

**HARDEE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS**

**September 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners  
Hardee County, Florida

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County) as of September 30, 2009, 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, 2009, 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 April 8, 2010, 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 Expenditures of Federal Awards and State Financial Assistance 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*

April 8, 2010

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
September 30, 2009

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2009. This report provides comparative data for fiscal years 2008 and 2009.

**FINANCIAL HIGHLIGHTS**

Significant financial highlights for fiscal year 2009 are as follows:

- Total assets of the County exceeded total liabilities by \$76.8 million. Of this amount, \$66.5 million was invested in capital assets, net of related debt and \$6.5 million is restricted for various purposes. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$3.7 million.
- The total net assets decreased by \$665,881. Of that amount, a loss of \$2 million is attributable to a decrease in governmental activities and \$1.3 million is attributable to an increase in business-type activities.
- The County's total liabilities decreased by \$4.4 million or 21% from the previous year.
- As of September 30, 2009, the combined total governmental funds fund balance reflected a balance of \$14.6 million, an increase of 3% from the previous year. Determining this balance was \$18.6 million in total governmental funds assets, less \$4 million in total governmental funds liabilities.
- The County's total unreserved undesignated fund balance was \$14.4 million. Of that amount \$5.7 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).

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

September 30, 2009

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.

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
September 30, 2009

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 34-60 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve as useful indicators of a government's financial position. In our particular case, the County's total assets exceeded liabilities by \$76.8 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 (87 percent) reflects its investment in capital assets, (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that remain outstanding. These assets are used to provide services to citizens and are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets for its governmental activities. The same situation held true for the prior fiscal year. Overall, the County's net assets decreased \$665,881 during the current fiscal year which included a \$2 million decrease in governmental activities and a \$1.3 million increase in business type activities.

***HARDEE COUNTY'S NET ASSETS***

NET ASSETS COMPARISON	Governmental Activities		Business-type Activities		Total	
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>
Current and Other Assets	18,889,016	17,398,158	5,965,311	6,366,762	24,854,327	23,764,920
Capital Assets	56,389,982	52,737,117	17,397,664	16,962,024	73,787,646	69,699,141
<b>Total Assets</b>	<b>75,278,998</b>	<b>70,135,275</b>	<b>23,362,975</b>	<b>23,328,786</b>	<b>98,641,973</b>	<b>93,464,061</b>
Long-term Debt Outstanding	3,487,580	2,314,209	12,626,649	11,366,560	16,114,229	13,680,769
Other Liabilities	4,817,914	2,834,377	183,424	188,390	5,001,338	3,022,767
<b>Total Liabilities</b>	<b>8,305,494</b>	<b>5,148,586</b>	<b>12,810,073</b>	<b>11,554,950</b>	<b>21,115,567</b>	<b>16,703,536</b>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	53,727,916	51,542,985	14,872,664	14,962,024	68,600,580	66,505,009
Restricted	6,453,614	6,516,473	-	-	6,453,614	6,516,473
Unrestricted	6,791,974	6,927,231	(4,419,762)	(3,188,188)	2,372,212	3,739,043
<b>Total Net Assets</b>	<b>66,973,504</b>	<b>64,986,689</b>	<b>10,452,902</b>	<b>11,773,836</b>	<b>77,426,406</b>	<b>76,760,525</b>

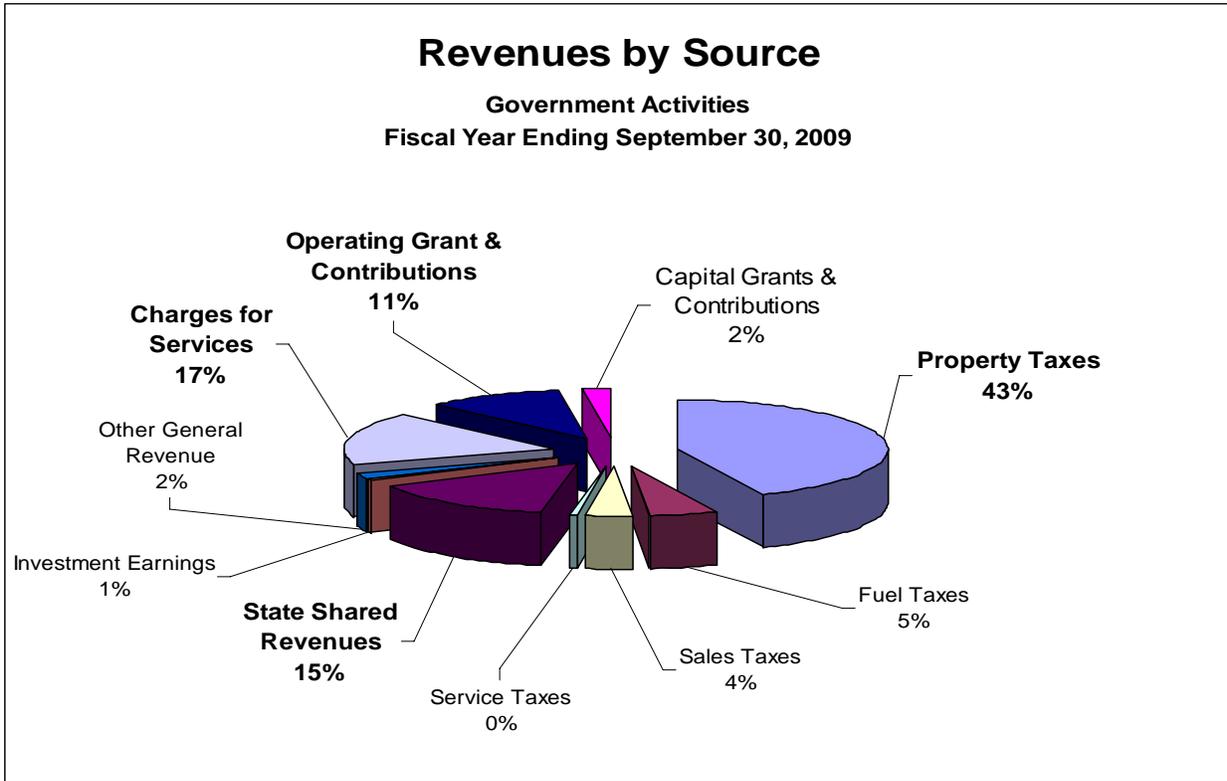
**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
September 30, 2009

***HARDEE COUNTY CHANGES IN NET ASSETS***

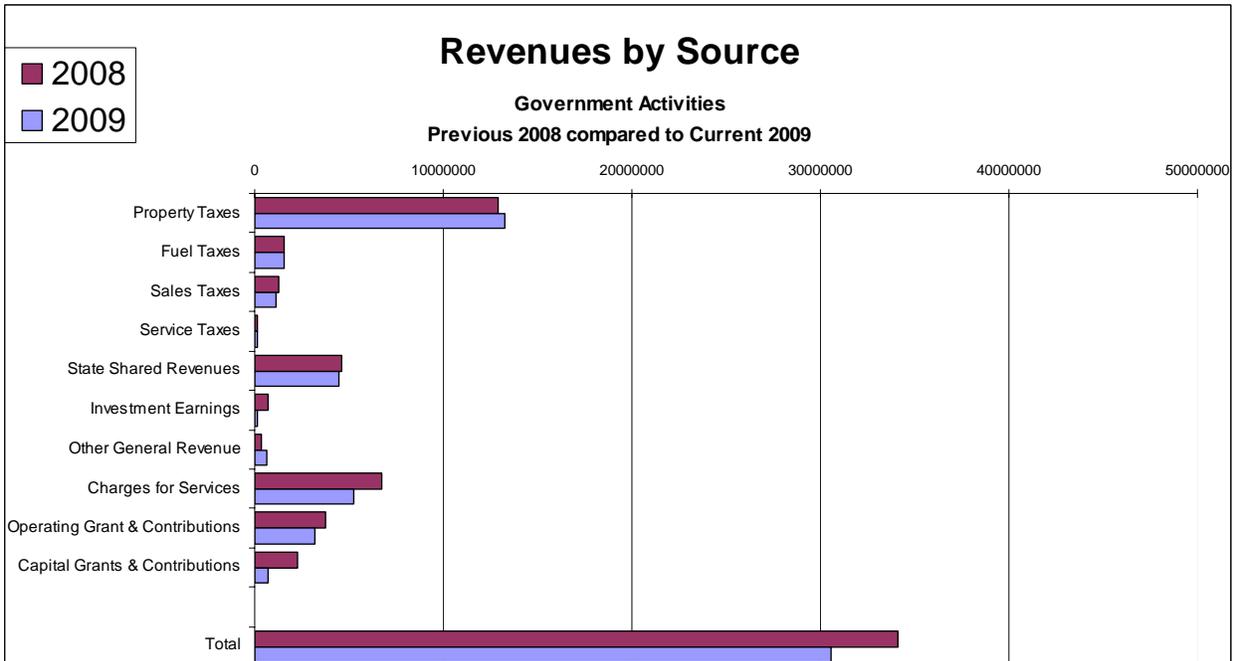
CHANGES IN NET ASSETS	Governmental Activities		Business-type Activities		Total	
	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	6,703,005	5,267,240	2,250,760	2,176,672	8,953,765	7,443,912
Operating Grants & Contributions	3,753,854	3,213,710	256,522	303,583	4,010,376	3,517,293
Capital Grants & Contributions	2,240,765	684,550	2,690,059	469,994	4,930,824	1,154,544
General Revenues:						
Property taxes	12,885,773	13,297,099	-	-	12,885,773	13,297,099
Other Taxes	7,520,776	7,316,862	432,208	434,072	7,952,984	7,750,934
Other	980,678	743,126	100,353	244,053	1,081,031	987,179
<b>Total Revenues</b>	<b>34,084,851</b>	<b>30,522,587</b>	<b>5,729,902</b>	<b>3,628,374</b>	<b>39,814,753</b>	<b>34,150,961</b>
<b>Expenses:</b>						
General Government	9,300,872	8,502,478	-	-	9,300,872	8,502,478
Public Safety	12,493,998	12,327,683	-	-	12,493,998	12,327,683
Physical Environment	595,900	375,030	-	-	595,900	375,030
Transportation	6,933,553	6,517,687	-	-	6,933,553	6,517,687
Economic Environment	2,316,848	2,364,568	-	-	2,316,848	2,364,568
Human Services	1,362,828	1,116,336	-	-	1,362,828	1,116,336
Culture and Recreation	1,179,706	1,323,559	-	-	1,179,706	1,323,559
Debt Service:						
Interest on Long-Term Debt	89,269	86,812	-	-	89,269	86,812
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	2,636,588	1,158,656	2,636,588	1,158,656
Wauchula Hills Wastewater	-	-	717,480	937,672	717,480	937,672
Vandolah Wastewater	-	-	121,817	106,361	121,817	106,361
<b>Total Expenses</b>	<b>34,272,974</b>	<b>32,614,153</b>	<b>3,475,885</b>	<b>2,202,689</b>	<b>37,748,859</b>	<b>34,816,842</b>
Excess before transfers	(188,123)	(2,091,566)	2,254,017	1,425,685	2,065,894	(665,881)
Transfers	(980,465)	104,751	980,465	(104,751)	-	-
<b>Changes in Net Assets</b>	<b>(1,168,588)</b>	<b>(1,986,815)</b>	<b>3,234,482</b>	<b>1,320,934</b>	<b>2,065,894</b>	<b>(665,881)</b>
<b>Net Assets - Beginning</b>	<b>68,142,092</b>	<b>66,973,504</b>	<b>7,218,420</b>	<b>10,452,902</b>	<b>75,360,512</b>	<b>77,426,406</b>
<b>Net Assets - Ending</b>	<b>66,973,504</b>	<b>64,986,689</b>	<b>10,452,902</b>	<b>11,773,836</b>	<b>77,426,406</b>	<b>76,760,525</b>

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
 September 30, 2009

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

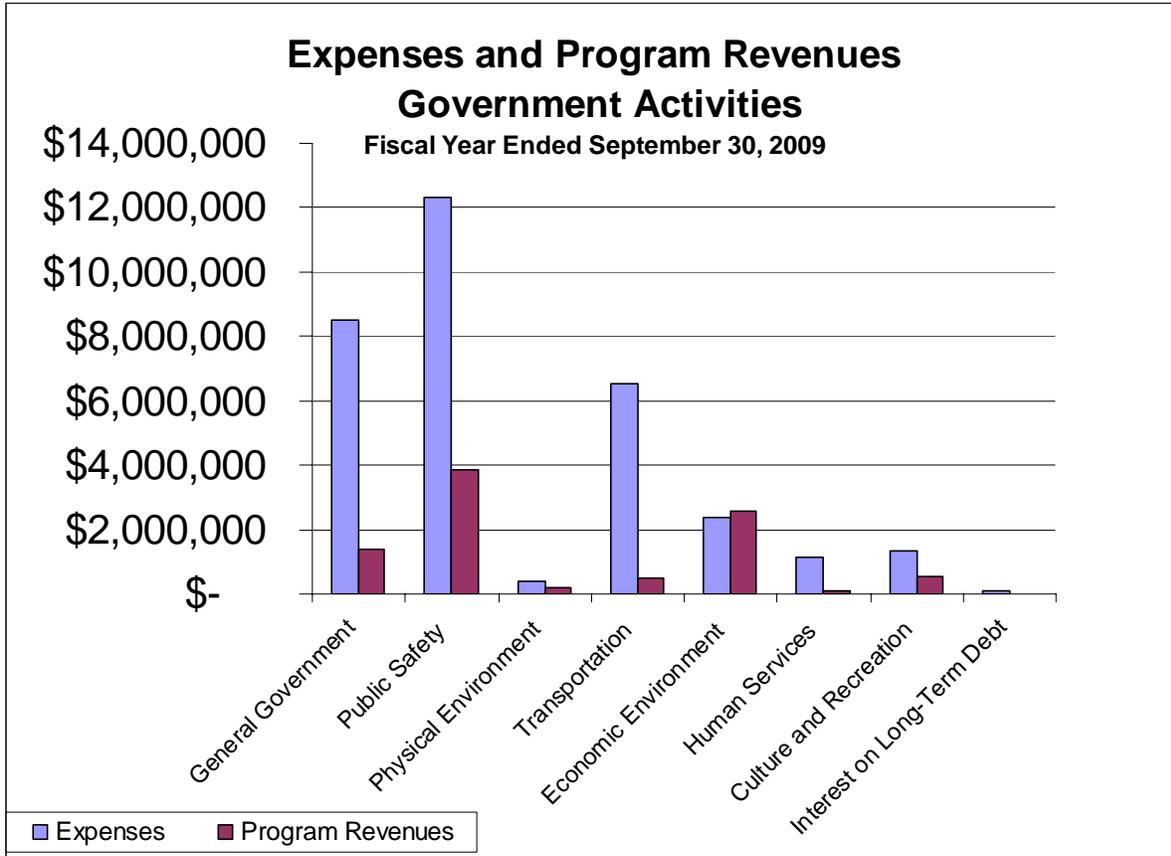


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.

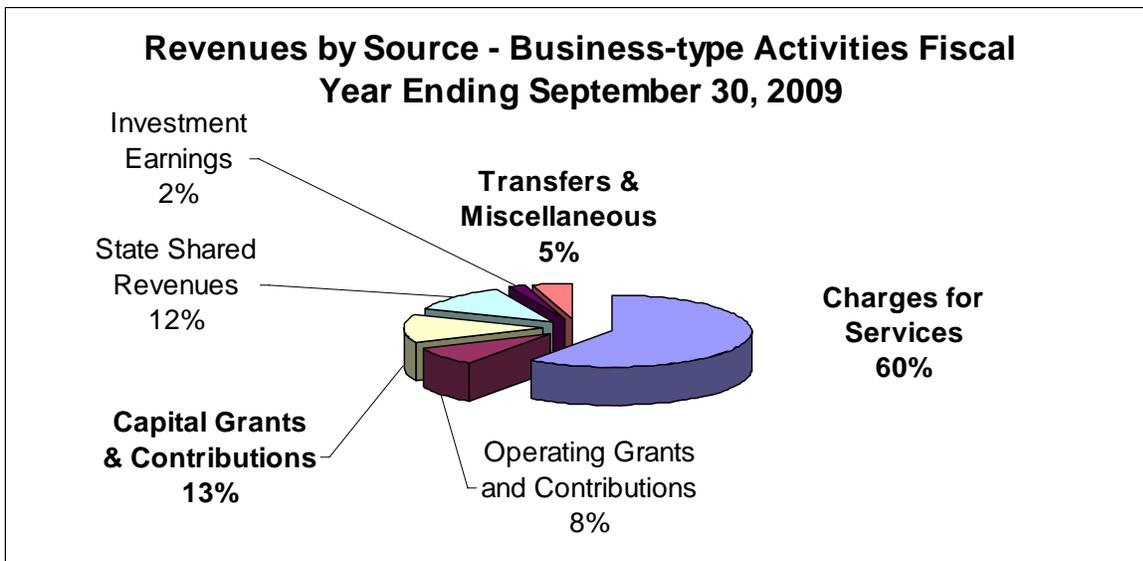


**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
 September 30, 2009

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.

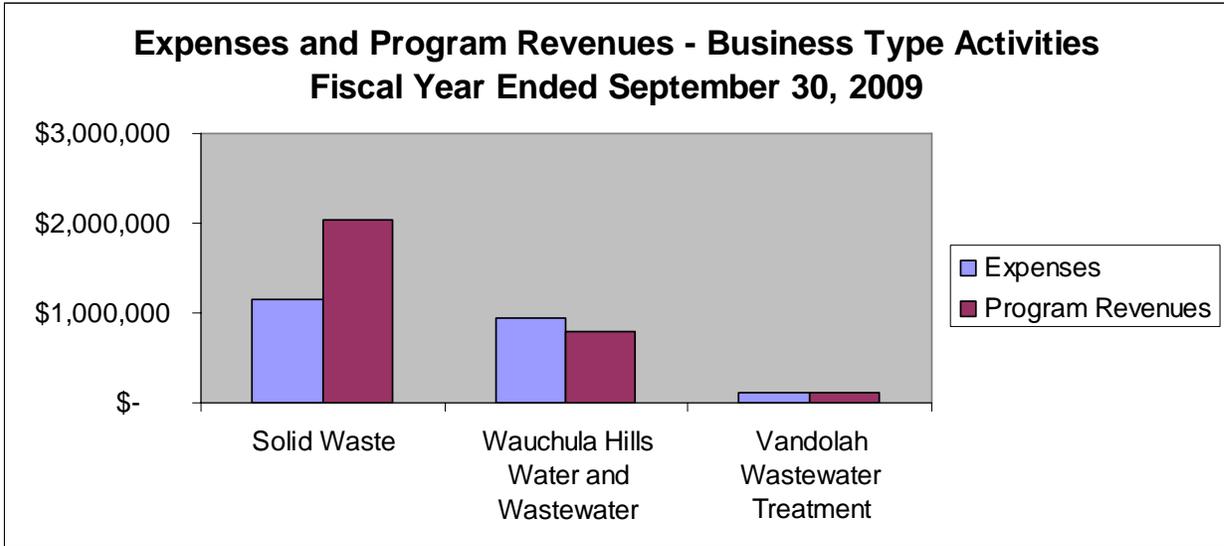


The following chart depicts revenues of the business-type activities for the year:



**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
September 30, 2009

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 \$5.7 million. Further analysis shows that the overall decrease is attributed to a \$3.6 million decrease in governmental type activities and a \$2.1 million decrease in business type activities. Factors contributing to the decrease in the government type activities include:

- A \$1.4 million decrease in Charges for Services
- A \$1.6 million decrease in Capital Grants and Contributions

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

- A \$2.2 million decrease in Capital Grants and Contributions

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

September 30, 2009

County expenses illustrate an overall decrease of \$2.9 million. The decrease was due to a decrease in government type activities of \$1.6 million and a decrease in the business type activities of \$1.2 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 \$798,394 from General Government Services which absorbed most of the state reductions and budget cuts due to current economic conditions. Transportation expenses were down for the same reason with a decrease of \$415,866.

The decrease in the expenses of the business type activities was, for the most part, reflective of the changes in the landfill closure and post-closure costs.

Overall, governmental activities decreased net assets by \$2 million while business-type activities increased net assets by \$1.3 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 \$14.6 million. Approximately all of the fund balance constitutes unreserved fund balances, which is available for spending at the government's discretion, and less than 1% 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 \$5.7 million, which represents 39% of the total fund balance in the governmental funds. As a measure of the General Fund's liquidity, the total general fund balance represents 32% 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 \$39,559 explained by economic conditions specifically related to a decrease in construction activities. Unrestricted net assets of the Solid Waste Department were (\$5.8) million primarily due to long-term closure and post-closure liability. The wastewater revenues were a combined total of \$1.5 million and the unrestricted net assets was \$2.6 million. Activities of the water/wastewater facilities do not yet reflect full scale operations.

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
September 30, 2009

**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 investments in capital assets for its governmental and business type activities as of September 30, 2009 were \$124 million (before accumulated depreciation).

**Hardee County's Capital Assets  
(Before Depreciation)**

CAPITAL ASSETS	Government Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	3,494,863	3,494,863	790,992	962,625	4,285,855	4,457,488
Construction in Progress	-	377,684	-	-	-	377,684
Buidings and Improvements	21,226,876	21,549,102	8,769,029	8,769,029	29,995,905	30,318,131
Machinery and Equipment	15,505,720	15,626,784	1,418,177	1,446,323	16,923,897	17,073,107
Infrastructure	62,680,616	62,680,616	9,132,520	9,490,203	71,813,136	72,170,819
<b>Total Net Assets</b>	<b>102,908,075</b>	<b>103,729,049</b>	<b>20,110,718</b>	<b>20,668,180</b>	<b>123,018,793</b>	<b>124,397,229</b>

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

**HARDEE COUNTY, FLORIDA  
MANAGEMENT DISCUSSION AND ANALYSIS**

September 30, 2009

**DEBT MANAGEMENT**

As of September 30, 2009, the County had total debt outstanding of \$13.7 million. Of this amount, \$3.2 million is notes payable and capital leases, \$766 thousand is compensated absences, and \$9.4 million is landfill closure and postclosure obligations.

**Hardee County's  
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Capital Leases	1,062,066	294,132	-	-	1,062,066	294,132
Notes payable	1,600,000	900,000	2,425,000	2,000,000	4,025,000	2,900,000
Postemployment Healthcare		370,000			-	370,000
Compensated Absences	825,514	750,077	11,265	16,065	836,779	766,142
Landfill Closure/Post Closure Cost	-	-	10,190,385	9,350,495	10,190,385	9,350,495
<b>Total</b>	<b>3,487,580</b>	<b>2,314,209</b>	<b>12,626,650</b>	<b>11,366,560</b>	<b>16,114,230</b>	<b>13,680,769</b>

The County's governmental debt decreased due to the payments on notes payable and capital leases. In business-type activities, the notes 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 G 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 for 2008 was 27,909 which was a 1.4% increase from the previous year's estimate of 27,520, or a net increase of 389.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2009 is 7.8% and reflects a increase from the previous year's 6.9%. The County's rate is lower than the State of Florida's average of 11.8% and lower than the national average of 10.0% for 2009.
- The final taxable value for fiscal year 2009 decreased less than 1% over fiscal year 2008. New construction was reported as \$28,895,976 in the prior year and decreased to \$17,073,439 in 2009.

The millage rate for fiscal year 2009-10 was set at 1.15% less than the roll back rate and adopted at 8.5540 mills. This can be confusing as the prior years millage was 7.7926 mills but Truth in Millage requires that each county determine the adopted rate as a percent change from the roll back rate and as property values decrease we will actually experience roll back rates that are higher than the previous year.

**HARDEE COUNTY, FLORIDA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

September 30, 2009

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 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 \$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 \$75.9 million in fiscal year 2009-10.

**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, 2009

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 15,083,241	\$ 3,274,375	\$ 18,357,616
Deposit	10,068	3,596	13,664
Accounts receivable, net	1,138,175	125,253	1,263,428
Internal balances	(4,907)	4,907	-
Due from other governmental agencies	534,935	61,459	596,394
Prepaid expenses	356,041	-	356,041
Inventory of supplies, at cost	280,605	-	280,605
Restricted assets:			
Cash and cash equivalents	-	2,897,172	2,897,172
Capital assets, not being depreciated	3,872,547	962,625	4,835,172
Capital assets, net of depreciation	48,864,570	15,999,399	64,863,969
<b>Total Assets</b>	<b>70,135,275</b>	<b>23,328,786</b>	<b>93,464,061</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	596,069	79,630	675,699
Deferred revenue	2,114,285	59,162	2,173,447
Due to other governmental agencies	112,970	28,619	141,589
Deposits	-	20,979	20,979
Accrued interest payable	11,053	-	11,053
Noncurrent liabilities:			
Due within one year	1,147,290	435,248	1,582,538
Due in more than one year	1,166,919	10,931,312	12,098,231
<b>Total Liabilities</b>	<b>5,148,586</b>	<b>11,554,950</b>	<b>16,703,536</b>
<b>Net Assets</b>			
Invested in capital assets, Net of related debt	51,542,985	14,962,024	66,505,009
Restricted for:			
Debt service	142,881	-	142,881
Fire control	1,036,846	-	1,036,846
Transportation	4,838,628	-	4,838,628
Race Track Jai Alai	3,453	-	3,453
Law Enforcement Trust	95,798	-	95,798
Fines and Forfeiture	20,297	-	20,297
Records Modernization	175,892	-	175,892
Child Support IV-D	64,262	-	64,262
Commissary	96,319	-	96,319
Education	42,097	-	42,097
Unrestricted	6,927,231	(3,188,188)	3,739,043
<b>Total Net Assets</b>	<b>\$ 64,986,689</b>	<b>\$ 11,773,836</b>	<b>\$ 76,760,525</b>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2009

<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>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 8,502,478	\$ 1,316,403	\$ 63,104	\$ -
Public safety	12,327,683	3,382,541	463,928	-
Physical environment	375,030	178,661	-	-
Transportation	6,517,687	162,973	-	353,633
Economic environment	2,364,568	-	2,583,980	-
Human services	1,116,336	-	99,382	-
Culture and recreation	1,323,559	226,662	3,316	330,917
Debt service:				
Interest and fiscal charges on long-term debt	86,812	-	-	-
<b>Total Governmental Activities</b>	<u>32,614,153</u>	<u>5,267,240</u>	<u>3,213,710</u>	<u>684,550</u>
<b>Business-Type Activities:</b>				
Solid Waste	1,158,656	1,747,113	298,110	-
Wauchula Hills Water & Wastewater	937,672	329,954	-	469,994
Vandolah Wastewater Treatment	106,361	99,605	5,473	-
<b>Total Business-Type Activities</b>	<u>2,202,689</u>	<u>2,176,672</u>	<u>303,583</u>	<u>469,994</u>
<b>Total Primary Government</b>	<u>\$ 34,816,842</u>	<u>\$ 7,443,912</u>	<u>\$ 3,517,293</u>	<u>\$ 1,154,544</u>

General Revenues:  
Taxes:  
Property taxes  
Fuel taxes  
Sales tax  
Service 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

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and Changes in Net Assets**

<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
\$ (7,122,971)	\$ -	\$ (7,122,971)
(8,481,214)	-	(8,481,214)
(196,369)	-	(196,369)
(6,001,081)	-	(6,001,081)
219,412	-	219,412
(1,016,954)	-	(1,016,954)
(762,664)	-	(762,664)
<u>(86,812)</u>	<u>-</u>	<u>(86,812)</u>
<u>(23,448,653)</u>	<u>-</u>	<u>(23,448,653)</u>
-	886,567	886,567
-	(137,724)	(137,724)
-	(1,283)	(1,283)
<u>-</u>	<u>747,560</u>	<u>747,560</u>
\$ <u>(23,448,653)</u>	\$ <u>747,560</u>	\$ <u>(22,701,093)</u>
13,297,099	-	13,297,099
1,544,486	-	1,544,486
1,168,016	-	1,168,016
118,247	-	118,247
4,486,113	434,072	4,920,185
171,999	73,048	245,047
(66,513)	-	(66,513)
637,640	171,005	808,645
104,751	(104,751)	-
<u>21,461,838</u>	<u>573,374</u>	<u>22,035,212</u>
<u>(1,986,815)</u>	<u>1,320,934</u>	<u>(665,881)</u>
<u>66,973,504</u>	<u>10,452,902</u>	<u>77,426,406</u>
\$ <u>64,986,689</u>	\$ <u>11,773,836</u>	\$ <u>76,760,525</u>

**HARDEE COUNTY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2009

	<u>General</u>	<u>Fines and Forfeitures</u>	<u>Transportation Trust</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,645,657	\$ 2,275,836	\$ 4,783,297
Deposit	5,753	-	4,315
Accounts receivable, net	1,137,676	-	-
Due from other funds	269,451	682,875	38
Due from other governmental agencies	308,189	-	220,280
Prepaid expenses	351,404	-	-
Inventory of supplies, at cost	280,605	-	-
<b>Total Assets</b>	<u>\$ 6,998,735</u>	<u>\$ 2,958,711</u>	<u>\$ 5,007,930</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 367,287	\$ 42,417	\$ 77,029
Due to other funds	679,869	-	90,117
Due to other governmental agencies	63,839	18,525	2,156
Deferred revenue	140,457	726,322	-
<b>Total Liabilities</b>	<u>1,251,452</u>	<u>787,264</u>	<u>169,302</u>
<b>Fund Balances</b>			
Reserved For Debt Service	-	-	-
Unreserved, reported in:			
General Fund	5,747,283	-	-
Special Revenue Funds	-	2,171,447	4,838,628
<b>Total Fund Balances</b>	<u>5,747,283</u>	<u>2,171,447</u>	<u>4,838,628</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,998,735</u>	<u>\$ 2,958,711</u>	<u>\$ 5,007,930</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, post employment healthcare 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

The accompanying notes are an integral part of these financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,524,845	\$ 1,853,606	\$ 15,083,241
-	-	10,068
47	452	1,138,175
111,717	105,263	1,169,344
-	6,466	534,935
-	4,637	356,041
-	-	280,605
<u>\$ 1,636,609</u>	<u>\$ 1,970,424</u>	<u>\$ 18,572,409</u>

\$ 15,371	\$ 93,965	\$ 596,069
404,260	5	1,174,251
-	28,450	112,970
<u>1,216,978</u>	<u>30,528</u>	<u>2,114,285</u>
<u>1,636,609</u>	<u>152,948</u>	<u>3,997,575</u>

-	142,881	142,881
-	-	5,747,283
-	<u>1,674,595</u>	<u>8,684,670</u>
-	<u>1,817,476</u>	<u>14,574,834</u>
<u>\$ 1,636,609</u>	<u>\$ 1,970,424</u>	

52,737,117

(2,314,209)

(11,053)

\$ 64,986,689

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
Year Ended September 30, 2009

	<b>General</b>	<b>Fines and Forfeitures</b>
<b>Revenues</b>		
Taxes	\$ 6,472,132	\$ 8,111,230
Licenses and permits	164,110	-
Intergovernmental	2,810,029	18,696
Charges for services	803,318	535,365
Fines and forfeitures	9,266	305,362
Assessments	-	-
Interest	61,636	31,425
Miscellaneous	324,506	9,433
<b>Total Revenues</b>	10,644,997	9,011,511
<b>Expenditures</b>		
Current:		
General government	6,028,104	1,040,305
Public safety	9,330,596	-
Physical environment	375,235	-
Transportation	-	-
Economic environment	-	-
Human services	739,842	-
Culture and recreation	742,001	-
Capital outlay	564,262	108,598
Debt Service:		
Principal retirement	86,536	-
Interest	10,931	-
<b>Total Expenditures</b>	17,877,507	1,148,903
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(7,232,510)	7,862,608
<b>Other Financing Sources (Uses)</b>		
Transfers in	7,769,833	-
Transfers out	(611,653)	(7,393,304)
<b>Total Other Financing Sources (Uses)</b>	7,158,180	(7,393,304)
<b>Net Change in Fund Balances</b>	(74,330)	469,304
<b>Fund Balances, Beginning of year</b>	5,821,613	1,702,143
<b>Fund Balances, End of year</b>	\$ 5,747,283	\$ 2,171,447

The accompanying notes are integral part of these financial statements.

<b>Transportation Trust</b>	<b>Grants</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,544,486	\$ -	\$ -	\$ 16,127,848
-	-	-	164,110
2,312,178	2,789,513	671,692	8,602,108
-	-	954,895	2,293,578
-	-	5,384	320,012
-	-	1,975,601	1,975,601
34,015	18,097	23,685	168,858
495,353	48,618	76,535	954,445
<u>4,386,032</u>	<u>2,856,228</u>	<u>3,707,792</u>	<u>30,606,560</u>
-	-	984,664	8,053,073
-	-	2,102,753	11,433,349
-	-	-	375,235
3,103,235	-	-	3,103,235
-	2,367,376	-	2,367,376
-	99,399	220,500	1,059,741
-	375,512	57,968	1,175,481
347,084	-	76,452	1,096,396
55,231	-	1,326,167	1,467,934
6,593	-	90,084	107,608
<u>3,512,143</u>	<u>2,842,287</u>	<u>4,858,588</u>	<u>30,239,428</u>
<u>873,889</u>	<u>13,941</u>	<u>(1,150,796)</u>	<u>367,132</u>
56,565	7,111	1,624,500	9,458,009
(916,118)	(21,052)	(411,131)	(9,353,258)
<u>(859,553)</u>	<u>(13,941)</u>	<u>1,213,369</u>	<u>104,751</u>
14,336	-	62,573	471,883
<u>4,824,292</u>	<u>-</u>	<u>1,754,903</u>	<u>14,102,951</u>
<u>\$ 4,838,628</u>	<u>\$ -</u>	<u>\$ 1,817,476</u>	<u>\$ 14,574,834</u>

**HARDEE COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2009

Net change in fund balances - total governmental funds	\$	471,883
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,463,212) exceeded depreciation (\$5,032,104) in the current period.</p>	(3,568,892)	
<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>	(83,973)	
<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>	1,173,370	
<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 \$20,796).</p>	<u>20,797</u>	
Change in net assets of governmental activities	\$	<u><u>(1,986,815)</u></u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GENERAL FUND**

Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 6,564,045	\$ 6,483,989	\$ 6,472,132	\$ (11,857)
Licenses and permits	396,900	112,751	164,110	51,359
Intergovernmental	2,607,218	2,551,074	2,810,029	258,955
Charges for services	1,119,662	1,182,534	803,318	(379,216)
Fines and forfeitures	6,200	3,738	9,266	5,528
Interest	235,900	64,120	61,636	(2,484)
Miscellaneous	518,636	526,801	324,506	(202,295)
<b>Total Revenues</b>	<b>11,448,561</b>	<b>10,925,007</b>	<b>10,644,997</b>	<b>(280,010)</b>
<b>Expenditures</b>				
Current:				
General government	6,610,365	6,616,360	6,028,104	588,256
Public safety	10,100,183	10,149,022	9,330,596	818,426
Physical environment	686,480	686,480	375,235	311,245
Human services	747,660	757,660	739,842	17,818
Culture and recreation	799,299	768,212	742,001	26,211
Capital outlay	319,916	198,212	564,262	(366,050)
Debt Service:				
Principal retirement	86,538	86,538	86,536	2
Interest	10,932	10,932	10,931	1
<b>Total Expenditures</b>	<b>19,361,373</b>	<b>19,273,416</b>	<b>17,877,507</b>	<b>1,395,909</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(7,912,812)</b>	<b>(8,348,409)</b>	<b>(7,232,510)</b>	<b>1,115,899</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,802,789	7,859,371	7,769,833	(89,538)
Transfers out	(612,165)	(627,165)	(611,653)	15,512
<b>Total Other Financing Sources (Uses)</b>	<b>7,190,624</b>	<b>7,232,206</b>	<b>7,158,180</b>	<b>(74,026)</b>
<b>Net Change in Fund Balances</b>	<b>(722,188)</b>	<b>(1,116,203)</b>	<b>(74,330)</b>	<b>1,041,873</b>
<b>Fund Balances, Beginning of year</b>	<b>3,652,515</b>	<b>3,301,041</b>	<b>5,821,613</b>	<b>2,520,572</b>
<b>Fund Balances, End of year</b>	<b>\$ 2,930,327</b>	<b>\$ 2,184,838</b>	<b>\$ 5,747,283</b>	<b>\$ 3,562,445</b>

The accompanying notes are integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**FINES AND FORFEITURES FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,276,985	\$ 8,276,985	\$ 8,111,230	\$ (165,755)
Intergovernmental	2,500	2,500	18,696	16,196
Charges for services	745,000	745,000	535,365	(209,635)
Fines and forfeitures	282,500	282,500	305,362	22,862
Interest	50,000	50,000	31,425	(18,575)
Miscellaneous	1,000	1,000	9,433	8,433
<b>Total Revenues</b>	<u>9,357,985</u>	<u>9,357,985</u>	<u>9,011,511</u>	<u>(346,474)</u>
<b>Expenditures</b>				
Current:				
General government	2,003,038	2,008,149	1,040,305	967,844
Capital outlay	721,748	721,576	108,598	612,978
<b>Total Expenditures</b>	<u>2,724,786</u>	<u>2,729,725</u>	<u>1,148,903</u>	<u>1,580,822</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>6,633,199</u>	<u>6,628,260</u>	<u>7,862,608</u>	<u>1,234,348</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(7,444,837)	(7,444,602)	(7,393,304)	51,298
<b>Total Other Financing Sources (Uses)</b>	<u>(7,444,837)</u>	<u>(7,444,602)</u>	<u>(7,393,304)</u>	<u>51,298</u>
<b>Net Change in Fund Balances</b>	(811,638)	(816,342)	469,304	1,285,646
<b>Fund Balances, Beginning of year</b>	<u>1,431,100</u>	<u>1,435,804</u>	<u>1,702,143</u>	<u>266,339</u>
<b>Fund Balances, End of year</b>	<u>\$ 619,462</u>	<u>\$ 619,462</u>	<u>\$ 2,171,447</u>	<u>\$ 1,551,985</u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**TRANSPORTATION TRUST FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 1,582,625	\$ 1,479,753	\$ 1,544,486	\$ 64,733
Intergovernmental	6,163,169	6,501,698	2,312,178	(4,189,520)
Interest	85,051	85,051	34,015	(51,036)
Miscellaneous	152,757	452,757	495,353	42,596
<b>Total Revenues</b>	<u>7,983,602</u>	<u>8,519,259</u>	<u>4,386,032</u>	<u>(4,133,227)</u>
<b>Expenditures</b>				
Current:				
Transportation	6,188,076	5,864,661	3,103,235	2,761,426
Capital outlay	4,648,296	5,507,368	347,084	5,160,284
Debt Service:				
Principal retirement	55,231	55,231	55,231	-
Interest	6,593	6,593	6,593	-
<b>Total Expenditures</b>	<u>10,898,196</u>	<u>11,433,853</u>	<u>3,512,143</u>	<u>7,921,710</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(2,914,594)</u>	<u>(2,914,594)</u>	<u>873,889</u>	<u>3,788,483</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	120,985	120,985	56,565	(64,420)
Transfers out	(938,500)	(938,500)	(916,118)	22,382
<b>Total Other Financing Sources (Uses)</b>	<u>(817,515)</u>	<u>(817,515)</u>	<u>(859,553)</u>	<u>(42,038)</u>
<b>Net Change in Fund Balances</b>	(3,732,109)	(3,732,109)	14,336	3,746,445
<b>Fund Balances, Beginning of year</b>	3,732,109	3,732,109	4,824,292	1,092,183
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,838,628</u>	<u>\$ 4,838,628</u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GRANTS FUND**

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,319,343	\$ 1,278,952	\$ 2,789,513	\$ 1,510,561
Interest	65,000	22,000	18,097	(3,903)
Miscellaneous	25,000	45,000	48,618	3,618
<b>Total Revenues</b>	<u>1,409,343</u>	<u>1,345,952</u>	<u>2,856,228</u>	<u>1,510,276</u>
<b>Expenditures</b>				
Current:				
Economic environment	3,185,838	3,326,115	2,367,376	958,739
Human services	100,269	100,269	99,399	870
Culture and recreation	-	383,230	375,512	7,718
Capital outlay	348,230	-	-	-
<b>Total Expenditures</b>	<u>3,634,337</u>	<u>3,809,614</u>	<u>2,842,287</u>	<u>967,327</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,224,994)</u>	<u>(2,463,662)</u>	<u>13,941</u>	<u>2,477,603</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	15,000	7,111	(7,889)
Transfers out	(78,377)	(59,454)	(21,052)	38,402
<b>Total Other Financing Sources (Uses)</b>	<u>(78,377)</u>	<u>(44,454)</u>	<u>(13,941)</u>	<u>30,513</u>
<b>Net Change in Fund Balances</b>	(2,303,371)	(2,508,116)	-	2,508,116
<b>Fund Balances, Beginning of year</b>	<u>2,303,371</u>	<u>2,508,116</u>	<u>-</u>	<u>(2,508,116)</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS -**  
**PROPRIETARY FUNDS**  
September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Solid Waste</b>	<b>Wauchula Hills Water/Wastewater Treatment</b>	<b>(Non-major Fund) Vandolah Wastewater Treatment</b>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 634,772	\$ 2,410,579	\$ 229,024	\$ 3,274,375
Deposit	-	3,596	-	3,596
Accounts receivable, net	75,257	49,996	-	125,253
Due from other funds	4,907	-	-	4,907
Due from other governmental agencies	18	61,441	-	61,459
<b>Total Current Assets</b>	<b>714,954</b>	<b>2,525,612</b>	<b>229,024</b>	<b>3,469,590</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	2,897,172	-	-	2,897,172
Capital assets:				
Land	372,775	424,850	165,000	962,625
Buildings and improvements	2,902,881	4,685,452	1,180,696	8,769,029
Equipment	1,352,925	88,889	4,509	1,446,323
Infrastructure	3,925,000	5,565,203	-	9,490,203
Less accumulated depreciation	(2,608,602)	(946,432)	(151,122)	(3,706,156)
Total capital assets (net of accumulated depreciation)	5,944,979	9,817,962	1,199,083	16,962,024
<b>Total Noncurrent Assets</b>	<b>8,842,151</b>	<b>9,817,962</b>	<b>1,199,083</b>	<b>19,859,196</b>
<b>Total Assets</b>	<b>\$ 9,557,105</b>	<b>\$ 12,343,574</b>	<b>\$ 1,428,107</b>	<b>\$ 23,328,786</b>

(continued)

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS - (concluded)**  
**PROPRIETARY FUNDS**  
September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Solid Waste</b>	<b>Wauchula Hills Water/Wastewater Treatment</b>	<b>(Non-major Fund) Vandolah Wastewater Treatment</b>	
<b>Liabilities</b>				
Current Liabilities, payable from current assets:				
Accounts payable and accrued liabilities	\$ 43,848	\$ 34,226	\$ 1,556	\$ 79,630
Due to other governmental agencies	4,682	23,937	-	28,619
Deposits	13,879	7,100	-	20,979
Deferred revenue	-	4,822	54,340	59,162
Accrued compensated absences	10,248	-	-	10,248
Notes payable - current portion	200,000	225,000	-	425,000
<b>Total Current Liabilities, payable from current assets</b>	<b>272,657</b>	<b>295,085</b>	<b>55,896</b>	<b>623,638</b>
Noncurrent Liabilities:				
Accrued compensated absences	5,817	-	-	5,817
Notes payable	600,000	975,000	-	1,575,000
Long-term closure and post-closure costs	9,350,495	-	-	9,350,495
<b>Total Noncurrent Liabilities</b>	<b>9,956,312</b>	<b>975,000</b>	<b>-</b>	<b>10,931,312</b>
<b>Total Liabilities</b>	<b>10,228,969</b>	<b>1,270,085</b>	<b>55,896</b>	<b>11,554,950</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,144,979	8,617,962	1,199,083	14,962,024
Unrestricted	(5,816,843)	2,455,527	173,128	(3,188,188)
<b>Total Net Assets</b>	<b>\$ (671,864)</b>	<b>\$ 11,073,489</b>	<b>\$ 1,372,211</b>	<b>\$ 11,773,836</b>

The accompanying notes are an integral part of the financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>	<b>(Non-major Fund) Vandolah Wastewater Treatment</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 893,710	\$ 329,954	\$ 99,605	\$ 1,323,269
Special assessments	853,403	-	-	853,403
<b>Total Revenues</b>	<u>1,747,113</u>	<u>329,954</u>	<u>99,605</u>	<u>2,176,672</u>
<b>Operating Expenses</b>				
Personal services	370,736	172,166	46,914	589,816
General and administrative	195,170	422,325	35,723	653,218
Depreciation	573,926	316,996	23,724	914,646
<b>Total Operating Expenses</b>	<u>1,139,832</u>	<u>911,487</u>	<u>106,361</u>	<u>2,157,680</u>
<b>Operating Income (Loss)</b>	<u>607,281</u>	<u>(581,533)</u>	<u>(6,756)</u>	<u>18,992</u>
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental	298,110	904,066	5,473	1,207,649
Interest income	51,972	19,150	1,926	73,048
Interest expense	(18,824)	(26,185)	-	(45,009)
Miscellaneous revenue	198	170,807	-	171,005
<b>Total Nonoperating Revenues (Expenses), Net</b>	<u>331,456</u>	<u>1,067,838</u>	<u>7,399</u>	<u>1,406,693</u>
<b>Income before transfers</b>	<u>938,737</u>	<u>486,305</u>	<u>643</u>	<u>1,425,685</u>
<b>Transfers</b>				
Transfers in	270,442	4,447	-	274,889
Transfers out	(351,750)	(20,722)	(7,168)	(379,640)
<b>Total Transfers</b>	<u>(81,308)</u>	<u>(16,275)</u>	<u>(7,168)</u>	<u>(104,751)</u>
<b>Change in Net Assets</b>	857,429	470,030	(6,525)	1,320,934
<b>Net Assets, Beginning of year</b>	<u>(1,529,293)</u>	<u>10,603,459</u>	<u>1,378,736</u>	<u>10,452,902</u>
<b>Total Net Assets, End of year</b>	<u>\$ (671,864)</u>	<u>\$ 11,073,489</u>	<u>\$ 1,372,211</u>	<u>\$ 11,773,836</u>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 1,737,605	\$ 311,666
Cash paid to suppliers for goods and services	(1,042,968)	(568,192)
Cash paid to employees for services	(365,935)	-
Net cash from (used in) operating activities	328,702	(256,526)
<b>Cash Flows From Noncapital and Related Financing Activities</b>		
Grants received	298,110	-
Other nonoperating revenue	198	170,807
Transfers in (out)	(81,308)	(16,275)
Net cash from (used in) noncapital and related financing activities	217,000	154,532
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital grant receipts	-	469,994
Shared revenues from state	-	475,611
Acquisition and construction of capital assets	(79,567)	(499,439)
Principal paid on capital debt	(200,000)	(225,000)
Interest paid on capital debt	(18,824)	(23,231)
Net cash from (used in) by capital and related financing activities	(298,391)	197,935
<b>Cash Flows From Investing Activities</b>		
Interest and dividends from investments	51,972	19,150
<b>Net Increase (Decrease) In Cash</b>	299,283	115,091
<b>Cash, Beginning of Year</b>	3,232,661	2,295,488
<b>Cash, End of Year</b>	\$ 3,531,944	\$ 2,410,579

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities -  
Enterprise Funds**

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<b>Vandolah Wastewater Treatment</b>	<b>Total</b>
\$ 97,300	\$ 2,146,571
(50,634)	(1,661,794)
(46,914)	(412,849)
<u>(248)</u>	<u>71,928</u>
-	298,110
5,473	176,478
(7,168)	(104,751)
<u>(1,695)</u>	<u>369,837</u>
-	469,994
-	475,611
-	(579,006)
-	(425,000)
-	(42,055)
<u>-</u>	<u>(100,456)</u>
1,926	73,048
(17)	414,357
<u>229,041</u>	<u>5,757,190</u>
<u>\$ 229,024</u>	<u>\$ 6,171,547</u>

(continued)

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS (Concluded)**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating income (loss)	\$ 607,281	\$ (581,533)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used In) by Operating Activities:</b>		
Depreciation	573,926	316,996
(Increase) decrease in accounts receivable	(11,134)	(16,218)
(Increase) decrease in due from other funds	876	-
(Increase) decrease in due from other governmental agencies	1,981	-
(Increase) decrease in prepaid expenses	(18)	-
Increase (decrease) in accounts payable and accrued liabilities	446	8,272
Increase (decrease) in due to other funds	(11,568)	(2,721)
Increase (decrease) in due to other governmental agencies	1,251	20,748
Increase (decrease) in deferred revenues	-	(2,070)
Increase (decrease) in retainage payable	4,801	-
Increase (decrease) in deposits	750	-
Increase (decrease) in long-term closure and post-closure care	(839,890)	-
	(278,579)	325,007
<b>Total adjustments</b>		
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 328,702</b>	<b>\$ (256,526)</b>
<b>Noncash investing, capital, and financing activities:</b>		
Refinance of existing debt	\$ 800,000	\$ -
<b>Reconciliation of Enterprise Fund Cash to Proprietary Funds Statement of Net Assets</b>		
Current assets:		
Cash	\$ 634,772	\$ 2,410,579
Restricted assets:		
Cash and cash equivalents	2,897,172	-
<b>Total cash</b>	<b>\$ 3,531,944</b>	<b>\$ 2,410,579</b>

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities -  
Enterprise Funds**

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<u>Vandolah Wastewater Treatment</u>	<u>Total</u>
\$ (6,756)	\$ 18,992
23,724	914,646
7,300	(20,052)
-	876
-	1,981
-	(18)
(14,826)	(6,108)
(85)	(14,374)
-	21,999
(9,605)	(11,675)
-	4,801
-	750
-	(839,890)
<u>6,508</u>	<u>52,936</u>
<u>\$ (248)</u>	<u>\$ 71,928</u>
<u>\$ -</u>	<u>\$ 800,000</u>
\$ 229,024	\$ 3,274,375
-	2,897,172
<u>\$ 229,024</u>	<u>\$ 6,171,547</u>

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
September 30, 2009

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 505,491
Due from individuals	418
<b>Total Assets</b>	<b>\$ 505,909</b>
 <b>Liabilities</b>	
Due to individuals	\$ 117,921
Due to other governments	167,563
Due to Indigent Health Care District	891
Deposit - installment taxes	219,534
<b>Total Liabilities</b>	<b>\$ 505,909</b>

The accompanying notes are an integral part of these financial statements.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE A - REPORTING ENTITY**

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

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

Accounting principles generally accepted in the United States require that each unit of government define a governmental reporting entity. The accompanying financial statements present the financial position and results of operations of the applicable fund types 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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

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

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Accounting (continued)**

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 non-major 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.

**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 expenditures.

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

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government Wide Financial Statements (continued)**

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Funds (continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 Fines and Forfeiture Fund accounts for all fines and forfeitures collected in the county under the penal laws of the state. The fund is used to pay for criminal expenses, fees, and costs where the crime was committed in the county and to support the administrative operations of the Clerk and the Sheriff.
  
- **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, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Major Funds**

- **Solid Waste Fund** – The Solid Waste Fund accounts for the fees imposed on users of the Hardee County Landfill.
  
- **Wauchula Hills Water/Wastewater Treatment Fund** – The Wauchula Hills Water/Wastewater Treatment fund accounts for the operations of the Wauchula Hills Water and Wastewater utilities.

**Other Fund Types**

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

**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.

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

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

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.

**Receivables**

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

**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 or expenses (as appropriate) in the disbursing fund.

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

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

**Inventory of Supplies**

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

**Deferred Revenue**

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

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.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

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

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

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

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
Infrastructure	10 – 50 years

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE B - 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, 2009 was 8.5540 mills.

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

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

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

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

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

**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, 2009, representing the Board's commitment to fund such costs from future operations.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reserved Fund Equity**

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

**Restricted Assets**

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

**Encumbrances**

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

**Landfill Closure and Post-closure Costs**

The County has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2009, 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, 2009, estimated capacity used was 88.90%. 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.

**Use of Estimates**

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

**Other Post-employment Benefit Obligations**

Based on GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post-retirement Benefits Other Than Pensions, which was implemented by the County for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. Employees who retire from employment with the County under the County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the County. The liabilities and expenses associated with the OPEB Plan have been recorded in the accompanying financial statements.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE C – 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 (\$14,574,834) differs from “net assets” of governmental activities (\$64,986,689) 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	\$ 103,729,049
Accumulated depreciation	(50,991,932)
Total capital assets added	<u>\$ 52,737,117</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, 2009 were:

Capital leases payable	\$ (294,132)
Notes payable	(900,000)
Postemployment healthcare	(370,000)
Compensated absences	(750,077)
Total	<u>\$ (2,314,209)</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE C – 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	\$ 11,053
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**Elimination of Interfund Receivables/Payables**

Interfund receivables and payables in the amount of \$1,174,251 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 (\$471,883) differs from the “change in net assets” for governmental activities (-\$1,986,815) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effects of the differences are illustrated below.

**Capital Related Items**

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

Capital outlay	\$ 1,463,212
Depreciation expense	(5,032,104)
Difference	\$ (3,568,892)

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.

Sale of capital assets	\$ (83,973)
Net adjustment	\$ (83,973)

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE C – 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	\$ 767,933
Notes payable	700,000
Net change in postemployment healthcare	(370,000)
Net change in compensated absences	75,437
Net adjustment	<u>\$ 1,173,370</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>\$ 20,797</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 D – CASH AND INVESTMENTS**

**Cash Deposits**

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

At September 30, 2009, the carrying amount of the County's deposits was \$21,760,279 and the bank balances were \$22,435,557. The County's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE D – CASH AND INVESTMENTS (continued)**

**Investments**

At September 30, 2009, the Board’s investments consisted of certificates of deposit with a fair value of \$4,091,240. Certificates of Deposits held at September 30, 2009 mature within ninety days and are considered to be cash equivalents.

Custodial credit risk relating to investments 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.

Interest rate risk is the risk that the authorized investments will not match investment maturities with known cash needs and anticipated cash-flow requirements of the County.

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 is the risk that the County will not invest in a variety of issuers. 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.

**NOTE E – RECEIVABLES**

Receivables consist of the following at September 30, 2009:

	<u>General Fund</u>	<u>Grants</u>	<u>Solid Waste</u>	<u>Wauchula Hills Water/ Wastewater Treatment</u>	<u>Non-Major and Other Funds</u>	<u>Total</u>
Emergency Medical Services	\$ 1,450,316	\$ -	\$ -	\$ -	\$ -	\$ 1,450,316
Landfill charges	-	-	75,257	49,996	-	125,253
Trade accounts	20,780	47	-	-	452	21,279
Accounts receivable, gross	1,471,096	47	75,257	49,996	452	1,596,848
(Allowance for uncollectibles)	(333,420)	-	-	-	-	(333,420)
<b>Accounts receivable, net</b>	<u>\$ 1,137,676</u>	<u>\$ 47</u>	<u>\$ 75,257</u>	<u>\$ 49,996</u>	<u>\$ 452</u>	<u>\$ 1,263,428</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - DETAIL OF CAPITAL ASSETS**

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

	<b>Balance 9/30/2008</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Transfers</b>	<b>Balance 9/30/2009</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,494,863	\$ -	\$ -	\$ -	\$ 3,494,863
Construction in progress	-	377,684	-	-	377,684
Total capital assets, not being depreciated	<u>3,494,863</u>	<u>377,684</u>	<u>-</u>	<u>-</u>	<u>3,872,547</u>
Capital assets, being depreciated:					
Buildings and improvements	21,226,876	383,513	(61,287)	-	21,549,102
Machinery and equipment	15,505,720	702,015	(580,951)	-	15,626,784
Infrastructure	62,680,616	-	-	-	62,680,616
Total capital assets, being depreciated:	<u>99,413,212</u>	<u>1,085,528</u>	<u>(642,238)</u>	<u>-</u>	<u>99,856,502</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,334,125)	(491,141)	28,089	-	(6,797,177)
Machinery and equipment	(8,878,162)	(1,367,923)	530,176	-	(9,715,909)
Infrastructure	(31,305,806)	(3,173,040)	-	-	(34,478,846)
Total accumulated depreciation	<u>(46,518,093)</u>	<u>(5,032,104)</u>	<u>558,265</u>	<u>-</u>	<u>(50,991,932)</u>
Total capital assets, being depreciated, net	<u>52,895,119</u>	<u>(3,946,576)</u>	<u>(83,973)</u>	<u>-</u>	<u>48,864,570</u>
Governmental activities capital assets, net	<u>\$ 56,389,982</u>	<u>\$ (3,568,892)</u>	<u>\$ (83,973)</u>	<u>\$ -</u>	<u>\$ 52,737,117</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 790,992	\$ 171,633	\$ -	\$ -	\$ 962,625
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>790,992</u>	<u>171,633</u>	<u>-</u>	<u>-</u>	<u>962,625</u>
Capital assets, being depreciated:					
Buildings and improvements	8,769,029	-	-	-	8,769,029
Machinery and equipment	1,418,177	50,522	(22,376)	-	1,446,323
Infrastructure	9,132,520	357,683	-	-	9,490,203
Total capital assets, being depreciated:	<u>19,319,726</u>	<u>408,205</u>	<u>(22,376)</u>	<u>-</u>	<u>19,705,555</u>
Less accumulated depreciation for:					
Buildings and system	(1,554,170)	(25,471)	-	-	(1,579,641)
Machinery and equipment	(705,651)	(126,283)	21,544	-	(810,390)
Infrastructure	(553,233)	(762,892)	-	-	(1,316,125)
Total accumulated depreciation	<u>(2,813,054)</u>	<u>(914,646)</u>	<u>21,544</u>	<u>-</u>	<u>(3,706,156)</u>
Total capital assets, being depreciated, net	<u>16,506,672</u>	<u>(506,441)</u>	<u>(832)</u>	<u>-</u>	<u>15,999,399</u>
Business-type activities capital assets, net	<u>\$ 17,297,664</u>	<u>\$ (334,808)</u>	<u>\$ (832)</u>	<u>\$ -</u>	<u>\$ 16,962,024</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - DETAIL OF CAPITAL ASSETS (continued)**

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

Governmental activities:	
General government	\$ 648,457
Public safety	739,263
Physical environment	3,188
Transportation	3,429,358
Human services	56,595
Culture/recreation	155,243
Total depreciation expense - governmental activities	<u>\$ 5,032,104</u>
Business-type activities:	
Solid Waste	\$ 573,926
Wauchula Hills Water/Wastewater Treatment	316,996
Vandolah Wastewater Treatment	23,724
Total depreciation expense - business-type activities	<u>\$ 914,646</u>

**NOTE G - LONG-TERM DEBT**

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

	<b>Balance September 30, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2009</b>	<b>Due Within One Year</b>
Governmental Activities:					
Capital leases	\$ 1,062,065	\$ -	\$ (767,933)	\$ 294,132	\$ 133,894
Notes payable	1,600,000	-	(700,000)	900,000	700,000
Postemployment healthcare	-	370,000	-	370,000	-
Compensated absences	825,514	-	(75,437)	750,077	313,396
Total Governmental Activities	<u>\$ 3,487,579</u>	<u>\$ 370,000</u>	<u>\$ (1,543,370)</u>	<u>\$ 2,314,209</u>	<u>\$ 1,147,290</u>
Business-Type Activities:					
Notes payable	\$ 2,425,000	\$ 800,000	\$ (1,225,000)	\$ 2,000,000	\$ 425,000
Compensated absences	11,264	4,801	-	16,065	10,248
Landfill closure and post-closure costs	10,190,385	-	(839,890)	9,350,495	-
Total Business-Type Activities	<u>\$ 12,626,649</u>	<u>\$ 804,801</u>	<u>\$ (2,064,890)</u>	<u>\$ 11,366,560</u>	<u>\$ 435,248</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE G - 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 two ambulances under capital lease for \$171,108 during the 2004-2005 fiscal year. Annual payments of \$38,436 include interest at 4.00%. The lease obligation was paid off in the current fiscal year.

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 lease obligation was paid off in the current fiscal year.

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 5.80%.

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 lease obligation was paid off in the current fiscal year.

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 4.70%. The lease obligation was paid off in the current fiscal year.

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

Asset:		
Machinery and Equipment	\$	2,235,166
Less: Accumulated Depreciation		<u>(754,891)</u>
Net	\$	<u><u>1,480,275</u></u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE G - LONG-TERM DEBT (continued)**

**Capital Leases (continued)**

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

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>
2010	\$ 146,854
2011	85,030
2012	85,030
Total payments	316,914
Less amount representing interest	(22,782)
Total	\$ 294,132

**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 \$1,425,000 during the 2005-2006 fiscal year for Wauchula Hills Wastewater Treatment Plant. Principal payments are due annually beginning December 7, 2006. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by the ½ cent sales tax.

The County issued a note payable to the Florida Local Government Finance Commission for \$1,500,000 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, 2009

**NOTE G - LONG-TERM DEBT (continued)**

**Notes Payable (continued)**

The County issued a note payable to the Florida Local Government Finance Commission for \$800,000 during the 2008-2009 fiscal year for the purpose of providing the County with sufficient funds to refinance a portion of the 2006-2007 note payable that became due during the 2008-2009 fiscal year. Principal payments are due annually, beginning March 3, 2009. Interest payments are due monthly based on the market rate of commercial paper. The note is payable from and secured by designated revenues of the County.

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>
2010	\$ 700,000	\$ 1,636	\$ 425,000	\$ 6,406
2011	200,000	627	425,000	5,408
2012	-	-	425,000	1,239
2013	-	-	725,000	211
	<u>\$ 900,000</u>	<u>\$ 2,263</u>	<u>\$ 2,000,000</u>	<u>\$ 13,264</u>

**NOTE H – OTHER DISCLOSURES**

The balance of due from other funds and due to other funds were as follows at September 30, 2009:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 269,451	\$ 679,869
Fines and Forfeitures	682,875	-
Transportation Trust	38	90,117
Grants	111,717	404,260
Non-Major Governmental Funds	105,263	5
Solid Waste	4,907	-
Total	<u>\$ 1,174,251</u>	<u>\$ 1,174,251</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.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE I – EMPLOYEE BENEFITS**

All full-time employees of the County participate in the Florida Retirement System (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.

All of the County's 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 elected officials, which includes the 1.11% health insurance subsidy contribution and administrative/educational fee of 0.05%.

The County's contributions to the System for the years ended September 30, 2009, 2008, and 2007 were \$1,782,718, \$1,826,528, and \$1,880,609, respectively, equal to the required contributions for each year.

**NOTE J – OTHER POSTEMPLOYMENT BENEFITS**

For the fiscal year ending September 30, 2009, the County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for certain postemployment health benefits provided by the County. The requirements of this Statement were implemented prospectively, with the actuarially determined liability of \$3,985,000 at the October 1, 2008, date of transition being amortized over thirty years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health benefits liability at the date of transition.

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE J – OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

Funding Policy - The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) or the net OPEB obligation. For the year ended September 30, 2009, 11 retirees and dependents received healthcare benefits. The County provided contributions of \$83,000 toward the annual OPEB cost comprised of premium contributions and claim benefit payments made on behalf of retirees net of retiree contributions totaling \$231,347.

Annual OPEB Cost and Net OPEB Obligation - The County’s annual OPEB cost (expense) is calculated based on the annual required contributions of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the County’s annual OPEB cost for the year ended September 30, 2009, the amount contributed to the plan and changed in the County’s net OPEB obligation:

Normal cost (service cost for one year)	\$ 293,000
Amortization of Unfunded Actuarial Accrued Liability	160,000
Interest on Normal Cost and Amortization	-
Annual Required Contribution	453,000
Net OPEB Obligation, Beginning of year	-
Annual OPEB Cost (Expense)	453,000
Contribution toward the OPEB cost	83,000
Increase in Net OPEB Obligation	370,000
Net OPEB Obligation, End of year	\$ 370,000

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE J – OTHER POSTEMPLOYMENT BENEFITS (continued)**

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of September 30, 2009 (year of implementation), were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>New OPEB Obligation</u>
September 30, 2009	\$453,000	18.32%	\$370,000

**Funded Status and Funding Progress**

The funding status as of October 1, 2008 was as follows:

Actuarial Accrued Liability (a)	\$ 3,985,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c)=(a-b)	<u>3,985,000</u>
Funded Ratio (b/a)	0.0 %
Covered Payroll (Active Plan Members) (d)	N/A
UALL as a Percentage of Covered Payroll (c/d)	N/A

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

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

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE J – OTHER POSTEMPLOYMENT BENEFITS (continued)**

In the October 1, 2008, OPEB actuarial valuation, the projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions include a five percent rate of return on invested assets, which is the County’s long-term expectation of investment returns under its investment policy. The actuarial assumptions also include a payroll growth of four percent per year, and an annual healthcare cost trend rate of eleven percent initially for fiscal year 2008, reduced by one-half percent per year to an ultimate rate of five percent beginning in 2020. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2009, is twenty-nine years.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of Covered Payroll ((b-a)/c)</b>
10/1/2008	\$ -	\$ 3,985,000	\$3,985,000	0.00%	N/A	N/A
10/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

**NOTE K - RISK MANAGEMENT**

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

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

**NOTE L - 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, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE L - COMMITMENTS AND CONTINGENCIES (continued)**

Hardee County has one landfill site which is comprised of one cell which is currently in operation. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and post-closure care costs are accounted for in the Solid Waste Fund. Although closure and post-closure 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 post-closure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and post-closure care liability of \$9,350,495 at September 30, 2009, represents the cumulative amount reported to date based on an average use of 88.90% of the total estimated capacity. The remaining \$1,167,780 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, 2009 with \$2,897,172 held in a separate cash and investment 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, 2009 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 M – FUND BALANCE DEFICIT**

**Enterprise Funds**

Solid Waste Fund – The unrestricted net assets deficit of \$5,816,843 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, 2009

**NOTE N - TRANSFERS**

Transfers during the year ended September 30, 2009, consisted of the following:

Transfers to the General Fund from:	
Transportation Trust	\$ 121,618
Fines and Forfeitures	7,393,096
Grants	21,052
Non-Major Governmental Funds	104,493
Sheriff's Commissary Fund	56,582
Solid Waste Fund	50,271
Wauchula Hills Water/Wastewater Treatment	20,000
Non-Major Enterprise Fund	2,721
	<u>\$ 7,769,833</u>
Transfers to the Transportation Trust Fund from:	
General	\$ 542
Fines and Forfeitures	208
Non-Major Governmental Funds	22,132
Solid Waste Fund	32,961
Wauchula Hills Water/Wastewater Treatment	722
	<u>\$ 56,565</u>
Transfers to the Grants Fund from:	
General	<u>\$ 7,111</u>
Transfers to Non-Major Governmental Funds from:	
General	\$ 604,000
Non-Major Governmental Funds	1,020,500
	<u>\$ 1,624,500</u>
Transfers to Wauchula Hills Water/Wastewater Treatment from:	
Non-Major Enterprise Funds	<u>\$ 4,447</u>
Transfers to the Solid Waste Fund from:	
Solid Waste Fund	\$ 268,518
Non-Major Governmental Funds	1,924
	<u>\$ 270,442</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

**NOTE N – TRANSFERS (continued)**

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.

**NOTE O - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)**

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

**Balance Sheet**  
September 30, 2009

<b>Assets</b>	
Cash	\$ 463,390
Due from other governments	47
Due from other funds	17,014
<b>Total Assets</b>	<b>\$ 480,451</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 12,452
Due to other funds	75,841
Deferred revenue	392,158
<b>Total Liabilities</b>	<b>480,451</b>
Fund Balance	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 480,451</b>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE O - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP) (continued)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP basis) and Actual**  
Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 571,479	\$ 221,479
Interest	20,000	10,000	6,949	(3,051)
Miscellaneous	25,000	25,000	28,618	3,618
<b>Total Revenues</b>	<u>395,000</u>	<u>385,000</u>	<u>607,046</u>	<u>222,046</u>
<b>Expenditures</b>				
Economic Environment	965,000	998,638	607,046	391,592
<b>Total Expenditures</b>	<u>965,000</u>	<u>998,638</u>	<u>607,046</u>	<u>391,592</u>
<b>Net Change in Fund Balance</b>	(570,000)	(613,638)	-	613,638
<b>Fund Balance, Beginning of Year</b>	570,000	613,638	-	(613,638)
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE P – HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND**

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

**Balance Sheet**  
September 30, 2009

<b>Assets</b>	
Cash	\$ 527,751
Due from other funds	79,703
<b>Total Assets</b>	<b>\$ 607,454</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 2,775
Deferred revenue	604,679
<b>Total Liabilities</b>	<b>607,454</b>
Fund Balance	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 607,454</b>

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP basis) and Actual**  
Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 1,289,292	\$ 1,289,292
Interest	45,000	12,000	11,130	(870)
<b>Total Revenues</b>	45,000	12,000	1,300,422	1,288,422
<b>Expenditures</b>				
Economic environment	1,699,488	1,846,518	1,279,371	567,147
<b>Total Expenditures</b>	1,699,488	1,846,518	1,279,371	567,147
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,654,488)	(1,834,518)	21,051	1,855,569
<b>Other Financing Sources (Uses)</b>				
Transfers out	(78,377)	(59,454)	(21,051)	38,403
<b>Net Change in Fund Balance</b>	(1,732,865)	(1,893,972)	-	1,893,972
<b>Fund balance, Beginning of year</b>	1,732,865	1,893,972	-	(1,893,972)
<b>Fund balance, End of year</b>	\$ -	\$ -	\$ -	\$ -

**HARDEE COUNTY, FLORIDA  
NON-MAJOR 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 Clerk's 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 Clerk's Child Support Enforcement Grant Fund is used to account for the child support enforcement grant and related expenditures.

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

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

**DEBT SERVICE FUNDS**

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

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

**HARDEE COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
September 30, 2009

	<b>Special Revenue</b>				
	<b>Race</b>		<b>Pioneer</b>	<b>Law</b>	<b>Clerk's</b>
	<b>Fire</b>	<b>Track</b>			
	<b>Control</b>	<b>Jai</b>	<b>Park Days</b>	<b>Trust</b>	<b>Forfeiture</b>
<b>Assets</b>					
Cash	\$ 1,073,610	\$ 3,453	\$ 71,031	\$ 95,798	\$ 94,314
Accounts receivable, net	75	-	-	-	377
Due from other funds	4,909	-	100,000	-	25
Due from other governmental agencies	38	-	-	-	174
Prepaid expenses	-	-	-	-	4,637
<b>Total Assets</b>	<b>\$ 1,078,632</b>	<b>\$ 3,453</b>	<b>\$ 171,031</b>	<b>\$ 95,798</b>	<b>\$ 99,527</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued					
Liabilities	\$ 41,479	\$ -	\$ 872	\$ -	\$ 51,087
Due to other funds	-	-	-	-	-
Due to other governmental agencies	307	-	-	-	28,143
Deferred revenue	-	-	30,528	-	-
<b>Total Liabilities</b>	<b>41,786</b>	<b>-</b>	<b>31,400</b>	<b>-</b>	<b>79,230</b>
<b>Fund Balances</b>					
Reserved for debt service	-	-	-	-	-
Unreserved	1,036,846	3,453	139,631	95,798	20,297
<b>Total Fund Balances</b>	<b>1,036,846</b>	<b>3,453</b>	<b>139,631</b>	<b>95,798</b>	<b>20,297</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,078,632</b>	<b>\$ 3,453</b>	<b>\$ 171,031</b>	<b>\$ 95,798</b>	<b>\$ 99,527</b>

(continued)

				<u>Debt Service</u>	
<u>Clerk's Records Modernization</u>	<u>Clerk's Child Support IV-D</u>	<u>Sheriff's Commissary</u>	<u>Sheriff's Department Education</u>	<u>Transportation Trust</u>	<u>Total All Nonmajor Governmental Funds</u>
\$ 176,095	\$ 58,008	\$ 96,319	\$ 42,097	\$ 142,881	\$ 1,853,606
-	-	-	-	-	452
329	-	-	-	-	105,263
-	6,254	-	-	-	6,466
-	-	-	-	-	4,637
<u>\$ 176,424</u>	<u>\$ 64,262</u>	<u>\$ 96,319</u>	<u>\$ 42,097</u>	<u>\$ 142,881</u>	<u>\$ 1,970,424</u>
\$ 527	\$ -	\$ -	\$ -	\$ -	\$ 93,965
5	-	-	-	-	5
-	-	-	-	-	28,450
-	-	-	-	-	30,528
<u>532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,948</u>
-	-	-	-	142,881	142,881
175,892	64,262	96,319	42,097	-	1,674,595
<u>175,892</u>	<u>64,262</u>	<u>96,319</u>	<u>42,097</u>	<u>142,881</u>	<u>1,817,476</u>
<u>\$ 176,424</u>	<u>\$ 64,262</u>	<u>\$ 96,319</u>	<u>\$ 42,097</u>	<u>\$ 142,881</u>	<u>\$ 1,970,424</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended September 30, 2009

	<u>Special Revenue</u>				
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park Days</u>	<u>Law Enforcement Trust</u>	<u>Clerk's Fine and Forfeiture</u>
<b>Revenues</b>					
Intergovernmental	\$ 24,635	\$ 446,500	\$ -	\$ -	\$ 159,276
Charges for services	39,858	-	108,717	-	761,946
Fines and forfeitures	-	-	-	-	-
Assessments	1,975,601	-	-	-	-
Interest	11,019	123	1,243	768	4,736
Miscellaneous	1,776	-	705	4,856	9,724
<b>Total Revenues</b>	<u>2,052,889</u>	<u>446,623</u>	<u>110,665</u>	<u>5,624</u>	<u>935,682</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	915,385
Public safety	2,068,054	-	-	-	-
Human services	-	220,500	-	-	-
Culture and recreation	-	-	57,968	-	-
Capital outlay	76,452	-	-	-	-
Debt Service:					
Principal retirement	626,167	-	-	-	-
Interest	66,917	-	-	-	-
<b>Total Expenditures</b>	<u>2,837,590</u>	<u>220,500</u>	<u>57,968</u>	<u>-</u>	<u>915,385</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(784,701)</u>	<u>226,123</u>	<u>52,697</u>	<u>5,624</u>	<u>20,297</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	830,000	-	-	-	-
Operating transfers out	(89,902)	(226,000)	(38,647)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>740,098</u>	<u>(226,000)</u>	<u>(38,647)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(44,603)	123	14,050	5,624	20,297
<b>Fund Balance, Beginning of year</b>	<u>1,081,449</u>	<u>3,330</u>	<u>125,581</u>	<u>90,174</u>	<u>-</u>
<b>Fund Balances, End of year</b>	<u>\$ 1,036,846</u>	<u>\$ 3,453</u>	<u>\$ 139,631</u>	<u>\$ 95,798</u>	<u>\$ 20,297</u>

(continued)

				<b>Debt Service</b>	
<b>Clerk's Records Modernization</b>	<b>Clerk's Child Support IV-D</b>	<b>Sheriff's Commissary</b>	<b>Sheriff's Department Education</b>	<b>Transportation Trust</b>	<b>Total All Nonmajor Governmental Funds</b>
\$ -	\$ 41,281	\$ -	\$ -	\$ -	\$ 671,692
44,374	-	-	-	-	954,895
-	-	-	5,384	-	5,384
-	-	-	-	-	1,975,601
3,017	353	-	-	2,426	23,685
-	-	59,474	-	-	76,535
<u>47,391</u>	<u>41,634</u>	<u>59,474</u>	<u>5,384</u>	<u>2,426</u>	<u>3,707,792</u>
69,279	-	-	-	-	984,664
-	-	32,957	1,742	-	2,102,753
-	-	-	-	-	220,500
-	-	-	-	-	57,968
-	-	-	-	-	76,452
-	-	-	-	700,000	1,326,167
-	-	-	-	23,167	90,084
<u>69,279</u>	<u>-</u>	<u>32,957</u>	<u>1,742</u>	<u>723,167</u>	<u>4,858,588</u>
<u>(21,888)</u>	<u>41,634</u>	<u>26,517</u>	<u>3,642</u>	<u>(720,741)</u>	<u>(1,150,796)</u>
-	-	-	-	794,500	1,624,500
-	-	(56,582)	-	-	(411,131)
-	-	(56,582)	-	794,500	1,213,369
(21,888)	41,634	(30,065)	3,642	73,759	62,573
197,780	22,628	126,384	38,455	69,122	1,754,903
<u>\$ 175,892</u>	<u>\$ 64,262</u>	<u>\$ 96,319</u>	<u>\$ 42,097</u>	<u>\$ 142,881</u>	<u>\$ 1,817,476</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**FIRE CONTROL FUND**  
Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 24,635	\$ 24,635	\$ -
Charges for services	710,199	710,199	39,858	(670,341)
Assessments	1,761,247	1,761,247	1,975,601	214,354
Interest	12,000	12,000	11,019	(981)
Miscellaneous	1,000	1,000	1,776	776
<b>Total Revenues</b>	<b>2,484,446</b>	<b>2,509,081</b>	<b>2,052,889</b>	<b>(456,192)</b>
<b>Expenditures</b>				
Current:				
Public safety	2,152,890	2,202,890	2,068,054	134,836
Capital outlay	555,833	104,569	76,452	28,117
Debt Service:				
Principal retirement	166,645	710,505	626,167	84,338
Interest	39,585	39,585	66,917	(27,332)
<b>Total Expenditures</b>	<b>2,914,953</b>	<b>3,057,549</b>	<b>2,837,590</b>	<b>219,959</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(430,507)</b>	<b>(548,468)</b>	<b>(784,701)</b>	<b>(236,233)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	831,000	831,000	830,000	(1,000)
Transfers out	(105,000)	(105,000)	(89,902)	15,098
Debt proceeds	450,000	450,000	-	(450,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,176,000</b>	<b>1,176,000</b>	<b>740,098</b>	<b>(435,902)</b>
<b>Net Change in Fund Balances</b>	<b>745,493</b>	<b>627,532</b>	<b>(44,603)</b>	<b>(672,135)</b>
<b>Fund Balances, Beginning of year</b>	<b>-</b>	<b>-</b>	<b>1,081,449</b>	<b>1,081,449</b>
<b>Fund Balances, End of year</b>	<b>\$ 745,493</b>	<b>\$ 627,532</b>	<b>\$ 1,036,846</b>	<b>\$ 409,314</b>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**RACE TRACK JAI ALAI FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	123	123
<b>Total Revenues</b>	<u>446,500</u>	<u>446,500</u>	<u>446,623</u>	<u>123</u>
<b>Expenditures</b>				
Current:				
Human services	220,500	220,500	220,500	-
<b>Total Expenditures</b>	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>226,000</u>	<u>226,000</u>	<u>226,123</u>	<u>123</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(226,000)	(226,000)	(226,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	123	123
<b>Fund Balances, Beginning of year</b>	-	-	3,330	3,330
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,453</u>	<u>\$ 3,453</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**PIONEER PARK DAYS FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for services	\$ 111,500	\$ 111,500	\$ 108,717	\$ (2,783)
Interest	4,000	4,000	1,243	(2,757)
Miscellaneous	5,000	5,000	705	(4,295)
<b>Total Revenues</b>	<u>120,500</u>	<u>120,500</u>	<u>110,665</u>	<u>(9,835)</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	87,798	87,798	57,968	29,830
<b>Total Expenditures</b>	<u>87,798</u>	<u>87,798</u>	<u>57,968</u>	<u>29,830</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>32,702</u>	<u>32,702</u>	<u>52,697</u>	<u>19,995</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(47,400)	(47,400)	(38,647)	8,753
<b>Total Other Financing Sources (Uses)</b>	<u>(47,400)</u>	<u>(47,400)</u>	<u>(38,647)</u>	<u>8,753</u>
<b>Net Change in Fund Balances</b>	(14,698)	(14,698)	14,050	28,748
<b>Fund Balances, Beginning of year</b>	<u>149,596</u>	<u>149,596</u>	<u>125,581</u>	<u>(24,015)</u>
<b>Fund Balances, End of year</b>	<u>\$ 134,898</u>	<u>\$ 134,898</u>	<u>\$ 139,631</u>	<u>\$ 4,733</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**LAW ENFORCEMENT TRUST FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Interest	\$ 1,500	\$ 1,500	\$ 768	\$ (732)
Miscellaneous	8,000	8,000	4,856	(3,144)
<b>Total Revenues</b>	<u>9,500</u>	<u>9,500</u>	<u>5,624</u>	<u>(3,876)</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	9,500	9,500	5,624	(3,876)
<b>Fund Balances, Beginning of year</b>	<u>89,525</u>	<u>89,525</u>	<u>90,174</u>	<u>649</u>
<b>Fund Balances, End of year</b>	<u>\$ 99,025</u>	<u>\$ 99,025</u>	<u>\$ 95,798</u>	<u>\$ (3,227)</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**CLERK'S FINE & FORFEITURE FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 204,665	\$ 375,544	\$ 159,276	\$ (216,268)
Charges for services	827,374	537,643	761,946	224,303
Interest	19,103	17,586	4,736	(12,850)
Miscellaneous	3,523	4,914	9,724	4,810
<b>Total Revenues</b>	<u>1,054,665</u>	<u>935,687</u>	<u>935,682</u>	<u>(5)</u>
<b>Expenditures</b>				
Current:				
General government	1,054,665	935,687	915,385	20,302
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>1,054,665</u>	<u>935,687</u>	<u>915,385</u>	<u>20,302</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>20,297</u>	<u>20,297</u>
<b>Net Change in Fund Balances</b>	-	-	20,297	20,297
<b>Fund Balances, beginning of year</b>	-	-	-	-
<b>Fund Balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,297</u>	<u>\$ 20,297</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**TRANSPORTATION TRUST - DEBT SERVICE FUND**  
Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest	\$ 500	\$ 500	\$ 2,426	\$ 1,926
<b>Total Revenues</b>	<u>500</u>	<u>500</u>	<u>2,426</u>	<u>1,926</u>
<b>Expenditures</b>				
Debt Service:				
Principal retirement	700,000	700,000	700,000	-
Interest	95,000	95,000	23,167	71,833
<b>Total Expenditures</b>	<u>795,000</u>	<u>795,000</u>	<u>723,167</u>	<u>71,833</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(794,500)</u>	<u>(794,500)</u>	<u>(720,741)</u>	<u>73,759</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	794,500	794,500	794,500	-
<b>Total Other Financing Sources (Uses)</b>	<u>794,500</u>	<u>794,500</u>	<u>794,500</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	73,759	73,759
<b>Fund Balances, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>69,122</u>	<u>69,122</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,881</u>	<u>\$ 142,881</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS**  
September 30, 2009

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's State Juror &amp; Witness</u>	<u>Clerk's County Witness</u>
<b>Assets</b>					
Cash	\$ 156,925	\$ 708	\$ 17,194	\$ 150	\$ 343
Due from individuals	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 156,925</u>	<u>\$ 708</u>	<u>\$ 17,194</u>	<u>\$ 150</u>	<u>\$ 343</u>
<b>Liabilities</b>					
Due to individuals	\$ 26,403	\$ -	\$ 17,194	\$ 150	\$ 12
Due to other governments	130,522	708	-	-	331
Due to Indigent Health Care Special District	-	-	-	-	-
Deposit - installment taxes	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 156,925</u>	<u>\$ 708</u>	<u>\$ 17,194</u>	<u>\$ 150</u>	<u>\$ 343</u>

<u>Clerk's Cash Bond</u>	<u>Clerk's Condemnation Right-of Way</u>	<u>Sheriff's Suspense</u>	<u>Sheriff's Collections</u>	<u>Sheriff's Inmate</u>	<u>Sheriff's Youth</u>
\$ 37,696 <u>1</u>	\$ 1,090 -	\$ 15,194 -	\$ - -	\$ 1,600 -	\$ 6,186 -
<u>\$ 37,697</u>	<u>\$ 1,090</u>	<u>\$ 15,194</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 6,186</u>
\$ 37,697	\$ 1,090	\$ 15,194	\$ -	\$ 1,600	\$ 6,186
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 37,697</u>	<u>\$ 1,090</u>	<u>\$ 15,194</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 6,186</u>

(continued)

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS (Concluded)**  
September 30, 2009

	<u>Sheriff's Flower</u>	<u>Sheriff's Evidence</u>	<u>Tax Collector Fund</u>	<u>Tax Collector's Motor Vehicle Fund</u>	<u>Total</u>
<b>Assets</b>					
Cash	\$ 2,020	\$ 10,375	\$ 248,842	\$ 7,168	\$ 505,491
Due from individuals	-	-	-	417	418
<b>Total Assets</b>	<u>\$ 2,020</u>	<u>\$ 10,375</u>	<u>\$ 248,842</u>	<u>\$ 7,585</u>	<u>\$ 505,909</u>
<b>Liabilities</b>					
Due to individuals	\$ 2,020	\$ 10,375	\$ -	\$ -	\$ 117,921
Due to other governments	-	-	28,417	7,585	167,563
Due to Indigent Health Care Special District	-	-	891	-	891
Deposit - installment taxes	-	-	219,534	-	219,534
<b>Total Liabilities</b>	<u>\$ 2,020</u>	<u>\$ 10,375</u>	<u>\$ 248,842</u>	<u>\$ 7,585</u>	<u>\$ 505,909</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS**  
Year Ended September 30, 2009

	<u>Balance</u> <u>October 1,</u> <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2009</u>
<b><u>CLERK'S SPECIAL TRUST</u></b>				
<b>Assets</b>				
Cash	\$ 199,651	\$ 2,184,533	\$ (2,227,259)	\$ 156,925
<b>Liabilities</b>				
Due to individuals	\$ 28,884	\$ 101,325	\$ (103,806)	\$ 26,403
Due to other governments	170,767	2,083,208	(2,123,453)	130,522
<b>Total Liabilities</b>	<u>\$ 199,651</u>	<u>\$ 2,184,533</u>	<u>\$ (2,227,259)</u>	<u>\$ 156,925</u>
 <b><u>CLERK'S SUPPORT</u></b>				
<b>Assets</b>				
Cash	\$ 884	\$ 9,299	\$ (9,475)	\$ 708
<b>Liabilities</b>				
Due to individuals	\$ 9	\$ (9)	\$ -	\$ -
Due to other governments	875	9,308	(9,475)	708
<b>Total Liabilities</b>	<u>\$ 884</u>	<u>\$ 9,299</u>	<u>\$ (9,475)</u>	<u>\$ 708</u>
 <b><u>CLERK'S COURT REGISTRY</u></b>				
<b>Assets</b>				
Cash	\$ 74,536	\$ 406,378	\$ (463,720)	\$ 17,194
<b>Liabilities</b>				
Due to individuals	\$ 74,536	\$ 406,378	\$ (463,720)	\$ 17,194
 <b><u>CLERK'S STATE JUROR AND WITNESS</u></b>				
<b>Assets</b>				
Cash	\$ 270	\$ 15	\$ (135)	\$ 150
<b>Liabilities</b>				
Due to individuals	\$ 270	\$ 15	\$ (135)	\$ 150

(continued)

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS (Continued)**  
Year Ended September 30, 2009

	<u>Balance</u> <u>October 1,</u> <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2009</u>
<b><u>CLERK'S COUNTY WITNESS</u></b>				
<b>Assets</b>				
Cash	\$ 300	\$ 150	\$ (107)	\$ 343
<b>Liabilities</b>				
Due to individuals	\$ 12	\$ -	\$ -	\$ 12
Due to other governments	288	150	(107)	331
<b>Total Liabilities</b>	<u>\$ 300</u>	<u>\$ 150</u>	<u>\$ (107)</u>	<u>\$ 343</u>
<b><u>CLERK'S CASH BOND</u></b>				
<b>Assets</b>				
Cash	\$ 47,520	\$ 141,688	\$ (151,512)	\$ 37,696
Due from individuals	-	1	-	1
<b>Total Assets</b>	<u>\$ 47,520</u>	<u>\$ 141,689</u>	<u>\$ (151,512)</u>	<u>\$ 37,697</u>
<b>Liabilities</b>				
Due to individuals	<u>\$ 47,520</u>	<u>\$ 141,689</u>	<u>\$ (151,512)</u>	<u>\$ 37,697</u>
<b><u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u></b>				
<b>Assets</b>				
Cash	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090</u>
<b>Liabilities</b>				
Due to individuals	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090</u>
<b><u>SHERIFF'S SUSPENSE</u></b>				
<b>Assets</b>				
Cash	<u>\$ 14,630</u>	<u>\$ 62,657</u>	<u>\$ (62,093)</u>	<u>\$ 15,194</u>
<b>Liabilities</b>				
Due to individuals	<u>\$ 14,630</u>	<u>\$ 62,657</u>	<u>\$ (62,093)</u>	<u>\$ 15,194</u>

(continued)

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS (Continued)**  
Year Ended September 30, 2009

	<u>Balance</u> <u>October 1,</u> <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2009</u>
<b><u>SHERIFF'S COLLECTIONS</u></b>				
<b>Assets</b>				
Cash	\$ -	\$ 17,072	\$ (17,072)	\$ -
<b>Liabilities</b>				
Due to individuals	\$ -	\$ 17,072	\$ (17,072)	\$ -
 <b><u>SHERIFF'S INMATE</u></b>				
<b>Assets</b>				
Cash	\$ 3,254	\$ 136,415	\$ (138,069)	\$ 1,600
<b>Liabilities</b>				
Due to individuals	\$ 3,254	\$ 136,415	\$ (138,069)	\$ 1,600
 <b><u>SHERIFF'S YOUTH</u></b>				
<b>Assets</b>				
Cash	\$ 3,621	\$ 3,512	\$ (947)	\$ 6,186
<b>Liabilities</b>				
Due to individuals	\$ 3,621	\$ 3,512	\$ (947)	\$ 6,186
 <b><u>SHERIFF'S FLOWER</u></b>				
<b>Assets</b>				
Cash	\$ 1,446	\$ 1,099	\$ (525)	\$ 2,020
<b>Liabilities</b>				
Due to individuals	\$ 1,446	\$ 1,099	\$ (525)	\$ 2,020
 <b><u>SHERIFF'S EVIDENCE</u></b>				
<b>Assets</b>				
Cash	\$ -	\$ 16,435	\$ (6,060)	\$ 10,375
<b>Liabilities</b>				
Due to individuals	\$ -	\$ 16,435	\$ (6,060)	\$ 10,375

(continued)

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS (Concluded)**  
Year Ended September 30, 2009

	<b>Balance October 1, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2009</b>
<b><u>TAX COLLECTOR FUND</u></b>				
<b>Assets</b>				
Cash	\$ 243,262	\$ 17,104,419	\$ (17,098,839)	\$ 248,842
<b>Liabilities</b>				
Due to individuals	\$ 14,528	\$ 1,558,501	\$ (1,573,029)	\$ -
Due to other governments	14,916	14,791,160	(14,777,659)	28,417
Due to Indigent Health Care Special District	-	535,224	(534,333)	891
Deposit - installment taxes	213,818	219,534	(213,818)	219,534
	\$ 243,262	\$ 17,104,419	\$ (17,098,839)	\$ 248,842
 <b><u>TAX COLLECTOR'S MOTOR VEHICLE FUND</u></b>				
<b>Assets</b>				
Cash	\$ 27,979	\$ 2,058,275	\$ (2,079,086)	\$ 7,168
Due from individuals	982	417	(982)	417
<b>Total Assets</b>	\$ 28,961	\$ 2,058,692	\$ (2,080,068)	\$ 7,585
<b>Liabilities</b>				
Due to other governments	\$ 28,961	\$ 2,058,692	\$ (2,080,068)	\$ 7,585
 <b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 618,443	\$ 22,141,947	\$ (22,254,899)	\$ 505,491
Due from individuals	982	418	(982)	418
<b>Total Assets</b>	\$ 619,425	\$ 22,142,365	\$ (22,255,881)	\$ 505,909
<b>Liabilities</b>				
Due to individuals	\$ 189,800	\$ 2,445,089	\$ (2,516,968)	\$ 117,921
Due to other governments	215,807	18,942,518	(18,990,762)	167,563
Due to Indigent Health Care Special District	-	535,224	(534,333)	891
Deposit - installment taxes	213,818	219,534	(213,818)	219,534
<b>Total Liabilities</b>	\$ 619,425	\$ 22,142,365	\$ (22,255,881)	\$ 505,909

## **SUPPLEMENTAL INFORMATION**

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

Board of County Commissioners  
Hardee County, Florida

We have audited the financial statements of the Hardee County, Florida (County), as of and for the year ended September 30, 2009, and have issued our report thereon dated April 8, 2010. 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 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 the 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 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*.

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 NC T Group CPAs, LLP*

April 8, 2010

**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**

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, 2009. 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, 2009.

## **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 or state project 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 program or state project 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*

April 8, 2010

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
Year Ended September 30, 2009

<u>Agency/Pass-Through Entity</u> <u>Program Title</u>	<u>CFDA or</u> <u>CSFA</u> <u>Number</u>	<u>Contract or</u> <u>Grant Number</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>			
<b>U.S. Department of Homeland Security</b>			
Passed through Florida Department of Community Affairs:			
Public Assistance Subgrant Agreement for Tropical Storm Fay	97.036	08-PA-B9-07-35-13-576	\$ 35,588
Emergency Management Performance Grant	97.042	09-BG-20-07-35-01-061	23,580
Homeland Security Grant Program	97.067	09-DS-51-07-35-01-238	391
Homeland Security Grant Program	97.067	08-DS-60-07-35-01-172	7,487
Assistance to Firefighters Grant Program	97.044	EMW-2007-FO-11984	24,635
Law Enforcement Terrorism Prevention Grant	97.067	08-LETP-HARD-1-S3-036	<u>44,999</u>
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 136,680</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Florida Department of Community Affairs:			
Community Development Block Grant - Housing	14.228	O8DB-T3-07-35-01-H12	<u>\$ 480,959</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>\$ 480,959</u>
<b>U.S. Department of Justice</b>			
Passed through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance - Taser Four	16.738	09-JAGD-HARD-2-T8-148	\$ 2,016
Bullet Proof Vest Partnership (2006)	16.607	2006BUBX06131831	122
Bullet Proof Vest Partnership (2007)	16.607	2007BUBX07036855	3,237
Edward Byrne Memorial Justice Assistance - Local Solicitation Recovery Act JAG Program	16.751	SB-B9-0771	5,316
Passed through City of Wauchula, Florida			
Edward Byrne Memorial Justice Assistance Grant - Blue Light XII	16.738	NA	<u>11,735</u>
<b>Total U.S. Department of Justice</b>			<u>\$ 22,426</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 640,065</u>
<b><u>State of Florida:</u></b>			
<b>Florida Department of Community Affairs</b>			
Emergency Management Programs	52.008	09-BG-03-07-35-01-129	\$ 129,046
FDLE Terrorism Prevention Grant	52.023	08-LETP-HARD-2-Q4-070	<u>3,725</u>
<b>Total Florida Department of Community Affairs</b>			<u>\$ 132,771</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
Year Ended September 30, 2009

<u>Agency/Pass-Through Entity Program Title</u>	<u>CFDA or CSFA Number</u>	<u>Contract or Grant Number</u>	<u>Expenditures</u>
<b><u>State Financial Assistance - (continued)</u></b>			
<b>Florida Department of Environmental Protection</b>			
Small County Solid Waste Grant	37.012	SC-914	\$ 277,316
Florida Recreational Development Assistance Program:			
Ball Complex	37.017	F07192	197,900
Soccer Fields	37.017	F07200	148,136
Statewide Surface Water Restoration and Wastewater Projects:			
Wauchula Hills Wastewater Services	37.039	LP6036	153,243
Wastewater Master Design	37.039	LP6722	119,596
Reuse Master Design	37.039	LP6796	<u>116,017</u>
<b>Total Florida Department of Environmental Protection</b>			<u>\$ 1,012,208</u>
<b>Office of State Courts Administration</b>			
Small County Courthouse Facilities	22.004	N/A	<u>\$ 49,534</u>
<b>Total Office of State Courts Administration</b>			<u>\$ 49,534</u>
<b>Florida Department of Health</b>			
Closing the Gap Grant - Diabetes	64.053	COH2S	<u>\$ 99,389</u>
<b>Total Florida Department of Health</b>			<u>\$ 99,389</u>
<b>Florida Department of Management Services</b>			
Wireless 911 Emergency Telephone System	72.001	09 03 04	\$ 4,487
e911 Equipment Maintenance Grant	72.001	08 10 11	10,168
e911 Grant	72.001	08 03 07	<u>8,619</u>
<b>Total Florida Department of Management Services</b>			<u>\$ 23,274</u>
<b>Florida Department of State</b>			
State Aid to Libraries	45.030	08-ST-18	<u>63,026</u>
<b>Total Florida Department of State</b>			<u>\$ 63,026</u>
<b>Florida Department of Transportation</b>			
Small County Outreach Program - North Florida Avenue	55.009	FM 414514-1-58-01	\$ 221,345
Small County Road Assistance - College Hill	55.016	FM 422359-1-58-01	13,651
Small County Road Assistance - Steve Roberts Special	55.016	FM 422360-1-58-01	<u>58,413</u>
<b>Total Florida Department of Transportation</b>			<u>\$ 293,409</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
Year Ended September 30, 2009

<u>Agency/Pass-Through Entity Program Title</u>	<u>CFDA or CSFA Number</u>	<u>Contract or Grant Number</u>	<u>Expenditures</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiative Partnership (SHIP)	52.901	N/A	\$ 607,046
Hurricane Housing Recovery Program	52.902	N/A	<u>1,300,422</u>
<b>Total Florida Housing Finance Corporation</b>			<u>\$ 1,907,468</u>
<b>Agency for Workforce Innovation</b>			
Quick Response Training Grant	75.017	08/09UT19	<u>\$ 24,877</u>
<b>Total Agency for Workforce Innovation</b>			<u>\$ 24,877</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 3,605,956</u></u>

**HARDEE COUNTY, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
Year Ended September 30, 2009

**NOTE A – 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 A to the County's basic financial statements for the year ended September 30, 2009. 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 B – 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, 2009.

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –**  
**FEDERAL PROGRAMS AND STATE PROJECTS**  
Year Ended September 30, 2009

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

***Financial Statements***

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

***Federal Awards Program***

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be a material weaknesses	No
Type of auditor's report on compliance for major programs	Unqualified

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? No

Identification of major programs:

<b><u>Federal Program</u></b>	<b><u>CFDA No.</u></b>
Community Development Block Grant - Housing	14.228

<b><u>State Projects</u></b>	<b><u>CSFA No.</u></b>
State Housing Initiative Partnership (SHIP)	52.901
Hurricane Housing Recovery Program	52.902
Florida Recreational Development Assistance Program	37.017

Dollar threshold used to determine Type A program:	Federal Programs - \$300,000
	State Projects - \$300,000
Auditee qualified as low-risk auditee?	Yes

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –**  
**FEDERAL PROGRAMS AND STATE PROJECTS (continued)**  
Year Ended September 30, 2009

**SECTION II – FINANCIAL STATEMENT AUDIT**

There were none.

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

There were none.

**HARDEE COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended September 30, 2009

Auditor Reference Number

07-01 Corrected this fiscal year.

## MANAGEMENT LETTER

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, 2009, and have issued our report thereon dated April 8, 2010.

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, 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, April 8, 2010, 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 or schedules:

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

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

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 A 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, 2009, 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, 2009. 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*

April 8, 2010

**HARDEE COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**September 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, each major fund and the aggregate remaining fund information of the Hardee County Board of County Commissioners (Board) as of and for the year ended September 30, 2009. 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, 2009, and the respective changes in fund balance and, where applicable, cash flows thereof, and budgetary comparison of its general fund and each major fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2010 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*The NCT Group CPAs, LLP*

March 24, 2010

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2009

	<b>General</b>	<b>Fines and Forfeitures</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,831,127	\$ 2,262,364
Deposit	5,753	-
Accounts receivable, net	1,127,650	-
Due from constitutional officers	326,665	696,347
Due from other funds	288,541	-
Due from other governmental agencies	265,656	-
Inventory of supplies, at cost	280,605	-
	<b>Total Assets</b>	<b>Total Assets</b>
	\$ 6,125,997	\$ 2,958,711
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 296,685	\$ 42,417
Due to other funds	15,000	-
Due to constitutional officers	267	-
Due to other governmental agencies	50,682	18,525
Deferred revenue	16,080	726,322
	<b>Total Liabilities</b>	<b>Total Liabilities</b>
	378,714	787,264
 <b>Fund Balances</b>		
Fund balance - reserved for debt service	-	-
Unreserved:		
General fund	5,747,283	-
Special revenue funds	-	2,171,447
	<b>Total Fund Balances</b>	<b>Total Fund Balances</b>
	5,747,283	2,171,447
 <b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>
	\$ 6,125,997	\$ 2,958,711

The accompanying notes are an integral part of these special-purpose financial statements.

<b>Transportation Trust</b>	<b>Grants</b>	<b>Other Governmental Funds (Non-Major Funds)</b>	<b>Total Governmental Funds</b>
\$ 4,783,297	\$ 1,524,845	\$ 1,382,801	\$ 13,784,434
4,315	-	-	10,068
-	47	75	1,127,772
-	-	8,881	1,031,893
38	111,717	100,000	500,296
220,280	-	38	485,974
-	-	-	280,605
<u>\$ 5,007,930</u>	<u>\$ 1,636,609</u>	<u>\$ 1,491,795</u>	<u>\$ 17,221,042</u>
\$ 77,029	\$ 15,371	\$ 42,351	\$ 473,853
81,036	404,260	-	500,296
-	-	-	267
11,237	-	307	80,751
-	1,216,978	30,528	1,989,908
<u>169,302</u>	<u>1,636,609</u>	<u>73,186</u>	<u>3,045,075</u>
-	-	142,881	142,881
-	-	-	5,747,283
4,838,628	-	1,275,728	8,285,803
<u>4,838,628</u>	<u>-</u>	<u>1,418,609</u>	<u>14,175,967</u>
<u>\$ 5,007,930</u>	<u>\$ 1,636,609</u>	<u>\$ 1,491,795</u>	<u>\$ 17,221,042</u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year Ended September 30, 2009

	<b>General</b>	<b>Fines and Forfeitures</b>
<b>Revenues</b>		
Taxes	\$ 6,472,132	\$ 8,111,230
Licenses and permits	164,110	-
Intergovernmental	2,515,388	18,696
Charges for services	921,542	535,365
Fines and forfeitures	9,266	305,362
Assessments	-	-
Interest	55,707	31,425
Miscellaneous	122,195	9,433
<b>Total Revenues</b>	<b>10,260,340</b>	<b>9,011,511</b>
<b>Expenditures</b>		
Current:		
General government	4,513,618	1,040,305
Public safety	2,440,918	-
Physical environment	375,235	-
Transportation	-	-
Economic environment	-	-
Human services	739,842	-
Culture and recreation	742,001	-
Capital outlay	35,320	108,598
Debt service:		
Principal retirement	86,536	-
Interest	10,931	-
<b>Total Expenditures</b>	<b>8,944,401</b>	<b>1,148,903</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,315,939</b>	<b>7,862,608</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	363,929	-
Transfers out	(611,653)	(43,982)
Transfers from constitutional officers	317,695	-
Transfers to constitutional officers	(1,460,240)	(7,349,322)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,390,269)</b>	<b>(7,393,304)</b>
<b>Net Change in Fund Balances</b>	<b>(74,330)</b>	<b>469,304</b>
<b>Fund Balances, Beginning of year</b>	<b>5,821,613</b>	<b>1,702,143</b>
<b>Fund Balances, End of year</b>	<b>\$ 5,747,283</b>	<b>\$ 2,171,447</b>

The accompanying notes are an integral part of these special-purpose financial statements.

<b>Transportation Trust</b>	<b>Grants</b>	<b>Other Governmental Funds (Non-Major Funds)</b>	<b>Total Governmental Funds</b>
\$ 1,544,486	\$ -	\$ -	\$ 16,127,848
-	-	-	164,110
2,312,178	2,789,513	471,135	8,106,910
-	-	148,575	1,605,482
-	-	-	314,628
-	-	1,975,601	1,975,601
34,015	18,097	15,579	154,823
495,353	48,618	7,337	682,936
<u>4,386,032</u>	<u>2,856,228</u>	<u>2,618,227</u>	<u>29,132,338</u>
-	-	-	5,553,923
-	-	2,068,054	4,508,972
-	-	-	375,235
3,103,235	-	-	3,103,235
-	2,367,376	-	2,367,376
-	99,399	220,500	1,059,741
-	-	57,968	799,969
347,084	375,512	76,452	942,966
55,231	-	1,326,166	1,467,933
6,593	-	90,085	107,609
<u>3,512,143</u>	<u>2,842,287</u>	<u>3,839,225</u>	<u>20,286,959</u>
<u>873,889</u>	<u>13,941</u>	<u>(1,220,998)</u>	<u>8,845,379</u>
56,565	7,111	1,624,500	2,052,105
(916,118)	(21,052)	(354,549)	(1,947,354)
-	-	-	317,695
-	-	-	(8,809,562)
<u>(859,553)</u>	<u>(13,941)</u>	<u>1,269,951</u>	<u>(8,387,116)</u>
14,336	-	48,953	458,263
<u>4,824,292</u>	<u>-</u>	<u>1,369,656</u>	<u>13,717,704</u>
<u>\$ 4,838,628</u>	<u>\$ -</u>	<u>\$ 1,418,609</u>	<u>\$ 14,175,967</u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 6,564,045	\$ 6,483,989	\$ 6,472,132	\$ (11,857)
Licenses and permits	396,900	112,751	164,110	51,359
Intergovernmental	2,607,218	2,489,056	2,515,388	26,332
Charges for services	777,294	777,294	921,542	144,248
Fines and forfeitures	6,200	3,738	9,266	5,528
Interest	227,900	63,620	55,707	(7,913)
Miscellaneous	514,908	515,573	122,195	(393,378)
<b>Total Revenues</b>	<u>11,094,465</u>	<u>10,446,021</u>	<u>10,260,340</u>	<u>(185,681)</u>
<b>Expenditures</b>				
Current:				
General government	4,854,909	4,851,622	4,513,618	338,004
Public safety	2,789,776	2,782,033	2,440,918	341,115
Physical environment	686,480	686,480	375,235	311,245
Human services	747,660	757,660	739,842	17,818
Culture and recreation	799,299	768,212	742,001	26,211
Capital outlay	265,781	61,468	35,320	26,148
Debt service:				
Principal retirement	86,538	86,538	86,536	2
Interest	10,932	10,932	10,931	1
<b>Total Expenditures</b>	<u>10,241,375</u>	<u>10,004,945</u>	<u>8,944,401</u>	<u>1,060,544</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>853,090</u>	<u>441,076</u>	<u>1,315,939</u>	<u>874,863</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	453,447	453,447	363,929	(89,518)
Transfers out	(612,165)	(627,165)	(611,653)	15,512
Transfers from constitutional officers	77,000	77,000	317,695	240,695
Transfers to constitutional officers	(1,493,560)	(1,460,560)	(1,460,240)	320
<b>Total Other Financing Sources (Uses)</b>	<u>(1,575,278)</u>	<u>(1,557,278)</u>	<u>(1,390,269)</u>	<u>167,009</u>
<b>Net Change in Fund Balances</b>	(722,188)	(1,116,202)	(74,330)	1,041,872
<b>Fund Balances, Beginning of year</b>	<u>3,652,515</u>	<u>3,301,041</u>	<u>5,821,613</u>	<u>2,520,572</u>
<b>Fund Balances, End of year</b>	<u>\$ 2,930,327</u>	<u>\$ 2,184,839</u>	<u>\$ 5,747,283</u>	<u>\$ 3,562,444</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - FINES AND FORFEITURES FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,276,985	\$ 8,276,985	\$ 8,111,230	\$ (165,755)
Intergovernmental	2,500	2,500	18,696	16,196
Charges for services	745,000	745,000	535,365	(209,635)
Fines and forfeitures	282,500	282,500	305,362	22,862
Interest	50,000	50,000	31,425	(18,575)
Miscellaneous	1,000	1,000	9,433	8,433
<b>Total Revenues</b>	<u>9,357,985</u>	<u>9,357,985</u>	<u>9,011,511</u>	<u>(346,474)</u>
<b>Expenditures</b>				
Current:				
General government	2,003,038	2,008,149	1,040,305	967,844
Capital outlay	721,748	721,576	108,598	612,978
<b>Total Expenditures</b>	<u>2,724,786</u>	<u>2,729,725</u>	<u>1,148,903</u>	<u>1,580,822</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>6,633,199</u>	<u>6,628,260</u>	<u>7,862,608</u>	<u>1,234,348</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(95,495)	(95,260)	(43,982)	51,278
Transfers to constitutional officers	(7,349,342)	(7,349,342)	(7,349,322)	20
<b>Total Other Financing Sources (Uses)</b>	<u>(7,444,837)</u>	<u>(7,444,602)</u>	<u>(7,393,304)</u>	<u>51,298</u>
<b>Net Change in Fund Balances</b>	(811,638)	(816,342)	469,304	1,285,646
<b>Fund Balances, Beginning of year</b>	<u>1,431,100</u>	<u>1,435,804</u>	<u>1,702,143</u>	<u>266,339</u>
<b>Fund Balances, End of year</b>	<u>\$ 619,462</u>	<u>\$ 619,462</u>	<u>\$ 2,171,447</u>	<u>\$ 1,551,985</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION TRUST FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 1,582,625	\$ 1,479,753	\$ 1,544,486	\$ 64,733
Intergovernmental	6,163,169	6,501,698	2,312,178	(4,189,520)
Interest	85,051	85,051	34,015	(51,036)
Miscellaneous	152,757	452,757	495,353	42,596
<b>Total Revenues</b>	<u>7,983,602</u>	<u>8,519,259</u>	<u>4,386,032</u>	<u>(4,133,227)</u>
<b>Expenditures</b>				
Current:				
Transportation	6,188,076	5,864,661	3,103,235	2,761,426
Capital outlay	4,648,296	5,507,368	347,084	5,160,284
Debt Service:				
Principal retirement	55,231	55,231	55,231	-
Interest	6,593	6,593	6,593	-
<b>Total Expenditures</b>	<u>10,898,196</u>	<u>11,433,853</u>	<u>3,512,143</u>	<u>7,921,710</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(2,914,594)</u>	<u>(2,914,594)</u>	<u>873,889</u>	<u>3,788,483</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	120,985	120,985	56,565	(64,420)
Transfers out	(938,500)	(938,500)	(916,118)	22,382
<b>Total Other Financing Sources (Uses)</b>	<u>(817,515)</u>	<u>(817,515)</u>	<u>(859,553)</u>	<u>(42,038)</u>
<b>Net Change in Fund Balances</b>	(3,732,109)	(3,732,109)	14,336	3,746,445
<b>Fund Balances, Beginning of year</b>	<u>3,732,109</u>	<u>3,732,109</u>	<u>4,824,292</u>	<u>1,092,183</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,838,628</u>	<u>\$ 4,838,628</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GRANTS FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 1,319,343	\$ 1,278,952	\$ 2,789,513	\$ 1,510,561
Interest	65,000	22,000	18,097	(3,903)
Miscellaneous	25,000	45,000	48,618	3,618
<b>Total Revenues</b>	<u>1,409,343</u>	<u>1,345,952</u>	<u>2,856,228</u>	<u>1,510,276</u>
<b>Expenditures</b>				
Current:				
Economic environment	3,185,838	3,326,115	2,367,376	958,739
Human services	100,269	100,269	99,399	870
Capital outlay	348,230	383,230	375,512	7,718
<b>Total Expenditures</b>	<u>3,634,337</u>	<u>3,809,614</u>	<u>2,842,287</u>	<u>967,327</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(2,224,994)</u>	<u>(2,463,662)</u>	<u>13,941</u>	<u>2,477,603</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	15,000	7,111	(7,889)
Transfers out	(78,377)	(59,454)	(21,052)	38,402
<b>Total Other Financing Sources (Uses)</b>	<u>(78,377)</u>	<u>(44,454)</u>	<u>(13,941)</u>	<u>30,513</u>
<b>Net Change in Fund Balances</b>	(2,303,371)	(2,508,116)	-	2,508,116
<b>Fund Balances, Beginning of year</b>	<u>2,303,371</u>	<u>2,508,116</u>	<u>-</u>	<u>(2,508,116)</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>	<b>Vandolah Wastewater Treatment (Non-Major Fund)</b>	
<b>Assets</b>				
Current Assets:				
Cash	\$ 632,456	\$ 2,410,579	\$ 229,024	\$ 3,272,059
Deposits	-	3,596	-	3,596
Accounts receivable, net	75,257	49,996	-	125,253
Due from constitutional officers	7,223	-	-	7,223
Due from other governmental agencies	18	61,441	-	61,459
<b>Total Current Assets</b>	<b>714,954</b>	<b>2,525,612</b>	<b>229,024</b>	<b>3,469,590</b>
Noncurrent Assets:				
Restricted cash and cash equivalents	2,897,172	-	-	2,897,172
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Buildings and improvements	2,902,881	4,685,452	1,180,696	8,769,029
Equipment	1,352,925	88,889	4,509	1,446,323
Infrastructure	3,925,000	5,565,203	-	9,490,203
Less accumulated depreciation	(2,608,602)	(946,432)	(151,122)	(3,706,156)
<b>Total capital assets, net of accumulated depreciation</b>	<b>5,944,979</b>	<b>9,817,962</b>	<b>1,199,083</b>	<b>16,962,024</b>
<b>Total Noncurrent Assets</b>	<b>8,842,151</b>	<b>9,817,962</b>	<b>1,199,083</b>	<b>19,859,196</b>
<b>Total Assets</b>	<b>\$ 9,557,105</b>	<b>\$ 12,343,574</b>	<b>\$ 1,428,107</b>	<b>\$ 23,328,786</b>

(continued)

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF NET ASSETS - PROPRIETRY FUNDS (continued)**  
September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>	<b>Vandolah Wastewater Treatment (Non-Major Fund)</b>	
<b>Liabilities</b>				
Current Liabilities, payable from current assets:				
Accounts payable and accrued liabilities	\$ 43,848	\$ 34,226	\$ 1,556	\$ 79,630
Due to other governmental agencies	4,682	23,937	-	28,619
Deposits	13,879	7,100	-	20,979
Deferred revenue	-	4,822	54,340	59,162
Accrued compensated absences	10,248	-	-	10,248
Notes payable - current portion	200,000	225,000	-	425,000
<b>Total Current Liabilities, payable from current assets</b>	<b>272,657</b>	<b>295,085</b>	<b>55,896</b>	<b>623,638</b>
Noncurrent Liabilities:				
Accrued compensated absences	5,817	-	-	5,817
Notes payable, less current portion	600,000	975,000	-	1,575,000
Landfill closure and post-closure costs	9,350,495	-	-	9,350,495
<b>Total Noncurrent Liabilities</b>	<b>9,950,495</b>	<b>975,000</b>	<b>-</b>	<b>10,931,312</b>
<b>Total Liabilities</b>	<b>10,223,152</b>	<b>1,270,085</b>	<b>55,896</b>	<b>11,554,950</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,144,979	8,617,962	1,199,083	14,962,024
Unrestricted	(5,816,843)	2,455,527	173,128	(3,188,188)
<b>Total Net Assets</b>	<b>\$ (671,864)</b>	<b>\$ 11,073,489</b>	<b>\$ 1,372,211</b>	<b>\$ 11,773,836</b>

The accompanying notes are an integral part of these special-purpose financial statements

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Solid Waste</b>	<b>Wauchula Hills Water/Wastewater Treatment</b>	<b>Vandolah Wastewater Treatment (Non-Major Fund)</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 893,710	\$ 329,954	\$ 99,605	\$ 1,323,269
Special assessments	853,403	-	-	853,403
<b>Total Revenues</b>	<u>1,747,113</u>	<u>329,954</u>	<u>99,605</u>	<u>2,176,672</u>
<b>Operating Expenses</b>				
Personal services	370,736	172,166	46,914	589,816
General and administrative	195,170	422,325	35,723	653,218
Depreciation	573,926	316,996	23,724	914,646
<b>Total Operating Expenses</b>	<u>1,139,832</u>	<u>911,487</u>	<u>106,361</u>	<u>2,157,680</u>
<b>Operating Income (Loss)</b>	<u>607,281</u>	<u>(581,533)</u>	<u>(6,756)</u>	<u>18,992</u>
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental	298,110	904,066	5,473	1,207,649
Interest income	51,972	19,150	1,926	73,048
Interest expense	(18,824)	(26,185)	-	(45,009)
Miscellaneous revenue	198	170,807	-	171,005
<b>Total Nonoperating Revenues (Expenses), Net</b>	<u>331,456</u>	<u>1,067,838</u>	<u>7,399</u>	<u>1,406,693</u>
<b>Income before transfers</b>	938,737	486,305	643	1,425,685
<b>Transfers:</b>				
Transfers in	270,442	4,447	-	274,889
Transfers out	(351,750)	(20,722)	(7,168)	(379,640)
<b>Total Transfers</b>	<u>(81,308)</u>	<u>(16,275)</u>	<u>(7,168)</u>	<u>(104,751)</u>
<b>Change in Net Assets</b>	857,429	470,030	(6,525)	1,320,934
<b>Net Assets, Beginning of year</b>	<u>(1,529,293)</u>	<u>10,603,459</u>	<u>1,378,736</u>	<u>10,452,902</u>
<b>Total Net Assets, End of year</b>	<u>\$ (671,864)</u>	<u>\$ 11,073,489</u>	<u>\$ 1,372,211</u>	<u>\$ 11,773,836</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 1,735,289	\$ 311,666
Cash paid to suppliers for goods and services	(1,042,968)	(568,192)
Cash paid to employees for services	(365,935)	-
Net cash from (used in) operating activities	<u>326,386</u>	<u>(256,526)</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>		
Grants received	298,110	-
Other nonoperating revenue	198	170,807
Transfers in (out)	(81,308)	(16,275)
Net cash from (used in) noncapital and related financing activities	<u>217,000</u>	<u>154,532</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital grant receipts	-	469,994
Shared revenues from state	-	475,611
Acquisition and construction of capital assets	(79,567)	(499,439)
Principal paid on capital debt	(200,000)	(225,000)
Interest paid on capital debt	(18,824)	(23,231)
Net cash from (used in) capital and related financing activities	<u>(298,391)</u>	<u>197,935</u>
<b>Cash Flows From Investing Activities</b>		
Interest and dividends from investments	<u>51,972</u>	<u>19,150</u>
<b>Net Increase (Decrease) In Cash</b>	296,967	115,091
<b>Cash, Beginning of Year</b>	<u>3,232,661</u>	<u>2,295,488</u>
<b>Cash, End of Year</b>	<u>\$ 3,529,628</u>	<u>\$ 2,410,579</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**Business-Type Activities -  
Enterprise Funds**

<b>Vandolah Wastewater Treatment (Non-Major Fund)</b>	<b>Total</b>
\$ 97,300	\$ 2,144,255
(50,634)	(1,661,794)
(46,914)	(412,849)
<u>(248)</u>	<u>69,612</u>
-	298,110
5,473	176,478
<u>(7,168)</u>	<u>(104,751)</u>
<u>(1,695)</u>	<u>369,837</u>
-	469,994
-	475,611
-	(579,006)
-	(425,000)
<u>-</u>	<u>(42,055)</u>
<u>-</u>	<u>(100,456)</u>
<u>1,926</u>	<u>73,048</u>
(17)	412,041
<u>229,041</u>	<u>5,757,190</u>
<u>\$ 229,024</u>	<u>\$ 6,169,231</u>

(continued)

**HARDEE COUNTY**  
**HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL-PURPOSE STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)**  
Year Ended September 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ 607,281	\$ (581,533)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used in) Operating Activities:</b>		
Depreciation	573,926	316,996
(Increase) decrease in accounts receivable	(11,134)	(16,218)
(Increase) decrease in due from constitutional officers	(1,440)	-
(Increase) decrease in prepaid expenses	1,981	-
(Increase) decrease in due from other governmental agencies	(18)	-
Increase (decrease) in accounts payable and accrued liabilities	446	8,272
Increase (decrease) in due to other funds	(11,568)	(2,721)
Increase (decrease) in due to other governmental agencies	1,251	20,748
Increase (decrease) in deferred revenues	-	(2,070)
Increase (decrease) in accrued compensated absences	4,801	-
Increase (decrease) in deposits	750	-
Increase (decrease) in landfill closure and post-closure costs	(839,890)	-
Total adjustments	(280,895)	325,007
Net cash provided by (used in) operating activities	<u>\$ 326,386</u>	<u>\$ (256,526)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>		
Refinance of existing debt	<u>\$ 800,000</u>	<u>\$ -</u>
<b>Reconciliation of Cash to Proprietary Funds statement of net assets</b>		
Current assets:		
Cash	\$ 632,456	\$ 2,410,579
Restricted assets:		
Cash and cash equivalents	<u>2,897,172</u>	<u>-</u>
Total cash	<u>\$ 3,529,628</u>	<u>\$ 2,410,579</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**Business-Type Activities -  
Enterprise Funds**

<b>Vandolah Wastewater Treatment (Non-Major Fund)</b>	<b>Total</b>
\$ (6,756)	\$ 18,992
23,724	914,646
7,300	(20,052)
-	(1,440)
-	1,981
-	(18)
(14,826)	(6,108)
(85)	(14,374)
-	21,999
(9,605)	(11,675)
-	4,801
-	750
-	(839,890)
<u>6,508</u>	<u>50,620</u>
<u>\$ (248)</u>	<u>\$ 69,612</u>
<u>\$ -</u>	<u>\$ 800,000</u>
\$ 229,024	\$ 3,272,059
-	2,897,172
<u>\$ 229,024</u>	<u>\$ 6,169,231</u>

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE A - REPORTING ENTITY**

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

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

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

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

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

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

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

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.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Funds**

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

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

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.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Funds (continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 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 Fines and Forfeitures Fund accounts for all fines and forfeitures collected in the county under the penal laws of the state. The fund is used to pay for criminal expenses, fees and costs where the crime was committed in the county and to support the administrative operations of the Clerk and the Sheriff.
- **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.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - 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.

**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/To Constitutional Officers**

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

**Due From/To Other Funds**

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

**Inventory of Supplies**

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

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - 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 – 50 years

**HARDEE COUNTY**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
**BOARD OF COUNTY COMMISSIONERS**  
September 30, 2009

**NOTE B - 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, 2009 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 February 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

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

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

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

**Accumulated Unpaid Vacation and Sick Pay**

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

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
0 - 1 <sup>st</sup> year	5 days
2 <sup>nd</sup> - 6 <sup>th</sup> year	10 days
7 <sup>th</sup> - 9 <sup>th</sup> year	12 days
10 <sup>th</sup> - 15 <sup>th</sup> year	15 days
16 <sup>th</sup> - 19 <sup>th</sup> year	17 days
20 years plus	20 days

Upon termination, employees can be paid for their unused vacation time not to exceed 160 hours.

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 years	25%
25 years	37%
30 years plus	50%

**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 Post-closure Costs**

The Board has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2009, 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, 2009, estimated capacity used was 88.90%. 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.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

At September 30, 2009, the Solid Waste Fund had deficit net assets of \$671,864 and had deficit unrestricted net assets of \$5,816,843 due to the construction of a five acre addition to the landfill and because of a \$9,350,495 landfill closure and post-closure liability.

**Use of Estimates**

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

**Other Post-employment Benefit Obligations**

Based on GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post-retirement Benefits Other Than Pensions, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Post-employment Benefit Plans. Employees who retire from employment with the Board under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are included in the financial statements of Hardee County, Florida.

**Other Long-Term Debt Obligations**

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

**NOTE C – CASH AND INVESTMENTS**

**Cash Deposits and Cash Equivalents**

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

At September 30, 2009, the carrying amount of the Board's deposits was \$19,953,665 and the bank balance was \$20,178,102. The Board's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE D – RECEIVABLES**

Receivables consist of the following at September 30, 2009 for the government’s individual major funds and non-major funds:

	<b>General Fund</b>	<b>Grants</b>	<b>Solid Waste</b>	<b>Wauchula Hills Water/ Wastewater Treatment</b>	<b>Non-Major and Other Funds</b>	<b>Total</b>
Emergency Medical Services	\$ 1,450,316	\$ -	\$ -	\$ -	\$ -	\$ 1,450,316
Landfill charges	-	-	74,918	49,996	-	124,914
Trade accounts	10,754	47	339	-	75	11,215
Accounts receivable, gross	1,461,070	47	75,257	49,996	75	1,586,445
(Allowance for uncollectibles)	(333,420)	-	-	-	-	(333,420)
<b>Accounts receivable, net</b>	<b>\$ 1,127,650</b>	<b>\$ 47</b>	<b>\$ 75,257</b>	<b>\$ 49,996</b>	<b>\$ 75</b>	<b>\$ 1,253,025</b>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE E - DETAIL OF CAPITAL ASSETS**

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

	<b>Balance</b> <b>10/01/2008</b>	<b>Additions</b>	<b>(Deductions)</b>	<b>Transfers</b>	<b>Balance</b> <b>09/30/2009</b>
<b>Governmental Activities:</b>					
Land	\$ 3,494,863	\$ -	\$ -	\$ -	\$ 3,494,863
Construction in process	-	377,684	-	-	377,684
Building and improvements	21,226,876	383,513	(61,287)	-	21,549,102
Machinery, equipment and library books	12,497,622	214,052	(198,454)	-	12,513,220
Roads and bridges	62,680,616	-	-	-	62,680,616
Totals	<u>\$ 99,899,977</u>	<u>\$ 975,249</u>	<u>\$ (259,741)</u>	<u>\$ -</u>	<u>\$ 100,615,485</u>
<b>Business-Type Activities:</b>					
Land	\$ 790,992	\$ 171,633	\$ -	\$ -	\$ 962,625
Building and improvements	8,769,029	-	-	-	8,769,029
Machinery and equipment	1,418,177	49,690	(21,544)	-	1,446,323
Infrastructure	9,132,520	357,683	-	-	9,490,203
Totals	<u>\$ 20,110,718</u>	<u>\$ 579,006</u>	<u>\$ (21,544)</u>	<u>\$ -</u>	<u>\$ 20,668,180</u>

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

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - LONG-TERM DEBT**

The following is a summary of the changes in long-term debt for the year ended September 30, 2009:

	<b>Balance October 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2009</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Capital leases	\$ 1,062,065	\$ -	\$ (767,933)	\$ 294,132	\$ 133,894
Notes payable	1,600,000	-	(700,000)	900,000	700,000
Compensated absences	825,514	-	(75,437)	750,077	313,396
<b>Total Governmental Activities</b>	<b>\$ 3,487,579</b>	<b>\$ -</b>	<b>\$ (1,543,370)</b>	<b>\$ 1,944,209</b>	<b>\$ 1,147,290</b>
<b>Business-Type Activities:</b>					
Notes payable	\$ 2,425,000	\$ 800,000	\$ (1,225,000)	\$ 2,000,000	\$ 425,000
Compensated absences	11,264	4,801	-	16,065	10,248
Landfill closure and postclosure costs	10,190,385	-	(839,890)	9,350,495	-
<b>Total Business-Type Activities</b>	<b>\$ 12,626,649</b>	<b>\$ 804,801</b>	<b>\$ (2,064,890)</b>	<b>\$ 11,366,560</b>	<b>\$ 435,248</b>

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 two fire trucks under capital lease for \$490,739 during the 2004-2005 fiscal year. Annual payments of \$61,483 include interest at 4.72%. The lease obligation was paid off in the current fiscal year.

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 4.00%. The lease obligation was paid off in the current fiscal year.

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 lease obligation was paid off in the current fiscal year.

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 5.80%.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - LONG-TERM DEBT (continued)**

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%. The lease obligation was paid off in the current fiscal year.

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 4.70%. The lease obligation was paid off in the current fiscal year.

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

Asset:		
Machinery and Equipment	\$	2,235,166
Less: Accumulated Depreciation		<u>(754,891)</u>
Net	\$	<u><u>1,480,275</u></u>

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

<u>Year Ending September 30,</u>	<u>Total Payments</u>
2010	\$ 146,854
2011	85,030
2012	<u>85,030</u>
Total payments	\$ 316,914
Less amount representing interest	<u>(22,782)</u>
Total	<u><u>\$ 294,132</u></u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - LONG-TERM DEBT (continued)**

**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.

The Board issued a note payable to the Florida Local Government Finance Commission for \$1,425,000 during the 2005-2006 fiscal year for Wauchula Hills Wastewater Treatment Plant. Principal payments are due annually beginning December 7, 2006. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by the ½ cent sales tax.

The Board issued a note payable to the Florida Local Government Finance Commission for \$1,500,000 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.

The Board issued a note payable to the Florida Local Government Finance Commission for \$800,000 during the 2008-2009 fiscal year for the purposes of providing the Board with sufficient funds to refinance a portion of the 2006-2007 note payable that became due during the 2008-2009 fiscal year. Principal payments are due annually, beginning March 3, 2009. Interest payments are due monthly, based on the market rate of commercial paper. The note is payable from and secured by designated revenues of the Board.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE F - LONG-TERM DEBT (continued)**

Maturities of notes payable are as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Florida Local Government Finance Commission</b>		<b>Florida Local Government Finance Commission</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 700,000	\$ 1,636	\$ 425,000	\$ 6,406
2011	200,000	627	425,000	5,408
2012	-	-	425,000	1,239
2013	-	-	725,000	211
	<b>\$ 900,000</b>	<b>\$ 2,263</b>	<b>\$ 2,000,000</b>	<b>\$ 13,264</b>

**NOTE G – OTHER DISCLOSURES**

The balance of due from other funds and due to other funds were as follows at September 30, 2009:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 288,541	\$ 15,000
Transportation Trust	38	81,036
Grants	111,717	404,260
Non-Major Governmental Funds	100,000	-
Total	<b>\$ 500,296</b>	<b>\$ 500,296</b>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE H - EMPLOYEE BENEFITS**

All full-time employees of the Board participate in the Florida Retirement System (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 1.11% health insurance subsidy contribution and administrative/educational fee of 0.05%.

The Board's contributions to the System for the years ended September 30, 2009, 2008, and 2007, were \$904,639, \$926,911, and \$956,116, respectively, equal to the required contributions for each year.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE I – RELATED PARTY TRANSACTIONS**

Transactions with the respective constitutional officers for the year ended September 30, 2009 were as follows:

	<u>General Fund</u>	<u>Fines and Forfeitures</u>	<u>Solid Waste</u>	<u>Non-Major Governmental Funds</u>
Due from constitutional officers	\$ 326,665	\$ 696,347	\$ 7,223	\$ 8,881
Due to constitutional officers	\$ 267	\$ -	\$ -	\$ -
Excess fees from constitutional officers	\$ 317,695	\$ -	\$ -	\$ -
Requisitions paid to constitutional officers	\$ 1,460,240	\$ 7,349,322	\$ -	\$ -

**NOTE J - RISK MANAGEMENT**

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

PRM assesses each member 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**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE K - COMMITMENTS AND CONTINGENCIES**

**Landfill Closure Commitments**

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

Hardee County has one landfill site which is comprised of one cell which is currently in operation. State and Federal laws and regulations require the County to place a final cover on the cell currently in use when it is closed, and to perform maintenance and monitoring functions for the landfill site for thirty years after closure. Landfill operations and landfill closure and post-closure care costs are accounted for in the Solid Waste Fund. Although closure and postclosure care costs 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 post-closure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and post-closure care liability of \$9,350,495 at September 30, 2009, represents the cumulative amount reported to date based on an average use of 88.90% of the total estimated capacity. The remaining \$1,167,780 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, 2009 with \$2,897,172 held in separate cash and investment accounts to fund the following year's long-term care costs, as well as a portion of the estimated closure costs, of the regional landfill, materials recovery facility and waste tire facility. The County expects that future inflation costs will be paid from future contributions and interest earnings on these contributions. In the event closure escrow and interest earnings prove inadequate due to higher than expected inflation changes in technology or changes in laws and regulations, these costs may need to be financed by future landfill uses or future tax revenue. The Board intends to fund these costs annually through its solid waste special assessment.

**Contingencies**

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

The Board is subject to various grant program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2009, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Board's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Board expects such amounts, if any, to be immaterial.

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE L - 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, 2009, consisted of the following:

Transfers to the General Fund from:	
Transportation Trust	\$ 121,618
Fines and Forfeitures	43,774
Grants Fund	21,052
Solid Waste Fund	50,271
Wauchula Hills Water/Wastewater Treatment	20,000
Non-Major Enterprise Fund	2,721
Non-Major Governmental Funds	104,493
	<u>\$ 363,929</u>
Transfers to the Transportation Trust Fund from:	
General Fund	\$ 542
Fines and Forfeitures	208
Solid Waste Fund	32,961
Wauchula Hills Water/Wastewater Treatment	722
Non-Major Governmental Funds	22,132
	<u>\$ 56,565</u>
Transfers to the Grants Fund from:	
General	<u>\$ 7,111</u>
Transfers to Non-Major Governmental Funds from:	
General Fund	\$ 604,000
Non-Major Governmental Funds	226,000
	<u>\$ 830,000</u>
Transfers to Debt Service from:	
Transportation Trust	<u>\$ 794,500</u>
Transfers to Wauchula Hills Water/Wastewater Treatment from:	
Non-Major Enterprise Funds	<u>\$ 4,447</u>
Transfers to the Solid Waste Fund from:	
Solid Waste Fund	\$ 268,518
Non-Major Governmental Funds	1,924
	<u>\$ 270,442</u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE M - STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM (SHIP)**

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

**Balance Sheet**  
September 30, 2009

<b>Assets</b>	
Cash	\$ 463,390
Due from other governmental agencies	47
Due from other funds	17,014
<b>Total Assets</b>	<b>\$ 480,451</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 12,452
Due to other funds	75,841
Deferred revenue	392,158
<b>Total Liabilities</b>	<b>480,451</b>
Fund balance	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 480,451</b>

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP basis) and Actual**  
Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 571,479	\$ 221,479
Interest	20,000	10,000	6,949	(3,051)
Miscellaneous	25,000	25,000	28,618	3,618
<b>Total Revenues</b>	<b>395,000</b>	<b>385,000</b>	<b>607,046</b>	<b>222,046</b>
<b>Expenditures</b>				
Economic environment	965,000	998,638	607,046	391,592
<b>Total Expenditures</b>	<b>965,000</b>	<b>998,638</b>	<b>607,046</b>	<b>391,592</b>
<b>Net Change in Fund Balance</b>	<b>(570,000)</b>	<b>(613,638)</b>	<b>-</b>	<b>613,638</b>
<b>Fund Balances, Beginning of year</b>	<b>570,000</b>	<b>613,638</b>	<b>-</b>	<b>(613,638)</b>
<b>Fund Balances, End of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE N - HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND**

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

**Balance Sheet**  
September 30, 2009

<b>Assets</b>	
Cash	\$ 527,751
Due from other funds	79,703
<b>Total Assets</b>	<b>\$ 607,454</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 2,775
Due to other funds	
Deferred revenue	604,679
<b>Total Liabilities</b>	<b>607,454</b>
Fund Balance	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 607,454</b>

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP basis) and Actual**  
Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 1,289,292	\$ 1,289,292
Interest	45,000	12,000	11,130	(870)
<b>Total Revenues</b>	45,000	12,000	1,300,422	1,288,422
<b>Expenditures</b>				
Economic Environment	1,699,488	1,846,518	1,279,371	567,147
<b>Total Expenditures</b>	1,699,488	1,846,518	1,279,371	567,147
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,654,488)	(1,834,518)	21,051	1,855,569
<b>Other Financing Sources (Uses)</b>				
Transfers in	(78,377)	(59,454)	(21,051)	38,403
<b>Net Change in Fund Balance</b>	(1,732,865)	(1,893,972)	-	1,893,972
<b>Fund Balance, Beginning of year</b>	1,732,865	1,893,972	-	(1,893,972)
<b>Fund Balance, End of year</b>	\$ -	\$ -	\$ -	\$ -

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE O – RELATED PARTY TRANSACTIONS**

Transactions with the constitutional officers for the year ended September 30, 2009 were as follows:

Budget appropriation from the Board to the:

Clerk	\$ 475,000
Sheriff	\$ 7,349,322
Collector	\$ 532,058
Appraiser	\$ 642,265
Supervisor	\$ 290,278

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
September 30, 2009

**NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS**

**SPECIAL REVENUE FUNDS**

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

**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**  
**COMBINING SPECIAL-PURPOSE BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
September 30, 2009

	<u>Special Revenue</u>			
	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park Days</u>	<u>Law Enforcement Trust</u>
<b>Assets</b>				
Cash	\$ 1,069,638	\$ 3,453	\$ 71,031	\$ 95,798
Accounts receivable, net	75	-	-	-
Due from constitutional officers	8,881	-	-	-
Due from other governmental agencies	38	-	-	-
Due from other funds	-	-	100,000	-
Prepaid expenses	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,078,632</u>	<u>\$ 3,453</u>	<u>\$ 171,031</u>	<u>\$ 95,798</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 41,479	\$ -	\$ 872	\$ -
Due to other funds	-	-	-	-
Due to other governmental agencies	307	-	-	-
Deferred revenue	-	-	30,528	-
<b>Total Liabilities</b>	<u>41,786</u>	<u>-</u>	<u>31,400</u>	<u>-</u>
<b>Fund Balances</b>				
Reserved for debt service	-	-	-	-
Unreserved	1,036,846	3,453	139,631	95,798
<b>Total Fund Balances</b>	<u>1,036,846</u>	<u>3,453</u>	<u>139,631</u>	<u>95,798</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,078,632</u>	<u>\$ 3,453</u>	<u>\$ 171,031</u>	<u>\$ 95,798</u>

<u>Debt Service</u>	
<u>Transportation Trust</u>	<u>Total All Non-major Governmental Funds</u>
\$ 142,881	\$ 1,382,801
-	75
-	8,881
-	38
-	100,000
-	-
<u>\$ 142,881</u>	<u>\$ 1,491,795</u>

\$ -	\$ 42,351
-	-
-	307
-	30,528
<u>-</u>	<u>73,186</u>

142,881	142,881
-	1,275,728
<u>142,881</u>	<u>1,418,609</u>

<u>\$ 142,881</u>	<u>\$ 1,491,795</u>
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**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
Year Ended September 30, 2009

	<b>Special Revenue</b>			
	<b>Fire Control</b>	<b>Race Track Jai Alai</b>	<b>Pioneer Park Days</b>	<b>Law Enforcement Trust</b>
<b>Revenues</b>				
Intergovernmental	\$ 24,635	\$ 446,500	\$ -	\$ -
Charges for services	39,858	-	108,717	-
Assessments	1,975,601	-	-	-
Interest	11,019	123	1,243	768
Miscellaneous	1,776	-	705	4,856
<b>Total Revenues</b>	<b>2,052,889</b>	<b>446,623</b>	<b>110,665</b>	<b>5,624</b>
<b>Expenditures</b>				
Current:				
Public safety	2,068,054	-	-	-
Human services	-	220,500	-	-
Culture and recreation	-	-	57,968	-
Capital outlay	76,452	-	-	-
Debt service:				
Principal retirement	626,166	-	-	-
Interest	66,918	-	-	-
<b>Total Expenditures</b>	<b>2,837,590</b>	<b>220,500</b>	<b>57,968</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(784,701)</b>	<b>226,123</b>	<b>52,697</b>	<b>5,624</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	830,000	-	-	-
Transfers out	(89,902)	(226,000)	(38,647)	-
<b>Total Other Financing Sources (Uses)</b>	<b>740,098</b>	<b>(226,000)</b>	<b>(38,647)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(44,603)</b>	<b>123</b>	<b>14,050</b>	<b>5,624</b>
<b>Fund Balances, Beginning of year</b>	<b>1,081,449</b>	<b>3,330</b>	<b>125,581</b>	<b>90,174</b>
<b>Fund Balances, End of year</b>	<b>\$ 1,036,846</b>	<b>\$ 3,453</b>	<b>\$ 139,631</b>	<b>\$ 95,798</b>

<u>Debt Service</u>	
<u>Transportation Trust</u>	<u>Total All Non-major Governmental Funds</u>
\$ -	\$ 471,135
-	148,575
-	1,975,601
2,426	15,579
-	7,337
2,426	2,618,227
-	2,068,054
-	220,500
-	57,968
-	76,452
700,000	1,326,166
23,167	90,085
723,167	3,839,225
(720,741)	(1,220,998)
794,500	1,624,500
-	(354,549)
794,500	1,269,951
73,759	48,953
69,122	1,369,656
\$ 142,881	\$ 1,418,609

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - FIRE CONTROL FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 24,635	\$ 24,635	\$ -
Charges for services	710,199	710,199	39,858	(670,341)
Assessments	1,761,247	1,761,247	1,975,601	214,354
Interest	12,000	12,000	11,019	(981)
Miscellaneous	1,000	1,000	1,776	776
<b>Total Revenues</b>	<u>2,484,446</u>	<u>2,509,081</u>	<u>2,052,889</u>	<u>(456,192)</u>
<b>Expenditures</b>				
Current:				
Public safety	2,152,890	2,202,890	2,068,054	134,836
Capital outlay	555,833	104,569	76,452	28,117
Debt service:				
Principal retirement	166,645	710,505	626,166	84,339
Interest	39,585	39,585	66,918	(27,333)
<b>Total Expenditures</b>	<u>2,914,953</u>	<u>3,057,549</u>	<u>2,837,590</u>	<u>219,959</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(430,507)</u>	<u>(548,468)</u>	<u>(784,701)</u>	<u>(236,233)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	831,000	831,000	830,000	(1,000)
Transfers out	(105,000)	(105,000)	(89,902)	15,098
Issuance of debt	450,000	450,000	-	(450,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,176,000</u>	<u>1,176,000</u>	<u>740,098</u>	<u>(435,902)</u>
<b>Net Change in Fund Balances</b>	745,493	627,532	(44,603)	(672,135)
<b>Fund Balances, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>1,081,449</u>	<u>1,081,449</u>
<b>Fund Balances, End of year</b>	<u>\$ 745,493</u>	<u>\$ 627,532</u>	<u>\$ 1,036,846</u>	<u>\$ 409,314</u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**RACE TRACK JAI ALAI FUND**  
Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	123	123
<b>Total Revenues</b>	<u>446,500</u>	<u>446,500</u>	<u>446,623</u>	<u>123</u>
<b>Expenditures</b>				
Current:				
Human services	220,500	220,500	220,500	-
<b>Total Expenditures</b>	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>226,000</u>	<u>226,000</u>	<u>226,123</u>	<u>123</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(226,000)	(226,000)	(226,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	123	123
<b>Fund Balances, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>3,330</u>	<u>3,330</u>
<b>Fund Balances, End of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,453</u></u>	<u><u>\$ 3,453</u></u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**PIONEER PARK DAYS FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 111,500	\$ 111,500	\$ 108,717	\$ (2,783)
Interest	4,000	4,000	1,243	(2,757)
Miscellaneous	5,000	5,000	705	(4,295)
<b>Total Revenues</b>	<u>120,500</u>	<u>120,500</u>	<u>110,665</u>	<u>(9,835)</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	87,798	87,798	57,968	29,830
<b>Total Expenditures</b>	<u>87,798</u>	<u>87,798</u>	<u>57,968</u>	<u>29,830</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>32,702</u>	<u>32,702</u>	<u>52,697</u>	<u>19,995</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(47,400)	(47,400)	(38,647)	8,753
<b>Total Other Financing Sources (Uses)</b>	<u>(47,400)</u>	<u>(47,400)</u>	<u>(38,647)</u>	<u>8,753</u>
<b>Net Change in Fund Balances</b>	(14,698)	(14,698)	14,050	28,748
<b>Fund Balances, Beginning of year</b>	<u>149,596</u>	<u>149,596</u>	<u>125,581</u>	<u>(24,015)</u>
<b>Fund Balances, End of year</b>	<u><u>\$ 134,898</u></u>	<u><u>\$ 134,898</u></u>	<u><u>\$ 139,631</u></u>	<u><u>\$ 4,733</u></u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**LAW ENFORCEMENT TRUST FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Interest	\$ 1,500	\$ 1,500	\$ 768	\$ (732)
Miscellaneous	8,000	8,000	4,856	(3,144)
<b>Total Revenues</b>	<u>9,500</u>	<u>9,500</u>	<u>5,624</u>	<u>(3,876)</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	9,500	9,500	5,624	(3,876)
<b>Fund Balances, Beginning of year</b>	<u>89,525</u>	<u>89,525</u>	<u>90,174</u>	<u>649</u>
<b>Fund Balances, End of year</b>	<u>\$ 99,025</u>	<u>\$ 99,025</u>	<u>\$ 95,798</u>	<u>\$ (3,227)</u>

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**TRANSPORTATION TRUST DEBT SERVICE FUND**

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 500	\$ 500	\$ 2,426	\$ 1,926
<b>Total Revenues</b>	<u>500</u>	<u>500</u>	<u>2,426</u>	<u>1,926</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	700,000	700,000	700,000	-
Interest	95,000	95,000	23,167	71,833
<b>Total Expenditures</b>	<u>795,000</u>	<u>795,000</u>	<u>723,167</u>	<u>71,833</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(794,500)</u>	<u>(794,500)</u>	<u>(720,741)</u>	<u>73,759</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	794,500	794,500	794,500	-
<b>Total Other Financing Sources (Uses)</b>	<u>794,500</u>	<u>794,500</u>	<u>794,500</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	73,759	73,759
<b>Fund Balances, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>69,122</u>	<u>69,122</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,881</u>	<u>\$ 142,881</u>

## **SUPPLEMENTAL INFORMATION**

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

Board of County Commissioners  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Board of County Commissioners (Board), as of and for the year ended September 30, 2009, and have issued our report thereon dated March 24, 2010. 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 Board, 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 identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 item 09-01 to be a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Board in a separate letter dated March 24, 2010.

The Board's responses to findings identified in our audit are described in the accompanying Schedule of Current Year Findings and Responses on page 51. We did not audit the Board's response and, accordingly, we express no opinion on it.

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

*The NCT Group CPAs, LLP*

March 24, 2010

**HARDEE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**  
September 30, 2009

**Material Weakness**

**09-01** Material audit adjustment posted to the general ledger.

**Condition:** An adjustment to record the proper posting of the collection of a prior year accounts receivable was not posted in the general ledger at year end.

**Criteria:** Procedures should be in place to review all accounts at year end to determine they are accurate.

**Effect:** Accounts receivable and revenues were materially misstated in the current year.

**Recommendation:** Develop a year end closing procedure to review all accounts receivable to determine valid receivables.

**Management Response:** Accounting has developed a procedure to review all accounts receivables to determine valid receivables are posted to the proper year.

## MANAGEMENT LETTER

Board of County Commissioners  
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Board of County Commissioners (Board) as of and for the fiscal year ended September 30, 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. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters and the Schedule of Findings and Responses. Disclosures in that report, which is dated March 24, 2010, 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.

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. We noted no such recommendations.

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 have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violation of contracts or grant agreements, fraud, illegal acts or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we noted the following item.

### Properly Accrue Expenses

#### Finding

During our review of subsequent events, we noted an invoice for unemployment wages relating to the year ended September 30, 2009, which was received in October and had not been properly accounted for as of the end of the fiscal year. The invoice related to expenditures incurred in the fiscal year ended September 30, 2009 and should have been accrued as accounts payable as of September 30, 2009.

#### Recommendation

While it is not possible to keep your general ledger open for an extended period of time after the fiscal year end, we recommend the Board perform a review of all potential invoices to be received subsequent to September 30<sup>th</sup> and accrue the related expense as of year end.

#### Management Response

Management believes that proper reviews are in place and in the specific case of the unemployment invoice at year end the amount of the invoice was significantly higher than historical and unpredictable.

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

March 24, 2010

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**September 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

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 (Clerk) as of and for the year ended September 30, 2009. 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 of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds and the aggregate agency fund information of the Clerk as of September 30, 2009, 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2010 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 Schedule 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*

February 3, 2010

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2009

	<u>General</u>	<u>Fine and Forfeiture</u>
<b>Assets</b>		
Cash	\$ 108,265	\$ 216,048
Due from individuals	295	377
Due from other funds	60	25
Due from other governments	345	174
Prepaid expense	3	4,637
	<u>3</u>	<u>4,637</u>
<b>Total Assets</b>	<u>\$ 108,968</u>	<u>\$ 221,261</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 37,779	\$ 51,087
Due to Board of County Commissioners	59,461	-
Due to other governmental agencies	-	28,143
Due to other funds	11,728	121,734
	<u>108,968</u>	<u>200,964</u>
<b>Total Liabilities</b>	<u>108,968</u>	<u>200,964</u>
 <b>Fund Balances</b>		
Fund balance - reserved for records modernization	-	-
Unreserved	-	20,297
	<u>-</u>	<u>20,297</u>
<b>Total Fund Balances</b>	<u>-</u>	<u>20,297</u>
 <b>Total Liabilities and Fund Balances</b>	<u>\$ 108,968</u>	<u>\$ 221,261</u>

The accompanying notes are an integral part of these special-purpose financial statements.

<u>Records Modernization</u>	<u>Child Support IV-D (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
\$ 176,095	\$ 58,008	\$ 558,416
-	-	672
329	-	414
-	6,254	6,773
-	-	4,640
<u>\$ 176,424</u>	<u>\$ 64,262</u>	<u>\$ 570,915</u>
\$ 527	\$ -	\$ 89,393
5	-	59,466
-	-	28,143
-	-	133,462
<u>532</u>	<u>-</u>	<u>310,464</u>
175,892	-	175,892
-	64,262	84,559
<u>175,892</u>	<u>64,262</u>	<u>260,451</u>
<u>\$ 176,424</u>	<u>\$ 64,262</u>	<u>\$ 570,915</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended September 30, 2009**

	<b>General</b>	<b>Fine and Forfeiture</b>
<b>Revenues</b>		
Appropriations from Board of County Commissioners	\$ 475,000	\$ -
Intergovernmental	-	159,276
Charges for services	102,045	761,946
Miscellaneous	3,922	14,460
<b>Total Revenues</b>	<b>580,967</b>	<b>935,682</b>
<b>Expenditures</b>		
Current:		
General Government:		
Salaries and benefits	438,432	873,506
Operating expenditures	83,174	41,879
<b>Total Expenditures</b>	<b>521,606</b>	<b>915,385</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	59,361	20,297
<b>Other Financing Sources (Uses)</b>		
Transfer to the Board of County Commissioners	(59,361)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(59,361)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	-	20,297
<b>Fund Balances, Beginning of Year</b>	-	-
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 20,297</b>

The accompanying notes are an integral part of these special-purpose financial statements.

<u>Records Modernization</u>	<u>Child Support IV-D (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 475,000
-	41,281	200,557
44,374	-	908,365
3,017	353	21,752
<u>47,391</u>	<u>41,634</u>	<u>1,605,674</u>
19,899	-	1,331,837
49,380	-	174,433
<u>69,279</u>	<u>-</u>	<u>1,506,270</u>
(21,888)	41,634	99,404
-	-	(59,361)
-	-	(59,361)
(21,888)	41,634	40,043
197,780	22,628	220,408
<u>\$ 175,892</u>	<u>\$ 64,262</u>	<u>\$ 260,451</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Appropriations from Board of County Commissioners	\$ 475,000	\$ 475,000	\$ 475,000	\$ -
Charges for services	134,772	134,772	102,045	(32,727)
Miscellaneous	3,228	3,228	3,922	694
<b>Total Revenues</b>	<u>613,000</u>	<u>613,000</u>	<u>580,967</u>	<u>(32,033)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Salaries and benefits	540,936	451,931	438,432	13,499
Operating expenditures	72,064	101,707	83,174	18,533
<b>Total Expenditures</b>	<u>613,000</u>	<u>553,638</u>	<u>521,606</u>	<u>32,032</u>
<b>Excess of Revenues Over Expenditures</b>	-	59,362	59,361	(1)
<b>Other Financing Sources (Uses)</b>				
Transfer to the Board of County Commissioners	-	(59,362)	(59,361)	1
<b>Total Other Financing Sources Sources (Uses)</b>	-	(59,362)	(59,361)	1
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FINE AND FORFEITURE FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 204,665	\$ 375,544	\$ 159,276	\$ (216,268)
Charges for services	827,374	537,643	761,946	224,303
Miscellaneous	22,626	22,500	14,460	(8,040)
<b>Total Revenues</b>	<u>1,054,665</u>	<u>935,687</u>	<u>935,682</u>	<u>(5)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Salaries and benefits	979,809	876,529	873,506	3,023
Operating expenditures	74,856	59,158	41,879	17,279
<b>Total Expenditures</b>	<u>1,054,665</u>	<u>935,687</u>	<u>915,385</u>	<u>20,302</u>
<b>Excess of Revenues Over Expenditures</b>				
	-	-	20,297	20,297
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,297</u>	<u>\$ 20,297</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS**  
**AND LIABILITIES - ALL AGENCY FUNDS**  
September 30, 2009

<b>Assets</b>	
Cash	\$ 81,058
Due from individuals	1
Due from other funds	<u>133,133</u>
<b>Total Assets</b>	<u><u>\$ 214,192</u></u>
<b>Liabilities</b>	
Due to individuals	\$ 82,546
Due to other funds	85
Due to other governments	<u>131,561</u>
<b>Total Liabilities</b>	<u><u>\$ 214,192</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE A - REPORTING ENTITY**

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

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

The Clerk of the Circuit Court (Clerk) is an elected official of Hardee County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d). For financial statement and reporting purposes, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk is considered to be a part of the primary government of Hardee County. The special-purpose financial statements contained herein represent the financial transactions of the Clerk only. Since the County has implemented GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," the format of the Clerk's statements have been prepared in accordance with the presentation requirements of GASB 34 for fund financial statements.

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.

**NOTE B - 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 accounting principles and policies used in the preparation of these financial statements.

**Fund Accounting**

The accounts of the Clerk 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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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:

**Governmental Funds**

- **General Fund** – The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.
- **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** – 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. 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 the modified accrual basis, expenditures are recorded at the time liabilities are incurred

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

and revenues are recorded when received in cash or when they are considered both measurable and available, and, as such, are susceptible to accrual.

**Budgetary 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 special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

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

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

**Capital Assets**

Capital assets are recorded by the Clerk as expenditures in the general and special revenue funds at the time an asset is acquired. Tangible personal property used in the Clerk's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

**Accrued Unpaid Vacation and Sick Pay**

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

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

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

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

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Length of Service	Percentage of Sick Leave
0-20 Years	0.0%
20-24 Years	25.0%
25-29 Years	37.5%
30 Years and Over	50.0%

**Reserved Fund Balance**

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

**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.

**Other Postemployment Benefit Obligation**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Clerk under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of the month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Clerk. Such liabilities and expenses are included in the Financial Statements of Hardee County, Florida.

**NOTE C – 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.

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE C – CASH (continued)**

At September 30, 2009, the carrying amount of the Clerk's deposits was \$639,474 and the bank balance was \$674,545. The Clerk's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE D – EMPLOYEE BENEFITS**

**Pension Plan**

All full-time employees of the Clerk 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 Clerk 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 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.

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 Clerk, are required to contribute 9.85 percent of the compensation for regular members and 16.53% for county elected officials (10.91% DROP for those individuals who have entered the DROP program), which includes the health insurance subsidy contribution of 1.11% and administrative/educational fee of 0.05%.

The Clerk's contributions to the System for the years ended September 30, 2009, 2008 and 2007 were \$89,605, \$102,252 and \$98,853, respectively, equal to the required contributions for each year.

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE E – DUE FROM AND DUE TO OTHER FUNDS**

The balances of due from and due to other funds were as follows at September 30, 2009:

	<b>Due from other fund</b>	<b>Due to other fund</b>
<b>General Fund</b>	\$ 60	\$ 11,728
<b>Special Revenue Funds</b>		
Fine and Forfeiture Fund	25	121,734
Records Modernization	329	-
<b>Agency Funds</b>	133,133	85
	\$ 133,547	\$ 133,547

**NOTE F – COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2009:

	<b>Balance October 1, 2008</b>	<b>Net Deletions</b>	<b>Balance September 30, 2009</b>
Accrued Compensated Absences	\$ 64,126	\$ (4,959)	\$ 59,167

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

**NOTE G – RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2009 were as follows:

Budget Appropriation – The General Fund of the Clerk received payments from the Board of County Commissioners for non-court related and accounting services in the amount of \$475,000 for the year ended September 30, 2009.

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE H – RISK MANAGEMENT**

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

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

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY ASSETS**  
**AND LIABILITIES - ALL AGENCY FUNDS**  
September 30, 2009

	<u>Special Trust</u>	<u>Support</u>	<u>Court Registry</u>	<u>State Jury &amp; Witness</u>
<b>Assets</b>				
Cash	\$ 23,797	\$ 768	\$ 17,199	\$ 155
Due from individuals	-	-	-	-
Due from other funds	<u>133,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 156,930</u></u>	<u><u>\$ 768</u></u>	<u><u>\$ 17,199</u></u>	<u><u>\$ 155</u></u>
 <b>Liabilities</b>				
Due to individuals	\$ 26,403	\$ -	\$ 17,194	\$ 150
Due to other funds	5	60	5	5
Due to other governments	130,522	708	-	-
Due to Board of County Commissioners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u><u>\$ 156,930</u></u>	<u><u>\$ 768</u></u>	<u><u>\$ 17,199</u></u>	<u><u>\$ 155</u></u>

<u>County Witness</u>	<u>Cash Bond</u>	<u>Condemnation Right-of Way</u>	<u>Total</u>
\$ 348	\$ 37,696	\$ 1,095	\$ 81,058
-	1	-	1
-	-	-	133,133
<u>\$ 348</u>	<u>\$ 37,697</u>	<u>\$ 1,095</u>	<u>\$ 214,192</u>
\$ 12	\$ 37,697	\$ 1,090	\$ 82,546
5	-	5	85
331	-	-	131,561
-	-	-	-
<u>\$ 348</u>	<u>\$ 37,697</u>	<u>\$ 1,095</u>	<u>\$ 214,192</u>

**HARDEE COUNTY  
CLERK OF THE CIRCUIT COURT  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN  
ASSETS AND LIABILITIES - ALL AGENCY FUNDS**

Year Ended September 30, 2009

	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2009</u>
<b><u>SPECIAL TRUST</u></b>				
<b>Assets</b>				
Cash	\$ 25,196	\$ 61,391	\$ (62,790)	\$ 23,797
Due from other funds	199,792	2,330,039	(2,396,698)	133,133
<b>Total Assets</b>	<u>\$ 224,988</u>	<u>\$ 2,391,430</u>	<u>\$ (2,459,488)</u>	<u>\$ 156,930</u>
<b>Liabilities</b>				
Due to individuals	\$ 28,884	\$ 101,325	\$ (103,806)	\$ 26,403
Due to other funds	5	-	-	5
Due to other governments	170,717	2,083,208	(2,123,403)	130,522
Due to Board of County Commissioners	25,382	206,897	(232,279)	-
<b>Total Liabilities</b>	<u>\$ 224,988</u>	<u>\$ 2,391,430</u>	<u>\$ (2,459,488)</u>	<u>\$ 156,930</u>
<b><u>SUPPORT</u></b>				
<b>Assets</b>				
Cash	<u>\$ 889</u>	<u>\$ 9,354</u>	<u>\$ (9,475)</u>	<u>\$ 768</u>
<b>Liabilities</b>				
Due to individuals	\$ 9	\$ (9)	\$ -	\$ -
Due to other funds	5	55	-	60
Due to other governments	875	9,308	(9,475)	708
<b>Total Liabilities</b>	<u>\$ 889</u>	<u>\$ 9,354</u>	<u>\$ (9,475)</u>	<u>\$ 768</u>
<b><u>COURT REGISTRY</u></b>				
<b>Assets</b>				
Cash	<u>\$ 74,541</u>	<u>\$ 406,378</u>	<u>\$ (463,720)</u>	<u>\$ 17,199</u>
<b>Liabilities</b>				
Due to individuals	\$ 74,536	\$ 406,378	\$ (463,720)	\$ 17,194
Due to other funds	5	-	-	5
<b>Total Liabilities</b>	<u>\$ 74,541</u>	<u>\$ 406,378</u>	<u>\$ (463,720)</u>	<u>\$ 17,199</u>
<b><u>STATE JUROR AND WITNESS</u></b>				
<b>Assets</b>				
Cash	<u>\$ 275</u>	<u>\$ 15</u>	<u>\$ (135)</u>	<u>\$ 155</u>
<b>Liabilities</b>				
Due to individuals	\$ 270	\$ 15	\$ (135)	\$ 150
Due to other funds	5	-	-	5
<b>Total Liabilities</b>	<u>\$ 275</u>	<u>\$ 15</u>	<u>\$ (135)</u>	<u>\$ 155</u>

**HARDEE COUNTY**  
**CLERK OF THE CIRCUIT COURT**  
**COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN**  
**ASSETS AND LIABILITIES - ALL AGENCY FUNDS (continued)**  
Year Ended September 30, 2009

	<b>Balance October 1, 2008</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balance September 30, 2009</b>
<b><u>COUNTY WITNESS</u></b>				
<b>Assets</b>				
Cash	\$ 305	\$ 150	\$ (107)	\$ 348
<b>Liabilities</b>				
Due to individuals	\$ 12	-	-	12
Due to other funds	5	-	-	5
Due to other governments	288	150	(107)	331
<b>Total Liabilities</b>	<b>\$ 305</b>	<b>\$ 150</b>	<b>\$ (107)</b>	<b>\$ 348</b>
<b><u>CASH BOND</u></b>				
<b>Assets</b>				
Cash	\$ 47,525	\$ 141,688	\$ (151,517)	\$ 37,696
Due from individuals	-	1	-	1
<b>Total Assets</b>	<b>\$ 47,525</b>	<b>\$ 141,689</b>	<b>\$ (151,517)</b>	<b>\$ 37,697</b>
<b>Liabilities</b>				
Due to individuals	\$ 47,520	\$ 141,689	\$ (151,512)	\$ 37,697
Due to other funds	5	-	(5)	-
<b>Total Liabilities</b>	<b>\$ 47,525</b>	<b>\$ 141,689</b>	<b>\$ (151,517)</b>	<b>\$ 37,697</b>
<b><u>CONDEMNATION RIGHT-OF-WAY</u></b>				
<b>Assets</b>				
Cash	\$ 1,095	\$ -	\$ -	\$ 1,095
<b>Liabilities</b>				
Due to individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
Due to other funds	5	-	-	5
<b>Total Liabilities</b>	<b>\$ 1,095</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,095</b>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 149,826	\$ 618,976	\$ (687,744)	\$ 81,058
Due from individuals	-	1	-	1
Due from other funds	199,792	2,330,039	(2,396,698)	133,133
<b>Total Assets</b>	<b>\$ 349,618</b>	<b>\$ 2,949,016</b>	<b>\$ (3,084,442)</b>	<b>\$ 214,192</b>
<b>Liabilities</b>				
Due to individuals	\$ 152,321	\$ 649,398	\$ (719,173)	\$ 82,546
Due to other funds	35	55	(5)	85
Due to other governments	171,880	2,092,666	(2,132,985)	131,561
Due to Board of County Commissioners	25,382	206,897	(232,279)	-
<b>Total Liabilities</b>	<b>\$ 349,618</b>	<b>\$ 2,949,016</b>	<b>\$ (3,084,442)</b>	<b>\$ 214,192</b>

**SUPPLEMENTAL INFORMATION**

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

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 (Clerk) as of and for the year ended September 30, 2009, and have issued our report thereon dated February 3, 2010. 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 Clerk 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*.

We noted certain matters that we reported to management in a separate letter dated February 3, 2010.

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*

February 3, 2010

## MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Hardee County, Florida Clerk of the Circuit Court (Clerk) as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated February 3, 2010.

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 February 3, 2010, 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 provisions of contracts or grant agreements, or abuse, that have an effect on the 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 have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we noted no such items.

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 A 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 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America 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*

February 3, 2010

**HARDEE COUNTY  
SHERIFF**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds and aggregate agency fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2009. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds and the aggregate agency fund information of the Sheriff as of September 30, 2009, 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 December 17, 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*The NCT Group CPAs, LLP*

December 17, 2009

**HARDEE COUNTY**  
**SHERIFF**  
**SPECIAL-PURPOSE BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2009

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 283,835	\$ 96,319	\$ 42,097	\$ 422,251
Due from other governments	41,893	-	-	41,893
Prepaid items	351,401	-	-	351,401
<b>Total Assets</b>	<u>\$ 677,129</u>	<u>\$ 96,319</u>	<u>\$ 42,097</u>	<u>\$ 815,545</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 14,576	\$ -	\$ -	\$ 14,576
Accrued payroll expenses	7,831	-	-	7,831
Due to the Board of County Commissioners	654,722	-	-	654,722
<b>Total Liabilities</b>	<u>677,129</u>	<u>-</u>	<u>-</u>	<u>677,129</u>
 <b>Fund balances</b>				
Fund balances	-	96,319	42,097	138,416
<b>Total Fund Balances</b>	<u>-</u>	<u>96,319</u>	<u>42,097</u>	<u>138,416</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 677,129</u>	 <u>\$ 96,319</u>	 <u>\$ 42,097</u>	 <u>\$ 815,545</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**SHERIFF**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended September 30, 2009

	<b>General Fund</b>	<b>Commissary Fund</b>	<b>Education Fund (Non-Major Fund)</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Appropriations From Board of County Commissioners	\$ 7,349,322	\$ -	\$ -	\$ 7,349,322
Intergovernmental	294,641	-	-	294,641
Fines and forfeitures	-	-	5,384	5,384
Interest and miscellaneous	174,819	59,474	-	234,293
<b>Total Revenues</b>	<b>7,818,782</b>	<b>59,474</b>	<b>5,384</b>	<b>7,883,640</b>
<b>Expenditures</b>				
Current:				
Public safety:				
Salaries and benefits	5,748,293	-	-	5,748,293
Operating expenditures	1,141,385	32,957	1,742	1,176,084
Capital outlay	494,322	-	-	494,322
<b>Total Expenditures</b>	<b>7,384,000</b>	<b>32,957</b>	<b>1,742</b>	<b>7,418,699</b>
<b>Excess of Revenues Over Expenditures</b>	<b>434,782</b>	<b>26,517</b>	<b>3,642</b>	<b>464,941</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	56,582	-	-	56,582
Operating transfer out	-	(56,582)	-	(56,582)
Transfers to Board of County Commissioners	(491,364)	-	-	(491,364)
<b>Total Other Financing Sources (Uses)</b>	<b>(434,782)</b>	<b>(56,582)</b>	<b>-</b>	<b>(491,364)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(30,065)</b>	<b>3,642</b>	<b>(26,423)</b>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>126,384</b>	<b>38,455</b>	<b>164,839</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 96,319</b>	<b>\$ 42,097</b>	<b>\$ 138,416</b>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**SHERIFF**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Appropriation from Board of County Commissioners	\$ 7,349,342	\$ 7,349,342	\$ 7,349,322	\$ (20)
Intergovernmental	-	62,018	294,641	232,623
Interest and miscellaneous	-	-	174,819	174,819
<b>Total Revenues</b>	<u>7,349,342</u>	<u>7,411,360</u>	<u>7,818,782</u>	<u>407,422</u>
<b>Expenditures</b>				
Current:				
Public safety:				
Salaries and Benefits	5,952,016	6,008,598	5,748,293	260,305
Operating Expenditures	1,358,391	1,358,391	1,141,385	217,006
Capital Outlay	38,935	100,953	494,322	(393,369)
<b>Total Expenditures</b>	<u>7,349,342</u>	<u>7,467,942</u>	<u>7,384,000</u>	<u>83,942</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(56,582)</u>	<u>434,782</u>	<u>491,364</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	-	56,582	56,582	-
Transfer to the Board of County Commissioners	-	-	(491,364)	(491,364)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>56,582</u>	<u>(434,782)</u>	<u>(491,364)</u>
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**SHERIFF**  
**SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS**  
**AND LIABILITIES - ALL AGENCY FUNDS**  
September 30, 2009

**Assets**

Cash	\$ 35,375
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**Liabilities**

Due to individuals	\$ 35,375
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The accompanying notes are an integral part of these special-purpose financial statements.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY**  
**SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE A – REPORTING ENTITY**

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

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

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

The Board funds the operations of the Sheriff. The receipts from the Board are recorded as revenue on the Sheriff's special-purpose financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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 balances, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the Sheriff's funds are as follows:

**Governmental Funds:**

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

**HARDEE COUNTY**  
**SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **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.
- **Commissary Fund** – The commissary fund accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, toothpaste, etc. to the inmates. Profits from 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 funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Basis of Accounting**

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

**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. Budget to actual comparisons are provided in the special-purpose financial statements for the general fund, where the Sheriff has legally adopted a budget. Final budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

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

**HARDEE COUNTY**  
**SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 purchased by the Sheriff are recorded as expenditures. Tangible personal property used in the Sheriff’s operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by the Florida Statutes. Donated and confiscated assets are recorded at fair market value at the time received.

**Accumulated Unpaid Vacation and Sick Pay**

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

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1st year	84 hours
2 <sup>nd</sup> – 4 <sup>th</sup> year	168 hours
5 <sup>th</sup> – 9 <sup>th</sup> year	192 hours
10 <sup>th</sup> – 14 <sup>th</sup> year	216 hours
15 <sup>th</sup> – 19 <sup>th</sup> year	264 hours
20 years plus	288 hours

Upon termination, employees can be paid for their unused vacation time not to exceed 120 hours.

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 – 24 years	25%
25 – 29 years	37.5%
30 years plus	50%

**HARDEE COUNTY**  
**SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

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

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Sheriff with 20 or more years of service may participate in the County Group Health Plan on a single coverage basis upon written request of the retiring member to the Sheriff. This retirement benefit will conclude when the retiree reaches the eligible age to receive full Medicare benefits or obtains health insurance from any other provider. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Sheriff. Such liabilities and expenses are included in the Financial Statements of Hardee County, Florida.

**NOTE C – CASH**

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, 2009, the carrying amount of the Hardee County Sheriff's deposits was \$457,626 and the bank balance was \$796,086. The Sheriff's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY  
SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE D – 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, 2009:

<u>Governmental Activities</u>	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2009</u>
Capital Assets	<u>\$ 3,010,069</u>	<u>\$ 487,963</u>	<u>\$ (382,497)</u>	<u>\$ 3,115,535</u>

**NOTE E – EMPLOYEE BENEFITS**

**Pension Plan**

All full-time employees of the Hardee County 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 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 Sheriff 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. FRS 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.

**HARDEE COUNTY  
SHERIFF  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE E – EMPLOYEE BENEFITS (continued)**

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 Sheriff are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk 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 and administrative/educational fee of 0.05%.

The Sheriff’s contributions to the System for the years ended September 30, 2009, 2008, and 2007 were \$687,718, \$692,845, and \$720,976, respectively, equal to the required contributions for each year.

**NOTE F – COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2009:

	<b>Balance October 1, 2008</b>	<b>Net Additions</b>	<b>Balance September 30, 2009</b>
Accrued Compensated Absences	\$ 256,693	\$ 10,307	\$ 267,000

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

**NOTE G – TRANSFERS**

Transfers during the year ended September 30, 2009 consisted of the following:

Transfers to General Fund from:

Commissary     \$56,582

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**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE H – RELATED PARY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2009, were as follows:

**Budget Appropriation** - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,349,322 for the year ended September 30, 2009.

**NOTE I – RISK MANAGEMENT**

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

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

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

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

**NOTE J – 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**  
**COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY**  
**ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
 September 30, 2009

	<u>Suspense</u>	<u>Collections</u>	<u>Evidence</u>	<u>Inmate</u>	<u>Youth</u>	<u>Flower</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ 15,194	\$ -	\$ 10,375	\$ 1,600	\$ 6,186	\$ 2,020	\$ 35,375
<b>Liabilities</b>							
Due to individuals	\$ 15,194	\$ -	\$ 10,375	\$ 1,600	\$ 6,186	\$ 2,020	\$ 35,375

**HARDEE COUNTY  
SHERIFF  
COMBINING SPECIAL-PURPOSE SCHEDULE OF  
CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
Year Ended September 30, 2009**

	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2009</u>
<b><u>SUSPENSE</u></b>				
<b>Assets</b>				
Cash	\$ 14,630	\$ 62,657	\$ (62,093)	\$ 15,194
<b>Liabilities</b>				
Due to individuals	\$ 14,630	\$ 62,657	\$ (62,093)	\$ 15,194
 <b><u>COLLECTIONS</u></b>				
<b>Assets</b>				
Cash	\$ -	\$ 17,072	\$ (17,072)	\$ -
<b>Liabilities</b>				
Due to individuals	\$ -	\$ 17,072	\$ (17,072)	\$ -
 <b><u>EVIDENCE</u></b>				
<b>Assets</b>				
Cash	\$ -	\$ 16,435	\$ (6,060)	\$ 10,375
<b>Liabilities</b>				
Due to individuals	\$ -	\$ 16,435	\$ (6,060)	\$ 10,375
 <b><u>INMATE</u></b>				
<b>Assets</b>				
Cash	\$ 3,254	\$136,415	\$ (138,069)	\$ 1,600
<b>Liabilities</b>				
Due to individuals	\$ 3,254	\$136,415	\$ (138,069)	\$ 1,600

(continued)

**HARDEE COUNTY  
SHERIFF  
COMBINING SPECIAL-PURPOSE SCHEDULE OF  
CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
Year Ended September 30, 2009**

	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2009</u>
<b><u>YOUTH</u></b>				
<b>Assets</b>				
Cash	\$ 3,621	\$ 3,512	\$ (947)	\$ 6,186
<b>Liabilities</b>				
Due to individuals	\$ 3,621	\$ 3,512	\$ (947)	\$ 6,186
<b><u>FLOWER</u></b>				
<b>Assets</b>				
Cash	\$ 1,446	\$ 1,099	\$ (525)	\$ 2,020
<b>Liabilities</b>				
Due to individuals	\$ 1,446	\$ 1,099	\$ (525)	\$ 2,020
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 22,951	\$237,190	\$ (224,766)	\$ 35,375
<b>Liabilities</b>				
Due to individuals	\$ 22,951	\$237,190	\$ (224,766)	\$ 35,375

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

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund, special revenue funds and aggregate agency fund information of the Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2009, and have issued our report thereon dated December 17, 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, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 and material weaknesses.

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 described as item 09-04, 09-05 and 09-06 in the accompanying schedule of findings and responses to be significant deficiencies.

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 the deficiencies described as items 09-01, 09-02, and 09-03 in the accompanying schedule of findings and responses to be material weaknesses.

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 that are also considered to be material weaknesses.

### **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 and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Sheriff in a separate letter dated December 17, 2009.

The Sheriff's responses to findings identified in our audit are described above. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

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

*The NCT Group CPAs, LLP*

December 17, 2009

**HARDEE COUNTY  
SHERIFF  
SCHEDULE OF PRIOR YEAR FINDINGS  
September 30, 2009**

**Material Weakness**

**07-01:** Preparation of financial statements.

**Condition:** Staff lacks the training to record the Sheriff's financial transactions and prepare financial statements, or supervise the preparation of financial statements, in accordance with generally accepted accounting principles.

**Recommendation:** The Sheriff should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Current Status:** Staff continues to not be able to prepare financial statements, or supervise the preparation of the financial statements in accordance with generally accepted accounting principles.

**Material Weakness**

**07-02:** Material audit adjustment posted to the general ledger.

**Condition:** An adjustment for FICA expense, accounts receivable, accounts payable, excess fees, due to/due from accounts and prior year audit adjustments were not posted in the general ledger at year end.

**Recommendation:** Develop a year end closing procedure to calculate and record all audit adjustments and accrual adjustments in the general ledger as of year end.

**Current Status:** Several adjustments had to be made in the current year in order for the financial statements to be presented fairly in accordance with generally accepted accounting principles.

**Material Weakness**

**02-02:** Inadequate segregation of duties.

**Condition:** The duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. In addition, the bookkeeper has signature authority on bank accounts. We also noted the bookkeeper initiates, prepares and reviews journal entries.

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

**Current Status:** Duties within the accounting function are not adequately segregated.

**HARDEE COUNTY  
SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Material Weakness**

**09-01:** Same as 07-02

**Response:** It is not feasible at this time.

**Material Weakness**

**09-02:** Same as 02-02

**Response:** Delegations of reconciliation go to Colonel Harris.

**Material Weakness**

**09-03:** Same as 07-01

**Response:** It is not feasible at this time.

**Significant Deficiency**

**09-04:** Inadequate general ledger software.

**Condition:** Some of the accounting information we obtained during the audit was not computerized. The general ledger for several funds were handwritten and not included in the computerized general ledger software. Several checks were handwritten due to computer errors. In addition, we noted most of the bank reconciliations were handwritten.

**Criteria:** The general ledger software should be adequate to handle recording and reporting all funds and transactions, including check preparation for the accounting department.

**Effect:** Accounts and financial reporting are susceptible to misstatement.

**Recommendation:** We recommend the Sheriff's Office analyze the current needs of the organization and consider a new accounting general ledger software.

**Response:** We will consult with IT, Gerald Shackelford, on the cost of an upgrade of software. It may not be feasible at this time.

**HARDEE COUNTY**  
**SHERIFF**  
**SCHEDULE OF FINDINGS AND RESPONSES (continued)**  
September 30, 2009

**Significant Deficiency**

**09-05:** Inadequate supporting documentation for transactions.

**Condition:** Several journal entries and expenditures for travel and capital outlay did not have adequate supporting documentation.

**Criteria:** Journal entries should include support to validate the entry posted. Capital outlay expenditures should include invoice and purchase order/requisition information. Travel expenditures should include applicable agenda and completed travel and/or training request forms in order to determine the business purpose of the expenditure.

**Effect:** Increase risk of fraud.

**Recommendation:** We recommend management ensure all transactions are properly supported prior to payment or posting of journal entry.

**Response:** Supporting documents will be retained.

**Significant Deficiency**

**09-06:** Inmate Trust bank reconciliations.

**Condition:** The September Inmate Trust bank account was not reconciled properly. In addition, we noted the bank reconciliations for inmate trust showed no evidence of preparer or approval signatures. We also noted several old checks on the outstanding check listing.

**Criteria:** All bank reconciliations should be reconciled properly. In addition, bank reconciliations should be approved by management on a monthly basis. Management should review the bank reconciliation for any old or unusual items for compliance with State unclaimed property laws.

**Effect:** Cash account is susceptible to fraud or misstatement.

**Recommendation:** We recommend the Sheriff implement procedures to ensure all bank reconciliations are reconciled properly and approved by management. In addition, we recommend management review outstanding check list and address all old outstanding checks/unclaimed property.

**Response:** Reconciliation will be directed to Captain Rigney, Detention Administrator and Lt. Stone, Assistant Detention Administrator in Detention and supported by Colonel Harris.

## 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 as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated December 17, 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 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated December 17, 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 reports.

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted no such recommendations.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we noted no such recommendations.

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 A in the Notes to Special-Purpose Financial Statements.

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

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

*The NCT Group CPAs, LLP*

December 17, 2009

**HARDEE COUNTY  
TAX COLLECTOR**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Zerelda "Zee" Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector (Tax Collector) as of and for the year ended September 30, 2009. 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 Tax Collector as of September 30, 2009, 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 November 13, 2009 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*The NCT Group CPAs, LLP*

November 13, 2009

**HARDEE COUNTY  
TAX COLLECTOR  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
September 30, 2009**

<b>Assets</b>	
Cash	\$ 277,337
Accounts receivable	9,703
	<u>9,703</u>
<b>Total Assets</b>	<b>\$ 287,040</b>
	<u>287,040</u>
 <b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 4,093
Deferred revenue	12,151
Due to the Board of County Commissioners	257,906
Due to other governments	9,429
Due to Indigent Health Care Special District	3,461
	<u>3,461</u>
<b>Total Liabilities</b>	<b>287,040</b>
	<u>287,040</u>
<b>Fund balance</b>	
Fund balance	-
	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 287,040</b>
	<u>287,040</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY  
TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 751,200	\$ 751,200	\$ 824,769	\$ 73,569
Interest and miscellaneous revenue	8,500	8,500	2,651	(5,849)
<b>Total Revenues</b>	<u>759,700</u>	<u>759,700</u>	<u>827,420</u>	<u>67,720</u>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	477,780	458,830	450,295	8,535
Operating expenditures	88,500	86,859	85,738	1,121
Capital outlay	-	20,591	20,591	-
<b>Total Expenditures</b>	<u>566,280</u>	<u>566,280</u>	<u>556,624</u>	<u>9,656</u>
<b>Excess of Revenues Over Expenditures</b>	<u>193,420</u>	<u>193,420</u>	<u>270,796</u>	<u>77,376</u>
<b>Other Financing Uses</b>				
Transfer to other governments	(6,735)	(6,735)	(9,429)	(2,694)
Transfer to Indigent Health Care Special District	(2,472)	(2,472)	(3,461)	(989)
Transfer to the Board of County Commissioners	(184,213)	(184,213)	(257,906)	(73,693)
<b>Total Other Financing Uses</b>	<u>(193,420)</u>	<u>(193,420)</u>	<u>(270,796)</u>	<u>(77,376)</u>
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY  
TAX COLLECTOR  
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
September 30, 2009**

<b>Assets</b>	
Cash	\$ 302,968
Due from individuals	1,149
	<u>1,149</u>
<b>Total Assets</b>	<u><u>\$ 304,117</u></u>
<b>Liabilities</b>	
Due to other funds	\$ 19,060
Due to Board of County Commissioners	28,630
Due to other governments	36,002
Due to Indigent Health Care Special District	891
Deposit - installment taxes	219,534
	<u>219,534</u>
<b>Total Liabilities</b>	<u><u>\$ 304,117</u></u>

The accompanying notes are an integral part of these special-purpose financial statements.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE A - REPORTING ENTITY**

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

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

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

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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

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

**HARDEE COUNTY  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Funds:**

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

**Fiduciary Funds:**

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

**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**

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

**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 special-purpose financial statements for the general fund, where the Tax Collector has legally adopted an annual budget. Final budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

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

The 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.

**HARDEE COUNTY  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital assets purchased by the Tax Collector are recorded as expenditures. Tangible personal property used in the Tax Collector's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Board as provided by the Florida Statutes.

**Accumulated Unpaid Vacation and Sick Pay**

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

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1st – 9 <sup>th</sup> year	10 days
10 <sup>th</sup> – 19 <sup>th</sup> year	15 days
20 years plus	20 days

No amount of annual leave may be accumulated at year end. If there is any annual leave remaining at December 31 of each year, it is lost.

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 – 24 years	25%
25 – 29 years	37.5%
30 years plus	50%

**Use of Estimates**

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

**Deferred Revenue**

In 2009, the Tax Collector collected revenues related to certain licenses which were not due until future years. Generally accepted accounting principles in the United States of America (GAAP) require that revenues collected in advance of the fiscal year be recorded as revenue of the period to which they apply.

**HARDEE COUNTY  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Therefore, the collection of certain licenses which were not yet due at the end of the fiscal year is reflected as deferred revenue on the accompanying special-purpose balance sheet.

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Tax Collector under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Tax Collector. Such liabilities and expenses are included in the Financial Statements of Hardee County, Florida.

**NOTE C – 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, 2009, the carrying amount of the Tax Collector's deposits was \$580,305 and the bank balance was \$630,529. The Tax Collector's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE D – 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.

FRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. 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  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE D – EMPLOYEE BENEFITS (continued)**

The 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. FRS 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 and administrative/educational fee of 0.05%.

The Tax Collector's contributions to FRS for the years ended September 30, 2009, 2008, and 2007, were \$31,717, \$34,979, and \$37,556, respectively, equal to the required contributions for each year.

**NOTE E – COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2009:

	<b>Balance October 1, 2008</b>	<b>Net Additions</b>	<b>Balance September 30, 2009</b>
Accrued Compensated Absences	\$ 4,693	\$ 850	\$ 5,543

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

**HARDEE COUNTY  
TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE F – RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2009 were as follows:

The General Fund of the Hardee Tax Collector received revenue from the Board of County Commissioners in the amount of \$532,058 for the year ended September 30, 2009. The General Fund disbursed cash to the Board of County Commissioners in the amount of \$587,965 and \$257,906 was due to the Board of County Commissioners at September 30, 2009.

**NOTE G – RISK MANAGEMENT**

The Tax Collector participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk pool. The following types of risk are provided for under the risk management pool:

- Professional Liability
- Automobile Liability
- Public Officials' Liability
- Workers' Compensation

**HARDEE COUNTY  
TAX COLLECTOR  
COMBINING SPECIAL-PURPOSE SCHEDULE OF FIDUCIARY  
ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
September 30, 2009**

	<u>Tax Collector Fund</u>	<u>Motor Vehicle Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 280,837	\$ 22,131	\$ 302,968
Due from individuals	<u>732</u>	<u>417</u>	<u>1,149</u>
<b>Total Assets</b>	<u><u>\$ 281,569</u></u>	<u><u>\$ 22,548</u></u>	<u><u>\$ 304,117</u></u>
<b>Liabilities</b>			
Due to other funds	\$ 4,354	\$ 14,706	\$ 19,060
Due to Board of County Commissioners	28,373	257	28,630
Due to other governments	28,417	7,585	36,002
Due to Indigent Health Care Special District	891	-	891
Deposit - installment taxes	<u>219,534</u>	<u>-</u>	<u>219,534</u>
<b>Total Liabilities</b>	<u><u>\$ 281,569</u></u>	<u><u>\$ 22,548</u></u>	<u><u>\$ 304,117</u></u>

**HARDEE COUNTY  
TAX COLLECTOR  
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN FIDUCIARY  
ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
September 30, 2009**

	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2009</u>
<b><u>TAX COLLECTOR FUND</u></b>				
<b>Assets</b>				
Cash	\$ 257,866	\$33,120,359	\$33,097,388	\$ 280,837
Due from individuals	-	732	-	732
Due from other funds	587	225,609	226,196	-
<b>Total Assets</b>	<u>\$ 258,453</u>	<u>\$33,346,700</u>	<u>\$33,323,584</u>	<u>\$ 281,569</u>
<b>Liabilities</b>				
Due to individuals	\$ 14,528	\$ 1,558,501	\$ 1,573,029	\$ -
Due to other funds	3,462	138,968	138,076	4,354
Due to Board of County Commissioners	11,729	16,103,313	16,086,669	28,373
Due to other governments	14,916	14,791,160	14,777,659	28,417
Due to Indigent Health Care Special District	-	535,224	534,333	891
Deposit - installment taxes	213,818	219,534	213,818	219,534
<b>Total Liabilities</b>	<u>\$ 258,453</u>	<u>\$33,346,700</u>	<u>\$33,323,584</u>	<u>\$ 281,569</u>
<b><u>MOTOR VEHICLE FUND</u></b>				
<b>Assets</b>				
Cash	\$ 34,512	\$ 2,213,852	\$ 2,226,233	\$ 22,131
Due from individuals	982	417	982	417
Due from other funds	749	-	749	-
<b>Total Assets</b>	<u>\$ 36,243</u>	<u>\$ 2,214,269</u>	<u>\$ 2,227,964</u>	<u>\$ 22,548</u>
<b>Liabilities</b>				
Due to other funds	\$ 6,851	\$ 148,564	\$ 140,709	\$ 14,706
Due to Board of County Commissioners	431	7,013	7,187	257
Due to other governments	28,961	2,058,692	2,080,068	7,585
<b>Total Liabilities</b>	<u>\$ 36,243</u>	<u>\$ 2,214,269</u>	<u>\$ 2,227,964</u>	<u>\$ 22,548</u>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 292,378	\$35,334,211	\$35,323,621	\$ 302,968
Due from Individuals	982	1,149	982	1,149
Due from other funds	1,336	225,609	226,945	-
<b>Total Assets</b>	<u>\$ 294,696</u>	<u>\$35,560,969</u>	<u>\$35,551,548</u>	<u>\$ 304,117</u>
<b>Liabilities</b>				
Due to individuals	\$ 14,528	\$ 1,558,501	\$ 1,573,029	\$ -
Due to other funds	10,313	287,532	278,785	19,060
Due to Board of County Commissioners	12,160	16,110,326	16,093,856	28,630
Due to other governments	43,877	16,849,852	16,857,727	36,002
Due to Indigent Health Care Special District	-	535,224	534,333	891
Deposit - installment taxes	213,818	219,534	213,818	219,534
<b>Total Liabilities</b>	<u>\$ 294,696</u>	<u>\$35,560,969</u>	<u>\$35,551,548</u>	<u>\$ 304,117</u>

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

The Honorable Zerelda “Zee” Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector (Tax Collector) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 13, 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 Tax Collector’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 material weaknesses.

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. We consider the deficiencies described as items 09-01 and 09-02 in the accompanying schedule of findings and responses to be material weaknesses.

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 that are also considered to be material weaknesses.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Tax Collector in a separate letter dated November 13, 2009.

The Tax Collector's responses to findings identified in our audit are described above. We did not audit the Tax Collector's response and, accordingly, we express no opinion on it.

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

*The NCT Group CPAs, LLP*

November 13, 2009

**HARDEE COUNTY  
TAX COLLECTOR  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Material Weakness**

- 09-01:** Inadequate segregation of duties.
- Condition:** The duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. We also noted the bookkeeper initiates, prepares and reviews journal entries.
- Criteria:** Duties within the accounting function should be delegated so that there are more personnel involved in the cash disbursement, reconciliation process and journal entry transaction process.
- Effect:** Cash accounts are susceptible to irregularities.
- Recommendation:** Segregate the duties within the accounting department.
- Response:** Management concurs. Due to the staffing levels and assigned job responsibilities within the small organization, it is not cost beneficial to properly segregate the accounting function duties. As a mitigating control, the tax collector is knowledgeable of all transactions and proper documentation is maintained for complete accountability for every transaction.

**HARDEE COUNTY  
TAX COLLECTOR  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Material Weakness**

**09-02:** Preparation of Financial Statements

**Condition:** Staff lacks the training to record the Tax Collector's financial transactions and prepare financial statements, or supervise the preparation of financial statements, in accordance with generally accepted accounting principles.

**Criteria:** Someone either in the entity or contracted by the entity should be able to review the preparation of the financial statements.

**Effect:** Financial statements could be misstated.

**Recommendation:** The Tax Collector should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Response:** Management concurs. Due to the staffing levels and assigned job responsibilities within the small organization, it is not cost beneficial to hire a CPA to prepare the financials. Due to the current budget restraints and overall economy, it is not feasible to outsource the preparation of the financial statements. As a mitigating control, the tax collector is knowledgeable of all transactions and reviews the financial statements and related footnotes after they have been prepared by the auditors.

## MANAGEMENT LETTER

The Honorable Zerelda “Zee” Smith  
Hardee County Tax Collector  
Hardee County, Florida

We have audited the special-purpose financial statements of the general fund and aggregate agency fund information of the Hardee County Tax Collector as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated November 13, 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 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated November 13, 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 reports.

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted no such recommendations.

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

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

### **Bank Reconciliations**

#### **Finding**

During our audit procedures, we noted the bank reconciliation did not have an indication of reviewed approval and there was an immaterial error in the bank reconciliation.

#### **Recommendation**

The bank reconciliation should be prepared and signed by an individual and dated and reviewed by an individual and dated. We recommend enhancing the internal controls over the bank reconciliation process to reduce the risk of errors.

#### **Management Response**

Management concurs.

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 A in the Notes to Special-Purpose Financial Statements.

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

*J. R. NET Group CPAs, LLP*

November 13, 2009

**HARDEE COUNTY  
PROPERTY APPRAISER**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

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, 2009. These special-purpose financial statements are the responsibility of the management of the Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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, 2009, 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 November 12, 2009 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 PCT Group CPAs, LLP*

November 12, 2009

**HARDEE COUNTY  
PROPERTY APPRAISER  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
September 30, 2009**

**Assets**

Cash	\$ 101,810
<b>Total Assets</b>	<b>\$ 101,810</b>

**Liabilities and Fund Balance**

**Liabilities**

Deferred revenue	\$ 101,810
<b>Total Liabilities</b>	<b>101,810</b>
<b>Fund balance</b>	
Fund balance	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 101,810</b>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY  
PROPERTY APPRAISER  
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

Year Ended September 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 769,670	\$ 780,593	\$ 682,924	\$ (97,669)
Miscellaneous	-	-	5,391	5,391
<b>Total Revenues</b>	<u>769,670</u>	<u>780,593</u>	<u>688,315</u>	<u>(92,278)</u>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	607,215	618,138	570,394	47,744
Operating expenditures	150,255	150,255	105,842	44,413
Capital outlay	12,200	12,200	12,079	121
<b>Total Expenditures</b>	<u>769,670</u>	<u>780,593</u>	<u>688,315</u>	<u>92,278</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE A – REPORTING ENTITY**

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

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

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

The operations of the 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

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

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Funds**

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

**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 received in cash or when they are considered both measurable and available, and, as such, are susceptible to accrual.

**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 special-purpose financial statements for the general fund, where the Property Appraiser has legally adopted an annual budget. Final budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

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

The 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**

Capital assets purchased by the Appraiser are recorded as expenditures. Tangible personal property used in the Property Appraiser’s operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accumulated Unpaid Vacation and Sick Pay**

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

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
After 1 <sup>st</sup> year	5 days
2 <sup>nd</sup> – 6 <sup>th</sup> year	10 days
7 <sup>th</sup> – 9 <sup>th</sup> year	12 days
10 <sup>th</sup> – 15 <sup>th</sup> year	15 days
16 <sup>th</sup> – 19 <sup>th</sup> year	17 days
20 years plus	20 days

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

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

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

**Use of Estimates**

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

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Revenue**

Chapter 218, Florida Statutes, requires that any excess of revenues over expenditures held by a property appraiser shall be allocated to each governmental unit which was billed and paid for the operation of the property appraiser's office. This excess shall be treated as an advance on the following year's bill. Generally accepted accounting principles in the United States of America (GAAP) require that revenues collected in advance of the fiscal year be recorded as revenue of the period to which they apply. Therefore, the excess of revenues over expenditures at the end of each fiscal year is reflected as deferred revenue on the special-purpose balance sheet.

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Property Appraiser under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Property Appraiser. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**NOTE C – 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, 2009, the carrying amount of the Property Appraiser's deposits was \$101,770 and the bank balance was \$126,808. The Appraiser's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE D – EMPLOYEE BENEFITS**

**Pension Plan**

All full-time employees of the Property Appraiser 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 plan. 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 Property Appraiser 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. FRS 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 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 Property Appraiser's contributions to FRS for the years ended September 30, 2009, 2008, and 2007, were \$47,906, \$50,895, and \$50,456, respectively, equal to the required contributions for each year.

**HARDEE COUNTY  
PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE E – COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2009:

	<b>Balance October 1, 2008</b>	<b>Net Deletions</b>	<b>Balance September 30, 2009</b>
Accrued Compensated Absences	<u>\$ 32,240</u>	<u>\$ (6,594)</u>	<u>\$ 25,646</u>

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

**NOTE F – RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2009, were as follows:

**Budget Appropriation** - The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$642,265 for the year ended September 30, 2009.

**NOTE G – RISK MANAGEMENT**

The Property Appraiser participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk management pool. The following types of risk are provided for under the risk management pool:

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

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

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

We have audited the special-purpose financial statements of the Hardee County Property Appraiser, Hardee County, Florida (Appraiser) as of and for the year ended September 30, 2009, and have issued our report thereon dated November 12, 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, we considered the Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Appraiser's internal control over financial reporting.

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 identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

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 and correct 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 Appraiser's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described as item 09-03 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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 items 09-01 and 09-02 to be material weaknesses.

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 that are also considered to be material weaknesses.

### **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*.

We noted certain matters that we reported to management of the Appraiser in a separate letter dated November 12, 2009.

The Appraiser's responses to findings identified in our audit are described above. We did not audit the Appraiser's response and, accordingly, we express no opinion on it.

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 W&T Group CPAs, LLP*

November 12, 2009

**HARDEE COUNTY  
PROPERTY APPRAISER  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Material Weakness**

**09-01:** Material audit adjustment posted to the general ledger.

**Condition:** An adjustment to record deferred revenue for excess fees was not posted at year end.

**Criteria:** Procedures should be in place to review all accounts at year end to determine they are accurate.

**Effect:** Deferred revenue was materially misstated in the current year.

**Recommendation:** Develop a year end closing procedure to calculate and record deferred revenue in the general ledger as of year end.

**Response:** As a result of the recommendation, we have developed a year end closing procedure to calculate and record deferred revenue in the general ledger.

**Material Weakness**

**09-02:** Inadequate segregation of duties.

**Condition:** The duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. We also noted the bookkeeper initiates, prepares and reviews journal entries.

**Criteria:** Duties within the accounting function should be delegated so that there are more personnel involved in the cash disbursement, reconciliation process and journal entry transaction process.

**Effect:** Cash accounts are susceptible to fraud or misstatement.

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

**Response:** As you are aware, in small offices segregation of duties can be extremely difficult and cost prohibitive. However, based on your recommendation, we have developed some accounting procedures that will minimize our susceptibility to fraud or misstatement.

**HARDEE COUNTY  
PROPERTY APPRAISER  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Significant Deficiency**

- 09-03:** Inadequate controls over cash disbursements.
- Condition:** During our audit procedures we noted certain invoices that did not have documentation of review and approval by management.
- Criteria:** Procedures should be in place for management to review, approve and document as such for all invoices prior to payment.
- Effect:** Cash accounts are susceptible to fraud or misstatement.
- Recommendation:** Management should establish policies and procedures which require all invoices to be reviewed and approved prior to payment.
- Response:** Though management has always approved the payment of invoices through the disbursement of checks, we did not always review the invoices of all routine, monthly expenditures. We have established policies and procedures which require all invoices to be reviewed and approved prior to payment.

## MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Hardee County Property Appraiser (“Appraiser”), as of and for the fiscal year ended September 30, 2009.

We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated November 12, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. The 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. 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 noted the following recommendation:

### Utilize timesheets for all pay periods

#### **Finding**

During our audit procedures it we noted timesheets were not being utilized by employees for the pay periods ending on the 15<sup>th</sup> of each month.

#### **Recommendation**

We recommend timesheets be used for all pay periods to accurately document payroll expenses.

#### **Management Response**

In accordance with the recommendation, we have developed timesheets and initiated procedures where time is to be documented for each pay period rather than one time per month.

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

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

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



November 12, 2009

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

**September 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the special-purpose financial statements of the general fund of the Hardee County Supervisor of Elections (Supervisor) as of and for the year ended September 30, 2009. These special-purpose financial statements are the responsibility of the management of the Supervisor. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

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, 2009, 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 22, 2009 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*

December 22, 2009

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
September 30, 2009**

<b>Assets</b>	
Cash	\$ 26,662
Accounts receivable	<u>323</u>
<b>Total Assets</b>	<b><u><u>\$ 26,985</u></u></b>
 <b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accrued expenses	\$ 6,323
Due to Board of County Commissioners	10,246
Deferred revenue	<u>10,416</u>
<b>Total Liabilities</b>	<b><u>26,985</u></b>
 <b>Fund Balance</b>	
Fund Balance	<u>-</u>
<b>Total Fund Balance</b>	<b><u>-</u></b>
 <b>Total Liabilities and Fund Balance</b>	 <b><u><u>\$ 26,985</u></u></b>

The accompanying notes are an integral part of these special-purpose financial statements.

**HARDEE COUNTY**  
**SUPERVISOR OF ELECTIONS**  
**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Appropriation from Board of County Commissioners	\$ 290,279	\$ 290,279	\$ 290,278	\$ (1)
Intergovernmental	-	-	240	240
Interest income	-	-	34	34
Miscellaneous	-	-	21,423	21,423
<b>Total Revenues</b>	<u>290,279</u>	<u>290,279</u>	<u>311,975</u>	<u>21,696</u>
<b>Expenditures</b>				
Current:				
General government:				
Salaries and benefits	191,383	191,383	224,675	(33,292)
Operating expenditures	95,896	95,896	75,104	20,792
Capital outlay	3,000	3,000	1,950	1,050
<b>Total Expenditures</b>	<u>290,279</u>	<u>290,279</u>	<u>301,729</u>	<u>(11,450)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>10,246</u>	<u>10,246</u>
<b>Other Financing Uses</b>				
Transfer to the Board of County Commissioners	-	-	(10,246)	(10,246)
<b>Total Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>(10,246)</u>	<u>(10,246)</u>
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these special- purpose financial statements.

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**HARDEE COUNTY**  
**SUPERVISOR OF ELECTIONS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

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

The operations of the Supervisor are funded by the Board of County Commissioners. The receipts from the Board are recorded as revenue on the Supervisor's special-purpose financial statements.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

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

**Governmental Funds**

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

**HARDEE COUNTY**  
**SUPERVISOR OF ELECTIONS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE B – 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. 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 received in cash or when they are considered both measurable and available, and, as such, are susceptible to accrual.

**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 Supervisor for the general fund. Budget to actual comparisons are provided in the special-purpose financial statements for the general fund, where the Supervisor has legally adopted an annual budget. Final budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year.

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

The Supervisor’s annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. At September 30, 2009, actual expenditures exceeded the total budget due to expenditures related to a special election. All appropriations lapse at year-end.

**Capital Assets**

Capital assets purchased by the Supervisor are recorded as expenditures. Tangible personal property used in the Supervisor’s operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

**Accumulated Unpaid Vacation and Sick Pay**

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

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1 <sup>st</sup> – 5 <sup>th</sup> year	10 days
6 <sup>th</sup> – 10 <sup>th</sup> year	15 days
11 years plus	20 days

The maximum permissible accumulation of annual leave is 320 hours. Any accumulation in excess of 320 hours of annual leave at December 31 of each year is lost. At termination, employees are paid for any accumulated annual leave up to 320 hours.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, at a rate of 25% after one year of employment and 50% after twenty years of employment.

**Use of Estimates**

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

**Other Postemployment Benefit Obligations**

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, which was implemented by Hardee County, Florida for the year ended September 30, 2009, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Supervisor under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Supervisor. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

**Deferred Revenue**

According to the State of Florida, funding that is received from the State for Elections is to be deposited in a separate bank account and accounted for as deferred revenue until the funds are utilized in operations. Generally accepted accounting principles in the United States of America (GAAP) require that revenues collected in advance of the fiscal year be recorded as revenue of the period in which they apply.

**HARDEE COUNTY**  
**SUPERVISOR OF ELECTIONS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**  
September 30, 2009

**NOTE C – 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, 2009, the carrying amount of the Supervisor's deposits was \$26,662 and the bank balance was \$29,487. The Supervisor's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Any remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE D – EMPLOYEE BENEFITS**

**Pension Plan**

All full-time employees of the Supervisor 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 plan. 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 Supervisor 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. FRS 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 Supervisor are required to contribute 9.85%

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE D – EMPLOYEE BENEFITS (continued)**

**Pension Plan (continued)**

of the compensation for regular members, 10.91% for DROP members, and 16.53% for county elected officials, which includes the health insurance subsidy contribution of 1.11% and administrative/educational fee of 0.05%.

The Supervisor’s contributions to FRS for the years ended September 30, 2009, 2008, and 2007, were \$21,133, \$18,646, and \$16,652, respectively, equal to the required contributions for each year.

**NOTE E – COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences obligations for the year ended September 30, 2009:

	Balance October 1, 2008	Net Additions	Balance September 30, 2009
	<u>          </u>	<u>          </u>	<u>          </u>
Accrued Compensated Absences	\$ 4,834	\$ 2,753	\$ 7,587
	<u>          </u>	<u>          </u>	<u>          </u>

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

**NOTE F – RELATED PARTY TRANSACTIONS**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2009, were as follows:

**Budget Appropriation** - The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$290,278 for the fiscal year ended September 30, 2009.

**NOTE G – RISK MANAGEMENT**

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

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

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

The Honorable Jeffery Ussery  
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, 2009, and have issued our report thereon dated December 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, 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 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 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 and material weaknesses.

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 Supervisor's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as items 09-06 and 09-07 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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.

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 that are considered to also be material weaknesses. However, we consider items 09-01, 09-02, 09-03, 09-04 and 09-05 to be material weaknesses.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Supervisor in a separate letter dated December 22, 2009.

The Supervisor's responses to findings identified in our audit are described above. We did not audit the Supervisor's response and, accordingly, we express no opinion on it.

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

*The NCT Group CPAs, LLP*

December 22, 2009

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF PRIOR YEAR FINDINGS  
September 30, 2009**

**Material Weakness**

**02-3:** Inadequate segregation of duties.

**Condition:** Duties within the accounting function are not adequately segregated. Currently, the bookkeeper initiates, prepares, disburses, and signs checks, and also prepares bank deposits and bank reconciliations.

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

**Current Status:** This same condition was noted during the current year.

**Material Weakness**

**07-1:** Preparation of financial statements.

**Condition:** Staff lacks the formal training to prepare financial statements, or supervise the preparation of financial statements in accordance with generally accepted accounting principles.

**Recommendation:** The Supervisor should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Current Status:** This same condition was noted during the current year.

**Material Weakness**

**07-2:** Material audit adjustments.

**Condition:** Several adjustments had to be made in order for the financial statements to be fairly presented in accordance with generally accepted accounting principles.

**Recommendation:** The Supervisor should obtain assistance in maintaining the general ledger to assure that the accounting records and financial reports are prepared in accordance with generally accepted accounting principles.

**Current Status:** This same condition was noted during the current year.

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009**

**Material Weakness**

**09-01:** Same as 02-3

**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.

**Material Weakness**

**09-02:** Same as 07-1

**Response:** The Supervisor will consult with an accounting firm for assistance in recording non-routine transactions and preparing financial reports.

**Material Weakness**

**09-03:** Same as 07-2

**Response:** The Supervisor will obtain assistance in maintaining the general ledger to assure that non-routine transactions are posted properly.

**Material Weakness**

**09-04:** Bank reconciliations.

**Condition:** Bank reconciliation for the operating account for September 2009 did not reconcile due to checks written in October 2009 being listed as outstanding and transfers listed as outstanding, when they had cleared in previous months. Material audit adjustments had to be made in order for cash to be correctly stated.

**Criteria:** Procedures should be implemented to reconcile cash balances per the general ledger to bank statements and to review bank reconciliations for old outstanding items.

**Effect:** Cash was materially misstated during the year.

**Recommendation:** Reconcile the bank account monthly and investigate any long outstanding items on the reconciliation.

**Response:** Management will insure that QuickBooks does not carry over transactions from the next month resulting in an adjustment.

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009 (continued)**

**Material Weakness**

- 09-05:** Actual expenditures greater than budget.
- Condition:** Total actual expenditures were greater than total budgeted expenditures for 2009.
- Criteria:** Section 129.07, Florida Statutes
- Effect:** Total expenditures not in conformity with Florida statutes.
- Recommendation:** A periodic review should be made of total expenditures to ascertain whether a budget amendment is needed to stay in compliance with F.S. 129.07.
- Response:** As this has never happened before, management will make sure that in the event there is additional expenditures and revenues due to a special election that management will make an amendment to the budget to show the additional funds taken in to meet statute requirements.

**Significant Deficiency**

- 09-06:** Supervisor of Election's salary.
- Condition:** Salary payments made to the Supervisor of Elections were \$323 more than the statutory amount.
- Criteria:** Section 145.09, Florida Statutes
- Effect:** Supervisor's salary not in conformity with the statutory amount.
- Recommendation:** A periodic review should be made of the Supervisor's salary agreement to F.S. 145.09.
- Response:** Bookkeeper will recheck figures to see that they meet state salary listings.

**Significant Deficiency**

- 09-07:** Supporting documentation and/or check missing when testing expenses.
- Condition:** During our audit, it was noted that supporting documentation for certain checks was missing. There was also one instance where a check, along with supporting documentation, could not be found.
- Criteria:** All cash disbursements should have back up documentation supporting the check.

**HARDEE COUNTY  
SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2009 (continued)**

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

**Recommendation:** Back up documentation should be attached to all check stubs.

**Response:** All persons in the Supervisor office will strive to see that all documentation and receipts are turned in and attached to check stub.

## 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 Supervisor of Elections of Hardee County, Florida (Supervisor) as of and for the fiscal year ended September 30, 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 Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule which is dated December 22, 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 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 recommendations made in the preceding audit report except as noted in the Schedule of Prior Year Findings; finding numbers 02-3, 07-1, and 07-2. The prior year comment 08-1, has not been corrected and the current status is reported in the Schedule of Findings and Responses 09-05.

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. In connection with our audit, we noted the following recommendations:

### **Check Stock**

#### **Finding**

During our audit procedures we noted the blank check stock was not kept in a secure location.

#### **Recommendation**

We recommend the check stock be kept locked in a secure location at all times.

#### **Management Response**

We will change procedures concerning our finance office to include the recommendations of locking up check stock.

### **Mileage Rates**

#### **Finding**

During our audit procedures it was noted an incorrect (old) mileage rate was being used for reimbursement calculations.

#### **Recommendation**

We recommend the Supervisor use the most current rates.

#### **Management Response**

We will check what the current mileage rates are and increase ours to match, or decrease, as the case may be in the future.

### **Vacation Accrual**

#### **Finding**

During our audit procedures it was noted an employee had 349 hours of accrued vacation time, which is greater than the maximum accrual amount allowed of 320 hours.

#### **Recommendation**

We recommend vacation accruals be reviewed periodically.

#### **Management Response**

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

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

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

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

December 22, 2009