing Sources (Uses)				
Operating transfer in	-	71,932	71,932	-
Transfer to the Board of County Commissioners	-	-	(661,575)	(661,575)
Total Other Financing Sources (Uses)	<u>-</u>	<u>71,932</u>	<u>(589,643)</u>	<u>(661,575)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 the financial statements.

**HARDEE COUNTY SHERIFF
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
SEPTEMBER 30, 2008**

Assets

Cash	\$ 22,951
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Liabilities

Due to individuals	\$ 22,951
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See accompanying notes to financial statements.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 - REPORTING ENTITY

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.

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

The Board funds the operations of the Sheriff. The receipts from the Board are recorded as revenue on the Sheriff'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 are remitted to the Board at year end.

NOTE 2 - 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 financial statements.

Fund Accounting

The accounts of the Sheriff 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 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 Sheriff's funds and account group are as follows:

Governmental Funds

- **General Fund** – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- **Education Fund** – The education fund accounts for an assessment added to all fines and forfeitures. These monies can only be used for approved education and training of law enforcement, correctional, and administrative personnel.

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Fund Type

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

Measurement Focus

- **Governmental Funds Types** – The general and special revenue funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- **Fiduciary Fund Type** – The agency fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgetary Requirements

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 by the Sheriff for the general fund. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Sheriff’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.

Capital Assets

Capital assets are recorded as expenditures in the general and special revenue funds at the time an asset is acquired. Assets are capitalized at cost and are reflected in the records of Hardee County as a whole.

Donated and confiscated assets are recorded at fair market value at the time received.

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences

Annual and permanent full-time employees of the Sheriff are entitled to accrue annual sick leave. Upon termination, employees can be paid for their unused vacation time. Upon retirement, employees can be paid for a portion of their unused sick leave based upon their length of employment.

The Sheriff's liability for compensated absences is reported in the records of Hardee County as a whole.

Use of Estimates

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

NOTE 3 – CASH

Cash Deposits

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, 2008, the carrying amount of the Sheriff's deposits was \$311,003 and the bank balance was \$490,664. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280 of the Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The public deposit security trust fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Sheriff are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

NOTE 4 – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets which is comprised of vehicles, equipment and furniture for the year ended September 30, 2008:

<u>Governmental Activities</u>	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2008</u>
Capital Assets	\$ 2,778,051	\$ 503,866	\$ (271,848)	\$ 3,010,069

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5 – EMPLOYEE BENEFITS

Defined Benefit Pension Plan

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

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

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

The FRS Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to special risk employees who retire at or after age 55 and all other employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Sheriff, are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk members, 16.53% for elected officials, and 10.91% for DROP members, which includes the health insurance subsidy contribution of 1.11%.

The Hardee County Sheriff's contributions to the System for the years ended September 30, 2008, 2007, and 2006 were \$692,845, \$720,976, and \$579,425, respectively, equal to the required contributions for each year.

NOTE 6 – 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, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims should not have a material adverse effect on the financial position of the Sheriff.

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Sheriff for the year ended September 30, 2008:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
Accrued Compensated Absences	\$ 220,345	\$ 36,348	\$ -	\$ 256,693
Total Governmental Activities	<u>\$ 220,345</u>	<u>\$ 36,348</u>	<u>\$ -</u>	<u>\$ 256,693</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave and compensatory time. See Note 2 for a summary of the Sheriff’s policy regarding compensated absences.

NOTE 8 – 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
- Public Employee’s Blanket Bond

The funding agreements provide that the self-insurance funds will be self-sustaining through member premiums and that the Sheriff’s liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,300,000 for public officials’ coverage. Coverage limits for automobile risk are \$200,000 for bodily injury and \$100,000 for property damage.

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

**HARDEE COUNTY SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 – TRANSFERS

Transfers during the year ended September 30, 2008 consisted of the following:

Transfers to General Fund from:

Commissary \$71,932

Transfers are used to: 1) move revenues from the fund that state law required to collect them to the fund that state law required to expend them, and 2) use revenues to finance activities accounted for in another fund.

**HARDEE COUNTY SHERIFF
 COMBINING SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2008**

	<u>Suspense</u>	<u>Collections</u>	<u>Inmate</u>	<u>Youth</u>
Assets				
Cash	\$ 14,630	\$ -	\$ 3,254	\$ 3,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Due to individuals	\$ 14,630	\$ -	\$ 3,254	\$ 3,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

<u>Flower</u>	<u>Total</u>
<u>\$ 1,446</u>	<u>\$ 22,951</u>
<u>\$ 1,446</u>	<u>\$ 22,951</u>

HARDEE COUNTY SHERIFF
COMBINING SPECIAL-PURPOSE STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance</u> <u>October 1,</u> <u>2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>September 30,</u> <u>2008</u>
<u>SUSPENSE</u>				
Assets				
Cash	\$ 16,348	\$ 54,212	\$ (55,930)	\$ 14,630
Liabilities				
Due to individuals	\$ 16,348	\$ 54,212	\$ (55,930)	\$ 14,630
 <u>COLLECTIONS</u>				
Assets				
Cash	\$ -	\$ 16,730	\$ (16,730)	\$ -
Liabilities				
Due to individuals	\$ -	\$ 16,730	\$ (16,730)	\$ -
 <u>INMATE</u>				
Assets				
Cash	\$ 3,763	\$251,127	\$ (251,636)	\$ 3,254
Liabilities				
Due to individuals	\$ 3,763	\$251,127	\$ (251,636)	\$ 3,254
 <u>YOUTH</u>				
Assets				
Cash	\$ 5,364	\$ 1,468	\$ (3,211)	\$ 3,621
Liabilities				
Due to individuals	\$ 5,364	\$ 1,468	\$ (3,211)	\$ 3,621

(continued)

**HARDEE COUNTY SHERIFF
 COMBINING SPECIAL-PURPOSE STATEMENT OF
 CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS (continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2008</u>
<u>FLOWER</u>				
Assets				
Cash	\$ 1,928	\$ 1,109	\$ (1,591)	\$ 1,446
Liabilities				
Due to individuals	\$ 1,928	\$ 1,109	\$ (1,591)	\$ 1,446
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 27,403	\$324,646	\$ (329,098)	\$ 22,951
Liabilities				
Due to individuals	\$ 27,403	\$324,646	\$ (329,098)	\$ 22,951



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

Certified Public Accountants and Consultants

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

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds, and aggregate agency fund information of the Hardee County Sheriff, Hardee County, Florida (Sheriff) as of and for the year ended September 30, 2008, and have issued our report thereon dated February 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency, 02-2, described below, to be a significant deficiency in internal control over financial reporting.

02-2: Segregation of Duties

Finding:

There is a lack of segregation of duties over cash disbursements. One person is responsible for receiving goods, processing invoices, disbursement preparation, recording cash receipts and disbursements in the general ledger, and is an authorized check signer.

Recommendation:

We recommend the addition of another staff member to the accounting function to aid in establishing a segregation of duties, so that the responsibilities noted above are divided among staff members.

Management Response:

Due to the size of the agency, it is difficult for a complete segregation of duties. To alleviate the problem, someone other than the person who processes them approves all requisitions and disbursements. All disbursements will be approved before the checks are written. Two signatures are currently required on all checks and this requirement will be continued.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider deficiency 07-1 to be a significant deficiency and material weakness.

07-1: Preparation of financial statements

Finding:

Staff lacks training to apply generally accepted accounting principles in recording the Sheriff's financial transactions and preparing financial statements.

Recommendation:

We recommend the department obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Sheriff will consult with an accounting firm to determine if it would be cost-effective to obtain assistance in recording non-routine transactions and preparing the financial statements at year end.

07-2: Material audit adjustments

Finding:

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

Several material adjusting journal entries were necessary in order for the financial statements to be fairly presented. Revenues and expenditures had been improperly netted in the general ledger. FICA expense was overstated. Accruals were needed for inmate housing payments received in October and November. Excess fees were calculated on the cash basis rather than accrual. The net effect on the financial statements was that liabilities and expenditures were overstated and revenues and excess fees were understated by the amount of the adjustments.

Recommendation:

We recommend the Sheriff obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Sheriff will consult with an accounting firm to determine if it would be cost-effective to obtain assistance in recording non-routine transactions and preparing the financial statements at year end.

Compliance and Other Matters

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

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



THE NCT GROUP CPA'S, L.L.P.
Lakeland, Florida
February 22, 2009



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds, and aggregate agency fund information of the Hardee County Sheriff (Sheriff), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 22, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 22, 2009, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our audit disclosed the following matters required to be disclosed by *Rules of the Auditor General*:

PRIOR YEAR COMMENTS

02-2: Segregation of Duties

Finding:

There is a lack of segregation of duties over cash disbursements. One person is responsible for receiving goods, processing invoices, disbursement preparation, recording cash receipts and disbursements in the general ledger, and is an authorized check signer.

Recommendation:

We recommend the addition of another staff member to the accounting function to aid in establishing a segregation of duties, so that the responsibilities noted above are divided among staff members.

Management Response:

Due to the size of the agency, it is difficult for a complete segregation of duties. To alleviate the problem, someone other than the person who processes them approves all requisitions and disbursements. All disbursements will be approved before the checks are written. Two signatures are currently required on all checks and this requirement will be continued.

05-01: Accounting Staff

Finding:

The Sheriff currently has one officer responsible for all aspects of the accounting function. The unexpected absence of this officer would result in work not being completed or in being unacceptably delayed.

Recommendation:

We recommend cross-training staff so that another officer would be able to complete all aspects of the accounting function in the finance officer's absence.

Management Response:

Another staff member has taken over maintaining the fixed assets records. Also, another member has been trained in payroll preparation.

07-1: Preparation of financial statements

Finding:

Staff lacks training to apply generally accepted accounting principles in recording the Sheriff's financial transactions and preparing financial statements.

Recommendation:

We recommend the department obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Sheriff will consult with an accounting firm to determine if it would be cost-effective to obtain assistance in recording non-routine transactions and preparing the financial statements at year end.

07-2: Material audit adjustments

Finding:

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

Several material adjusting journal entries were necessary in order for the financial statements to be fairly presented. Revenues and expenditures had been improperly netted in the general ledger. FICA expense was overstated. Accruals were needed for inmate housing payments received in October and November. Excess fees were calculated on the cash basis rather than accrual. The net effect on the financial statements was that liabilities and expenditures were overstated and revenues and excess fees were understated by the amount of the adjustments.

Recommendation:

We recommend the Sheriff obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Sheriff will consult with an accounting firm to determine if it would be cost-effective to obtain assistance in recording non-routine transactions and preparing the financial statements at year end.

CURRENT YEAR COMMENTS

There are no new findings or recommendations.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Sheriff, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

The NCT Group CPAs, L.L.P.

THE NCT GROUP CPA'S, L.L.P.

Lakeland, Florida

February 22, 2009

**TAX COLLECTOR
HARDEE COUNTY, FLORIDA**

**SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL REPORTS**

SEPTEMBER 30, 2008

**HARDEE COUNTY TAX COLLECTOR
TABLE OF CONTENTS
SEPTEMBER 30, 2007**

	<u>Page</u>
Report of Independent Certified Public Accountants	1-2
 Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	4
Special-Purpose Statement of Fiduciary Net Assets – Agency Fund	5
Notes to Special-Purpose Financial Statements	6-10
Combining Special-Purpose Statement of Fiduciary Net Assets – All Agency Funds	11
Combining Special-Purpose Schedule of Changes in Assets and Liabilities – All Agency Funds	12
 Supplemental Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14
Management Letter	15-16



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

Certified Public Accountants and Consultants

Report of Independent Certified Public Accountants

The Honorable Zerelda "Zee" Smith
Hardee County Tax Collector
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County, Florida, Tax Collector as of and for the year ended September 30, 2008. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate agency fund information of the Hardee County, Florida, Tax Collector as of September 30, 2008, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying Combining Statement of Fiduciary Assets and Liabilities, and Combining Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements of the Tax Collector. Such information has been subjected to auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
December 2, 2008

**HARDEE COUNTY TAX COLLECTOR
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2008**

Assets

Cash	\$ 235,709
Accounts receivable	2,339
Due from other funds	10,313
Total Assets	<u><u>\$ 248,361</u></u>

Liabilities and Fund Equity

Liabilities

Accounts payable	\$ 1,379
Due to other funds	1,336
Due to the Board of County Commissioners	231,999
Due to other governments	10,532
Due to Indigent Health Care Special District	3,115
Total Liabilities	<u><u>248,361</u></u>

Fund Equity

Fund balances	<u>-</u>
Total Liabilities and Fund Equity	<u><u>\$ 248,361</u></u>

See accompanying notes to financial statements.

**HARDEE COUNTY TAX COLLECTOR
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Charges for services	\$ 682,205	\$ 682,205	\$ 793,452	\$ 111,247
Interest and miscellaneous revenue	8,800	8,800	6,139	(2,661)
Total Revenues	<u>691,005</u>	<u>691,005</u>	<u>799,591</u>	<u>108,586</u>
Expenditures				
Current:				
General government:				
Salaries and benefits	468,488	468,488	450,774	17,714
Operating expenditures	89,562	89,562	86,701	2,861
Capital outlay	20,000	20,000	19,906	94
Total Expenditures	<u>578,050</u>	<u>578,050</u>	<u>557,381</u>	<u>20,669</u>
Excess of Revenues Over Expenditures	<u>112,955</u>	<u>112,955</u>	<u>242,210</u>	<u>129,255</u>
Other Financing (Uses)				
Transfer to other governments	(4,133)	(4,133)	(8,862)	(4,729)
Transfer to Indigent Health Care Special District	(1,426)	(1,426)	(3,057)	(1,631)
Transfer to the Board of County Commissioners	(107,396)	(107,396)	(230,291)	(122,895)
Total Other Financing (Uses)	<u>(112,955)</u>	<u>(112,955)</u>	<u>(242,210)</u>	<u>(129,255)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HARDEE COUNTY TAX COLLECTOR
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
SEPTEMBER 30, 2008**

	Total
Assets	
Cash	\$ 292,378
Due from other funds	1,336
Due from individuals	982
Total Assets	\$ 294,696
Liabilities	
Due to individuals	\$ 14,528
Due to other funds	10,313
Due to Board of County Commissioners	12,160
Due to other governments	43,877
Due to Indigent Health Care Special District	-
Deposit - installment taxes	213,818
Total Liabilities	\$ 294,696

See accompanying notes to financial statements.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 - REPORTING ENTITY

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

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

The Hardee County 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 Hardee County Tax Collector is part of the primary government of Hardee County, Florida. Although the Board and the Florida Department of Revenue approve the Hardee County Tax Collector's operating budget, the Hardee County Tax Collector is responsible for the administration and the operation of the Hardee County Tax Collector's office. The Hardee County 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.

Upon approval of the operating budget, revenues are collected from the fees for the sale of tags and sports licenses and from commissions earned for the collection of taxes for Hardee County, Florida, the Hardee County School Board, the Hardee County Indigent Health Care Special District, and the Southwest Florida Water Management District, pursuant to Florida Statute Chapter 192.091 (2) as a Fee Officer. Any excess revenues received over expenditures made are remitted to the Board and the other taxing districts and recorded as other financing uses – transfers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hardee County 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:

Fund Accounting

The accounts of the Hardee County 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 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 Hardee County Tax Collectors' funds are as follows:

Governmental Funds:

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

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds:

Agency Funds – Agency funds are used to account for assets held by the Hardee County Tax Collector as an agent for individuals, private organizations, other governments and/or other funds.

Measurement Focus:

Governmental Fund Types – The general fund is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Fiduciary Fund Types – The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgetary Requirements

The 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 approved by the Florida Department of Revenue for the general fund.

The Hardee County Tax Collector’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.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements are based upon the approved annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property used in the Hardee County Tax Collector’s operations is reported in the records of Hardee County as a whole.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences

It is the Hardee County Tax Collector's policy to grant employees vacation and sick leave. The Hardee County Tax Collector's employees earn accumulated 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 annual leave if they meet certain criteria.

Since the Tax Collector remits the excess of revenues over expenditures to the Board of County Commissioners and other governmental agencies on an annual basis, the entire unpaid liability for sick and vacation leave is the responsibility of the Board of County Commissioners and the other governmental agencies and is therefore recorded in the records of the Board of County Commissioners and the respective governmental agencies.

Use of Estimates

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

NOTE 3 – CASH

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

At September 30, 2008, the carrying amount of the Hardee County Tax Collector's deposits was \$528,087 and the bank balance was \$582,776. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280 of the Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The public deposit security trust fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Hardee County Tax Collector are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

NOTE 4 – EMPLOYEE BENEFITS

Pension Plan

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

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4 – EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

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

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

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the Investment Plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Hardee County Tax Collector are required to contribute 9.85 % of the compensation for regular members, 16.53 % for county elected officials, and 10.91% for deferred retirement option program, all of which include the 1.11% health insurance subsidy contribution.

The Hardee County Tax Collector's contributions to the System for the years ended September 30, 2008, 2007, and 2006, were \$34,979, \$37,556, and \$32,158, respectively, equal to the required contributions for each year.

NOTE 5 – COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2008:

	Balance October 1, 2007	Net Additions (Deletions)	Balance September 30, 2008
Accrued Compensated Absences	\$ 2,738	\$ 1,955	\$ 4,693

Accrued compensated absences represent the vested portion of accrued vacation leave. See Note 2 for a summary of the Hardee County Tax Collector's compensated absences policy.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 6 – RISK MANAGEMENT

The Hardee County Tax Collector participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk pool. The following types of risk are provided for under the risk management pool:

- Professional Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation

**HARDEE COUNTY TAX COLLECTOR
 COMBINING SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET ASSETS
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2008**

	<u>Tax Collector Fund</u>	<u>Motor Vehicle Fund</u>	<u>Total</u>
Assets			
Cash	\$ 257,866	\$ 34,512	\$ 292,378
Due from other funds	587	749	1,336
Due from individuals	-	982	982
Total Assets	<u>\$ 258,453</u>	<u>\$ 36,243</u>	<u>\$ 294,696</u>
Liabilities			
Due to individuals	\$ 14,528	\$ -	\$ 14,528
Due to other funds	3,462	6,851	10,313
Due to Board of County Commissioners	11,729	431	12,160
Due to other governments	14,916	28,961	43,877
Due to Indigent Health Care Special District	-	-	-
Deposit - installment taxes	213,818	-	213,818
Total Liabilities	<u>\$ 258,453</u>	<u>\$ 36,243</u>	<u>\$ 294,696</u>

HARDEE COUNTY TAX COLLECTOR
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN
ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2008</u>
<u>TAX COLLECTOR FUND</u>				
Assets				
Cash	\$ 231,386	\$ 19,381,464	\$ 19,354,984	\$ 257,866
Due from other funds	142	142,478	142,033	587
Total Assets	<u>\$ 231,528</u>	<u>\$ 19,523,942</u>	<u>\$ 19,497,017</u>	<u>\$ 258,453</u>
Liabilities				
Due to individuals	\$ 29,486	\$ 873,332	\$ 888,290	\$ 14,528
Due to other funds	4,339	198,569	199,446	3,462
Due to Board of County Commissioners	10,573	15,588,378	15,587,222	11,729
Due to other governments	9,150	2,119,194	2,113,428	14,916
Due to Indigent Health Care Special District	-	530,651	530,651	-
Deposit - installment taxes	177,980	213,818	177,980	213,818
Total Liabilities	<u>\$ 231,528</u>	<u>\$ 19,523,942</u>	<u>\$ 19,497,017</u>	<u>\$ 258,453</u>
<u>MOTOR VEHICLE FUND</u>				
Assets				
Cash	\$ 48,931	\$ 2,101,580	\$ 2,115,999	\$ 34,512
Due from other funds	578	749	578	749
Due from individuals	56	982	56	982
Total Assets	<u>\$ 49,565</u>	<u>\$ 2,103,311</u>	<u>\$ 2,116,633</u>	<u>\$ 36,243</u>
Liabilities				
Due to other funds	\$ 7,258	\$ 128,582	\$ 128,989	\$ 6,851
Due to Board of County Commissioners	412	5,599	5,580	431
Due to other governments	41,895	1,969,130	1,982,064	28,961
Total Liabilities	<u>\$ 49,565</u>	<u>\$ 2,103,311</u>	<u>\$ 2,116,633</u>	<u>\$ 36,243</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 280,317	\$ 21,483,044	\$ 21,470,983	\$ 292,378
Due from other funds	720	143,227	142,611	1,336
Due from Individuals	56	982	56	982
Total Assets	<u>\$ 281,093</u>	<u>\$ 21,627,253</u>	<u>\$ 21,613,650</u>	<u>\$ 294,696</u>
Liabilities				
Due to individuals	\$ 29,486	\$ 873,332	\$ 888,290	\$ 14,528
Due to other funds	11,597	327,151	328,435	10,313
Due to Board of County Commissioners	10,985	15,593,977	15,592,802	12,160
Due to other governments	51,045	4,088,324	4,095,492	43,877
Due to Indigent Health Care Special District	-	530,651	530,651	-
Deposit - installment taxes	177,980	213,818	177,980	213,818
Total Liabilities	<u>\$ 281,093</u>	<u>\$ 21,627,253</u>	<u>\$ 21,613,650</u>	<u>\$ 294,696</u>



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

The Honorable Zerelda "Zee" Smith
The Honorable Tax Collector
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector, Hardee County, Florida (Tax Collector) as of and for the year ended September 30, 2008, and have issued our report thereon dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
December 2, 2008



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

The Honorable Zerelda "Zee" Smith
The Honorable Tax Collector
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated December 2, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*. Disclosures in that report, which is dated December 2, 2008, should be considered in conjunction with the management letter.

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

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

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

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

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

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

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information of the Tax Collector, management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

A handwritten signature in blue ink that reads "The NCT Group CPAs, L.L.P." in a cursive style.

THE NCT GROUP CPAs, L.L.P.
Lakeland, Florida
December 2, 2008

**PROPERTY APPRAISER
HARDEE COUNTY, FLORIDA**

**SPECIAL-PURPOSE
FINANCIAL STATEMENT
AND
OTHER FINANCIAL INFORMATION**

SEPTEMBER 30, 2008

**PROPERTY APPRAISER
HARDEE COUNTY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	<u>Page</u>
Report of Independent Certified Public Accountants	1-2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	4
Notes to Special-Purpose Financial Statements.....	5-9
Supplemental Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Management Letter	12-13



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

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the special-purpose financial statements of the general fund of the Hardee County Property Appraiser (Appraiser) as of and for the year ended September 30, 2008. These special-purpose financial statements are the responsibility of the management of the Appraiser. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Appraiser as of September 30, 2008, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2008 on our consideration of the Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The NCT Group CPAs, L.L.P.

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
November 17, 2008

**HARDEE COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2008**

Assets

Cash	\$ 46,174
Total Assets	<u>\$ 46,174</u>

Liabilities and Fund Equity

Liabilities

Deferred revenue	\$ 46,174
Total Liabilities	<u>46,174</u>

Fund Equity

Fund balances	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 46,174</u>

See accompanying notes to financial statements.

**HARDEE COUNTY PROPERTY APPRAISER
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 825,896	\$ 1,040,896	\$ 1,000,390	\$ (40,506)
Miscellaneous	-	-	6,419	6,419
Total Revenues	<u>825,896</u>	<u>1,040,896</u>	<u>1,006,809</u>	<u>(34,087)</u>
Expenditures				
Current:				
General government:				
Salaries and benefits	626,483	616,483	592,671	23,812
Operating expenditures	172,269	384,269	375,054	9,215
Capital outlay	27,144	40,144	39,084	1,060
Total Expenditures	<u>825,896</u>	<u>1,040,896</u>	<u>1,006,809</u>	<u>34,087</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

HARDEE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - REPORTING ENTITY

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

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

The Hardee County Property Appraiser is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). The Hardee County Property Appraiser is part of the primary government of Hardee County, Florida. Although the Board and the Florida Department of Revenue approve the Hardee County Property Appraiser's total operating budget, the Hardee County Property Appraiser is responsible for the administration and the operation of the Hardee County Property Appraiser's office. The Hardee County 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.

The operations of the Hardee County Property Appraiser are funded by the Board of County Commissioners, the Southwest Florida Water Management District, and the Hardee County Indigent Health Care Special District. The balance of fees in excess of expenditures remaining at September 30 are divided among the various taxing governmental units in the same proportion as that particular unit's payments to the Appraiser during the year relates to the total payments from all taxing governmental units. These excess fees are applied as an advance payment to the ensuing year's total fees due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hardee County 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.

Fund Accounting

The accounts of the Hardee County 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 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 purpose of the Hardee County Property Appraiser's funds are as follows:

**HARDEE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

Measurement Focus

- **Governmental Fund Types** – The general fund is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of Accounting

The general fund is 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 they become measurable and available as net current assets.

Budgetary Requirements

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 approved by the Florida Department of Revenue for the general fund. Budget to actual comparisons are provided in the financial statements for the general fund, where the Hardee County Property Appraiser has legally adopted an annual budget. Final budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

Per Section 195.087 of the Florida Statutes, all monies received by the Hardee County Property Appraiser in complying with Chapter 119 do not require a budget amendment. However, those amounts have been budgeted internally by the Hardee County Property Appraiser and the effects are as follows:

	Approved				Variance with Adjusted budget - Positive (Negative)
	Dept. of Revenue Final Budget	Internal Amendments	Adjusted Budget	Actual Expenditures	
Salaries and Benefits	\$ 626,483	\$ (10,000)	\$ 616,483	\$ 592,671	\$ 23,812
Operating Expenditures	172,269	212,000	384,269	375,054	9,215
Capital Outlay	27,144	13,000	40,144	39,084	1,060
	\$ 825,896	\$ 215,000	\$ 1,040,896	\$ 1,006,809	\$ 34,087

**HARDEE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Requirements (continued)

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

The Hardee County Property Appraiser'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.

Capital Assets

Tangible personal property used in the Hardee County Property Appraiser's operations is reflected in the records of Hardee County as a whole.

Accrued Compensated Absences

Permanent full-time employees of the Hardee County Property Appraiser are entitled to accrue unlimited hours of sick leave and 160 hours of vacation time. Upon termination, employees can be paid up to 160 hours of vacation time and a portion of unused sick time, with the payment of a portion of unused sick time being subject to various criteria.

Since the Property Appraiser remits the excess of revenues over expenditures to the Board of County Commissioners and other governmental agencies on an annual basis, the entire unpaid liability for sick and vacation leave is the responsibility of the Board of County Commissioners and the other governmental agencies and is therefore recorded in the records of the Hardee County as a whole and the respective governmental agencies.

Use of Estimates

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

NOTE 3 – CASH

Cash Deposits

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, 2008, the carrying amount of the Hardee County Property Appraiser's deposits was \$46,174 and the bank balance was \$79,125. Deposits in banks and saving and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280 of the Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Hardee County Property Appraiser are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

**HARDEE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4 – EMPLOYEE BENEFITS

Pension Plan

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

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

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

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee's account balance. Employees are not required to contribute to the plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Hardee County Property Appraiser are required to contribute 9.85 percent of the compensation for regular members, 10.91 percent for DROP members, and 16.53 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11% and administrative/educational fee of 0.05%.

The Hardee County Property Appraiser's contributions to the System for the years ended September 30, 2008, 2007, and 2006, were \$50,895, \$50,456, and \$42,104, respectively, equal to the required contributions for each year.

**HARDEE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5 – COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2008:

	Balance October 1, 2007	Net Additions	Balance September 30, 2008
Accrued Compensated Absences	\$ 32,499	\$ (259)	\$ 32,240

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 2 for a summary of the Hardee County Property Appraiser’s compensated absences policy.

NOTE 6 – RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2008, were as follows:

Budget Appropriation - The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$951,837 for the year ended September 30, 2008.

NOTE 7 – RISK MANAGEMENT

The Hardee County Property Appraiser participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk management pool. The following types of risk are provided for under the risk management pool:

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



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

Certified Public Accountants and Consultants

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

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

We have audited the special-purpose financial statements of the Hardee County Property Appraiser, Hardee County, Florida (Appraiser) as of and for the year ended September 30, 2008, and have issued our report thereon dated November 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Hardee County Property Appraiser for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Appraiser's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Appraiser's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

The NCT Group CPA's, LLP

THE NCT GROUP CPA's, L.L.P
Lakeland, Florida
November 17, 2008



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Hardee County, Florida Property Appraiser ("Appraiser"), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated November 17, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated November 17, 2008, should be considered in conjunction with this management letter.

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

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

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

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

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information of the Property Appraiser and management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

The NCT Group CPAs, LLP

THE NCT GROUP CPA's, L.L.P.
Lakeland, Florida
November 17, 2008

**SUPERVISOR OF ELECTIONS
HARDEE COUNTY, FLORIDA**

**SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL REPORTS**

SEPTEMBER 30, 2008

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	<u>Page</u>
Report of Independent Certified Public Accountants	1-2
 Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	4
Notes to Special-Purpose Financial Statements.....	5-9
 Supplemental Reports	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based Based on an audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-12
Management Letter	13-15



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

Certified Public Accountants and Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections, Hardee County, Florida "Supervisor" as of and for the year ended September 30, 2008. These special-purpose financial statements are the responsibility of the management of the Supervisor. Our responsibility is to express opinions on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor as of September 30, 2008, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008 on our consideration of the Supervisor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The NCT Group CPAs, LLP

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 2, 2008

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2008**

Assets

Cash	\$	25,786
Accounts receivable		880
		880
Total Assets	\$	26,666
		26,666

Liabilities and Fund Equity

Liabilities

Accounts payable	\$	1,252
Accrued expenses		196
Due to Board of County Commissioners		20,446
Deferred revenue		4,772
		4,772
Total Liabilities		26,666

Fund Equity

Fund Balances:		-
		-
Total Fund Equity		-
Total Liabilities and Fund Equity	\$	26,666
		26,666

See accompanying notes to financial statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Appropriation from Board of County Commissioners	\$ 306,442	\$ 306,442	\$ 306,443	\$ 1
Intergovernmental	-	-	2,152	2,152
Interest income	-	-	80	80
Miscellaneous	-	-	3,032	3,032
Total Revenues	<u>306,442</u>	<u>306,442</u>	<u>311,707</u>	<u>5,265</u>
Expenditures				
Current:				
General government:				
Salaries and benefits	202,547	202,547	213,435	(10,888)
Operating expenditures	95,895	95,895	65,574	30,321
Capital outlay	8,000	8,000	-	8,000
Total Expenditures	<u>306,442</u>	<u>306,442</u>	<u>279,009</u>	<u>27,433</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>32,698</u>	<u>32,698</u>
Other Financing (Uses)				
Transfer to the Board of County Commissioners	-	-	(32,698)	(32,698)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(32,698)</u>	<u>(32,698)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 - REPORTING ENTITY

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

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

The operations of the Hardee County Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as revenue on the Hardee County Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hardee County Supervisor of Elections 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:

Fund Accounting

The accounts of the Hardee County Supervisor of Elections 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 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 purpose of the Hardee County Supervisor of Elections' fund is as follows:

Governmental Funds

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

- **Governmental Funds Types** – The general fund is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental fund type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The general fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgetary Requirements

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 by the Hardee County Supervisor of Elections for the general fund.

The Hardee County Supervisor of Elections’ 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.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements are based upon the approved annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Capital Assets

Tangible personal property used in the Hardee County Supervisor of Elections’ operations is reported in the records of Hardee County as a whole.

Accrued Compensated Absences

Permanent full-time employees of the Hardee County Supervisor of Elections are entitled to accrue unlimited hours of sick leave and 300 hours of vacation time. However, employees may accrue additional hours of vacation time during an election year with the approval of the Hardee County Supervisor of Elections. Upon termination, employees can be paid for their vacation time and a portion of unused sick time, with the payment of a portion of unused sick time being subject to various criteria.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences (continued)

Since the Supervisor of Elections remits the excess of revenues over expenditures to the Board of County Commissioners on an annual basis, the entire unpaid liability for sick and vacation leave is the responsibility of the Board of County Commissioners and is therefore recorded in the records of Hardee County as a whole.

Use of Estimates

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

NOTE 3 – CASH

Cash Deposits

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, 2008, the carrying amount of the Hardee County Supervisor of Elections' deposits was \$25,786 and the bank balance was \$36,891. Deposits in banks and saving and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280 of the Florida Statutes. Financial institutions qualifying as public depositories place with the State Board of Administration securities which have a market value equal to 50 percent of the average daily balances for each month of all public deposits in excess of any applicable deposit insurance. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Hardee County Supervisor of Elections are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

NOTE 4 – EMPLOYEE BENEFITS

Pension Plan

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

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 4 – EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

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

The Investment Plan provides for vesting after one year of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with one or more years of service. Retirement benefits are based on the employee’s account balance. Employees are not required to contribute to the plan.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Hardee County Supervisor of Elections, are required to contribute 9.65 percent of the compensation for regular members and 16.53 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11%. The Hardee County Supervisor of Elections’ contributions to the System for the years ended September 30, 2008, 2007, and 2006, were \$18,646, \$16,652, and \$14,607, respectively, equal to the required contributions for each year.

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations for the year ended September 30, 2008:

	Balance October 1, 2007	Net Additions (Deletions)	Balance September 30, 2008
Accrued Compensated Absences	\$ 2,654	\$ 2,180	\$ 4,834

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 2 for a summary of the Hardee County Supervisor of Elections’ compensated absences policy.

NOTE 6 – RELATED PARTY TRANSACTIONS

The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$306,443 for the fiscal year ended September 30, 2008.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 7 – RISK MANAGEMENT

The Hardee County Supervisor of Elections 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



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

Certified Public Accountants and Consultants

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

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

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections ("Supervisor"), Hardee County, Florida as of and for the year ended September 30, 2008, and have issued our report thereon dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Hardee County Supervisor of Elections for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Supervisor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor's internal control over financial reporting.

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

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

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider deficiencies 02-3, 07-1 and 07-2 to be significant deficiencies and material weaknesses.

02-3: Segregation of Duties

Finding:

There is a lack of segregation of duties over cash receipts and disbursements. The same person is responsible for cash collection, deposit preparation, cash disbursement preparation, recording cash receipts and disbursements in the general ledger, and preparing bank reconciliations. The person performing these functions is an authorized signer on the account and occasionally signs checks to herself to reimburse for supplies purchased.

Recommendation:

We recommend establishing a segregation of duties so that the responsibilities noted above are divided among individuals.

Management Response:

In an effort to divide financial duties of this office, all invoices will be pre-approved before payment is made and all checks will be signed by the Supervisor of Elections, unless extenuating circumstances dictate otherwise. All staff, including the Supervisor, will maintain the receipt book when payment checks come into the office from candidates or other sources. When it is time to do the bank reconciliation, the task will be done by two people.

07-1: Preparation of financial statements

Finding:

Staff lacks the training to record the Supervisor's financial transactions and prepare financial statements, or supervise the preparation of financial statements, in accordance with generally accepted accounting principles.

Recommendation:

We recommend the Supervisor obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Supervisor will consult with an accounting firm for assistance in recording non-routine transactions and preparing financial reports.

07-2: Material audit adjustments

Finding:

Our audit procedures disclosed certain adjusting entries that were necessary to post to the trial balance of the Supervisor, as originally presented for audit, in order for the financial statements to be presented fairly in accordance with generally accepted accounting principles. During our testing we also noted that, due to a clerical error, the Supervisor of Elections was overpaid by \$880, in violation of Florida Statutes 145.09. This amount will be deducted from the Supervisor's 2009 salary, and was remitted with excess fees to the Board of County Commissioners.

Several material adjusting journal entries needed to be posted to the trial balance. Prior year audit accruals needed to be reversed. Some expenses had been netted against revenues. Excess fees were not calculated.

The net effect on the financial statements is that expenses and revenues were understated and accounts payable was overstated by the amount of the adjustments.

Recommendation:

We recommend the Supervisor obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Supervisor will obtain assistance in maintaining the general ledger to assure that non-routine transactions are posted properly.

Compliance and Other Matters

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

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



The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 2, 2008



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

Certified Public Accountants and Consultants

MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the general fund of the Supervisor of Elections of Hardee County, Florida as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated December 2, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated December 2, 2008, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address recommendations made in the preceding annual financial report. Corrective actions have been taken to address recommendations made in the preceding audit report except as noted below under the heading Prior Year Comments.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Recommendations to improve internal controls are noted below under the heading Prior Year Comments and Current Year Comments.

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

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations,

and contractual provisions or abuse that have occurred, or are likely to have occurred, and would have an immaterial effect on the financial statements; (2) control deficiencies that are not significant deficiencies, including but not limited to: (a) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, see **comment 08-1** below under the heading Current Year Comments.

PRIOR YEAR COMMENTS

02-3: Segregation of Duties

Finding:

There is a lack of segregation of duties over cash receipts and disbursements. The same person is responsible for cash collection, deposit preparation, cash disbursement preparation, recording cash receipts and disbursements in the general ledger, and preparing bank reconciliations. The person performing these functions is an authorized signer on the account and occasionally signs checks to herself to reimburse for supplies purchased.

Recommendation:

We recommend establishing a segregation of duties so that the responsibilities noted above are divided among individuals.

Management Response:

In an effort to divide financial duties of this office, all invoices will be pre-approved before payment is made and all checks will be signed by the Supervisor of Elections, unless extenuating circumstances dictate otherwise. All staff, including the Supervisor, will maintain the receipt book when payment checks come into the office from candidates or other sources. When it is time to do the bank reconciliation, the task will be done by two people.

07-1: Preparation of financial statements

Finding:

Staff lacks the training to record the Supervisor's financial transactions and prepare financial statements, or supervise the preparation of financial statements, in accordance with generally accepted accounting principles.

Recommendation:

We recommend the Supervisor obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Supervisor will consult with an accounting firm for assistance in recording non-routine transactions and preparing financial reports.

07-2: Material audit adjustments

Finding:

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

Several material adjusting journal entries needed to be posted to the trial balance. Prior year audit accruals needed to be reversed. Some expenses had been netted against revenues. Excess fees were not calculated.

The net effect on the financial statements is that expenses and revenues were understated and accounts payable was overstated by the amount of the adjustments.

Recommendation:

We recommend the Supervisor obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

Management Response:

The Supervisor will obtain assistance in maintaining the general ledger to assure that non-routine transactions are posted properly.

CURRENT YEAR COMMENTS

08-1: Supervisor of Election's salary

Finding:

During our testing of the elected official's salary, we found that the Supervisor of Elections was paid \$880 in excess of the salary authorized by F.S. 145.09. This was due to a clerical error in calculation of the weekly salary over several weeks. Upon noting the error, the Supervisor has returned this amount and remitted it to the Board of County Commissioners with the annual remittance of excess fees.

Recommendation:

We recommend the Supervisor carefully review payroll to assure this does not happen in the future.

Management Response:

The Supervisor of Elections will review payroll in the future prior to posting.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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



The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 2, 2008