

HARDEE COUNTY, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3-14
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets.....	15
Statement of Activities	16-17
 Fund Financial Statements	
Balance Sheet – Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Transportation Trust Fund	22
Statement of Net Assets – Proprietary Funds	23-24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds	26-27
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	28
 Notes to Financial Statements.....	 29-51
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Non-major Governmental Funds Descriptions.....	52-53
Combining Balance Sheet – Non-major Governmental Funds	54-55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	56-57
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fines and Forfeitures Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fire Control Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Race Track Jai Alai Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Pioneer Park Days Fund	61

TABLE OF CONTENTS (continued)

	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Law Enforcement Trust Fund.....	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Clerk’s Fine and Forfeiture Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – E-911 Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Mining Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Grants Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Transportation Trust Debt Service Fund	67
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds	68-69
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	70-73
 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 <i>Government Auditing Standards</i>	74-75
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of The Auditor General	76-77
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	78-80
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	81
Schedule of Findings and Questioned Costs – State Projects.....	82-83
 MANAGEMENT LETTER	 84-85

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, 2010, and for the year then ended, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 as of September 30, 2010, and the respective changes in financial position and, where applicable, the cash flows and the respective budgetary comparison for the General fund and Major Special Revenue Funds thereof 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 issued our report dated February 11, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3 through 13 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is not a required part of the financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The NCT Group CPAs, LLP

February 11, 2011

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2010

Hardee County Management hereby provides a narrative overview and analysis of the County's financial activities for fiscal year ended September 30, 2010. This report provides comparative data for fiscal years 2009 and 2010.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2010 are as follows:

- Total assets of the County exceeded total liabilities by \$76.9 million. Of this amount, \$67.8 million was invested in capital assets, net of related debt and \$6 million is restricted for various purposes. Unrestricted net assets that may be used to meet ongoing governmental obligations were \$3.1 million.
- The total net assets remained consistent.
- The County's total liabilities decreased by \$502 thousand or 3% from the previous year.
- As of September 30, 2010, the combined total governmental funds fund balance reflected a balance of \$14.9 million, a slight increase from the previous year. Determining this balance was \$17 million in total governmental funds assets, less \$2.1 million in total governmental funds liabilities.
- The County's total unreserved undesignated fund balance was \$14.9 million. Of that amount \$7.9 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, 2010

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 and Transportation Trust 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 17-21 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 22-26 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, 2010

The basic fiduciary fund financial statement can be found on page 27 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 28-50 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 \$76.9 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 (88 percent) reflects its investment in capital assets, (e.g. land, buildings and improvements, equipment and infrastructure) 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 remained constant.

HARDEE COUNTY'S NET ASSETS

NET ASSETS COMPARISON	Governmental Activities		Business-type Activities		Total	
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Current and Other Assets	17,398,158	16,935,371	6,366,763	6,364,488	23,764,921	23,299,859
Capital Assets	52,737,117	52,376,444	16,962,024	17,380,892	69,699,141	69,757,336
Total Assets	70,135,275	69,311,815	23,328,787	23,745,380	93,464,062	93,057,195
Long-term Debt Outstanding	2,314,209	1,706,207	11,366,560	12,246,420	13,680,769	13,952,627
Other Liabilities	2,834,377	2,042,247	188,390	181,609	3,022,767	2,223,856
Total Liabilities	5,148,586	3,748,454	11,554,950	12,428,029	16,703,536	16,176,483
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	51,542,985	52,016,206	14,962,024	15,805,892	66,505,009	67,822,098
Restricted	6,516,473	5,892,858	-	-	6,516,473	5,892,858
Unrestricted	6,927,231	7,654,297	(3,188,188)	(4,488,541)	3,739,043	3,165,756
Total Net Assets	64,986,689	65,563,361	11,773,836	11,317,351	76,760,525	76,880,712

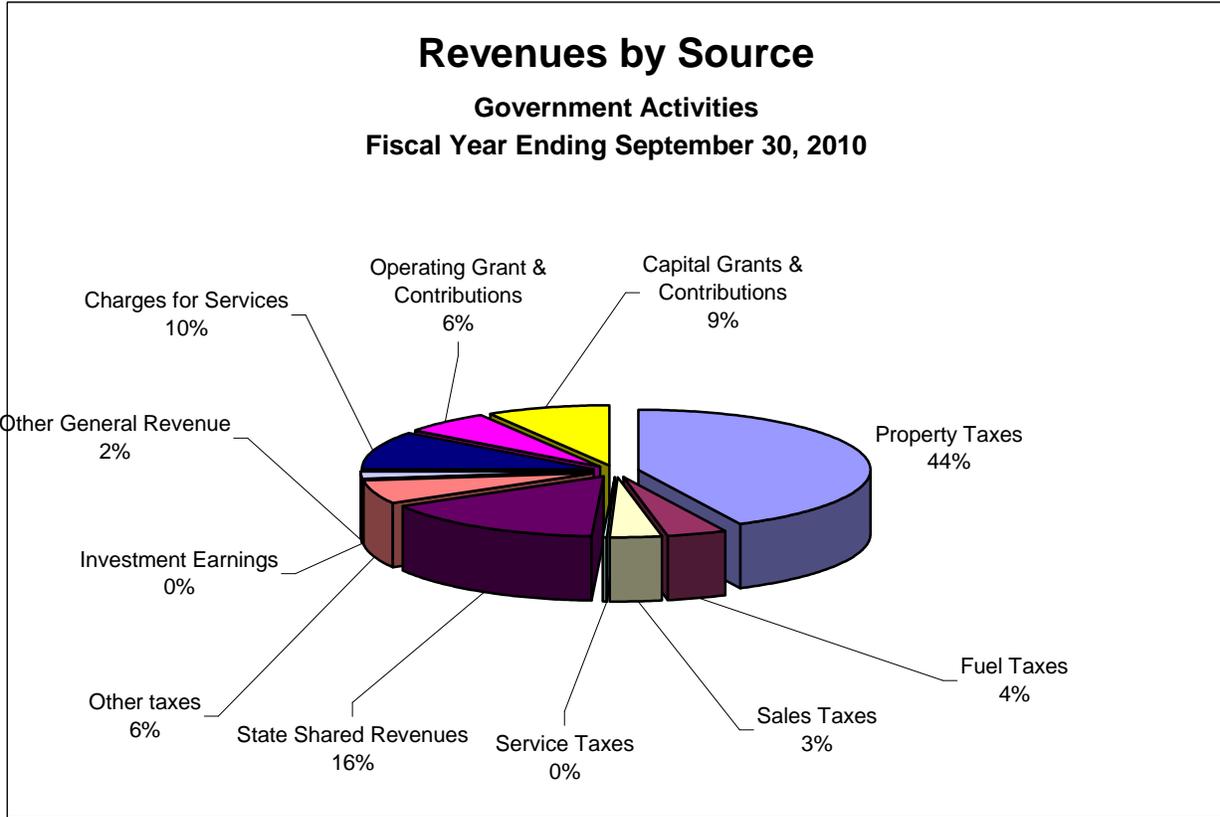
HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2010

HARDEE COUNTY CHANGES IN NET ASSETS

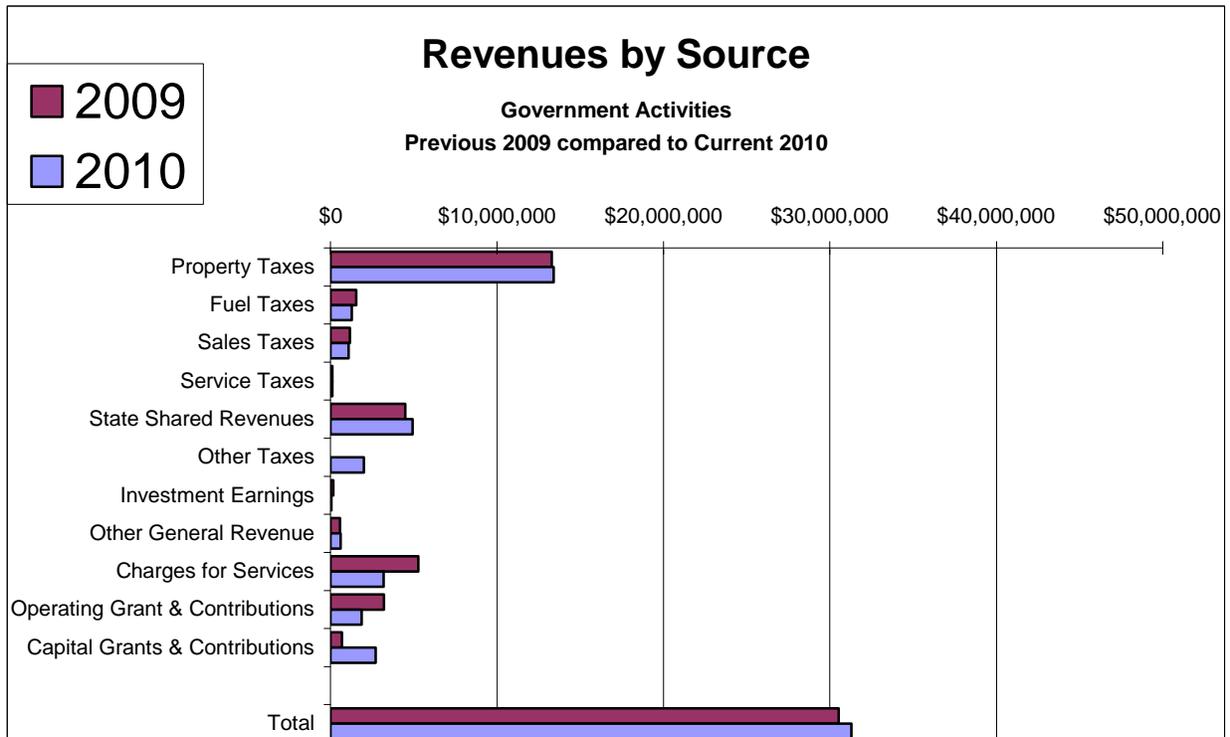
CHANGE IN NET ASSETS	Governmental Activities		Business-type Activities		Total	
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenues:						
Program Revenues:						
Charges for Services	5,267,240	3,189,616	2,176,672	2,156,626	7,443,912	7,805,439
Operating Grants & Contributions	3,213,710	1,878,094	303,583	370,222	3,517,293	2,847,427
Capital Grants & Contributions	684,550	2,722,465	469,994	855,317	1,154,544	3,573,982
General Revenues:						
Property Taxes	13,297,099	13,418,857	-	-	13,297,099	13,418,857
Other Taxes	7,316,862	9,428,125	434,072	437,248	7,750,934	7,072,887
Other	743,126	666,345	244,053	26,009	987,179	430,332
Total Revenues	30,522,587	31,303,502	3,628,374	3,845,422	34,150,961	35,148,924
Expenses:						
General Government	8,502,478	8,427,024	-	-	8,502,478	8,427,024
Public Safety	12,327,683	12,259,705	-	-	12,327,683	12,259,705
Physical Environment	375,030	284,321	-	-	375,030	284,321
Transportation	6,517,687	6,184,482	-	-	6,517,687	6,184,482
Economic Environment	2,364,568	1,005,437	-	-	2,364,568	1,005,437
Human Services	1,116,336	790,363	-	-	1,116,336	790,363
Culture and Recreation	1,323,559	1,066,574	-	-	1,323,559	1,066,574
Debt Service:						
Interest on Long-term Debt	86,812	10,703	-	-	86,812	10,703
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	1,158,656	3,169,715	1,158,656	3,169,715
Wauchula Hills Wastewater	-	-	937,672	944,519	937,672	944,519
Vandolah Wastewater	-	-	106,361	107,973	106,361	107,973
Total Expenses	32,614,153	30,028,609	2,202,689	4,222,207	34,816,842	34,250,816
Excess before transfers	(2,091,566)	1,274,893	1,425,685	(376,785)	(665,881)	898,108
Transfers	104,751	79,700	(104,751)	(79,700)	-	-
Changes in Net Assets	(1,986,815)	1,354,593	1,320,934	(456,485)	(665,881)	898,108
Net Assets - Beginning, restated	66,973,504	64,208,768	10,452,902	11,773,836	77,426,406	75,982,604
Net Assets - Ending	64,986,689	65,563,361	11,773,836	11,317,351	76,760,525	76,880,712

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
 September 30, 2010

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

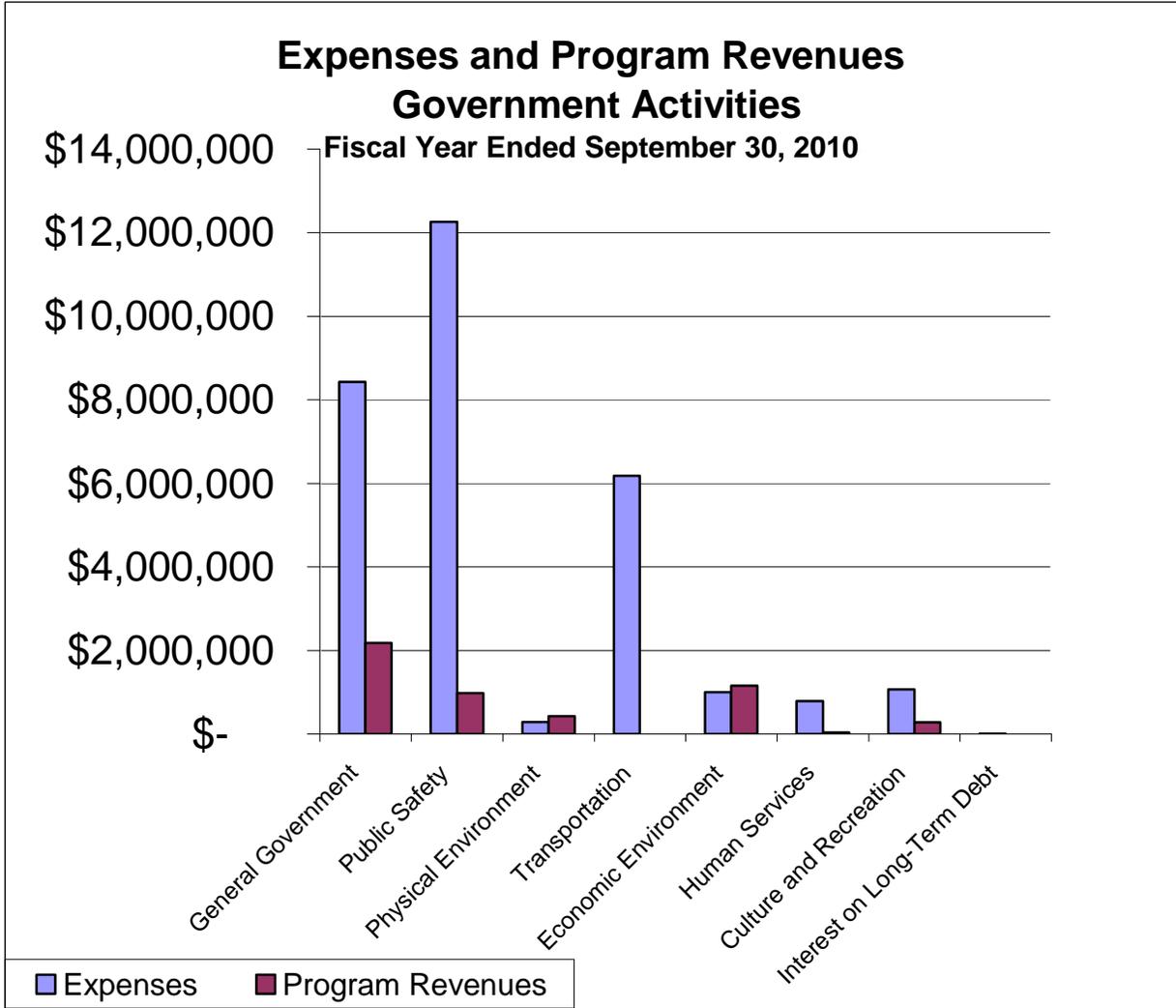


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



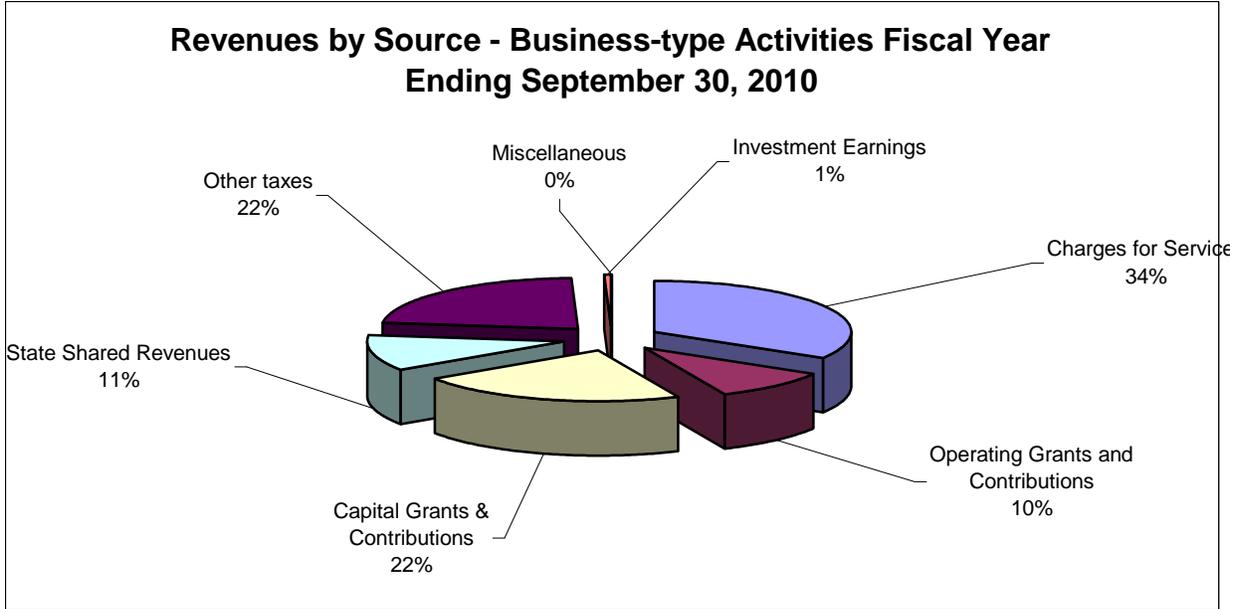
HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
 September 30, 2010

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

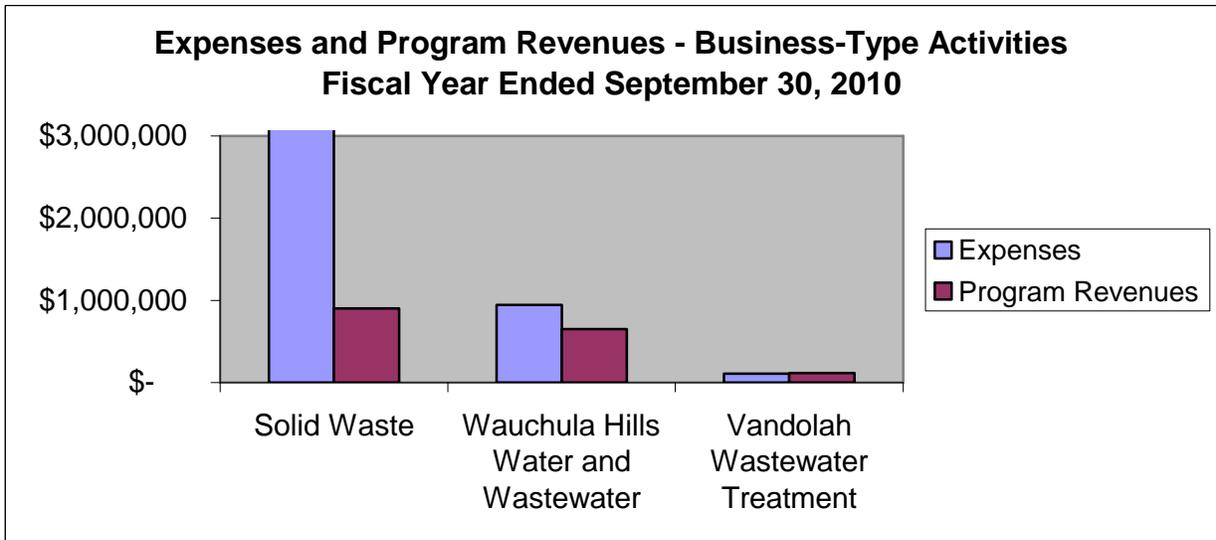


HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
 September 30, 2010

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



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



HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2010

An analysis of the County's "Changes in Net Assets" reflects that the overall revenues have increased by \$998 thousand. Further analysis shows that the overall increase is attributed to a \$781 thousand increase in governmental type activities and a \$217 thousand increase in business-type activities. Major factors contributing to the increase in the government type activities include:

- A \$2 million increase in Capital Grants and Contributions
- A \$2 million decrease in Charges for Services
- A \$1.3 million decrease in Operating Grants
- A \$2.2 million increase in Taxes

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

- A \$385 thousand increase in Capital Grants and Contributions
- A \$218 thousand decrease in Other Revenues

County expenses illustrate an overall decrease of \$566 thousand. The overall decrease was due to a decrease in government type activities of \$2.6 million and an increase in the business-type activities of \$2 million. The decrease of the government type activities expenses was, for the most part, reflective of the following:

- A \$1.4 million decrease in Economic Environment expenditures
- A \$333 thousand decrease in Transportation expenditures
- A \$326 thousand decrease in Human Services expenditures
- A \$257 thousand decrease in Culture and Recreational expenditures

The increase in the expenses of the business-type activities was, for the most part, reflective of the \$2 million increase in capital activities related to landfill activities.

Overall, governmental activities increased net assets by \$1.4 million while business-type activities decreased net assets by \$456 thousand.

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.

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2010

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 \$14.9 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 \$7.9 million, which represents 53% of the total fund balance in the governmental funds. As a measure of the General Fund's liquidity, the total general fund balance represents 45% 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 \$58,672 and may be explained by economic conditions specifically related to a decrease in construction activities. Unrestricted net assets of the Solid Waste Department is (\$2.1) million primarily due to closure and long term care liability. The wastewater revenues were a combined total of \$468 thousand and the unrestricted net assets is \$13.4 million. Activities of the water/wastewater facilities do not yet reflect full scale operations.

BUDGETARY HIGHLIGHTS

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

Differences between the original budget and the final amended budget for the General Fund were relatively minor. Adjustments can mainly be attributed to grant allocations that were not anticipated during the adoption of the budget.

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2010

CAPITAL ASSETS

The County's investments in capital assets for its governmental and business-type activities as of September 30, 2010 were \$130 million (before accumulated depreciation).

Hardee County's Capital Assets
(Net of Depreciation)

CAPITAL ASSETS	Governmental Activities		Business-type Activities		Total	
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Land	3,494,863	3,490,408	962,625	962,625	4,457,488	4,453,033
Construction in Progress	377,684	833,313	-	-	377,684	833,313
Buildings and Improvements	21,549,102	21,717,454	8,769,029	8,769,029	30,318,131	30,486,483
Machinery and Equipment	15,626,784	16,878,439	1,446,323	1,483,628	17,073,107	18,362,067
Infrastructure	62,680,616	64,835,602	9,490,203	10,861,702	72,170,819	75,697,304
Total Net Assets	103,729,049	107,755,216	20,668,180	22,076,984	124,397,229	129,832,200

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

DEBT MANAGEMENT

As of September 30, 2010, the County had total debt outstanding of \$14 million. Of this amount, \$1.9 million is notes payable and capital leases, \$768 thousand is compensated absences, and \$10.7 million is landfill closure and post closure obligations.

Hardee County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Capital Leases	294,132	160,238	-	-	294,132	160,238
Notes payable	900,000	200,000	2,000,000	1,575,000	2,900,000	1,775,000
Postemployment Healthcare	370,000	592,000	-	-	370,000	592,000
Compensated Absences	750,077	753,969	16,065	14,216	766,142	768,185
Landfill Closure/Post Closure Cost	-	-	9,350,495	10,657,204	9,350,495	10,657,204
Total	2,314,209	1,706,207	11,366,560	12,246,420	13,680,769	13,952,627

The County's debt under governmental activities decreased \$608 thousand due to payments on notes payable and capital leases. In business-type activities, debt increased \$880 thousand due to a decrease of \$425 thousand for payments on notes payable and an increase of \$1.3 million for landfill closure and post closure obligations. Additional information on Hardee County's long-term debt can be found in Note G of this report.

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2010

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 2009 was 28,333 which was a 1.5% increase from the previous year's estimate of 27,909 or a net increase of 424.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2010 is 8.3% and reflects an increase from the previous year's 7.8%. The County's rate is lower than the State of Florida's average of 9.8% and lower than the national average of 11.6% for 2010.
- The final taxable value for fiscal year 2010 decreased by 4.4% over fiscal year 2009. New construction was reported as \$19,073,439 in the prior year and decreased to \$12,408,916 in 2010.

The millage rate for fiscal year 2010-11 was set at 6.31% less than the roll back rate and adopted at 8.5540 mills. This can be confusing, as the prior years millage was 8.5540 mills but Truth in Millage requires that each county determine the adopted rate as a percent change from the roll back rate and as property values decrease, we will actually experience roll back rates that are higher than the previous year.

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

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

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009.

HARDEE COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2010

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 \$78.4 million in fiscal year 2010-11.

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, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,009,741	\$ 2,809,214	\$ 16,818,955
Deposit	10,068	3,596	13,664
Accounts receivable, net	431,677	142,670	574,347
Internal balances	(1,228)	1,228	-
Due from other governmental agencies	1,865,818	325,087	2,190,905
Prepaid expenses	344,906	-	344,906
Inventory of supplies, at cost	274,389	-	274,389
Restricted assets:			
Cash and cash equivalents	-	3,082,693	3,082,693
Capital assets, not being depreciated	4,323,721	962,625	5,286,346
Capital assets, net of depreciation	48,052,723	16,418,267	64,470,990
Total assets	69,311,815	23,745,380	93,057,195
LIABILITIES			
Accounts payable			
and accrued liabilities	642,678	114,829	757,507
Deferred revenue	1,036,040	44,214	1,080,254
Due to other governmental agencies	357,813	887	358,700
Deposits	-	21,679	21,679
Accrued interest payable	5,716	-	5,716
Noncurrent liabilities:			
Due within one year	582,528	433,403	1,015,931
Due in more than one year	1,123,679	11,813,017	12,936,696
Total liabilities	3,748,454	12,428,029	16,176,483
NET ASSETS			
Invested in capital assets, net of related debt	52,016,206	15,805,892	67,822,098
Restricted for:			
Debt service	103,825	-	103,825
Fire control	1,285,798	-	1,285,798
Transportation	3,994,092	-	3,994,092
Race Track Jai Alai	3,505	-	3,505
Law Enforcement Trust	99,115	-	99,115
Fines and Forfeiture	8,244	-	8,244
Records Modernization	160,085	-	160,085
Child Support IV-D	97,983	-	97,983
Commissary	94,489	-	94,489
Education	45,722	-	45,722
Unrestricted	7,654,297	(4,488,541)	3,165,756
Total net assets	\$ 65,563,361	\$ 11,317,351	\$ 76,880,712

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

HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 8,427,024	\$ 1,914,198	\$ 269,651	\$ -	\$ (6,243,175)	\$ -	\$ (6,243,175)
Public safety	12,259,705	617,238	364,887	-	(11,277,580)	-	(11,277,580)
Physical environment	284,321	426,398	-	-	142,077	-	142,077
Transportation	6,184,482	2,095	-	2,722,465	(3,459,922)	-	(3,459,922)
Economic environment	1,005,437	-	1,153,238	-	147,801	-	147,801
Human services	790,363	-	38,000	-	(752,363)	-	(752,363)
Culture and recreation	1,066,574	229,687	52,318	-	(784,569)	-	(784,569)
Debt service							
Interest and fiscal charges on long-term debt	10,703	-	-	-	(10,703)	-	(10,703)
Total governmental activities	30,028,609	3,189,616	1,878,094	2,722,465	(22,238,434)	-	(22,238,434)

HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES (continued)
Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-type activities							
Solid Waste	3,169,715	824,684	78,787	-	-	(2,266,244)	(2,266,244)
Wauchula Hills Water and Wastewater	944,519	353,882	295,228	850,034	-	554,625	554,625
Vandolah Wastewater Treatment	107,973	114,303	1,490	-	-	7,820	7,820
Total business-type activities	4,222,207	1,292,869	375,505	850,034	-	(1,703,799)	(1,703,799)
Total primary government	\$34,250,816	\$ 4,482,485	\$ 2,253,599	\$ 3,572,499	(22,238,434)	(1,703,799)	(23,942,233)
		General Revenues					
		Taxes					
					13,418,857	-	13,418,857
					1,289,392	-	1,289,392
					1,092,602	-	1,092,602
					108,665	-	108,665
					4,934,247	437,248	5,371,495
					2,003,219	863,757	2,866,976
					51,974	25,116	77,090
					6,725	(389)	6,336
					607,646	1,282	608,928
					79,700	(79,700)	-
					<u>23,593,027</u>	<u>1,247,314</u>	<u>24,840,341</u>
					1,354,593	(456,485)	898,108
					64,208,768	11,773,836	75,982,604
					<u>\$ 65,563,361</u>	<u>\$ 11,317,351</u>	<u>\$ 76,880,712</u>

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

HARDEE COUNTY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	General	Transportation Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,083,451	\$ 2,825,995	\$ 4,100,295	\$ 14,009,741
Deposits	5,753	4,315	-	10,068
Accounts receivable, net	374,162	11,318	46,197	431,677
Due from other funds	97,664	26,765	5,038	129,467
Due from other governmental agencies	232,515	1,607,208	26,095	1,865,818
Prepaid expenses	340,566	-	4,340	344,906
Inventory of supplies, at cost	274,389	-	-	274,389
Total assets	\$ 8,408,500	\$ 4,475,601	\$ 4,181,965	\$ 17,066,066
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 365,479	\$ 133,895	\$ 143,304	\$ 642,678
Due to other funds	29,538	97,564	3,593	130,695
Due to other governmental agencies	58,425	250,050	49,338	357,813
Deferred revenue	43,245	-	992,795	1,036,040
Total liabilities	496,687	481,509	1,189,030	2,167,226
Fund balances				
Reserved for debt service	-	-	103,825	103,825
Unreserved, reported in:				
General fund	7,911,813	-	-	7,911,813
Special revenue funds	-	3,994,092	2,889,110	6,883,202
Total fund balances	7,911,813	3,994,092	2,992,935	14,898,840
Total liabilities and fund balances	\$ 8,408,500	\$ 4,475,601	\$ 4,181,965	

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.	52,376,444
Long-term liabilities, including notes payable, capital leases, post employment healthcare and accrued compensated absences are not due and payable in the current period, and therefore are not reported in the funds.	(1,706,207)
Accrued general long-term debt interest expenses are not financial uses, and therefore are not reported in the funds.	(5,716)
Net assets of governmental activities	\$ 65,563,361

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

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	<u>General</u>	<u>Transportation Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 14,620,124	\$ 1,289,392	\$ -	\$ 15,909,516
Licenses and permits	164,386	2,095	-	166,481
Intergovernmental	3,166,651	4,555,460	1,812,695	9,534,806
Charges for services	1,187,048	-	1,538,643	2,725,691
Fines and forfeitures	8,364	-	289,080	297,444
Assessments	-	-	2,003,219	2,003,219
Interest	136,777	10,202	13,311	160,290
Miscellaneous	243,625	169,585	111,618	524,828
Total revenues	<u>19,526,975</u>	<u>6,026,734</u>	<u>5,768,566</u>	<u>31,322,275</u>
EXPENDITURES				
Current				
General government	6,143,887	-	1,504,616	7,648,503
Public safety	9,105,950	-	2,270,158	11,376,108
Physical environment	74,671	-	205,542	280,213
Transportation	-	2,994,079	-	2,994,079
Economic environment	-	-	1,007,565	1,007,565
Human services	539,133	-	220,500	759,633
Culture and recreation	839,887	-	58,958	898,845
Capital outlay	732,555	3,049,241	703,372	4,485,168
Debt service				
Principal retirement	51,064	58,434	724,396	833,894
Interest	6,476	3,389	6,175	16,040
Total expenditures	<u>17,493,623</u>	<u>6,105,143</u>	<u>6,701,282</u>	<u>30,300,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,033,352</u>	<u>(78,409)</u>	<u>(932,716)</u>	<u>1,022,227</u>
Other financing sources (uses)				
Transfers in	1,580,579	37,273	1,560,169	3,178,021
Transfers out	(671,480)	(803,400)	(1,623,441)	(3,098,321)
Total other financing sources (uses)	<u>909,099</u>	<u>(766,127)</u>	<u>(63,272)</u>	<u>79,700</u>
Net change in fund balances	2,942,451	(844,536)	(995,988)	1,101,927
Fund balances, beginning of year, as restated	<u>4,969,362</u>	<u>4,838,628</u>	<u>3,988,923</u>	<u>13,796,913</u>
Fund balances, end of year	<u>\$ 7,911,813</u>	<u>\$ 3,994,092</u>	<u>\$ 2,992,935</u>	<u>\$ 14,898,840</u>

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

HARDEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Net change in fund balances - total governmental funds	\$ 1,101,927
<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 (\$4,485,168) exceeded depreciation (\$4,827,068) in the current period.</p>	(341,900)
<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>	(18,773)
<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>	608,002
<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).</p>	<u>5,337</u>
Change in net assets of governmental activities	<u><u>\$ 1,354,593</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 15,049,819	\$ 15,049,819	\$ 14,620,124	\$ (429,695)
Licenses and permits	126,245	127,145	164,386	37,241
Intergovernmental	2,555,419	2,936,352	3,166,651	230,299
Charges for services	824,370	894,758	1,187,048	292,290
Fines and forfeitures	6,000	6,000	8,364	2,364
Interest	57,520	57,520	136,777	79,257
Miscellaneous	122,956	157,255	243,625	86,370
Total revenues	<u>18,742,329</u>	<u>19,228,849</u>	<u>19,526,975</u>	<u>298,126</u>
EXPENDITURES				
Current				
General government	6,610,890	6,762,919	6,143,887	619,032
Public safety	9,440,953	9,764,016	9,105,950	658,066
Physical environment	74,844	75,144	74,671	473
Human services	652,772	652,772	539,133	113,639
Culture and recreation	851,482	885,125	839,887	45,238
Capital outlay	277,560	611,466	732,555	(121,089)
Debt service				
Principal retirement	51,065	51,065	51,064	1
Interest	6,476	6,476	6,476	-
Total expenditures	<u>17,966,042</u>	<u>18,808,983</u>	<u>17,493,623</u>	<u>1,315,360</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>776,287</u>	<u>419,866</u>	<u>2,033,352</u>	<u>1,613,486</u>
Other financing sources (uses)				
Transfers in	884,702	1,248,517	1,580,579	332,062
Transfers out	(683,690)	(711,491)	(671,480)	40,011
Total other financing sources (uses)	<u>201,012</u>	<u>537,026</u>	<u>909,099</u>	<u>372,073</u>
Net change in fund balances	977,299	956,892	2,942,451	1,985,559
Fund balances, beginning of year, as restated	<u>2,393,532</u>	<u>2,421,333</u>	<u>4,969,362</u>	<u>2,548,029</u>
Fund balances, end of year	<u>\$ 3,370,831</u>	<u>\$ 3,378,225</u>	<u>\$ 7,911,813</u>	<u>\$ 4,533,588</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 1,501,961	\$ 1,501,961	\$ 1,289,392	\$ (212,569)
Licenses and permits	-	1,895	2,095	200
Intergovernmental	6,002,287	5,587,443	4,555,460	(1,031,983)
Interest	40,400	40,400	10,202	(30,198)
Miscellaneous	143,750	143,750	169,585	25,835
Total revenues	<u>7,688,398</u>	<u>7,275,449</u>	<u>6,026,734</u>	<u>(1,248,715)</u>
EXPENDITURES				
Current				
Transportation	5,834,926	6,106,736	2,994,079	3,112,657
Capital outlay	5,557,388	4,872,629	3,049,241	1,823,388
Debt service				
Principal retirement	58,435	58,435	58,434	1
Interest	3,390	3,390	3,389	1
Total expenditures	<u>11,454,139</u>	<u>11,041,190</u>	<u>6,105,143</u>	<u>4,936,047</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(3,765,741)</u>	<u>(3,765,741)</u>	<u>(78,409)</u>	<u>3,687,332</u>
Other financing sources (uses)				
Transfers in	124,565	124,565	37,273	(87,292)
Transfers out	(803,400)	(803,400)	(803,400)	-
Total other financing sources (uses)	<u>(678,835)</u>	<u>(678,835)</u>	<u>(766,127)</u>	<u>(87,292)</u>
Net change in fund balances	(4,444,576)	(4,444,576)	(844,536)	3,600,040
Fund balances, beginning of year	<u>3,571,686</u>	<u>3,571,686</u>	<u>4,838,628</u>	<u>1,266,942</u>
Fund balances, end of year	<u>\$ (872,890)</u>	<u>\$ (872,890)</u>	<u>\$ 3,994,092</u>	<u>\$ 4,866,982</u>

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

HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS –
PROPRIETARY FUNDS

September 30, 2010

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
ASSETS				
Current assets				
Cash	\$ 611,283	\$ 1,960,017	\$ 237,914	\$ 2,809,214
Deposits	-	3,596	-	3,596
Accounts receivable, net	97,152	45,518	-	142,670
Due from other funds	2,050	-	-	2,050
Due from other governmental agencies	17	325,070	-	325,087
Total current assets	710,502	2,334,201	237,914	3,282,617
Noncurrent assets				
Restricted cash and cash equivalents	3,082,693	-	-	3,082,693
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	1,384,872	94,247	4,509	1,483,628
Infrastructure	3,967,411	6,894,291	-	10,861,702
Less accumulated depreciation	(3,205,740)	(1,315,507)	(174,845)	(4,696,092)
Total capital assets (net of accumulated depreciation)	5,422,199	10,783,333	1,175,360	17,380,892
Total noncurrent assets	8,504,892	10,783,333	1,175,360	20,463,585
Total assets	\$ 9,215,394	\$13,117,534	\$1,413,274	\$23,746,202

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

HARDEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
September 30, 2010

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
LIABILITIES				
Current liabilities, payable from current assets				
Accounts payable and accrued liabilities	\$ 38,332	\$ 74,625	\$ 1,872	\$ 114,829
Due to other governmental agencies	887	-	-	887
Due to other funds	-	729	93	822
Deposits	14,179	7,500	-	21,679
Deferred revenue	-	5,177	39,037	44,214
Accrued compensated absences	8,403	-	-	8,403
Notes payable - current portion	200,000	225,000	-	425,000
Total current liabilities, payable from current assets	261,801	313,031	41,002	615,834
Noncurrent liabilities				
Accrued compensated absences	5,813	-	-	5,813
Notes payable, less current portion	400,000	750,000	-	1,150,000
Landfill closure and post-closure costs	10,657,204	-	-	10,657,204
Total noncurrent liabilities	11,063,017	750,000	-	11,813,017
Total liabilities	11,324,818	1,063,031	41,002	12,428,851
NET ASSETS				
Invested in capital assets, net of related debt	4,822,199	9,808,333	1,175,360	15,805,892
Unrestricted	(6,931,623)	2,246,170	196,912	(4,488,541)
Total net assets	\$ (2,109,424)	\$12,054,503	\$1,372,272	\$11,317,351

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

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS – PROPRIETARY FUNDS
Year Ended September 30, 2010

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
OPERATING REVENUES				
Charges for services	\$ 824,684	\$ 353,882	\$ 114,303	\$ 1,292,869
Special assessments	863,757	-	-	863,757
Total operating revenues	<u>1,688,441</u>	<u>353,882</u>	<u>114,303</u>	<u>2,156,626</u>
OPERATING EXPENSES				
Personal services	328,078	205,333	55,221	588,632
General and administrative	2,236,510	357,500	29,028	2,623,038
Depreciation	597,137	370,633	23,724	991,494
Total operating expenses	<u>3,161,725</u>	<u>933,466</u>	<u>107,973</u>	<u>4,203,164</u>
Operating income (loss)	<u>(1,473,284)</u>	<u>(579,584)</u>	<u>6,330</u>	<u>(2,046,538)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	78,787	1,582,510	1,490	1,662,787
Interest income	18,827	5,686	603	25,116
Interest expense	(7,990)	(11,053)	-	(19,043)
Loss on disposal of capital assets	-	(389)	-	(389)
Miscellaneous revenue	1,282	-	-	1,282
Total nonoperating revenues (expenses), net	<u>90,906</u>	<u>1,576,754</u>	<u>2,093</u>	<u>1,669,753</u>
Income before transfers	<u>(1,382,378)</u>	<u>997,170</u>	<u>8,423</u>	<u>(376,785)</u>
TRANSFERS				
Transfers in	6,204	2,112	-	8,316
Transfers out	(61,386)	(18,268)	(8,362)	(88,016)
Total transfers	<u>(55,182)</u>	<u>(16,156)</u>	<u>(8,362)</u>	<u>(79,700)</u>
Change in net assets	<u>(1,437,560)</u>	<u>981,014</u>	<u>61</u>	<u>(456,485)</u>
Net assets, beginning of year	<u>(671,864)</u>	<u>11,073,489</u>	<u>1,372,211</u>	<u>11,773,836</u>
Net assets, end of year	<u>\$ (2,109,424)</u>	<u>\$12,054,503</u>	<u>\$1,372,272</u>	<u>\$ 11,317,351</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, 2010

	Business Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES AND RELATED FINANCING ACTIVITIES				
Cash received from customers	\$ 1,666,846	\$ 358,715	\$ 99,000	\$ 2,124,561
Cash paid to suppliers for goods and services	(936,254)	(339,909)	(28,620)	(1,304,783)
Cash paid to employees for services	(329,927)	(205,333)	(55,221)	(590,481)
Net cash from operating activities and related financing activities	<u>400,665</u>	<u>(186,527)</u>	<u>15,159</u>	<u>229,297</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Grants received	78,787	-	-	78,787
Other nonoperating revenue	1,282	-	1,490	2,772
Transfers in (out)	(55,182)	(16,156)	(8,362)	(79,700)
Net cash from noncapital and related financing activities	<u>24,887</u>	<u>(16,156)</u>	<u>(6,872)</u>	<u>1,859</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grant receipts	-	1,145,262	-	1,145,262
Shared revenues from state	-	173,619	-	173,619
Acquisition and construction of capital assets	(74,357)	(1,336,393)	-	(1,410,750)
Principal paid on capital debt	(200,000)	(225,000)	-	(425,000)
Interest paid on capital debt	(7,990)	(11,053)	-	(19,043)
Net cash from capital and related financing activities	<u>(282,347)</u>	<u>(253,565)</u>	<u>-</u>	<u>(535,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends from investments	18,827	5,686	603	25,116
Net cash from investing activities	<u>18,827</u>	<u>5,686</u>	<u>603</u>	<u>25,116</u>
Net increase (decrease) in cash	162,032	(450,562)	8,890	(279,640)
Cash and cash equivalents, beginning of year	<u>3,531,944</u>	<u>2,410,579</u>	<u>229,024</u>	<u>6,171,547</u>
Cash and cash equivalents, end of year	<u>\$ 3,693,976</u>	<u>\$ 1,960,017</u>	<u>\$ 237,914</u>	<u>\$ 5,891,907</u>

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

HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
Year Ended September 30, 2010

	Business Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment	
Reconciliation of net operating income (loss) to net cash from operating activities				
Operating income (loss)	\$(1,473,284)	\$ (579,584)	\$ 6,330	\$(2,046,538)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	597,137	370,633	23,724	991,494
(Increase) decrease in accounts receivable	(21,895)	4,478	-	(17,417)
(Increase) decrease in due from other funds	2,857	-	-	2,857
(Increase) decrease in due from other governmental agencies	1	-	-	1
Increase (decrease) in accounts payable and accrued liabilities	(5,516)	40,399	315	35,198
Increase (decrease) in due to other funds	-	729	93	822
Increase (decrease) in due to other governmental agencies	(3,795)	(23,937)	-	(27,732)
Increase (decrease) in deferred revenues	-	355	(15,303)	(14,948)
Increase (decrease) in accrued compensated absences	(1,849)	-	-	(1,849)
Increase (decrease) in deposits	300	400	-	700
Increase (decrease) in landfill closure and post-closure costs	1,306,709	-	-	1,306,709
Total adjustments	<u>1,873,949</u>	<u>393,057</u>	<u>8,829</u>	<u>2,275,835</u>
Net cash provided by (used in) operating activities	<u>\$ 400,665</u>	<u>\$ (186,527)</u>	<u>\$ 15,159</u>	<u>\$ 229,297</u>
Reconciliation of cash and cash equivalents to proprietary funds statement of net assets				
Current assets				
Cash	\$ 611,283	\$ 1,960,017	\$ 237,914	\$ 2,809,214
Restricted assets				
Cash and cash equivalents	<u>3,082,693</u>	<u>-</u>	<u>-</u>	<u>3,082,693</u>
Total cash and cash equivalents	<u>\$ 3,693,976</u>	<u>\$ 1,960,017</u>	<u>\$ 237,914</u>	<u>\$ 5,891,907</u>

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

HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS
Year Ended September 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 541,428
Due from individuals	<u>2,563</u>
Total assets	<u><u>\$ 543,991</u></u>
 LIABILITIES	
Due to individuals	\$ 156,614
Due to other governments	151,737
Due to Indigent Health Care Special District	676
Deposit - installment taxes	<u>234,964</u>
Total liabilities	<u><u>\$ 543,991</u></u>

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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 the 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, 2010

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, 2010

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, 2010

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

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB Statement No. 34 minimum criteria for major fund determination. The 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.

- **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.

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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Accounts Receivable

Accounts receivable is shown at its 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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue (continued)

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

Capital Assets

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

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

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

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

Depreciation on fixed assets is charged as an expense against operations which is closed to 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
Equipment	5 – 15 years
Infrastructure	10 – 50 years

Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2010 was 8.5540 mills.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

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 percent in the month of November, 3 percent in the month of December, 2 percent in the month of February and 1 percent in the month of February. Taxes paid in March are without discount.

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

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

Accumulated Unpaid Vacation and Sick Pay

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

The County's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for certain sick and accumulated leave if they meet certain criteria. In governmental fund types, the cost of accumulated sick and annual leave is recognized when payments are made to employees. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net assets at September 30, 2010, representing the Board's commitment to fund such costs from future operations.

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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

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

Landfill Closure and Post-closure Costs

The 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, 2010 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, 2010, estimated capacity used was 98.28%. 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*, 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 percent of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the County. The liabilities and expenses associated with the OPEB Plan have been recorded in the accompanying financial statements.

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 (\$14,898,840) differs from *net assets* of governmental activities (\$65,563,361) 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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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

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	\$ 107,755,216
Accumulated depreciation	<u>(55,378,772)</u>
	<u>\$ 52,376,444</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, 2010 were:

Capital leases payable	\$ 160,238
Notes payable	200,000
Postemployment healthcare	592,000
Compensated absences	753,969
Total	<u>\$ 1,706,207</u>

Accrued Interest

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

Accrued interest on capital leases payable and notes payable	<u>\$ 5,716</u>
--	-----------------

Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$1,110,684 between governmental funds have been eliminated for the statement of net assets.

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

The *net change in fund balances* for governmental funds (\$1,101,927) differs from the *change in net assets* for governmental activities (\$1,354,593) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effects of the differences are illustrated below.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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

Explanation of Differences Between the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances (continued):

Capital Related Items

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

Capital outlay	\$ 4,485,168
Depreciation expense	<u>(4,827,068)</u>
Difference	<u><u>\$ (341,900)</u></u>

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

Sale of capital assets	\$ (18,773)
Net adjustment	<u><u>\$ (18,773)</u></u>

Long-term Debt Transactions

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

Principal repayments	
Capital leases payable	\$ 133,894
Notes payable	700,000
Net change in postemployment healthcare	(222,000)
Net change in compensated absences	<u>(3,892)</u>
Net adjustment	<u><u>\$ 608,002</u></u>

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

Net change in accrued interest payable	<u><u>\$ 5,337</u></u>
--	------------------------

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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

Explanation of Differences Between the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances (continued):

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$3,098,321 between governmental activities are eliminated.

NOTE D – CASH AND CASH EQUIVALENTS

Cash deposits and cash equivalents

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

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

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

At September 30, 2010, the carrying amount of the County’s deposits was \$20,443,076 and the bank balances were \$20,934,600. The County’s noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at September 30, 2010:

	<u>General Fund</u>	<u>Transportation Trust</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	\$ 565,853	\$ -	\$ -	\$ -	\$ -	\$ 565,853
Landfill charges	-	-	96,857	44,335	-	141,192
Trade accounts	43,592	11,318	295	1,183	46,197	102,585
Accounts receivable, gross	609,445	11,318	97,152	45,518	46,197	809,630
Allowance for uncollectibles	(235,283)	-	-	-	-	(235,283)
Accounts receivable, net	<u>\$ 374,162</u>	<u>\$ 11,318</u>	<u>\$ 97,152</u>	<u>\$ 45,518</u>	<u>\$ 46,197</u>	<u>\$ 574,347</u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE F – DETAIL OF CAPITAL ASSETS

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

	Balance September 30, 2009	Additions	(Deletions)	Transfers	Balance September 30, 2010
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 3,494,863	\$ -	\$ (4,455)	\$ -	\$ 3,490,408
Construction in progress	377,684	603,368	-	(147,739)	833,313
Total capital assets, not being depreciated	3,872,547	603,368	(4,455)	(147,739)	4,323,721
Capital assets, being depreciated:					
Buildings and improvements	21,549,102	143,044	(2,501)	27,809	21,717,454
Equipment	15,626,784	1,467,753	(216,098)	-	16,878,439
Infrastructure	62,680,616	2,271,003	(235,948)	119,930	64,835,601
Total capital assets, being depreciated	99,856,502	3,881,800	(454,547)	147,739	103,431,494
Less accumulated depreciation for:					
Buildings and improvements	(6,797,177)	(495,879)	2,501	-	(7,290,555)
Equipment	(9,715,909)	(1,330,232)	202,418	-	(10,843,723)
Infrastructure	(34,478,846)	(3,000,957)	235,310	-	(37,244,493)
Total accumulated depreciation	(50,991,932)	(4,827,068)	440,229	-	(55,378,771)
Total capital assets, being depreciated, net	48,864,570	(945,268)	(14,318)	147,739	48,052,723
Governmental activities capital assets, net	\$52,737,117	\$ (341,900)	\$ (18,773)	\$ -	\$ 52,376,444
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Total capital assets, not being depreciated	962,625	-	-	-	962,625
Capital assets, being depreciated:					
Buildings and improvements	8,769,029	-	-	-	8,769,029
Equipment	1,446,323	39,252	(1,947)	-	1,483,628
Infrastructure	9,490,203	1,371,499	-	-	10,861,702
Total capital assets, being depreciated	19,705,555	1,410,751	(1,947)	-	21,114,359
Less accumulated depreciation for:					
Buildings and improvements	(1,579,641)	(25,251)	-	-	(1,604,892)
Equipment	(810,390)	(134,890)	1,557	-	(943,723)
Infrastructure	(1,316,125)	(831,352)	-	-	(2,147,477)
Total accumulated depreciation	(3,706,156)	(991,493)	1,557	-	(4,696,092)
Total capital assets, being depreciated, net	15,999,399	419,258	(390)	-	16,418,267
Business-type activities capital assets, net	\$16,962,024	\$ 419,258	\$ (390)	\$ -	\$ 17,380,892

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE F – DETAIL OF CAPITAL ASSETS (continued)

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

Governmental activities

General government	\$ 635,238
Public safety	791,612
Physical environment	3,145
Transportation	3,197,594
Human services	30,730
Culture/recreation	168,749
Total depreciation expense - governmental activities	<u><u>\$ 4,827,068</u></u>

Business-type activities

Solid Waste	\$ 597,137
Wauchula Hills Water/Wastewater Treatment	370,632
Vandolah Wastewater Treatment	23,724
Total depreciation expense - business-type activities	<u><u>\$ 991,493</u></u>

NOTE G – LONG-TERM DEBT

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

	Balance			Balance	Due Within
	September 30,	Additions	Reductions	September 30,	One Year
	2009			2010	One Year
Governmental activities					
Capital leases	\$ 294,132	\$ -	\$ (133,894)	\$ 160,238	\$ 78,524
Notes payable	900,000	-	(700,000)	200,000	200,000
Postemployment healthcare	370,000	274,000	(52,000)	592,000	-
Compensated absences	750,077	3,892	-	753,969	304,004
Total governmental activities	<u><u>\$ 2,314,209</u></u>	<u><u>\$ 277,892</u></u>	<u><u>\$ (885,894)</u></u>	<u><u>\$ 1,706,207</u></u>	<u><u>\$ 582,528</u></u>
Business-type activities					
Notes payable	\$ 2,000,000	\$ -	\$ (425,000)	\$ 1,575,000	\$ 425,000
Compensated absences	16,065	-	(1,849)	14,216	8,403
Landfill closure and post closure costs	9,350,495	1,306,709	-	10,657,204	-
Total business-type activities	<u><u>\$ 11,366,560</u></u>	<u><u>\$ 1,306,709</u></u>	<u><u>\$ (426,849)</u></u>	<u><u>\$ 12,246,420</u></u>	<u><u>\$ 433,403</u></u>

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

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE G - LONG TERM DEBT (continued)

Capital Leases

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 percent. 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 percent.

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

Asset	
Equipment	\$ 2,007,107
Less accumulated depreciation	<u>(802,530)</u>
Net	<u><u>\$ 1,204,577</u></u>

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

Year Ending September 30,	
2011	\$ 85,031
2012	<u>85,031</u>
Total payments	170,062
Less amount representing interest	<u>(9,824)</u>
Total	<u><u>\$ 160,238</u></u>

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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE G – LONG TERM DEBT (continued)

Notes Payable (continued)

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 \$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>
2011	\$ 200,000	\$ 509	\$ 425,000	\$ 4,038
2012	-	-	425,000	2,996
2013	-	-	725,000	598
	<u>\$ 200,000</u>	<u>\$ 509</u>	<u>\$ 1,575,000</u>	<u>\$ 7,632</u>

NOTE H – OTHER DISCLOSURES

The balance of due from other funds and due to other funds were as follows at September 30, 2010:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 97,664	\$ 29,538
Transportation Trust	26,765	97,564
Non-major Governmental Funds	5,038	3,593
Solid Waste	2,050	-
Wauchula Hills Wastewater	-	729
Non-major Enterprise Funds	-	93
Total	<u>\$ 131,517</u>	<u>\$ 131,517</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, 2010

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 according to the effective rates. The following rates were effective through June 30, 2010: 9.85 percent of the compensation for regular members, 20.92 percent for special risk members, 13.12 percent for the county manager (senior management), 10.42 percent for the extension agent (SUS Optional), 10.91 percent for DROP employees, and 16.53 percent for elected County elected officials, which includes the 1.11 percent health insurance subsidy contribution and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010 the rates are as follows: 10.77 percent of the compensation for regular members, 23.25 percent for special risk members, 14.57 percent for the county manager (senior management), 10.43 percent for the extension agent (SUS Optional), 12.25 percent for DROP employees, and 18.64 percent for elected County officials, which includes the 1.11 percent health insurance subsidy contribution and administrative/educational fee of 0.03 percent.

The County's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$1,802,355, \$1,782,718, and \$1,826,528, respectively, equal to the required contributions for each year.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE J – OTHER POSTEMPLOYMENT BENEFITS

Plan Description – Employees who retire from employment with the County under the County-wide sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100 percent 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 percent 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, 2010, 6 retirees and dependents received healthcare benefits. The County provided contributions of \$52,000 toward the annual OPEB cost comprised of premium contributions. There were no claim benefit payments made on behalf of retirees net of retiree contributions.

Annual OPEB Cost and Net OPEB Obligation - The County’s annual OPEB cost (expense) is calculated based on the annual required contributions of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the County’s annual OPEB cost for the year ended September 30, 2010, the amount contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 272,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	2,000
Annual OPEB cost (expense)	274,000
Contributions made	(52,000)
Increase in net OPEB obligation	222,000
Net OPEB obligation - beginning of year	370,000
Net OPEB obligation - end of year	\$ 592,000

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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, 2010 (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>Net OPEB Obligation</u>
September 30, 2010	\$ 274,000	18.98%	\$ 592,000
September 30, 2009	\$ 453,000	18.32%	\$ 370,000

Funded Status and Funding Progress

The funding status as of September 30, 2010 was as follows

Actuarial accrued liability (a)	\$ 2,154,000
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (c) = (a-b)	<u>2,154,000</u>
Funded ratio (b/a)	0%
Covered payroll (active plan member) (d)	N/A
UALL as a percentage of covered payroll (c/d)	N/A

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

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

In the October 1, 2009, OPEB actuarial valuation, the projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions include a four 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, 2010, is twenty-eight years.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
10/1/2009	\$ -	\$ 2,154,000	\$2,154,000	0.00%	N/A	N/A
10/1/2008	\$ -	\$ 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

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 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 \$10,657,204 at September 30, 2010, represents the cumulative amount reported to date based on an average use of 98.28 percent of the total estimated capacity. The remaining \$186,556 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.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE L – COMMITMENTS AND CONTINGENCIES (continued)

Landfill Closure Commitments (continued)

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance closure and post-closure care financial assurance requirements. The County is in compliance with these requirements at September 30, 2010 with \$3,082,693 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, 2010 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 \$2,109,424 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, 2010

NOTE N – TRANSFERS

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

Transfers during the year ended September 30, 2010, consisted of the following:

Transfers to the General Fund from:

Transportation Trust	\$ 140,000
Non-Major Governmental Funds	1,333,405
Sheriff's Commissary Fund	30,774
Solid Waste Fund	53,250
Wauchula Hills Water/Wastewater Treatment	16,900
Non-Major Enterprise Fund	6,250
	<u>\$ 1,580,579</u>

Transfers to the Transportation Trust Fund from:

General	\$ 5,749
Non-Major Governmental Funds	22,020
Solid Waste Fund	8,136
Wauchula Hills Water/Wastewater Treatment	1,368
	<u>\$ 37,273</u>

Transfers to Non-Major Governmental Funds from:

General	\$ 670,769
Non-Major Governmental Funds	889,400
	<u>\$ 1,560,169</u>

Transfers to Wauchula Hills Water/Wastewater Treatment from:

Non-Major Enterprise Funds	<u>\$ 2,112</u>
----------------------------	-----------------

Transfers to the Solid Waste Fund from:

General	\$ 5,038
Non-Major Governmental Funds	1,166
	<u>\$ 6,204</u>

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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, 2010

ASSETS		
Cash	\$	385,674
Due from other governments		135
Total assets	\$	385,809
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	476
Due to other funds		36
Deferred revenue		385,297
Total liabilities		385,809
Fund balance		-
Total liabilities and fund balance	\$	385,809

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 350,000	\$ 141,578	\$ 356,885	\$ 215,307
Interest	8,000	2,000	1,555	(445)
Miscellaneous	25,000	25,000	23,583	(1,417)
Total revenues	383,000	168,578	382,023	213,445
EXPENDITURES				
Economic Environment	983,000	769,183	382,023	387,160
Total expenditures	983,000	769,183	382,023	387,160
Excess (deficiency) of revenue over (under) expenditures	(600,000)	(600,605)	-	600,605
Other financing sources (uses)				
Transfers in	-	321,155	-	(321,155)
Transfers out	-	(321,164)	(10)	321,154
Net change in fund balances	(600,000)	(600,614)	(10)	600,604
Fund balances, beginning of year	600,000	600,605	-	(600,605)
Fund balances, end of year	\$ -	\$ (9)	\$ (10)	\$ (1)

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE P – HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND

The Hurricane Housing Recovery Program Trust Fund is included in the Grants Fund. This grant program was completed in the current fiscal year. Separate financial information for this fund is reported below:

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 604,678	\$ 604,678
Interest	-	882	813	(69)
Total revenues	<u>-</u>	<u>882</u>	<u>605,491</u>	<u>604,609</u>
EXPENDITURES				
Economic environment	135,946	605,562	605,562	-
Total expenditures	<u>135,946</u>	<u>605,562</u>	<u>605,562</u>	<u>-</u>
Net change in fund balances	(135,946)	(604,680)	(71)	604,609
Fund balances, beginning of year	<u>135,946</u>	<u>604,680</u>	<u>-</u>	<u>(604,680)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71)</u>	<u>\$ (71)</u>

NOTE P – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that prior year receivables were overstated and incorrectly recorded. To correct this error, the beginning fund balance of the General Fund of \$5,747,283, as originally reported, has been decreased to \$4,969,362. In addition, the beginning net assets for governmental activities of \$64,986,689 as originally reported, has been decreased to \$64,208,768.

HARDEE COUNTY, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

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

Fire Control Fund – The Fire Control Fund accounts for assessments related to providing County-wide 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.

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

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

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

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

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

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

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

HARDEE COUNTY, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS

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, 2010

	Special Revenue Funds							
	Fines and Forfeitures	Fire Control	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
ASSETS								
Cash and cash equivalents	\$1,317,154	\$ 1,319,139	\$ 3,505	\$ 170,214	\$ 99,115	\$ 80,580	\$ 56,313	\$ 171,741
Accounts receivable, net	-	-	-	-	-	10	-	46,052
Due from other funds	-	5,038	-	-	-	-	-	-
Due from other governmental agencies	-	8,355	-	-	-	138	9,437	-
Prepaid expense	-	-	-	-	-	4,340	-	-
Total assets	<u>\$1,317,154</u>	<u>\$ 1,332,532</u>	<u>\$ 3,505</u>	<u>\$ 170,214</u>	<u>\$ 99,115</u>	<u>\$ 85,068</u>	<u>\$ 65,750</u>	<u>\$ 217,793</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 31,403	\$ 43,069	\$ -	\$ 978	\$ -	\$ 40,483	\$ 9,399	\$ 14,772
Due to other funds	54	3,318	-	-	-	-	-	85
Due to other governmental agencies	1,336	347	-	-	-	36,341	11,218	-
Deferred revenue	566,802	-	-	25,926	-	-	14,769	-
Total liabilities	<u>599,595</u>	<u>46,734</u>	<u>-</u>	<u>26,904</u>	<u>-</u>	<u>76,824</u>	<u>35,386</u>	<u>14,857</u>
Fund balances								
Reserved for debt service	-	-	-	-	-	-	-	-
Unreserved	717,559	1,285,798	3,505	143,310	99,115	8,244	30,364	202,936
Total fund balances	<u>717,559</u>	<u>1,285,798</u>	<u>3,505</u>	<u>143,310</u>	<u>99,115</u>	<u>8,244</u>	<u>30,364</u>	<u>202,936</u>
Total liabilities and fund balances	<u>\$1,317,154</u>	<u>\$ 1,332,532</u>	<u>\$ 3,505</u>	<u>\$ 170,214</u>	<u>\$ 99,115</u>	<u>\$ 85,068</u>	<u>\$ 65,750</u>	<u>\$ 217,793</u>

HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET - (continued)
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2010

	Special Revenue Funds					Debt Service Fund	Total All Non-major Governmental Funds
	Grants	Clerk's Records Modernization	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Transportation Trust	
ASSETS							
Cash and cash equivalents	\$ 385,774	\$ 162,906	\$ 89,818	\$ 94,489	\$ 45,722	\$ 103,825	\$ 4,100,295
Accounts receivable, net	135	-	-	-	-	-	46,197
Due from other funds	-	-	-	-	-	-	5,038
Due from other governmental agencies	-	-	8,165	-	-	-	26,095
Prepaid expense	-	-	-	-	-	-	4,340
Total assets	\$ 385,909	\$ 162,906	\$ 97,983	\$ 94,489	\$ 45,722	\$ 103,825	\$ 4,181,965
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 381	\$ 2,819	\$ -	\$ -	\$ -	\$ -	\$ 143,304
Due to other funds	136	-	-	-	-	-	3,593
Due to other governmental agencies	94	2	-	-	-	-	49,338
Deferred revenue	385,298	-	-	-	-	-	992,795
Total liabilities	385,909	2,821	-	-	-	-	1,189,030
Fund balances							
Reserved for debt service	-	-	-	-	-	103,825	103,825
Unreserved	-	160,085	97,983	94,489	45,722	-	2,889,110
Total fund balances	-	160,085	97,983	94,489	45,722	103,825	2,992,935
Total liabilities and fund balances	\$ 385,909	\$ 162,906	\$ 97,983	\$ 94,489	\$ 45,722	\$ 103,825	\$ 4,181,965

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	Special Revenue Funds							
	Fines and Forfeitures	Fire Control	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
REVENUES								
Intergovernmental	\$ 159,520	\$ 11,234	\$ 446,500	\$ -	\$ -	\$ -	\$ 157,693	\$ -
Charges for services	22,952	31,713	-	104,518	-	872,193	-	426,398
Fines and forfeitures	285,200	-	-	-	-	-	-	-
Assessments	-	2,003,219	-	-	-	-	-	-
Interest	6,024	3,012	52	308	232	-	192	489
Miscellaneous	100	1,463	-	637	44,422	-	-	-
Total revenues	<u>473,796</u>	<u>2,050,641</u>	<u>446,552</u>	<u>105,463</u>	<u>44,654</u>	<u>872,193</u>	<u>157,885</u>	<u>426,887</u>
EXPENDITURES								
Current								
General government	525,880	-	-	-	-	884,246	-	-
Public safety	9,427	2,029,801	-	-	41,337	-	177,521	-
Physical environment	-	-	-	-	-	-	-	200,832
Economic environment	-	-	-	-	-	-	-	-
Human services	-	-	220,500	-	-	-	-	-
Culture and recreation	-	-	-	58,958	-	-	-	-
Capital outlay	172,818	502,567	-	7,447	-	-	-	-
Debt service								
Principal retirement	-	24,396	-	-	-	-	-	-
Interest	-	3,094	-	-	-	-	-	-
Total expenditures	<u>708,125</u>	<u>2,559,858</u>	<u>220,500</u>	<u>66,405</u>	<u>41,337</u>	<u>884,246</u>	<u>177,521</u>	<u>200,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(234,329)</u>	<u>(509,217)</u>	<u>226,052</u>	<u>39,058</u>	<u>3,317</u>	<u>(12,053)</u>	<u>(19,636)</u>	<u>226,055</u>
Other financing sources (uses)								
Transfers in	-	835,038	-	-	-	-	50,000	11,731
Transfers out	(1,219,559)	(76,869)	(226,000)	(35,379)	-	-	-	(34,850)
Total other financing sources (uses)	<u>(1,219,559)</u>	<u>758,169</u>	<u>(226,000)</u>	<u>(35,379)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(23,119)</u>
Net change in fund balances	(1,453,888)	248,952	52	3,679	3,317	(12,053)	30,364	202,936
Fund balances, beginning of year	<u>2,171,447</u>	<u>1,036,846</u>	<u>3,453</u>	<u>139,631</u>	<u>95,798</u>	<u>20,297</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 717,559</u>	<u>\$ 1,285,798</u>	<u>\$ 3,505</u>	<u>\$ 143,310</u>	<u>\$ 99,115</u>	<u>\$ 8,244</u>	<u>\$ 30,364</u>	<u>\$ 202,936</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - (continued)
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	<u>Special Revenue Funds</u>					<u>Debt Service</u>	<u>Total All Non-major Governmental Funds</u>
	<u>Grants</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>	
REVENUES							
Intergovernmental	\$ 986,326	\$ -	\$ 51,422	\$ -	\$ -	\$ -	\$ 1,812,695
Charges for services	-	80,869	-	-	-	-	1,538,643
Fines and forfeitures	-	-	-	-	3,880	-	289,080
Assessments	-	-	-	-	-	-	2,003,219
Interest	2,377	-	-	-	-	625	13,311
Miscellaneous	23,582	455	198	40,761	-	-	111,618
Total revenues	<u>1,012,285</u>	<u>81,324</u>	<u>51,620</u>	<u>40,761</u>	<u>3,880</u>	<u>625</u>	<u>5,768,566</u>
EXPENDITURES							
Current							
General government	-	77,742	16,748	-	-	-	1,504,616
Public safety	-	-	-	11,817	255	-	2,270,158
Physical environment	4,710	-	-	-	-	-	205,542
Economic environment	1,007,565	-	-	-	-	-	1,007,565
Human services	-	-	-	-	-	-	220,500
Culture and recreation	-	-	-	-	-	-	58,958
Capital outlay	-	19,389	1,151	-	-	-	703,372
Debt service							
Principal retirement	-	-	-	-	-	700,000	724,396
Interest	-	-	-	-	-	3,081	6,175
Total expenditures	<u>1,012,275</u>	<u>97,131</u>	<u>17,899</u>	<u>11,817</u>	<u>255</u>	<u>703,081</u>	<u>6,701,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10</u>	<u>(15,807)</u>	<u>33,721</u>	<u>28,944</u>	<u>3,625</u>	<u>(702,456)</u>	<u>(932,716)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	663,400	1,560,169
Transfers out	(10)	-	-	(30,774)	-	-	(1,623,441)
Total other financing sources (uses)	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(30,774)</u>	<u>-</u>	<u>663,400</u>	<u>(63,272)</u>
Net change in fund balances	-	(15,807)	33,721	(1,830)	3,625	(39,056)	(995,988)
Fund balances, beginning of year	-	175,892	64,262	96,319	42,097	142,881	3,988,923
Fund balances, end of year	<u>\$ -</u>	<u>\$ 160,085</u>	<u>\$ 97,983</u>	<u>\$ 94,489</u>	<u>\$ 45,722</u>	<u>\$ 103,825</u>	<u>\$ 2,992,935</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
FINES AND FORFEITURES FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 159,520	\$ 159,520
Charges for services	30,000	30,000	22,952	(7,048)
Fines and forfeitures	345,000	355,915	285,200	(70,715)
Interest	500	500	6,024	5,524
Miscellaneous	200	300	100	(200)
Total revenues	375,700	386,715	473,796	87,081
EXPENDITURES				
Current				
General government	1,015,433	1,100,458	525,880	574,578
Public safety	-	10,915	9,427	1,488
Capital outlay	708,761	752,598	172,818	579,780
Total expenditures	1,724,194	1,863,971	708,125	1,155,846
Excess (deficiency) of revenues				
over (under) expenditures	(1,348,494)	(1,477,256)	(234,329)	1,242,927
Other financing sources (uses)				
Transfers out	(492,313)	(813,650)	(1,219,559)	(405,909)
Total other financing sources (uses)	(492,313)	(813,650)	(1,219,559)	(405,909)
Net change in fund balances	(1,840,807)	(2,290,906)	(1,453,888)	837,018
Fund balances, beginning of year	1,841,167	2,290,991	2,171,447	(119,544)
Fund balances, end of year	\$ 360	\$ 85	\$ 717,559	\$ 717,474

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
FIRE CONTROL FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 11,777	\$ 11,234	\$ (543)
Charges for services	34,000	34,000	31,713	(2,287)
Assessments	1,814,084	1,814,084	2,003,219	189,135
Interest	12,000	12,000	3,012	(8,988)
Miscellaneous	1,000	1,000	1,463	463
Total revenues	<u>1,861,084</u>	<u>1,872,861</u>	<u>2,050,641</u>	<u>177,780</u>
EXPENDITURES				
Current				
Public safety	2,154,688	2,198,912	2,029,801	169,111
Capital outlay	490,000	513,055	502,567	10,488
Debt service				
Principal retirement	24,397	24,397	24,396	1
Interest	3,094	3,094	3,094	-
Total expenditures	<u>2,672,179</u>	<u>2,739,458</u>	<u>2,559,858</u>	<u>179,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(811,095)</u>	<u>(866,597)</u>	<u>(509,217)</u>	<u>357,380</u>
Other financing sources (uses)				
Transfers in	835,000	835,000	835,038	38
Transfers out	(91,629)	(76,869)	(76,869)	-
Total other financing sources (uses)	<u>743,371</u>	<u>758,131</u>	<u>758,169</u>	<u>38</u>
Net change in fund balances	(67,724)	(108,466)	248,952	357,418
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>1,036,846</u>	<u>1,036,846</u>
Fund balances, end of year	<u>\$ (67,724)</u>	<u>\$(108,466)</u>	<u>\$1,285,798</u>	<u>\$ 1,394,264</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
RACE TRACK JAI ALAI FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	52	52
Total revenues	<u>446,500</u>	<u>446,500</u>	<u>446,552</u>	<u>52</u>
EXPENDITURES				
Current				
Human services	220,500	220,500	220,500	-
Total expenditures	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>226,000</u>	<u>226,000</u>	<u>226,052</u>	<u>52</u>
Other financing sources (uses)				
Transfers out	(226,000)	(226,000)	(226,000)	-
Total other financing sources (uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net change in fund balances	-	-	52	52
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>3,453</u>	<u>3,453</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,505</u>	<u>\$ 3,505</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
PIONEER PARK DAYS FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 109,000	\$ 109,000	\$ 104,518	\$ (4,482)
Interest	1,000	1,000	308	(692)
Miscellaneous	-	-	637	637
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>105,463</u>	<u>(4,537)</u>
EXPENDITURES				
Current				
Culture and recreation	81,977	81,977	58,958	23,019
Capital outlay	-	8,000	7,447	553
Total expenditures	<u>81,977</u>	<u>89,977</u>	<u>66,405</u>	<u>23,572</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>28,023</u>	<u>20,023</u>	<u>39,058</u>	<u>19,035</u>
Other financing sources (uses)				
Transfers out	(43,200)	(43,200)	(35,379)	7,821
Total other financing sources (uses)	<u>(43,200)</u>	<u>(43,200)</u>	<u>(35,379)</u>	<u>7,821</u>
Net change in fund balances	(15,177)	(23,177)	3,679	26,856
Fund balances, beginning of year	<u>41,000</u>	<u>41,000</u>	<u>139,631</u>	<u>98,631</u>
Fund balances, end of year	<u>\$ 25,823</u>	<u>\$ 17,823</u>	<u>\$ 143,310</u>	<u>\$ 125,487</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
LAW ENFORCEMENT TRUST FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 600	\$ 600	\$ 232	\$ (368)
Miscellaneous	4,000	4,000	44,422	40,422
Total revenues	<u>4,600</u>	<u>4,600</u>	<u>44,654</u>	<u>40,054</u>
EXPENDITURES				
Current				
Public safety	-	41,337	41,337	-
Total expenditures	<u>-</u>	<u>41,337</u>	<u>41,337</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	4,600	(36,737)	3,317	40,054
Fund balances, beginning of year	<u>94,645</u>	<u>94,645</u>	<u>95,798</u>	<u>1,153</u>
Fund balances, end of year	<u><u>\$ 99,245</u></u>	<u><u>\$ 57,908</u></u>	<u><u>\$ 99,115</u></u>	<u><u>\$ 41,207</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
CLERK’S FINE AND FORFEITURE FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 654,145	\$ 872,193	\$ 872,193	\$ -
Miscellaneous	-	20,296	-	(20,296)
Total revenues	<u>654,145</u>	<u>892,489</u>	<u>872,193</u>	<u>(20,296)</u>
EXPENDITURES				
Current				
General government				
Salaries and benefits	572,806	791,357	783,183	8,174
Operating expenditures	81,339	101,132	101,063	69
Total expenditures	<u>654,145</u>	<u>892,489</u>	<u>884,246</u>	<u>8,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(12,053)</u>	<u>(12,053)</u>
Net change in fund balances	-	-	(12,053)	(12,053)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>20,297</u>	<u>20,297</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,244</u>	<u>\$ 8,244</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
E-911 FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 117,600	\$ 147,080	\$ 157,693	\$ 10,613
Interest	1,000	1,000	192	(808)
Total revenues	<u>118,600</u>	<u>148,080</u>	<u>157,885</u>	<u>9,805</u>
EXPENDITURES				
Public safety	205,814	235,294	177,521	57,773
Total expenditures	<u>205,814</u>	<u>235,294</u>	<u>177,521</u>	<u>57,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,214)</u>	<u>(87,214)</u>	<u>(19,636)</u>	<u>67,578</u>
Other financing sources (uses)				
Transfers in	71,525	87,595	50,000	(37,595)
Total other financing sources (uses)	<u>71,525</u>	<u>87,595</u>	<u>50,000</u>	<u>(37,595)</u>
Net change in fund balances	(15,689)	381	30,364	29,983
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (15,689)</u>	<u>\$ 381</u>	<u>\$ 30,364</u>	<u>\$ 29,983</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
MINING FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 652,548	\$ 652,548	\$ 426,398	\$ (226,150)
Interest	200	200	489	289
Total revenues	<u>652,748</u>	<u>652,748</u>	<u>426,887</u>	<u>(225,861)</u>
EXPENDITURES				
Physical environment	583,991	583,991	200,832	383,159
Total expenditures	<u>583,991</u>	<u>583,991</u>	<u>200,832</u>	<u>383,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,757</u>	<u>68,757</u>	<u>226,055</u>	<u>157,298</u>
Other financing sources (uses)				
Transfers in	-	11,731	11,731	-
Transfers out	(40,900)	(40,900)	(34,850)	6,050
Total other financing sources (uses)	<u>(40,900)</u>	<u>(29,169)</u>	<u>(23,119)</u>	<u>6,050</u>
Net change in fund balances	27,857	39,588	202,936	163,348
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 27,857</u>	<u>\$ 39,588</u>	<u>\$ 202,936</u>	<u>\$ 163,348</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GRANTS FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 350,000	\$ 166,341	\$ 986,326	\$ 819,985
Interest	8,000	2,891	2,377	(514)
Miscellaneous	25,000	135,000	23,582	(111,418)
Total revenues	383,000	304,232	1,012,285	708,053
EXPENDITURES				
Current				
Economic environment	1,118,946	1,504,798	1,007,565	497,233
Physical environment	-	4,710	4,710	-
Total expenditures	1,118,946	1,509,508	1,012,275	497,233
Excess (deficiency) of revenues				
over (under) expenditures	(735,946)	(1,205,276)	10	1,205,286
Other financing sources (uses)				
Transfers in	-	321,155	-	(321,155)
Transfers out	-	(321,164)	(10)	321,154
Total other financing sources (uses)	-	(9)	(10)	(1)
Net change in fund balances	(735,946)	(1,205,285)	-	1,205,285
Fund balances, beginning of year	735,946	1,205,285	-	(1,205,285)
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
TRANSPORTATION TRUST DEBT SERVICE FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 1,500	\$ 1,500	\$ 625	\$ (875)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>625</u>	<u>(875)</u>
EXPENDITURES				
Debt service				
Principal retirement	700,000	700,000	700,000	-
Interest	27,000	27,000	3,081	23,919
Total expenditures	<u>727,000</u>	<u>727,000</u>	<u>703,081</u>	<u>23,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(725,500)</u>	<u>(725,500)</u>	<u>(702,456)</u>	<u>23,044</u>
Other financing sources (uses)				
Transfers in	663,400	663,400	663,400	-
Total other financing sources (uses)	<u>663,400</u>	<u>663,400</u>	<u>663,400</u>	<u>-</u>
Net change in fund balances	(62,100)	(62,100)	(39,056)	23,044
Fund balances, beginning of year	<u>62,100</u>	<u>62,100</u>	<u>142,881</u>	<u>80,781</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,825</u>	<u>\$ 103,825</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
September 30, 2010

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's State Juror & Witness</u>	<u>Clerk's County Witness</u>	<u>Clerk's Cash Bond</u>	<u>Clerk's Condemnation Right-of Way</u>
ASSETS							
Cash	\$ 137,346	\$ 623	\$ 17,893	\$ -	\$ 288	\$ 20,615	\$ 1,090
Due from individuals	-	-	-	-	\$ -	-	-
Total assets	<u>\$ 137,346</u>	<u>\$ 623</u>	<u>\$ 17,893</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ 20,615</u>	<u>\$ 1,090</u>
LIABILITIES							
Due to individuals	\$ 23,789	\$ -	\$ 17,893	\$ -	\$ 12	\$ 20,615	\$ 1,090
Due to other governments	113,557	623	-	-	276	-	-
Due to Indigent Health Care Special District	-	-	-	-	-	-	-
Deposit - installment taxes	-	-	-	-	-	-	-
Total liabilities	<u>\$ 137,346</u>	<u>\$ 623</u>	<u>\$ 17,893</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ 20,615</u>	<u>\$ 1,090</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – (continued)
ALL AGENCY FUNDS
September 30, 2010

	<u>Sheriff's Suspense</u>	<u>Sheriff's Collections</u>	<u>Sheriff's Inmate</u>	<u>Sheriff's Youth</u>	<u>Sheriff's Flower</u>	<u>Sheriff's Evidence</u>	<u>Tax Collector Fund</u>	<u>Tax Collector Motor Vehicle Fund</u>	<u>Total</u>
ASSETS									
Cash	\$ 15,410	\$ -	\$ 1,071	\$ 8,768	\$ 2,406	\$ 8,101	\$ 315,408	\$ 12,409	\$ 541,428
Due from individuals	-	-	-	-	-	-	-	2,563	2,563
Total assets	<u>\$ 15,410</u>	<u>\$ -</u>	<u>\$ 1,071</u>	<u>\$ 8,768</u>	<u>\$ 2,406</u>	<u>\$ 8,101</u>	<u>\$ 315,408</u>	<u>\$ 14,972</u>	<u>\$ 543,991</u>
LIABILITIES									
Due to individuals	\$ 15,410	\$ -	\$ 1,071	\$ 8,768	\$ 2,406	\$ 8,101	\$ 57,459	\$ -	\$ 156,614
Due to other governments	-	-	-	-	-	-	22,309	14,972	151,737
Due to Indigent Health Care Special District	-	-	-	-	-	-	676	-	676
Deposit - installment taxes	-	-	-	-	-	-	234,964	-	234,964
Total liabilities	<u>\$ 15,410</u>	<u>\$ -</u>	<u>\$ 1,071</u>	<u>\$ 8,768</u>	<u>\$ 2,406</u>	<u>\$ 8,101</u>	<u>\$ 315,408</u>	<u>\$ 14,972</u>	<u>\$ 543,991</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended September 30, 2010

	<u>Balance</u> <u>October 1,</u> <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2010</u>
<u>CLERK'S SPECIAL TRUST</u>				
Assets				
Cash	<u>\$ 156,925</u>	<u>\$ 2,203,027</u>	<u>\$ (2,222,606)</u>	<u>\$ 137,346</u>
Liabilities				
Due to individuals	\$ 26,403	\$ 60,860	\$ (63,474)	\$ 23,789
Due to other governments	<u>130,522</u>	<u>2,142,167</u>	<u>(2,159,132)</u>	<u>113,557</u>
Total liabilities	<u>\$ 156,925</u>	<u>\$ 2,203,027</u>	<u>\$ (2,222,606)</u>	<u>\$ 137,346</u>
 <u>CLERK'S SUPPORT</u>				
Assets				
Cash	<u>\$ 708</u>	<u>\$ 9,477</u>	<u>\$ (9,562)</u>	<u>\$ 623</u>
Liabilities				
Due to other governments	<u>708</u>	<u>9,477</u>	<u>(9,562)</u>	<u>623</u>
Total liabilities	<u>\$ 708</u>	<u>\$ 9,477</u>	<u>\$ (9,562)</u>	<u>\$ 623</u>
 <u>CLERK'S COURT REGISTRY</u>				
Assets				
Cash	<u>\$ 17,194</u>	<u>\$ 290,992</u>	<u>\$ (290,293)</u>	<u>\$ 17,893</u>
Liabilities				
Due to individuals	<u>\$ 17,194</u>	<u>\$ 290,992</u>	<u>\$ (290,293)</u>	<u>\$ 17,893</u>
 <u>CLERK'S STATE JUROR AND WITNESS</u>				
Assets				
Cash	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ (150)</u>	<u>\$ -</u>
Liabilities				
Due to individuals	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ (150)</u>	<u>\$ -</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – (continued)
ALL AGENCY FUNDS
Year Ended September 30, 2010

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2010</u>
<u>CLERK'S COUNTY WITNESS</u>				
Assets				
Cash	\$ 343	\$ 150	\$ (205)	\$ 288
Liabilities				
Due to individuals	\$ 12	\$ -	\$ -	\$ 12
Due to other governments	331	150	(205)	276
Total liabilities	<u>\$ 343</u>	<u>\$ 150</u>	<u>\$ (205)</u>	<u>\$ 288</u>
 <u>CLERK'S CASH BOND</u>				
Assets				
Cash	\$ 37,696	\$ 123,988	\$ (141,069)	\$ 20,615
Due from individuals	1	-	(1)	-
Total assets	<u>\$ 37,697</u>	<u>\$ 123,988</u>	<u>\$ (141,070)</u>	<u>\$ 20,615</u>
Liabilities				
Due to individuals	<u>\$ 37,697</u>	<u>\$ 123,988</u>	<u>\$ (141,070)</u>	<u>\$ 20,615</u>
 <u>CLERK'S CONDEMNATION</u>				
<u>RIGHT-OF-WAY</u>				
Assets				
Cash	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090</u>
Liabilities				
Due to individuals	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090</u>
 <u>SHERIFF'S SUSPENSE</u>				
Assets				
Cash	<u>\$ 15,194</u>	<u>\$ 46,915</u>	<u>\$ (46,699)</u>	<u>\$ 15,410</u>
Liabilities				
Due to individuals	<u>\$ 15,194</u>	<u>\$ 46,915</u>	<u>\$ (46,699)</u>	<u>\$ 15,410</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – (continued)
ALL AGENCY FUNDS
Year Ended September 30, 2010

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
<u>SHERIFF'S COLLECTIONS</u>				
Assets				
Cash	\$ -	\$ 26,087	\$ (26,087)	\$ -
Liabilities				
Due to individuals	\$ -	\$ 26,087	\$ (26,087)	\$ -
 <u>SHERIFF'S INMATE</u>				
Assets				
Cash	\$ 1,600	\$ 62,461	\$ (62,990)	\$ 1,071
Liabilities				
Due to individuals	\$ 1,600	\$ 62,461	\$ (62,990)	\$ 1,071
 <u>SHERIFF'S YOUTH</u>				
Assets				
Cash	\$ 6,186	\$ 3,143	\$ (561)	\$ 8,768
Liabilities				
Due to individuals	\$ 6,186	\$ 3,143	\$ (561)	\$ 8,768
 <u>SHERIFF'S FLOWER</u>				
Assets				
Cash	\$ 2,020	\$ 1,095	\$ (709)	\$ 2,406
Liabilities				
Due to individuals	\$ 2,020	\$ 1,095	\$ (709)	\$ 2,406
 <u>SHERIFF'S EVIDENCE</u>				
Assets				
Cash	\$ 10,375	\$ 7,138	\$ (9,412)	\$ 8,101
Liabilities				
Due to individuals	\$ 10,375	\$ 7,138	\$ (9,412)	\$ 8,101

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – (continued)
ALL AGENCY FUNDS
Year Ended September 30, 2010

	<u>Balance</u> <u>October 1,</u> <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2010</u>
<u>TAX COLLECTOR FUND</u>				
Assets				
Cash	\$ 248,842	\$ 18,287,348	\$ (18,220,782)	\$ 315,408
Liabilities				
Due to individuals	\$ -	\$ 2,188,062	\$ (2,130,603)	\$ 57,459
Due to other governments	28,417	15,329,338	(15,335,446)	22,309
Due to Indigent Health Care Special District	891	534,984	(535,199)	676
Deposit - installment taxes	219,534	234,964	(219,534)	234,964
Total liabilities	<u>\$ 248,842</u>	<u>\$ 18,287,348</u>	<u>\$ (18,220,782)</u>	<u>\$ 315,408</u>
 <u>TAX COLLECTOR MOTOR</u>				
<u>VEHICLE FUND</u>				
Assets				
Cash	\$ 7,168	\$ 2,818,184	\$ (2,812,943)	\$ 12,409
Due from individuals	417	2,563	(417)	2,563
Total assets	<u>\$ 7,585</u>	<u>\$ 2,820,747</u>	<u>\$ (2,813,360)</u>	<u>\$ 14,972</u>
Liabilities				
Due to other governments	<u>\$ 7,585</u>	<u>\$ 2,820,747</u>	<u>\$ (2,813,360)</u>	<u>\$ 14,972</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash	\$ 505,491	\$ 23,880,005	\$ (23,844,068)	\$ 541,428
Due from individuals	418	2,563	(418)	2,563
Total assets	<u>\$ 505,909</u>	<u>\$ 23,882,568</u>	<u>\$ (23,844,486)</u>	<u>\$ 543,991</u>
Liabilities				
Due to individuals	\$ 117,921	\$ 2,810,741	\$ (2,772,048)	\$ 156,614
Due to other governments	167,563	20,301,879	(20,317,705)	151,737
Due to Indigent Health Care Special District	891	534,984	(535,199)	676
Deposit - installment taxes	219,534	234,964	(219,534)	234,964
Total liabilities	<u>\$ 505,909</u>	<u>\$ 23,882,568</u>	<u>\$ (23,844,486)</u>	<u>\$ 543,991</u>



SUPPLEMENTAL INFORMATION





811 E. MAIN STREET
P.O. BOX 1076
LAKELAND, FL 33802-1076
P: 863.683.6783 • F: 863.687.2220

435 SOUTH COMMERCE AVENUE
SEBRING, FL 33870-3702
P: 863.385.1577 • F: 863.385.0647

147 AVENUE C S.W. SUITE 101
P.O. BOX 2239
WINTER HAVEN, FL 33883-2239
P: 863.294.4131 • F: 863.294.3927

**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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 11, 2011. 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 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs – state projects we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 10-01 and 10-02 in the accompanying schedule of findings and questioned costs – state projects to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 10-03 in the accompanying schedule of findings and questioned costs – state projects to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the constitutional officers in separate letters related to the year ended September 30, 2010.

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

February 11, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON MAJOR PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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 *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to each of its major state projects for the year ended September 30, 2010. The County's major 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 state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards; generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 state projects for the year ended September 30, 2010.

Internal Control Over Compliance

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 state projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weaknesses in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

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

February 11, 2011

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2010

<u>Agency/Pass-Through Entity Program Title</u>	<u>CFDA or CSFA Number</u>	<u>Contract or Grant Number</u>	<u>Expenditures</u>
<u>FEDERAL AWARDS</u>			
U.S. Department of Agriculture			
Housing Preservation Grant	10.433	09 011 593000632	\$ 20,053
U.S. Department of Health and Human Services			
Child Support Enforcement Program	93.563	CD325	\$ 17,899
U.S. Department of Homeland Security			
Passed through Florida Department of Community Affairs:			
Hazardous Mitigation Grant Program (FC Shutters)	97.039	10HM-88-07-35-01-009	\$ 11,234
Hazardous Mitigation Grant Program (SO Drainage)	97.039	09HM-23-07-35-01-009	27,552
Homeland Security Grant Program	97.067	09-DS-51-07-35-01-238	8,614
Homeland Security Grant Program	97.067	10-DS-39-07-35-01-255	4,000
Total U.S. Department of Homeland Security			\$ 51,400
U.S. Department of Justice			
Passed through Florida Department of Law Enforcement:			
Highland Meth Grant	16.710	COPSMETH-2007-1	\$ 14,836
BJA State Criminal Alien Assistance Program	16.606	2009-f8428-FL-AP	56,038
Bullet Proof Vest Partnership (2007)	16.607	2007-BU-BX-0703-6855	582
Bullet Proof Vest Partnership (2009)	16.607	2009-BU-BX-0804-1167	2,588
ARRA Justice Assistance Grant Program	16.804	2009-SB-B9-0771	41,006
Justice Assistance Direct Light	16.738	2010-JAGD-HARD-1-4Y-00	6,414
Operation DTF - ARRA Justice Assistance Grant Program	16.804	2010-ARRC-HARD-1-W7-320	121,357
Passed through City of Wauchula, Florida			
Edward Byrne Memorial Justice Assistance Grant - Blue Light XII	16.738	2010-JAGC-1043	37,892
Total U.S. Department of Justice			\$ 280,713
U.S. Department of Labor			
Passed through Heartland Workforce Board, Inc.,			
Cluster Analysis Grant	17.999	N/A	\$ 38,000
U.S. Election Assistance Commission			
Military and Overseas Empowerment Act (MOVE)	90.401	N/A	\$ 1,589
Help America Vote Act	90.401	N/A	4,404
Total U.S. Election Assistance Commission			\$ 5,993
Total Expenditures of Federal Awards			\$ 414,058

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)
Year Ended September 30, 2010

<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>
<u>STATE FINANCIAL ASSISTANCE</u>			
Florida Department of Community Affairs			
Emergency Management Programs	52.008	10-BG-25-07-35-01-077	\$ 102,724
Hazard Analysis	52.023	10-CP-04-07-35-01-149	<u>3,590</u>
Total Florida Department of Community Affairs			<u>\$ 106,314</u>
Florida Department of Environmental Protection			
Small County Solid Waste Grant	37.012	014SC	\$ 78,787
Statewide Surface Water Restoration and Wastewater Projects:			
Wauchula Hills Wastewater Services	37.039	LP6036	698,509
Wastewater Master Design	37.039	LP6722	45,681
Reuse Master Design	37.039	LP6796	<u>105,844</u>
Total Florida Department of Environmental Protection			<u>\$ 928,821</u>
Office of State Courts Administration			
Legislative Appropriations (Courthouse)	22.004	N/A	<u>\$ 159,520</u>
Total Office of State Courts Administration			<u>\$ 159,520</u>
Florida Department of Health			
EMS Grant	64.005	C9025	<u>\$ 32,075</u>
Total Florida Department of Health			<u>\$ 32,075</u>
Florida Department of Management Services			
E911 Rural County Grant Program Spring 2009	72.001	09 03 04	\$ 19,408
E911 Rural County Grant Program Fall 2009	72.001	09 10 13	<u>10,168</u>
Total Florida Department of Management Services			<u>\$ 29,576</u>
Florida Department of State			
State Aid to Libraries	45.030	10-ST-17	<u>\$ 52,318</u>
Total Florida Department of State			<u>\$ 52,318</u>
Florida Department of Transportation			
Small County Outreach Program - North Florida Avenue	55.009	FM 414514-1-58-01	\$ 575,559
Small County Road Assistance - College Hill	55.016	FM 422359-1-58-01	387,916
Small County Road Assistance - Steve Roberts Special	55.016	FM 422360-1-58-01	<u>1,704,209</u>
Total Florida Department of Transportation			<u>\$ 2,667,684</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)
Year Ended September 30, 2010

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
Florida Housing Finance Corporation			
State Housing Initiative Partnership (SHIP)	52.901	N/A	\$ 650,193
Florida Homebuyer Opportunity Program	52.901	N/A	41,300
Hurricane Housing Recovery Program	52.902	N/A	<u>605,491</u>
Total Florida Housing Finance Corporation			<u>\$ 1,296,984</u>
Agency for Workforce Innovation			
Quick Response Training Grant	75.017	08/09UT19	<u>\$ 6,773</u>
Total Agency for Workforce Innovation			<u>\$ 6,773</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 5,280,065</u></u>

HARDEE COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year Ended September 30, 2010

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, 2010. 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 B to the County's basic financial statements for the year ended September 30, 2010.

HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
Year Ended September 30, 2010

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

State Financial Assistance

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 10.557, Rules of the Auditor General? No

Identification of major programs:

<u>State Projects</u>	<u>CSFA No.</u>
Small County Outreach Program – North Florida Avenue	55.009
Small County Road Assistance – College Hill	55.016
Small County Road Assistance – Steve Roberts Special	55.016
Statewide Surface Water Restoration and Wastewater Projects:	
Wauchula Hills Wastewater Services	37.039
Wastewater Master Design	37.039
Reuse Master Design	37.039

Dollar threshold used to determine Type A program: State Projects - \$300,000

HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS (continued)
Year Ended September 30, 2010

SECTION II – FINANCIAL STATEMENT AUDIT

Material Weakness

10-01 Properly record Accounts Receivable.

Condition: The EMS accounts receivable balance has been incorrect for several years. The Board utilizes ADP as a service organization to maintain the accounts receivable listing. The Board utilizes a report from ADP to record accounts receivable at year end. It was determined during this current fiscal year, the report that ADP has been providing to the Board does not accurately reflect amounts written off as uncollectible in prior years. The Board did not note that report inaccurately included amounts written off in the prior year. The inaccurate report was used to determine the accounts receivable balance at year end. Therefore, the accounts receivable balance at year-end is materially overstated by amounts that were written off by the Board in prior years. Also, the Board should be using the allowance method for recording bad debts, but has been utilizing the direct write off method.

Criteria: Procedures should be in place to properly reconcile the EMS accounts receivable and utilize the allowance method.

Effect: EMS accounts receivable was materially misstated in the current year.

Recommendation: We recommend that a review process be put in place to properly review the ADP reports to see that the information is being correctly recorded.

Management Response: Management will ensure that the ADP report is modified to reflect accounts written off as bad debt.

10-02 See individual constitutional officer's reports.

Significant Deficiency

10-03 See individual constitutional officer's reports.

SECTION III – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

There were none.

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, 2010, and have issued our report thereon dated February 11, 2011.

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 on Compliance and Other Matters, Report on Compliance and Internal Control over Compliance Applicable to each State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, February 11, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's 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. In connection with our audit, see the individual constitutional officer's Schedule of Findings and Responses and management letters.

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

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

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the Notes to the Financial Statements. See Note 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, 2010, 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, 2010. 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

February 11, 2011

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
 SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	5
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Transportation Trust Fund	6
Special-Purpose Statement of Net Assets – Proprietary Funds	7-8
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Net Assets – Proprietary Funds.....	9
Special-Purpose Statement of Cash Flows – Proprietary Funds.....	10-11
Notes to Special-Purpose Financial Statements.....	12-28
 COMBINING AND INDIVIDUAL FUND SCHEDULES	
Non-Major Governmental Fund Descriptions.....	29
Combining Special-Purpose Balance Sheet – Non-Major Governmental Funds	30
Combining Special-Purpose Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds.....	31-32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fines and Forfeitures Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire Control Fund.....	34
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Race Track Jai Alai Fund.....	35
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Pioneer Park Days Fund	36
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Law Enforcement Trust Fund	37
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – E-911 Fund	38
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Mining Fund	39
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Grants Fund.....	40
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Transportation Trust Debt Service Fund.....	41

TABLE OF CONTENTS (Continued)

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*..... 42-43

Schedule of Findings and Responses..... 44

MANAGEMENT LETTER 45-47

Board of County Commissioners
Hardee County, Florida

We have audited the accompanying 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, 2010. 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 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, each major fund and the aggregate remaining fund information of the Board as of September 30, 2010, 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 February 11, 2011 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.



February 11, 2011

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	<u>General</u>	<u>Transportation Trust</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,403,951	\$ 2,825,995	\$ 3,603,300	\$ 12,833,246
Deposits	5,753	4,315	-	10,068
Accounts receivable, net	332,074	11,318	46,187	389,579
Due from constitutional officers	924,658	-	28,518	953,176
Due from other funds	97,664	26,765	-	124,429
Due from other governmental agencies	232,330	1,607,208	17,792	1,857,330
Inventory of supplies, at cost	274,389	-	-	274,389
Total assets	<u>\$ 8,270,819</u>	<u>\$ 4,475,601</u>	<u>\$ 3,695,797</u>	<u>\$ 16,442,217</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 290,462	\$ 133,895	\$ 100,002	\$ 524,359
Due to other funds	19,462	97,564	3,593	120,619
Due to other governmental agencies	45,106	250,050	12,995	308,151
Deferred revenue	3,976	-	992,795	996,771
Total liabilities	<u>359,006</u>	<u>481,509</u>	<u>1,109,385</u>	<u>1,949,900</u>
Fund balances				
Reserved for debt service	-	-	103,825	103,825
Unreserved				
General fund	7,911,813	-	-	7,911,813
Special revenue funds	-	3,994,092	2,482,587	6,476,679
Total fund balances	<u>7,911,813</u>	<u>3,994,092</u>	<u>2,586,412</u>	<u>14,492,317</u>
Total liabilities and fund balances	<u>\$ 8,270,819</u>	<u>\$ 4,475,601</u>	<u>\$ 3,695,797</u>	<u>\$ 16,442,217</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 – GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	<u>General</u>	<u>Transportation Trust</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 14,620,124	\$ 1,289,392	\$ -	\$ 15,909,516
Licenses and permits	164,386	2,095	-	166,481
Intergovernmental	2,874,516	4,555,460	1,761,273	9,191,249
Charges for services	617,382	-	585,581	1,202,963
Fines and forfeitures	8,364	-	285,200	293,564
Assessments	-	-	2,003,219	2,003,219
Interest	26,217	10,202	13,311	49,730
Miscellaneous	242,289	169,585	70,204	482,078
Total revenues	<u>18,553,278</u>	<u>6,026,734</u>	<u>4,718,788</u>	<u>29,298,800</u>
EXPENDITURES				
Current				
General government	4,141,080	-	525,880	4,666,960
Public safety	2,203,831	-	2,258,086	4,461,917
Physical environment	74,671	-	205,542	280,213
Transportation	-	2,994,079	-	2,994,079
Economic environment	-	-	1,007,565	1,007,565
Human services	539,133	-	220,500	759,633
Culture and recreation	839,887	-	58,958	898,845
Capital outlay	180,745	3,049,241	682,832	3,912,818
Debt service				
Principal retirement	51,064	58,434	724,396	833,894
Interest	6,476	3,389	6,175	16,040
Total expenditures	<u>8,036,887</u>	<u>6,105,143</u>	<u>5,689,934</u>	<u>19,831,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,516,391</u>	<u>(78,409)</u>	<u>(971,146)</u>	<u>9,466,836</u>
Other financing sources (uses)				
Transfers in	1,559,881	37,273	1,555,131	3,152,285
Transfers out	(671,480)	(803,400)	(1,592,667)	(3,067,547)
Transfers from constitutional officers	574,603	-	5,038	579,641
Transfers to constitutional officers	(9,036,944)	-	-	(9,036,944)
Total other financing sources (uses)	<u>(7,573,940)</u>	<u>(766,127)</u>	<u>(32,498)</u>	<u>(8,372,565)</u>
Net change in fund balances	2,942,451	(844,536)	(1,003,644)	1,094,271
Fund balances, beginning of year, as restated	<u>4,969,362</u>	<u>4,838,628</u>	<u>3,590,056</u>	<u>13,398,046</u>
Fund balances, end of year	<u>\$ 7,911,813</u>	<u>\$ 3,994,092</u>	<u>\$ 2,586,412</u>	<u>\$ 14,492,317</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 – GENERAL FUND
Year Ended September 30, 2010

	<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>
REVENUES				
Taxes	\$ 15,049,819	\$ 15,049,819	\$ 14,620,124	\$ (429,695)
Licenses and permits	126,245	127,145	164,386	37,241
Intergovernmental	2,545,419	2,756,494	2,874,516	118,022
Charges for services	575,470	575,470	617,382	41,912
Fines and forfeitures	6,000	6,000	8,364	2,364
Interest	55,420	55,420	26,217	(29,203)
Miscellaneous	122,956	157,255	242,289	85,034
Total revenues	<u>18,481,329</u>	<u>18,727,603</u>	<u>18,553,278</u>	<u>(174,325)</u>
EXPENDITURES				
Current				
General government	4,443,872	4,607,046	4,141,080	465,966
Public safety	2,312,092	2,521,993	2,203,831	318,162
Physical environment	74,844	75,144	74,671	473
Human services	652,772	652,772	539,133	113,639
Culture and recreation	851,482	885,125	839,887	45,238
Capital outlay	274,560	372,647	180,745	191,902
Debt service				
Principal retirement	51,065	51,065	51,064	1
Interest	6,476	6,476	6,476	-
Total expenditures	<u>8,667,163</u>	<u>9,172,268</u>	<u>8,036,887</u>	<u>1,135,381</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>9,814,166</u>	<u>9,555,335</u>	<u>10,516,391</u>	<u>961,056</u>
Other financing sources (uses)				
Transfers in	884,702	1,217,743	1,559,881	342,138
Transfers out	(683,690)	(711,491)	(671,480)	40,011
Transfers from constitutional officers	20,000	20,000	574,603	554,603
Transfers to constitutional officers	(9,057,879)	(9,124,695)	(9,036,944)	87,751
Total other financing sources (uses)	<u>(8,836,867)</u>	<u>(8,598,443)</u>	<u>(7,573,940)</u>	<u>1,024,503</u>
Net change in fund balances	977,299	956,892	2,942,451	1,985,559
Fund balances, beginning of year, as restated	<u>2,393,532</u>	<u>2,421,333</u>	<u>4,969,362</u>	<u>2,548,029</u>
Fund balances, end of year	<u>\$ 3,370,831</u>	<u>\$ 3,378,225</u>	<u>\$ 7,911,813</u>	<u>\$ 4,533,588</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 1,501,961	\$ 1,501,961	\$ 1,289,392	\$ (212,569)
Licenses and permits	-	1,895	2,095	200
Intergovernmental	6,002,287	5,587,443	4,555,460	(1,031,983)
Interest	40,400	40,400	10,202	(30,198)
Miscellaneous	143,750	143,750	169,585	25,835
Total revenues	<u>7,688,398</u>	<u>7,275,449</u>	<u>6,026,734</u>	<u>(1,248,715)</u>
EXPENDITURES				
Current				
Transportation	5,834,926	6,106,736	2,994,079	3,112,657
Capital outlay	5,557,388	4,872,629	3,049,241	1,823,388
Debt service				
Principal retirement	58,435	58,435	58,434	1
Interest	3,390	3,390	3,389	1
Total expenditures	<u>11,454,139</u>	<u>11,041,190</u>	<u>6,105,143</u>	<u>4,936,047</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(3,765,741)</u>	<u>(3,765,741)</u>	<u>(78,409)</u>	<u>3,687,332</u>
Other financing sources (uses)				
Transfers in	124,565	124,565	37,273	(87,292)
Transfers out	(803,400)	(803,400)	(803,400)	-
Total other financing sources (uses)	<u>(678,835)</u>	<u>(678,835)</u>	<u>(766,127)</u>	<u>(87,292)</u>
Net change in fund balances	(4,444,576)	(4,444,576)	(844,536)	3,600,040
Fund balances, beginning of year	<u>3,571,686</u>	<u>3,571,686</u>	<u>4,838,628</u>	<u>1,266,942</u>
Fund balances, end of year	<u>\$ (872,890)</u>	<u>\$ (872,890)</u>	<u>\$ 3,994,092</u>	<u>\$ 4,866,982</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
Year Ended September 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Solid Waste</u>	<u>Wauchula Hills Water/Wastewater Treatment</u>	<u>Vandolah Wastewater Treatment (Non-Major Fund)</u>	
ASSETS				
Current assets				
Cash	\$ 609,012	\$ 1,960,017	\$ 237,914	\$ 2,806,943
Deposits	-	3,596	-	3,596
Accounts receivable, net	97,152	45,518	-	142,670
Due from constitutional officers	7,309	-	-	7,309
Due from other governmental agencies	17	325,070	-	325,087
Total current assets	<u>713,490</u>	<u>2,334,201</u>	<u>237,914</u>	<u>3,285,605</u>
Noncurrent assets				
Restricted cash and cash equivalents	3,082,693	-	-	3,082,693
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	1,384,872	94,247	4,509	1,483,628
Infrastructure	3,967,411	6,894,291	-	10,861,702
Less accumulated depreciation	<u>(3,205,740)</u>	<u>(1,315,507)</u>	<u>(174,845)</u>	<u>(4,696,092)</u>
Total capital assets, net of accumulated depreciation	<u>5,422,199</u>	<u>10,783,333</u>	<u>1,175,360</u>	<u>17,380,892</u>
Total noncurrent assets	<u>8,504,892</u>	<u>10,783,333</u>	<u>1,175,360</u>	<u>20,463,585</u>
Total assets	<u>\$ 9,218,382</u>	<u>\$13,117,534</u>	<u>\$ 1,413,274</u>	<u>\$ 23,749,190</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
Year Ended September 30, 2010

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
LIABILITIES				
Current liabilities, payable from current assets				
Accounts payable and accrued liabilities	\$ 38,332	\$ 74,625	\$ 1,872	\$ 114,829
Due to other governmental agencies	887	-	-	887
Due to other funds	2,988	729	93	3,810
Deposits	14,179	7,500	-	21,679
Deferred revenue	-	5,177	39,037	44,214
Accrued compensated absences	8,403	-	-	8,403
Notes payable - current portion	200,000	225,000	-	425,000
Total current liabilities, payable from current assets	264,789	313,031	41,002	618,822
Noncurrent liabilities				
Accrued compensated absences	5,813	-	-	5,813
Notes payable, less current portion	400,000	750,000	-	1,150,000
Landfill closure and post-closure costs	10,657,204	-	-	10,657,204
Total noncurrent liabilities	11,063,017	750,000	-	11,813,017
Total liabilities	11,327,806	1,063,031	41,002	12,431,839
NET ASSETS				
Invested in capital assets, net of related debt	4,822,199	9,808,333	1,175,360	15,805,892
Unrestricted	(6,931,623)	2,246,170	196,912	(4,488,541)
Total net assets	\$(2,109,424)	\$12,054,503	\$ 1,372,272	\$ 11,317,351

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 NET ASSETS – PROPRIETARY FUNDS
Year Ended September 30, 2010

	Business-Type Activities - Enterprise Funds			
	Solid Waste	Wauchula Hills Water/ Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	Total
OPERATING REVENUES				
Charges for services	\$ 824,684	\$ 353,882	\$ 114,303	\$ 1,292,869
Special assessments	863,757	-	-	863,757
Total operating revenues	1,688,441	353,882	114,303	2,156,626
OPERATING EXPENSES				
Personal services	328,078	205,333	55,221	588,632
General and administrative	2,236,510	357,500	29,028	2,623,038
Depreciation	597,137	370,633	23,724	991,494
Total operating expenses	3,161,725	933,466	107,973	4,203,164
Operating income (loss)	(1,473,284)	(579,584)	6,330	(2,046,538)
NONOPERATING REVENUES				
(EXPENSES)				
Intergovernmental	78,787	1,582,510	1,490	1,662,787
Interest income	18,827	5,686	603	25,116
Interest expense	(7,990)	(11,053)	-	(19,043)
Loss on disposal of capital assets	-	(389)	-	(389)
Miscellaneous revenue	1,282	-	-	1,282
Total nonoperating revenues	90,906	1,576,754	2,093	1,669,753
(expenses), net	90,906	1,576,754	2,093	1,669,753
Income before transfers	(1,382,378)	997,170	8,423	(376,785)
TRANSFERS				
Transfers in	1,166	2,112	-	3,278
Transfers out	(61,386)	(18,268)	(8,362)	(88,016)
Transfers from constitutional officers	5,038	-	-	5,038
Total transfers	(55,182)	(16,156)	(8,362)	(79,700)
Change in net assets	(1,437,560)	981,014	61	(456,485)
Net assets, beginning of year	(671,864)	11,073,489	1,372,211	11,773,836
Net assets, end of year	\$ (2,109,424)	\$ 12,054,503	\$ 1,372,272	\$ 11,317,351

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, 2010

	Business Type Activities - Enterprise Funds			Total
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES AND RELATED FINANCING ACTIVITIES				
Cash received from customers	\$ 1,666,760	\$ 358,715	\$ 99,000	\$ 2,124,475
Cash paid to suppliers for goods and services	(936,123)	(339,909)	(28,620)	(1,304,652)
Cash paid to employees for services	(329,927)	(205,333)	(55,221)	(590,481)
Net cash from operating activities and related financing activities	400,710	(186,527)	15,159	229,342
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Grants received	78,787	-	-	78,787
Other nonoperating revenue	1,282	-	1,490	2,772
Transfers in (out)	(55,182)	(16,156)	(8,362)	(79,700)
Net cash from noncapital and related financing activities	24,887	(16,156)	(6,872)	1,859
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grant receipts	-	1,145,262	-	1,145,262
Shared revenues from state	-	173,619	-	173,619
Acquisition and construction of capital assets	(74,357)	(1,336,393)	-	(1,410,750)
Principal paid on capital debt	(200,000)	(225,000)	-	(425,000)
Interest paid on capital debt	(7,990)	(11,053)	-	(19,043)
Net cash from capital and related financing activities	(282,347)	(253,565)	-	(535,912)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends from investments	18,827	5,686	603	25,116
Net cash from investing activities	18,827	5,686	603	25,116
Net increase (decrease) in cash	162,077	(450,562)	8,890	(279,595)
Cash and cash equivalents, beginning of year	3,529,628	2,410,579	229,024	6,169,231
Cash and cash equivalents, end of year	\$ 3,691,705	\$ 1,960,017	\$ 237,914	\$ 5,889,636

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL-PURPOSE STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
Year Ended September 30, 2010

	Business Type Activities - Enterprise Funds			
	Solid Waste	Wauchula Hills Water/Wastewater Treatment	Vandolah Wastewater Treatment (Non-Major Fund)	Total
Reconciliation of net operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (1,473,284)	\$ (579,584)	\$ 6,330	\$ (2,046,538)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	597,137	370,633	23,724	991,494
(Increase) decrease in accounts receivable	(21,895)	4,478	-	(17,417)
(Increase) decrease in due from constitutional officers	(86)	-	-	(86)
(Increase) decrease in due from other governmental agencies	1	-	-	1
Increase (decrease) in accounts payable and accrued liabilities	(5,516)	40,399	315	35,198
Increase (decrease) in due to other funds	2,988	729	93	3,810
Increase (decrease) in due to other governmental agencies	(3,795)	(23,937)	-	(27,732)
Increase (decrease) in deferred revenue	-	355	(15,303)	(14,948)
Increase (decrease) in accrued compensated absences	(1,849)	-	-	(1,849)
Increase (decrease) in deposits	300	400	-	700
Increase (decrease) in landfill closure and post-closure costs	1,306,709	-	-	1,306,709
Total adjustments	<u>1,873,994</u>	<u>393,057</u>	<u>8,829</u>	<u>2,275,880</u>
Net cash provided by (used in) operating activities	<u>\$ 400,710</u>	<u>\$ (186,527)</u>	<u>\$ 15,159</u>	<u>\$ 229,342</u>
Reconciliation of cash and cash equivalents to proprietary funds statement of net assets				
Current assets				
Cash	\$ 609,012	\$ 1,960,017	\$ 237,914	\$ 2,806,943
Restricted assets				
Cash and cash equivalents	<u>3,082,693</u>	<u>-</u>	<u>-</u>	<u>3,082,693</u>
Total cash and cash equivalents	<u>\$ 3,691,705</u>	<u>\$ 1,960,017</u>	<u>\$ 237,914</u>	<u>\$ 5,889,636</u>

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



HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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, 2010

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, 2010

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.

- **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.

Proprietary Major Funds

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

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

Budgets and Budgetary Accounting

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

- Budgets are prepared, public hearings are held and original budgets are adopted annually for governmental fund types in accordance with procedures and time intervals prescribed by law.

- Budgets are prepared for the governmental funds on a basis consistent with accounting principles generally accepted in the United States of America and are based upon the final amended amounts.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

- Appropriations lapse at year-end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis, which is the legal level of control.

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

Accounts Receivable

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

Due From/To Constitutional Officers

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

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.

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.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Capital assets are recorded as expenditures in the general and special revenue funds at the time of purchase. Machinery and equipment is recorded at historical cost or estimated historical cost, if actual historical cost is not available. Enterprise fund land, buildings, improvements, and equipment are valued at historical cost or at fair market value for those assets contributed.

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

Buildings and improvements	10 – 50 years
Equipment	5 – 15 years
Infrastructure	10 – 50 years

Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2010 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 percent in the month of November, 3 percent in the month of December, 2 percent in the month of February and 1 percent in the month of February. Taxes paid in March are without discount.

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

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

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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 Board uses the last-in, first-out (LIFO) method of recognizing the use of vacation and sick leave hours. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that vacation or sick leave will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Accordingly, the liability for compensated absences is not reported in the governmental funds.

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

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

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

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

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

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.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Landfill Closure and Post-closure Costs

The Board has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2010, 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, 2010, estimated capacity used was 98.28 percent. In addition, the Board has established a landfill escrow account in the Solid Waste fund to fund estimated closure costs as required by the Florida Department of Environmental Protection. At September 30, 2010, the Solid Waste Fund had deficit net assets of \$2,109,424 and had deficit unrestricted net assets of \$6,931,623 due to the construction of a five acre addition to the landfill and because of a \$10,657,204 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*, 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 percent of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the Board of County Commissioners and the Constitutional Officers of Hardee County. The liabilities and expenses associated with the OPEB Plan are included in the financial statements of Hardee County, Florida.

Other Long-Term Debt Obligations

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

NOTE C – CASH AND CASH EQUIVALENTS

Cash deposits and cash equivalents

The Board participates in pooled cash. The earnings of the pool are allocated on a monthly basis to individual funds based upon their average monthly balance in the pool. The Board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE C – CASH AND CASH EQUIVALENTS (continued)

At September 30, 2010, the carrying amount of the Board's deposits was \$18,722,882 and the bank balance was \$18,991,849. The Board's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

NOTE D – ACCOUNTS RECEIVABLES

Accounts receivables consist of the following at September 30, 2010 for the government's individual major funds and non-major funds:

	<u>General Fund</u>	<u>Transportation Trust</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	\$ 565,853	\$ -	\$ -	\$ -	\$ -	\$ 565,853
Landfill charges	-	-	96,857	44,335	-	141,192
Trade accounts	1,504	11,318	295	1,183	46,187	60,487
Accounts receivable, gross	567,357	11,318	97,152	45,518	46,187	767,532
Allowance for uncollectibles	(235,283)	-	-	-	-	(235,283)
Accounts receivable, net	\$ 332,074	\$ 11,318	\$ 97,152	\$ 45,518	\$ 46,187	\$ 532,249

NOTE E – DETAIL OF CAPITAL ASSETS

A summary of changes in capital assets for the year:

	<u>Balance 10/1/2009</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Transfers</u>	<u>Balance 9/30/2010</u>
Governmental Activities					
Land	\$ 3,494,863	\$ -	\$ (4,455)	\$ -	\$ 3,490,408
Construction in process	377,684	603,368	-	(147,739)	833,313
Building and improvements	21,549,102	143,044	(2,501)	27,809	21,717,454
Machinery, equipment and library books	12,513,220	1,018,510	(91,023)	-	13,440,707
Roads and bridges	62,680,616	2,271,003	(235,948)	119,930	64,835,601
Totals	\$ 100,615,485	\$ 4,035,925	\$ (333,927)	\$ -	\$ 104,317,483
Business-Type Activities					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Building and improvements	8,769,029	-	-	-	8,769,029
Equipment	1,446,323	39,252	(1,947)	-	1,483,628
Infrastructure	9,490,203	1,371,499	-	-	10,861,702
Totals	\$ 20,668,180	\$ 1,410,751	\$ (1,947)	\$ -	\$ 22,076,984

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE E – DETAIL OF CAPITAL ASSETS (continued)

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.

NOTE F – LONG-TERM DEBT

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

	<u>Balance</u> <u>10/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2010</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Capital leases	\$ 294,132	\$ -	\$ (133,894)	\$ 160,238	\$ 78,524
Notes payable	900,000	-	(700,000)	200,000	200,000
Accrued compensated absences	750,077	29,334	-	779,411	304,004
Total Governmental Activities	<u>\$ 1,944,209</u>	<u>\$ 29,334</u>	<u>\$ (833,894)</u>	<u>\$ 1,139,649</u>	<u>\$ 582,528</u>
Business-Type Activities					
Notes payable	\$ 2,000,000	\$ -	\$ (425,000)	\$ 1,575,000	\$ 425,000
Accrued compensated absences	16,065	-	(1,849)	14,216	8,403
Landfill closure and postclosure costs	9,350,495	1,306,709	-	10,657,204	-
Total Business-Type Activities	<u>\$ 11,366,560</u>	<u>\$ 1,306,709</u>	<u>\$ (426,849)</u>	<u>\$ 12,246,420</u>	<u>\$ 433,403</u>

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

Capital Leases

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 percent. 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 percent.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE F – LONG-TERM DEBT (continued)

Capital Leases (continued)

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

Asset	
Equipment	\$ 2,007,107
Less: Accumulated depreciation	<u>(802,530)</u>
Net	<u><u>\$ 1,204,577</u></u>

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

Year Ending September 30,	
2011	\$ 85,031
2012	<u>85,031</u>
Total Payments	170,062
Less amount representing interest	<u>(9,824)</u>
Total	<u><u>\$ 160,238</u></u>

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.

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE F – LONG-TERM DEBT (continued)

Notes Payable (continued)

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.

Maturities of notes payable are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Florida Local Government Finance Commission		Florida Local Government Finance Commission	
	Principal	Interest	Principal	Interest
2011	\$ 200,000	\$ 509	\$ 425,000	\$ 4,038
2012	-	-	425,000	2,996
2013	-	-	725,000	598
	<u>\$ 200,000</u>	<u>\$ 509</u>	<u>\$ 1,575,000</u>	<u>\$ 7,632</u>

NOTE G – DUE TO/DUE FROM OTHER FUNDS

The balance of due from other funds and due to other funds were as follows at September 30, 2010:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 97,664	\$ 19,462
Transportation Trust	26,765	97,564
Non-Major Governmental Funds	-	3,593
Total governmental funds	<u>124,429</u>	<u>120,619</u>
Solid Waste	-	2,988
Wauchula Hills Wastewater	-	729
Vandolah Wastewater	-	93
Total proprietary funds	<u>-</u>	<u>3,810</u>
Total	<u>\$ 124,429</u>	<u>\$ 124,429</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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. The acts provide that employers, such as the Board, are required to contribute according to the effective rates. The following rates were effective through June 30, 2010: 9.85 percent of the compensation for regular members, 20.92 percent for special risk members, 13.12 percent for the county manager (senior management), 10.42 percent for the extension agent (SUS Optional), 10.91 percent for DROP employees, and 16.53 percent for elected County officials, which includes the 1.11 percent health insurance subsidy contribution and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010 the rates are as follows: 10.77 percent of the compensation for regular members, 23.25 percent for special risk members, 14.57 percent for the county manager (senior management), 10.43 percent for the extension agent (SUS Optional), 12.25 percent for DROP employees, and 18.64 percent for elected County officials, which includes the 1.11 percent health insurance subsidy contribution and administrative/educational fee of 0.03 percent.

The Board's contributions to the System for the years ended September 30, 2010, 2009, and 2008, were \$905,036, \$904,639, and \$926,911, respectively, equal to the required contributions for each year.

**HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE I – RELATED ORGANIZATIONS AND RELATED PARTIES

Transactions with the respective constitutional officers for the year ended September 30, 2010 were as follows:

	<u>General Fund</u>	<u>Solid Waste</u>	<u>Non-Major Governmental Funds</u>
Due from constitutional officers	\$ 924,658	\$ 7,309	\$ 28,518
Excess fees from constitutional officers	574,603	-	-
Requisitions paid to constitutional officers	8,491,646	-	-

The Board appoints the governing boards of the Hardee County Industrial Development Authority and Hardee County Economic Development Council. The board is not financially accountable for either of the organizations. Nor does the Board's accountability for these organizations extend significantly beyond making the appointments. Accordingly, financial information for these two entities is excluded from the Board's financial statements.

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.

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
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE K – COMMITMENTS AND CONTINGENCIES (continued)

Landfill Closure Commitments (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 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 \$10,657,204 at September 30, 2010, represents the cumulative amount reported to date based on an average use of 98.28 percent of the total estimated capacity. The remaining \$186,556 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, 2010 with \$3,082,693 held in separate cash 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, 2010, 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, 2010

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, 2010, consisted of the following:

Transfers to the General Fund from:	
Transportation Trust	\$ 140,000
Solid Waste Fund	53,250
Wauchula Hills Water/Wastewater Treatment	16,900
Non-Major Enterprise Fund	6,250
Non-Major Governmental Funds	1,343,481
	<u>\$ 1,559,881</u>
Transfers to the Transportation Trust Fund from:	
General Fund	\$ 5,749
Solid Waste Fund	8,136
Wauchula Hills Water/Wastewater Treatment	1,368
Non-Major Governmental Funds	22,020
	<u>\$ 37,273</u>
Transfers to Non-Major Governmental Funds from:	
General Fund	\$ 665,731
Non-Major Governmental Funds	889,400
	<u>\$ 1,555,131</u>
Transfers to Wauchula Hills Water/Wastewater Treatment from:	
Non-Major Enterprise Fund	\$ 2,112
Transfers to the Solid Waste Fund from:	
Non-Major Governmental Funds	\$ 1,166

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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, 2010

ASSETS		
Cash		\$ 385,674
Due from other governmental agencies		135
Total assets		<u>\$ 385,809</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable		\$ 476
Due to other funds		36
Deferred revenue		385,297
Total liabilities		<u>\$ 385,809</u>
Fund balance		<u>-</u>
Total liabilities and fund balance		<u>\$ 385,809</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 350,000	\$ 141,578	\$ 356,885	\$ 215,307
Interest	8,000	2,000	1,555	(445)
Miscellaneous	25,000	25,000	23,583	(1,417)
Total revenues	<u>383,000</u>	<u>168,578</u>	<u>382,023</u>	<u>213,445</u>
EXPENDITURES				
Economic environment	983,000	769,183	382,023	387,160
Total expenditures	<u>983,000</u>	<u>769,183</u>	<u>382,023</u>	<u>387,160</u>
Excess (deficiency) of revenue over (under) expenditures	(600,000)	(600,605)	-	600,605
Other financing sources (uses)				
Transfers in	-	321,155	-	(321,155)
Transfers out	-	(321,164)	(10)	321,154
Net change in fund balances	<u>(600,000)</u>	<u>(600,614)</u>	<u>(10)</u>	<u>600,604</u>
Fund balances, beginning of year	<u>600,000</u>	<u>600,605</u>	<u>-</u>	<u>(600,605)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ (10)</u>	<u>\$ (1)</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE N - HURRICANE HOUSING RECOVERY PROGRAM TRUST FUND

The Hurricane Housing Recovery Program Trust Fund is included in the Grants Fund. This grant program was completed in the current fiscal year. Separate financial information for this program is reported below:

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP basis) and Actual
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with final budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 604,678	\$ 604,678
Interest	-	882	813	(69)
Total revenues	-	882	605,491	604,609
EXPENDITURES				
Economic environment	135,946	605,562	605,562	-
Total expenditures	135,946	605,562	605,562	-
Net change in fund balances	(135,946)	(604,680)	(71)	604,609
Fund balances, beginning of year	135,946	604,680	-	(604,680)
Fund balances, end of year	\$ -	\$ -	\$ (71)	\$ (71)

NOTE O – RELATED PARTY TRANSACTIONS

Transactions with the constitutional officers for the year ended September 30, 2010 were as follows:

Budget appropriations from the Board to the:

Clerk of Courts	\$ 475,000
Sheriff	\$ 7,183,677
Tax Collector	\$ 575,298
Property Appraiser	\$ 639,181
Supervisor of Elections	\$ 274,837

NOTE P – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that prior year accounts receivables were overstated and incorrectly recorded. To correct this error, the beginning fund balance of the General Fund of \$5,747,283, as originally reported, has been decreased to \$4,969,362. In addition, beginning net assets for governmental activities of \$14,175,967, as originally reported, has been decreased to \$13,398,046.



COMBINING AND INDIVIDUAL FUND SCHEDULES

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
September 30, 2010

SPECIAL REVENUE FUNDS

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

Fines and Forfeitures Fund – Pursuant to Florida Statute 142.01, the Fines and 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.

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.

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

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

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

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, 2010

	<u>Special Revenue</u>							<u>Debt Service</u>	<u>Total All Non-major Governmental Funds</u>	
	<u>Fines & Forfeitures</u>	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park Days</u>	<u>Law Enforcement Trust</u>	<u>E-911</u>	<u>Mining</u>	<u>Grants</u>		<u>Transportation Trust</u>
ASSETS										
Cash and cash equivalents	\$ 1,296,989	\$ 1,315,824	\$ 3,505	\$ 170,214	\$ 99,115	\$ 56,313	\$ 171,741	\$ 385,774	\$ 103,825	\$ 3,603,300
Accounts receivable, net	-	-	-	-	-	-	46,052	135	-	46,187
Due from constitutional officers	20,165	8,353	-	-	-	-	-	-	-	28,518
Due from other governmental agencies	-	8,355	-	-	-	9,437	-	-	-	17,792
Total assets	<u>\$ 1,317,154</u>	<u>\$ 1,332,532</u>	<u>\$ 3,505</u>	<u>\$ 170,214</u>	<u>\$ 99,115</u>	<u>\$ 65,750</u>	<u>\$ 217,793</u>	<u>\$ 385,909</u>	<u>\$ 103,825</u>	<u>\$ 3,695,797</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable and accrued liabilities	\$ 31,403	\$ 43,069	\$ -	\$ 978	\$ -	\$ 9,399	\$ 14,772	\$ 381	\$ -	\$ 100,002
Due to other funds	54	3,318	-	-	-	-	85	136	-	3,593
Due to other governmental agencies	1,336	347	-	-	-	11,218	-	94	-	12,995
Deferred revenue	566,802	-	-	25,926	-	14,769	-	385,298	-	992,795
Total liabilities	<u>599,595</u>	<u>46,734</u>	<u>-</u>	<u>26,904</u>	<u>-</u>	<u>35,386</u>	<u>14,857</u>	<u>385,909</u>	<u>-</u>	<u>1,109,385</u>
Fund balances										
Reserved for debt service	-	-	-	-	-	-	-	-	103,825	103,825
Unreserved	717,559	1,285,798	3,505	143,310	99,115	30,364	202,936	-	-	2,482,587
Total fund balances	<u>717,559</u>	<u>1,285,798</u>	<u>3,505</u>	<u>143,310</u>	<u>99,115</u>	<u>30,364</u>	<u>202,936</u>	<u>-</u>	<u>103,825</u>	<u>2,586,412</u>
Total liabilities and fund balances	<u>\$ 1,317,154</u>	<u>\$ 1,332,532</u>	<u>\$ 3,505</u>	<u>\$ 170,214</u>	<u>\$ 99,115</u>	<u>\$ 65,750</u>	<u>\$ 217,793</u>	<u>\$ 385,909</u>	<u>\$ 103,825</u>	<u>\$ 3,695,797</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	Special Revenue							Debt Service	Total All Non-major Governmental Funds	
	Fines and Forfeitures	Fire Control	Race Track Jai Alai	Pioneer Park Days	Law Enforcement Trust	E-911	Mining	Grants		Transportation Trust
REVENUES										
Intergovernmental	\$ 159,520	\$ 11,234	\$ 446,500	\$ -	\$ -	\$ 157,693	\$ -	\$ 986,326	\$ -	\$ 1,761,273
Charges for services	22,952	31,713	-	104,518	-	-	426,398	-	-	585,581
Fines and forfeitures	285,200	-	-	-	-	-	-	-	-	285,200
Assessments	-	2,003,219	-	-	-	-	-	-	-	2,003,219
Interest	6,024	3,012	52	308	232	192	489	2,377	625	13,311
Miscellaneous	100	1,463	-	637	44,422	-	-	23,582	-	70,204
Total revenues	473,796	2,050,641	446,552	105,463	44,654	157,885	426,887	1,012,285	625	4,718,788
EXPENDITURES										
Current										
General government	525,880	-	-	-	-	-	-	-	-	525,880
Public safety	9,427	2,029,801	-	-	41,337	177,521	-	-	-	2,258,086
Physical environment	-	-	-	-	-	-	200,832	4,710	-	205,542
Economic environment	-	-	-	-	-	-	-	1,007,565	-	1,007,565
Human services	-	-	220,500	-	-	-	-	-	-	220,500
Culture and recreation	-	-	-	58,958	-	-	-	-	-	58,958
Capital outlay	172,818	502,567	-	7,447	-	-	-	-	-	682,832
Debt service										
Principal retirement	-	24,396	-	-	-	-	-	-	700,000	724,396
Interest	-	3,094	-	-	-	-	-	-	3,081	6,175
Total expenditures	708,125	2,559,858	220,500	66,405	41,337	177,521	200,832	1,012,275	703,081	5,689,934
Excess (deficiency) of revenues over (under) expenditures	(234,329)	(509,217)	226,052	39,058	3,317	(19,636)	226,055	10	(702,456)	(971,146)

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
COMBINING SPECIAL-PURPOSE SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS (continued)
Year Ended September 30, 2010

	<u>Special Revenue</u>							<u>Debt Service</u>	<u>Total All Non-major Governmental Funds</u>	
	<u>Fines and Forfeitures</u>	<u>Fire Control</u>	<u>Race Track Jai Alai</u>	<u>Pioneer Park Days</u>	<u>Law Enforcement Trust</u>	<u>E-911</u>	<u>Mining</u>	<u>Grants</u>		<u>Transportation Trust</u>
Other financing sources (uses)										
Transfers in	-	830,000	-	-	-	50,000	11,731	-	663,400	1,555,131
Transfers out	(1,219,559)	(76,869)	(226,000)	(35,379)	-	-	(34,850)	(10)	-	(1,592,667)
Transfers from constitutional officers	-	5,038	-	-	-	-	-	-	-	5,038
Total other financing sources (uses)	<u>(1,219,559)</u>	<u>758,169</u>	<u>(226,000)</u>	<u>(35,379)</u>	<u>-</u>	<u>50,000</u>	<u>(23,119)</u>	<u>(10)</u>	<u>663,400</u>	<u>(32,498)</u>
Net change in fund balances	(1,453,888)	248,952	52	3,679	3,317	30,364	202,936	-	(39,056)	(1,003,644)
Fund balances, beginning of year	<u>2,171,447</u>	<u>1,036,846</u>	<u>3,453</u>	<u>139,631</u>	<u>95,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,881</u>	<u>3,590,056</u>
Fund balances, end of year	<u>\$ 717,559</u>	<u>\$ 1,285,798</u>	<u>\$ 3,505</u>	<u>\$ 143,310</u>	<u>\$ 99,115</u>	<u>\$ 30,364</u>	<u>\$ 202,936</u>	<u>\$ -</u>	<u>\$ 103,825</u>	<u>\$ 2,586,412</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
FINES AND FORFEITURES FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 159,520	\$ 159,520
Charges for services	30,000	30,000	22,952	(7,048)
Fines and forfeitures	345,000	355,915	285,200	(70,715)
Interest	500	500	6,024	5,524
Miscellaneous	200	300	100	(200)
Total revenues	<u>375,700</u>	<u>386,715</u>	<u>473,796</u>	<u>87,081</u>
EXPENDITURES				
Current				
General government	1,015,433	1,100,458	525,880	574,578
Public safety	-	10,915	9,427	1,488
Capital outlay	708,761	752,598	172,818	579,780
Total expenditures	<u>1,724,194</u>	<u>1,863,971</u>	<u>708,125</u>	<u>1,155,846</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(1,348,494)</u>	<u>(1,477,256)</u>	<u>(234,329)</u>	<u>1,242,927</u>
Other financing sources (uses)				
Transfers out	(492,313)	(813,650)	(1,219,559)	(405,909)
Total other financing sources (uses)	<u>(492,313)</u>	<u>(813,650)</u>	<u>(1,219,559)</u>	<u>(405,909)</u>
Net change in fund balances	(1,840,807)	(2,290,906)	(1,453,888)	837,018
Fund balances, beginning of year	<u>1,841,167</u>	<u>2,290,991</u>	<u>2,171,447</u>	<u>(119,544)</u>
Fund balances, end of year	<u>\$ 360</u>	<u>\$ 85</u>	<u>\$ 717,559</u>	<u>\$ 717,474</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
FIRE CONTROL FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ 11,777	\$ 11,234	\$ (543)
Charges for services	34,000	34,000	31,713	(2,287)
Assessments	1,814,084	1,814,084	2,003,219	189,135
Interest	12,000	12,000	3,012	(8,988)
Miscellaneous	1,000	1,000	1,463	463
Total revenues	1,861,084	1,872,861	2,050,641	177,780
EXPENDITURES				
Current				
Public safety	2,154,688	2,198,912	2,029,801	169,111
Capital outlay	490,000	513,055	502,567	10,488
Debt service				
Principal retirement	24,397	24,397	24,396	1
Interest	3,094	3,094	3,094	-
Total expenditures	2,672,179	2,739,458	2,559,858	179,600
Excess (deficiency) of revenues				
over (under) expenditures	(811,095)	(866,597)	(509,217)	357,380
Other financing sources (uses)				
Transfers in	831,000	831,000	830,000	(1,000)
Transfers out	(91,629)	(76,869)	(76,869)	-
Transfers from constitutional officers	4,000	4,000	5,038	1,038
Total other financing sources (uses)	743,371	758,131	758,169	38
Net change in fund balances	(67,724)	(108,466)	248,952	357,418
Fund balances, beginning of year	-	-	1,036,846	1,036,846
Fund balances, end of year	\$ (67,724)	\$ (108,466)	\$ 1,285,798	\$ 1,394,264

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
RACE TRACK JAI ALAI FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 446,500	\$ 446,500	\$ 446,500	\$ -
Interest	-	-	52	52
Total revenues	<u>446,500</u>	<u>446,500</u>	<u>446,552</u>	<u>52</u>
EXPENDITURES				
Current				
Human services	220,500	220,500	220,500	-
Total expenditures	<u>220,500</u>	<u>220,500</u>	<u>220,500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>226,000</u>	<u>226,000</u>	<u>226,052</u>	<u>52</u>
Other financing sources (uses)				
Transfers out	(226,000)	(226,000)	(226,000)	-
Total other financing sources (uses)	<u>(226,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net change in fund balances	-	-	52	52
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>3,453</u>	<u>3,453</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,505</u>	<u>\$ 3,505</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
PIONEER PARK DAYS FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 109,000	\$ 109,000	\$ 104,518	\$ (4,482)
Interest	1,000	1,000	308	(692)
Miscellaneous	-	-	637	637
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>105,463</u>	<u>(4,537)</u>
EXPENDITURES				
Current				
Culture and recreation	81,977	81,977	58,958	23,019
Capital outlay	-	8,000	7,447	553
Total expenditures	<u>81,977</u>	<u>89,977</u>	<u>66,405</u>	<u>23,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,023</u>	<u>20,023</u>	<u>39,058</u>	<u>19,035</u>
Other financing sources (uses)				
Transfers out	(43,200)	(43,200)	(35,379)	7,821
Total other financing sources (uses)	<u>(43,200)</u>	<u>(43,200)</u>	<u>(35,379)</u>	<u>7,821</u>
Net change in fund balances	(15,177)	(23,177)	3,679	26,856
Fund balances, beginning of year	<u>41,000</u>	<u>41,000</u>	<u>139,631</u>	<u>98,631</u>
Fund balances, end of year	<u>\$ 25,823</u>	<u>\$ 17,823</u>	<u>\$ 143,310</u>	<u>\$ 125,487</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
LAW ENFORCEMENT TRUST FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Interest	\$ 600	\$ 600	\$ 232	\$ (368)
Miscellaneous	4,000	4,000	44,422	40,422
Total revenues	<u>4,600</u>	<u>4,600</u>	<u>44,654</u>	<u>40,054</u>
EXPENDITURES				
Current				
Public safety	-	41,337	41,337	-
Total expenditures	<u>-</u>	<u>41,337</u>	<u>41,337</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	4,600	(36,737)	3,317	40,054
Fund balances, beginning of year	<u>94,645</u>	<u>94,645</u>	<u>95,798</u>	<u>1,153</u>
Fund balances, end of year	<u>\$ 99,245</u>	<u>\$ 57,908</u>	<u>\$ 99,115</u>	<u>\$ 41,207</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
E-911 FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 117,600	\$ 147,080	\$ 157,693	\$ 10,613
Interest	1,000	1,000	192	(808)
Total revenues	<u>118,600</u>	<u>148,080</u>	<u>157,885</u>	<u>9,805</u>
EXPENDITURES				
Public safety	205,814	235,294	177,521	57,773
Total expenditures	<u>205,814</u>	<u>235,294</u>	<u>177,521</u>	<u>57,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,214)</u>	<u>(87,214)</u>	<u>(19,636)</u>	<u>67,578</u>
Other financing sources (uses)				
Transfers in	71,525	87,595	50,000	(37,595)
Total other financing sources (uses)	<u>71,525</u>	<u>87,595</u>	<u>50,000</u>	<u>(37,595)</u>
Net change in fund balances	(15,689)	381	30,364	29,983
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (15,689)</u>	<u>\$ 381</u>	<u>\$ 30,364</u>	<u>\$ 29,983</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
MINING FUND
Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final budget -
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 652,548	\$ 652,548	\$ 426,398	\$ (226,150)
Interest	200	200	489	289
Total revenues	<u>652,748</u>	<u>652,748</u>	<u>426,887</u>	<u>(225,861)</u>
EXPENDITURES				
Physical environment	583,991	583,991	200,832	383,159
Total expenditures	<u>583,991</u>	<u>583,991</u>	<u>200,832</u>	<u>383,159</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>68,757</u>	<u>68,757</u>	<u>226,055</u>	<u>157,298</u>
Other financing sources (uses)				
Transfers in	-	11,731	11,731	-
Transfers out	(40,900)	(40,900)	(34,850)	6,050
Total other financing sources (uses)	<u>(40,900)</u>	<u>(29,169)</u>	<u>(23,119)</u>	<u>-</u>
Net change in fund balances	27,857	39,588	202,936	163,348
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 27,857</u>	<u>\$ 39,588</u>	<u>\$ 202,936</u>	<u>\$ 163,348</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
GRANTS FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 350,000	\$ 166,341	\$ 986,326	\$ 819,985
Interest	8,000	2,891	2,377	(514)
Miscellaneous	25,000	135,000	23,582	(111,418)
Total revenues	<u>383,000</u>	<u>304,232</u>	<u>1,012,285</u>	<u>708,053</u>
EXPENDITURES				
Current				
Economic environment	1,118,946	1,504,798	1,007,565	497,233
Physical environment	-	4,710	4,710	-
Total expenditures	<u>1,118,946</u>	<u>1,509,508</u>	<u>1,012,275</u>	<u>497,233</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(735,946)</u>	<u>(1,205,276)</u>	<u>10</u>	<u>1,205,286</u>
Other financing sources (uses)				
Transfers in	-	321,155	-	(321,155)
Transfers out	-	(321,164)	(10)	321,154
Total other financing sources (uses)	<u>-</u>	<u>(9)</u>	<u>(10)</u>	<u>(1)</u>
Net change in fund balances	(735,946)	(1,205,285)	-	1,205,285
Fund balances, beginning of year	<u>735,946</u>	<u>1,205,285</u>	<u>-</u>	<u>(1,205,285)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
TRANSPORTATION TRUST DEBT SERVICE FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Interest	\$ 1,500	\$ 1,500	\$ 625	\$ (875)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>625</u>	<u>(875)</u>
EXPENDITURES				
Debt service				
Principal retirement	700,000	700,000	700,000	-
Interest	27,000	27,000	3,081	23,919
Total expenditures	<u>727,000</u>	<u>727,000</u>	<u>703,081</u>	<u>23,919</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(725,500)</u>	<u>(725,500)</u>	<u>(702,456)</u>	<u>23,044</u>
Other financing sources (uses)				
Transfers in	663,400	663,400	663,400	-
Total other financing sources (uses)	<u>663,400</u>	<u>663,400</u>	<u>663,400</u>	<u>-</u>
Net change in fund balances	(62,100)	(62,100)	(39,056)	23,044
Fund balances, beginning of year	<u>62,100</u>	<u>62,100</u>	<u>142,881</u>	<u>80,781</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,825</u>	<u>\$ 103,825</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, Hardee County, Florida (Board) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 11, 2011. 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 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Year Findings and Responses, that we considered to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 10-01 described in the accompanying Schedule of Current Year Findings and Responses 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 in a separate letter dated February 11, 2011.

The Board's responses to findings identified in our audit are described in the accompanying Schedule of Current Year Findings and Responses on page 44-45. 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

February 11, 2011

HARDEE COUNTY
BOARD OF COUNTY COMMISSIONERS
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
September 30, 2010

Material Weakness

10-01

Properly record Accounts Receivable.

Condition:

The EMS accounts receivable balance has been incorrect for several years. The Board utilizes ADP as a service organization to maintain the accounts receivable listing. The Board utilizes a report from ADP to record accounts receivable at year end. It was determined during this current fiscal year, the report that ADP has been providing to the Board does not accurately reflect amounts written off as uncollectible in prior years. The Board did not note that report inaccurately included amounts written off in the prior year. The inaccurate report was used to determine the accounts receivable balance at year end. Therefore, the accounts receivable balance at year-end is materially overstated by amounts that were written off by the Board in prior years. Also, the Board should be using the allowance method for recording bad debts, but has been utilizing the direct write off method.

Criteria:

Procedures should be in place to properly reconcile the EMS accounts receivable and utilize the allowance method.

Effect:

EMS accounts receivable was materially misstated in the current year.

Recommendation:

We recommend that a review process be put in place to properly review the ADP reports to see that the information is being correctly recorded.

Management Response:

Management will ensure that the ADP report is modified to reflect accounts written off as bad debt.



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, 2010 and have issued our report thereon dated February 11, 2011.

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 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, which is dated February 11, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned 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. 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 occurred, or are likely to occur, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

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

Properly Accrue Expenses

Finding

During our review of subsequent events, we noted an invoice for construction costs for the North Florida Avenue project relating to the year ended September 30, 2010, 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, 2010 and should have been accrued as accounts payable as of September 30, 2010.

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 30th and accrue the related expense as of year end.

Management Response

Management will continue to assist Accounting to ensure that notices are sent out to all departments regarding end of the year expenditures and will continue to aggressively seek out invoices that are due for prior year services.

Transfers between Funds

Finding

During the year, management of the Board decided to record all transactions from the Sheriff's office in the general fund as opposed to the fine and forfeitures fund. The current year activity was transferred to the general fund, however the Due from other Constitutional – Sheriff account was not properly transferred with the other transactions.

Recommendation

We recommend management establish controls over the process to ensure fund activity is properly transferred.

Management Response

Management believes this event was a posting error due to a one time event of moving the Sheriff's Office expenditures from one fund to another and should not occur in the future. The move was to demonstrate better accountability of Ad Valorem Taxes.

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 Board 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

February 11, 2011



**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	5
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fine and Forfeiture Fund	6
Special-Purpose Statement of Fiduciary Assets and Liabilities – All Agency Funds	7
Notes to Special-Purpose Financial Statements	8-14
Combining Special-Purpose Schedule of Fiduciary Assets and Liabilities – All Agency Funds	15
Combining Special-Purpose Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds	16-17
SUPPLEMENTAL INFORMATION	
Report Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
MANAGEMENT LETTER	20-21

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2010. 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, 2010, 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 January 26, 2011 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 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 – all agency funds, and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements 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.



January 26, 2011

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010**

	<u>General</u>	<u>Fine and Forfeiture</u>	<u>Records Modernization</u>	<u>Child Support IV-D</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 88,223	\$ 80,519	\$ 162,906	\$ 89,818	\$ 421,466
Due from individuals	10	10	-	-	20
Due from other funds	69	61	-	-	130
Due from other governments	185	138	-	8,165	8,488
Prepaid expense	-	4,340	-	-	4,340
Total assets	<u>\$ 88,487</u>	<u>\$ 85,068</u>	<u>\$ 162,906</u>	<u>\$ 97,983</u>	<u>\$ 434,444</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 32,637	\$ 40,483	\$ 2,819	\$ -	\$ 75,939
Due to Board of County Commissioners	55,850	-	-	-	55,850
Due to other governmental agencies	-	36,341	-	-	36,341
Due to other funds	-	-	2	-	2
Total liabilities	<u>88,487</u>	<u>76,824</u>	<u>2,821</u>	<u>-</u>	<u>168,132</u>
Fund balances					
Fund balance - reserved for records modernization	-	-	160,085	-	160,085
Unreserved	-	8,244	-	97,983	106,227
Total fund balances	<u>-</u>	<u>8,244</u>	<u>160,085</u>	<u>97,983</u>	<u>266,312</u>
Total liabilities and fund balances	<u>\$ 88,487</u>	<u>\$ 85,068</u>	<u>\$ 162,906</u>	<u>\$ 97,983</u>	<u>\$ 434,444</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
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	<u>General</u>	<u>Fine and Forfeiture</u>	<u>Records Modernization</u>	<u>Child Support IV-D</u>	<u>Total Governmental Funds</u>
REVENUES					
Appropriations from Board of County Commissioners	\$ 475,000	\$ -	\$ -	\$ -	\$ 475,000
Intergovernmental	-	-	-	51,422	51,422
Charges for services	89,402	872,193	80,869	-	1,042,464
Miscellaneous	466	-	455	198	1,119
Total revenues	<u>564,868</u>	<u>872,193</u>	<u>81,324</u>	<u>51,620</u>	<u>1,570,005</u>
EXPENDITURES					
Current:					
General Government:					
Salaries and benefits	420,101	783,183	35,138	15,907	1,254,329
Operating expenditures	56,762	101,063	42,604	841	201,270
Capital outlay	32,155	-	19,389	1,151	52,695
Total expenditures	<u>509,018</u>	<u>884,246</u>	<u>97,131</u>	<u>17,899</u>	<u>1,508,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,850</u>	<u>(12,053)</u>	<u>(15,807)</u>	<u>33,721</u>	<u>61,711</u>
Other financing uses					
Transfer to the Board of County Commissioners	(55,850)	-	-	-	(55,850)
Total other financing uses	<u>(55,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,850)</u>
Net change in fund balances	-	(12,053)	(15,807)	33,721	5,861
Fund balances, beginning of year	<u>-</u>	<u>20,297</u>	<u>175,892</u>	<u>64,262</u>	<u>260,451</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 8,244</u>	<u>\$ 160,085</u>	<u>\$ 97,983</u>	<u>\$ 266,312</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
GENERAL FUND
Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Appropriations from Board of County Commissioners	\$ 475,000	\$ 475,000	\$ 475,000	\$ -
Charges for services	106,400	106,400	89,402	(16,998)
Miscellaneous	-	-	466	466
Total revenues	<u>581,400</u>	<u>581,400</u>	<u>564,868</u>	<u>(16,532)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and benefits	508,000	422,845	420,101	2,744
Operating expenditures	73,400	138,835	56,762	82,073
Capital outlay	-	19,720	32,155	(12,435)
Total expenditures	<u>581,400</u>	<u>581,400</u>	<u>509,018</u>	<u>72,382</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>55,850</u>	<u>55,850</u>
Other financing uses				
Transfer to the Board of County Commissioners	-	-	(55,850)	(55,850)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(55,850)</u>	<u>(55,850)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<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, 2010

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 654,145	\$ 872,193	\$ 872,193	\$ -
Miscellaneous	-	20,296	-	(20,296)
Total revenues	<u>654,145</u>	<u>892,489</u>	<u>872,193</u>	<u>(20,296)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and benefits	572,806	791,357	783,183	8,174
Operating expenditures	81,339	101,132	101,063	69
Total expenditures	<u>654,145</u>	<u>892,489</u>	<u>884,246</u>	<u>8,243</u>
Excess of revenues over expenditures	-	-	(12,053)	(12,053)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>20,297</u>	<u>20,297</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,244</u>	<u>\$ 8,244</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, 2010**

ASSETS	
Cash	<u>\$ 200,540</u>
Total assets	<u><u>\$ 200,540</u></u>
LIABILITIES	
Due to individuals	\$ 63,399
Due to other funds	128
Due to other governments	114,456
Due to Board of County Commissioners	<u>22,557</u>
Total liabilities	<u><u>\$ 200,540</u></u>

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



HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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 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 special-purpose financial statements and as other financing uses on the Board’s financial statements. Any excess of revenues and other financing sources received over expenditures as Clerk to the Board are remitted to the Board at year end.

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

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 special-purpose financial statements.

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 IV-D Fund** – The child support IV-D 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.

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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

Budgetary 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.

Accumulated 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, 2010**

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:

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
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*, 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

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, 2010, the carrying amount of the Clerk’s deposits was \$622,006 and the bank balance was \$707,594. The Clerk’s noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank accounts are collateralized pursuant to Chapter 280, Florida Statutes.

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE C – CASH (continued)

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 (FRS). 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.

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 Clerk 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 under the normal retirement age 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 Clerk, are required to contribute according to the effective rates. The following rates were effective through June 30, 2010 are as follows: 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 percent and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010, the rates are as follows: 10.77 percent of the compensation for regular members, 12.25 percent for DROP members, and 18.64 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent.

The Clerk's contributions to FRS for the years ended September 30, 2010, 2009 and 2008 were \$90,477, \$89,605 and \$102,252, respectively, equal to the required contributions for each year.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

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, 2010:

	<u>Due from other fund</u>	<u>Due to other fund</u>
General Fund	\$ 69	\$ -
Special Revenue Funds		
Fine and Forfeiture Fund	61	-
Records Modernization	-	2
Agency Funds	-	128
	<u>\$ 130</u>	<u>\$ 130</u>

NOTE F – COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2010:

	<u>Balance October 1, 2009</u>	<u>Net Additions</u>	<u>Balance September 30, 2010</u>
Accrued compensated absences	<u>\$ 59,167</u>	<u>\$ 23,419</u>	<u>\$ 82,586</u>

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, 2010 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, 2010.

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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, 2010**

	<u>Special Trust</u>	<u>Support</u>	<u>Court Registry</u>	<u>State Jury & Witness</u>	<u>County Witness</u>	<u>Cash Bond</u>	<u>Condemnation Right-of Way</u>	<u>Total</u>
ASSETS								
Cash	\$ 159,908	\$ 683	\$ 17,898	\$ 5	\$ 293	\$ 20,658	\$ 1,095	\$ 200,540
Total assets	<u>\$ 159,908</u>	<u>\$ 683</u>	<u>\$ 17,898</u>	<u>\$ 5</u>	<u>\$ 293</u>	<u>\$ 20,658</u>	<u>\$ 1,095</u>	<u>\$ 200,540</u>
LIABILITIES								
Due to individuals	\$ 23,789	\$ -	\$ 17,893	\$ -	\$ 12	\$ 20,615	\$ 1,090	\$ 63,399
Due to other funds	5	60	5	5	5	43	5	128
Due to other governments	113,557	623	-	-	276	-	-	114,456
Due to Board of County Commissioners	22,557	-	-	-	-	-	-	22,557
Total liabilities	<u>\$ 159,908</u>	<u>\$ 683</u>	<u>\$ 17,898</u>	<u>\$ 5</u>	<u>\$ 293</u>	<u>\$ 20,658</u>	<u>\$ 1,095</u>	<u>\$ 200,540</u>

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended September 30, 2010

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2010</u>
SPECIAL TRUST				
Assets				
Cash	\$ 23,797	\$ 2,459,839	\$ (2,323,728)	\$ 159,908
Due from other funds	133,133	-	(133,133)	-
Total assets	<u>\$ 156,930</u>	<u>\$ 2,459,839</u>	<u>\$ (2,456,861)</u>	<u>\$ 159,908</u>
Liabilities				
Due to individuals	\$ 26,403	\$ 60,860	\$ (63,474)	\$ 23,789
Due to other funds	5	-	-	5
Due to other governments	130,522	2,142,167	(2,159,132)	113,557
Due to Board of County Commissioners	-	256,812	(234,255)	22,557
Total liabilities	<u>\$ 156,930</u>	<u>\$ 2,459,839</u>	<u>\$ (2,456,861)</u>	<u>\$ 159,908</u>
SUPPORT				
Assets				
Cash	\$ 768	\$ 9,477	\$ (9,562)	\$ 683
Liabilities				
Due to individuals	\$ -	\$ -	\$ -	\$ -
Due to other funds	60	-	-	60
Due to other governments	708	9,477	(9,562)	623
Total liabilities	<u>\$ 768</u>	<u>\$ 9,477</u>	<u>\$ (9,562)</u>	<u>\$ 683</u>
COURT REGISTRY				
Assets				
Cash	\$ 17,199	\$ 290,992	\$ (290,293)	\$ 17,898
Liabilities				
Due to individuals	\$ 17,194	\$ 290,992	\$ (290,293)	\$ 17,893
Due to other funds	5	-	-	5
Total liabilities	<u>\$ 17,199</u>	<u>\$ 290,992</u>	<u>\$ (290,293)</u>	<u>\$ 17,898</u>
STATE JUROR AND WITNESS				
Assets				
Cash	\$ 155	\$ -	\$ (150)	\$ 5
Liabilities				
Due to individuals	\$ 150	\$ -	\$ (150)	\$ -
Due to other funds	5	-	-	5
Total liabilities	<u>\$ 155</u>	<u>\$ -</u>	<u>\$ (150)</u>	<u>\$ 5</u>

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended September 30, 2010

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2010</u>
COUNTY WITNESS				
Assets				
Cash	\$ 348	\$ 150	\$ (205)	\$ 293
Liabilities				
Due to individuals	\$ 12	\$ -	\$ -	\$ 12
Due to other funds	5	-	-	5
Due to other governments	331	150	(205)	276
Total liabilities	<u>\$ 348</u>	<u>\$ 150</u>	<u>\$ (205)</u>	<u>\$ 293</u>
CASH BOND				
Assets				
Cash	\$ 37,696	\$ 124,194	\$ (141,232)	\$ 20,658
Due from individuals	1	-	(1)	-
Total assets	<u>\$ 37,697</u>	<u>\$ 124,194</u>	<u>\$ (141,233)</u>	<u>\$ 20,658</u>
Liabilities				
Due to individuals	\$ 37,697	\$ 123,988	\$ (141,070)	\$ 20,615
Due to other funds	-	206	(163)	43
Total liabilities	<u>\$ 37,697</u>	<u>\$ 124,194</u>	<u>\$ (141,233)</u>	<u>\$ 20,658</u>
CONDEMNATION RIGHT-OF-WAY				
Assets				
Cash	\$ 1,095	\$ -	\$ -	\$ 1,095
Liabilities				
Due to individuals	\$ 1,090	\$ -	\$ -	\$ 1,090
Due to other funds	5	-	-	5
Total liabilities	<u>\$ 1,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,095</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash	\$ 81,058	\$ 2,884,652	\$ (2,765,170)	\$ 200,540
Due from individuals	1	-	(1)	-
Due from other funds	133,133	-	(133,133)	-
Total assets	<u>\$ 214,192</u>	<u>\$ 2,884,652</u>	<u>\$ (2,898,304)</u>	<u>\$ 200,540</u>
Liabilities				
Due to individuals	\$ 82,546	\$ 475,840	\$ (494,987)	\$ 63,399
Due to other funds	85	206	(163)	128
Due to other governments	131,561	2,151,794	(2,168,899)	114,456
Due to Board of County Commissioners	-	256,812	(234,255)	22,557
Total liabilities	<u>\$ 214,192</u>	<u>\$ 2,884,652</u>	<u>\$ (2,898,304)</u>	<u>\$ 200,540</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***

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 Clerk of the Circuit Court, Hardee County, Florida (Clerk) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 26, 2011. 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 Clerk'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 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk'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 in a separate letter dated January 26, 2011.

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 these specified parties.



January 26, 2011

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, 2010 and have issued our report thereon dated January 26, 2011.

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 Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 26, 2011, should be considered in conjunction with this management letter.

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

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

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

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

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

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 the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of 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.

Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the clerk of the courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined the clerk complied with such requirements.

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 Clerk 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

January 26, 2011

**HARDEE COUNTY
SHERIFF**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	5
Special-Purpose Statement of Fiduciary Assets and Liabilities – All Agency Funds	6
Notes to Special-Purpose Financial Statements.....	7-13
Combining Special-Purpose Schedule of Fiduciary Assets and Liabilities – All Agency Funds.....	14
Combining Special-Purpose Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds.....	15
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 <i>Government Auditing Standards</i>	16-17
Schedule of Prior Year Findings.....	18-19
Schedule of Findings and Responses.....	20
MANAGEMENT LETTER	21-22

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, 2010. 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, 2010, and the changes in financial position of its general fund and special revenue funds and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2011 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 assets and liabilities – all agency funds, and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the 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

February 8, 2011

**HARDEE COUNTY
SHERIFF
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 209,030	\$ 94,489	\$ 45,722	\$ 349,241
Accounts receivable	23,136	-	-	23,136
Prepaid items	340,566	-	-	340,566
Total assets	<u>\$ 572,732</u>	<u>\$ 94,489</u>	<u>\$ 45,722</u>	<u>\$ 712,943</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued payroll expenses	\$ 8,011	\$ -	\$ -	\$ 8,011
Due to the Board of County Commissioners	564,721	-	-	564,721
Total liabilities	<u>572,732</u>	<u>-</u>	<u>-</u>	<u>572,732</u>
Fund balances				
Fund balances	-	94,489	45,722	140,211
Total fund balances	<u>-</u>	<u>94,489</u>	<u>45,722</u>	<u>140,211</u>
Total liabilities and fund balances	<u>\$ 572,732</u>	<u>\$ 94,489</u>	<u>\$ 45,722</u>	<u>\$ 712,943</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, 2010**

	<u>General Fund</u>	<u>Commissary Fund</u>	<u>Education Fund (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
REVENUES				
Appropriations From Board of County Commissioners	\$ 7,128,861	\$ -	\$ -	\$ 7,128,861
Intergovernmental	289,464	-	-	289,464
Charges for services	82,388	-	-	82,388
Fines and forfeitures	-	-	3,880	3,880
Interest and miscellaneous	108,316	40,761	-	149,077
Total revenues	<u>7,609,029</u>	<u>40,761</u>	<u>3,880</u>	<u>7,653,670</u>
EXPENDITURES				
Current:				
Public safety				
Salaries and benefits	5,771,678	-	-	5,771,678
Operating expenditures	1,130,441	11,817	255	1,142,513
Capital outlay	505,661	-	-	505,661
Total expenditures	<u>7,407,780</u>	<u>11,817</u>	<u>255</u>	<u>7,419,852</u>
Excess of revenues over expenditures	<u>201,249</u>	<u>28,944</u>	<u>3,625</u>	<u>233,818</u>
Other financing sources (uses)				
Operating transfer in	30,774	-	-	30,774
Operating transfer out	-	(30,774)	-	(30,774)
Transfers to Board of County Commissioners	(232,023)	-	-	(232,023)
Total other financing sources (uses)	<u>(201,249)</u>	<u>(30,774)</u>	<u>-</u>	<u>(232,023)</u>
Net change in fund balances	-	(1,830)	3,625	1,795
Fund balances, beginning of year	<u>-</u>	<u>96,319</u>	<u>42,097</u>	<u>138,416</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 94,489</u>	<u>\$ 45,722</u>	<u>\$ 140,211</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 – BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Appropriations from Board of County Commissioners	\$ 7,128,861	\$ 7,128,861	\$ 7,128,861	\$ -
Intergovernmental	-	224,674	289,464	64,790
Charges for services	-	82,388	82,388	-
Interest and miscellaneous	-	-	108,316	108,316
Total revenues	<u>7,128,861</u>	<u>7,435,923</u>	<u>7,609,029</u>	<u>173,106</u>
EXPENDITURES				
Current:				
Public safety				
Salaries and benefits	5,774,711	5,887,873	5,771,678	116,195
Operating expenditures	1,354,150	1,354,150	1,130,441	223,709
Capital outlay	-	224,674	505,661	(280,987)
Total expenditures	<u>7,128,861</u>	<u>7,466,697</u>	<u>7,407,780</u>	<u>58,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(30,774)</u>	<u>201,249</u>	<u>232,023</u>
Other financing sources (uses)				
Operating transfer in	-	30,774	30,774	-
Transfer to the Board of County Commissioners	-	-	(232,023)	(232,023)
Total other financing sources (uses)	<u>-</u>	<u>30,774</u>	<u>(201,249)</u>	<u>(232,023)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2010**

ASSETS

Cash

\$ 35,756

LIABILITIES

Due to individuals

\$ 35,756

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

HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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.

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

HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Fund

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.

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.

**HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

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 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 nd – 4 th year	168 hours
5 th – 9 th year	192 hours
10 th – 14 th year	216 hours
15 th – 19 th 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%

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
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the 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, 2010, the carrying amount of the Sheriff’s deposits was \$384,997 and the bank balance was \$452,112. 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.

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, 2010:

<u>Governmental Activities</u>	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2010</u>
Capital Assets	\$ 3,115,535	\$ 498,399	\$ (125,075)	\$ 3,488,859

HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. The acts provide that employers, such as the Sheriff, are required to contribute according to effective rates. The following rates were effective through June 30, 2010: 9.85 percent of the compensation for regular members, 20.92 percent for special risk 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 percent and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010, the rates were 10.77 percent of the compensation for regular members, 23.25 percent for special risk members, 12.25 percent for DROP members, and 18.64 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent.

The Sheriff's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$701,471, \$687,718, and \$692,845, respectively, equal to the required contributions for each year.

**HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE F – COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2010:

	Balance October 1, 2009	Net Additions	Balance September 30, 2010
Accrued compensated absences	\$ 267,000	\$ 11,049	\$ 278,049

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 to the General Fund from the Commissary Fund were \$30,774 during the year ended September 30, 2010.

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.

NOTE H – RELATED PARTY TRANSACTIONS

The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$7,128,861 for the year ended September 30, 2010.

HARDEE COUNTY
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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, 2010**

	<u>Suspense</u>	<u>Collections</u>	<u>Evidence</u>	<u>Inmate</u>	<u>Youth</u>	<u>Flower</u>	<u>Total</u>
ASSETS							
Cash	<u>\$ 15,410</u>	<u>\$ -</u>	<u>\$ 8,101</u>	<u>\$ 1,071</u>	<u>\$ 8,768</u>	<u>\$ 2,406</u>	<u>\$ 35,756</u>
LIABILITIES							
Due to individuals	<u>\$ 15,410</u>	<u>\$ -</u>	<u>\$ 8,101</u>	<u>\$ 1,071</u>	<u>\$ 8,768</u>	<u>\$ 2,406</u>	<u>\$ 35,756</u>

**HARDEE COUNTY
SHERIFF
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
September 30, 2010**

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance September 30, 2010</u>
SUSPENSE				
Assets				
Cash	\$ 15,194	\$ 46,915	\$ (46,699)	\$ 15,410
Liabilities				
Due to individuals	\$ 15,194	\$ 46,915	\$ (46,699)	\$ 15,410
COLLECTIONS				
Assets				
Cash	\$ -	\$ 26,087	\$ (26,087)	\$ -
Liabilities				
Due to individuals	\$ -	\$ 26,087	\$ (26,087)	\$ -
EVIDENCE				
Assets				
Cash	\$ 10,375	\$ 7,138	\$ (9,412)	\$ 8,101
Liabilities				
Due to individuals	\$ 10,375	\$ 7,138	\$ (9,412)	\$ 8,101
INMATE				
Assets				
Cash	\$ 1,600	\$ 62,461	\$ (62,990)	\$ 1,071
Liabilities				
Due to individuals	\$ 1,600	\$ 62,461	\$ (62,990)	\$ 1,071
YOUTH				
Assets				
Cash	\$ 6,186	\$ 3,143	\$ (561)	\$ 8,768
Liabilities				
Due to individuals	\$ 6,186	\$ 3,143	\$ (561)	\$ 8,768
FLOWER				
Assets				
Cash	\$ 2,020	\$ 1,095	\$ (709)	\$ 2,406
Liabilities				
Due to individuals	\$ 2,020	\$ 1,095	\$ (709)	\$ 2,406
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash	\$ 35,375	\$146,839	\$ (146,458)	\$ 35,756
Liabilities				
Due to individuals	\$ 35,375	\$146,839	\$ (146,458)	\$ 35,756



**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 Hardee County Sheriff (Sheriff) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 10-01, 10-02, and 10-03 in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as items 10-04 and 10-05 in the accompanying schedule of findings and responses to be significant deficiencies.

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 February 8, 2011.

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.



February 8, 2011

HARDEE COUNTY
SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
September 30, 2010

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.

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.

**HARDEE COUNTY
SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
September 30, 2010**

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.

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

Current Status: No changes to accounting general ledger software during the current year.

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.

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.

Current Status: The bank reconciliations were properly reconciled; however, the reconciliation did not include evidence of approval. We also noted several old checks that need to be addressed on the outstanding check listing.

**HARDEE COUNTY
SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2010**

Material Weakness

10-01: Same as 02-02

Response: Delegations of reconciliation now go to Colonel Harris.

Material Weakness

10-02: Same as 07-01

Response: It is not feasible at this time.

Material Weakness

10-03: Same as 07-02

Response: It is not feasible at this time.

Significant Deficiency

10-04: Same as 09-04.

Response: It is not feasible at this time.

Significant Deficiency

10-05: Same as 09-06.

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



MANAGEMENT LETTER

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Sheriff as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 8, 2011.

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 February 8, 2011, 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, except as noted in the 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 Sheriff complied with Section 218.415, Florida Statutes.

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

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

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

Sick and vacation leave accrual for Elected County Constitutional Officer

Condition:

During our audit, we noted a current year accrual for sick and vacation leave was made for the elected county constitutional officer. In accordance with Florida State Statutes, constitutional officers do not accrue sick and vacation leave. We recommend that management implement policies and procedures to ensure that accrued sick and vacation leave is reported accurately for financial statement disclosure purposes.

Management Response:

We will comply with Florida State Statutes.

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, LLC

February 8, 2011

**HARDEE COUNTY
TAX COLLECTOR**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	4
Special-Purpose Statement of Fiduciary Assets and Liabilities – All Agency Funds	5
Notes to Special-Purpose Financial Statements	6-10
Combining Special-Purpose Schedule of Fiduciary Assets and Liabilities – All Agency Funds	12
Combining Special-Purpose Schedule of Changes in Fiduciary Assets and Liabilities – All Agency Funds.....	13
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 <i>Government Auditing Standards</i>	14-15
Schedule of Findings and Responses.....	16
MANAGEMENT LETTER	17-18

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, 2010. 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by, the Rules of the Auditor General, State of Florida, and are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Additionally, the special-purpose statements present only the 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, 2010, 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 October 22, 2010, 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 – all agency funds, and combining special-purpose schedule of changes in fiduciary assets and liabilities – all agency funds, are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements 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

October 22, 2010

**HARDEE COUNTY
TAX COLLECTOR
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
September 30, 2010**

ASSETS

Cash	\$ 291,077
Accounts receivable	<u>15,188</u>

Total assets \$ 306,265

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 1,433
Due to the Board of County Commissioners	291,513
Due to other governments	9,761
Due to Indigent Health Care Special District	<u>3,558</u>

Total liabilities 306,265

Fund balance

Fund balance	<u>-</u>
--------------	----------

Total liabilities and fund balance \$ 306,265

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 836,868	\$ 836,868	\$ 905,426	\$ 68,558
Interest and miscellaneous revenue	2,100	2,100	2,199	99
Total revenues	<u>838,968</u>	<u>838,968</u>	<u>907,625</u>	<u>68,657</u>
EXPENDITURES				
Current:				
General government				
Salaries and benefits	535,376	532,376	506,725	25,651
Operating expenditures	94,452	86,307	84,939	1,368
Capital outlay	-	11,145	11,129	16
Total expenditures	<u>629,828</u>	<u>629,828</u>	<u>602,793</u>	<u>27,035</u>
Excess of revenues over expenditures	<u>209,140</u>	<u>209,140</u>	<u>304,832</u>	<u>95,692</u>
Other financing uses				
Transfer to other governments	(6,697)	(6,697)	(9,761)	(3,064)
Transfer to Indigent Health Care Special District	(2,441)	(2,441)	(3,558)	(1,117)
Transfer to the Board of County Commissioners	(200,002)	(200,002)	(291,513)	(91,511)
Total other financing uses	<u>(209,140)</u>	<u>(209,140)</u>	<u>(304,832)</u>	<u>(95,692)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<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, 2010**

ASSETS	
Cash	\$ 376,510
Due from individuals	<u>2,563</u>
Total assets	<u><u>\$ 379,073</u></u>
LIABILITIES	
Due to individuals	\$ 57,459
Due to other funds	25,642
Due to Board of County Commissioners	23,051
Due to other governments	37,281
Due to Indigent Health Care Special District	676
Deposit - installment taxes	<u>234,964</u>
Total liabilities	<u><u>\$ 379,073</u></u>

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



**HARDEE COUNTY
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

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, driver's license activity 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, 2010**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund

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

Fiduciary Funds

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

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, 2010**

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 Hardee county Board of County Commissioners as provided by the Florida Statutes.

Accumulated Unpaid Vacation and Sick Pay

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

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

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

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.

**HARDEE COUNTY
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the 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, 2010, the carrying amount of the Tax Collector's deposits was \$667,587 and the bank balance was \$627,001. The Tax Collector's noninterest bearing bank balance is insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balance and interest bearing bank account 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 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, 2010**

NOTE D – EMPLOYEE BENEFITS (continued)

Pension Plan (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 Tax Collector, are required to contribute according to effective rates. The following rates were effective through June 30, 2010: 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 percent and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010, the rates were: 10.77 percent of the compensation for regular members, 12.25 percent for DROP members, and 18.64 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent.

The Tax Collector's contributions to FRS for the years ended September 30, 2010, 2009, and 2008, were \$37,659, \$31,717, and \$34,979, 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, 2010:

	Balance October 1, 2009	Net Additions	Balance September 30, 2010
Accrued Compensated Absences	\$ 5,543	\$ 964	\$ 6,507

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, 2010**

NOTE F – RELATED PARTY TRANSACTIONS

The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$575,298 for the year ended September 30, 2010. The General Fund of the Tax Collector disbursed cash to the Board of County Commissioners in the amount of \$634,812 and \$291,513 was due to the Board of County Commissioners at September 30, 2010 from the General Fund of the Tax Collector.

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, 2010**

	Tax Collector Fund	Motor Vehicle Fund	Total
ASSETS			
Cash	\$ 340,867	\$ 35,643	\$ 376,510
Due from individuals	-	2,563	2,563
Total assets	\$ 340,867	\$ 38,206	\$ 379,073
LIABILITIES			
Due to individuals	\$ 57,459	\$ -	\$ 57,459
Due to other funds	2,843	22,799	25,642
Due to Board of County Commissioners	22,616	435	23,051
Due to other governments	22,309	14,972	37,281
Due to Indigent Health Care Special District	676	-	676
Deposit - installment taxes	234,964	-	234,964
Total liabilities	\$ 340,867	\$ 38,206	\$ 379,073

**HARDEE COUNTY
TAX COLLECTOR
COMBINING SPECIAL-PURPOSE SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES –ALL AGENCY FUNDS
September 30, 2010**

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2010</u>
TAX COLLECTOR FUND				
Assets				
Cash	\$ 280,837	\$34,536,335	\$34,476,305	\$ 340,867
Due from individuals	732	-	732	-
Due from other funds	-	211,947	211,947	-
Total assets	<u>\$ 281,569</u>	<u>\$34,748,282</u>	<u>\$34,688,984</u>	<u>\$ 340,867</u>
Liabilities				
Due to individuals	\$ -	\$ 2,188,062	\$ 2,130,603	\$ 57,459
Due to other funds	4,354	157,917	159,428	2,843
Due to Board of County Commissioners	28,373	16,303,017	16,308,774	22,616
Due to other governments	28,417	15,329,338	15,335,446	22,309
Due to Indigent Health Care Special District	891	534,984	535,199	676
Deposit - installment taxes	219,534	234,964	219,534	234,964
Total liabilities	<u>\$ 281,569</u>	<u>\$34,748,282</u>	<u>\$34,688,984</u>	<u>\$ 340,867</u>
MOTOR VEHICLE FUND				
Assets				
Cash	\$ 22,131	\$ 2,993,810	\$ 2,980,298	\$ 35,643
Due from individuals	417	2,563	417	2,563
Total assets	<u>\$ 22,548</u>	<u>\$ 2,996,373</u>	<u>\$ 2,980,715</u>	<u>\$ 38,206</u>
Liabilities				
Due to other funds	\$ 14,706	\$ 170,148	\$ 162,055	\$ 22,799
Due to Board of County Commissioners	257	5,478	5,300	435
Due to other governments	7,585	2,820,747	2,813,360	14,972
Total liabilities	<u>\$ 22,548</u>	<u>\$ 2,996,373</u>	<u>\$ 2,980,715</u>	<u>\$ 38,206</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash	\$ 302,968	\$37,530,145	\$37,456,603	\$ 376,510
Due from Individuals	1,149	2,563	1,149	2,563
Due from other funds	-	211,947	211,947	-
Total assets	<u>\$ 304,117</u>	<u>\$37,744,655</u>	<u>\$37,669,699</u>	<u>\$ 379,073</u>
Liabilities				
Due to individuals	\$ -	\$ 2,188,062	\$ 2,130,603	\$ 57,459
Due to other funds	19,060	328,065	321,483	25,642
Due to Board of County Commissioners	28,630	16,308,495	16,314,074	23,051
Due to other governments	36,002	18,150,085	18,148,806	37,281
Due to Indigent Health Care Special District	891	534,984	535,199	676
Deposit - installment taxes	219,534	234,964	219,534	234,964
Total liabilities	<u>\$ 304,117</u>	<u>\$37,744,655</u>	<u>\$37,669,699</u>	<u>\$ 379,073</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, 2010, and we have issued our report thereon dated October 22, 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, we considered the Tax Collector’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in item 10-01 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 October 22, 2010.

The Tax Collector's responses to findings are identified in the Schedule of Findings and Responses. We did not audit the Tax Collector's responses and, accordingly, we express no opinion on them.

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

The NCT Group CPAs, LLP

October 22, 2010

**HARDEE COUNTY
TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2010**

Material Weakness

10-01: 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.



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, 2010, and we have issued our report thereon dated October 22, 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 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 October 22, 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:

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 did not have any such recommendations.

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

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

Bank Reconciliation

Finding

During our audit process, we noted the tax collector fund had both an electronic and hand written version of bank reconciliations. The electronic version was completed incorrectly and in effect, the corresponding revenues and expenditures were not properly stated.

Recommendation

We recommend enhancing controls over the bank reconciliation process to ensure proper reporting. The bank reconciliation should be prepared, signed by an individual, dated and reviewed by another individual and dated.

Management Response

Management concurs.

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 Special-Purpose Financial Statements.

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

The NCT Group CPAs, LLP

October 22, 2010

**HARDEE COUNTY
PROPERTY APPRAISER**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
 SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	4
Notes to Special-Purpose Financial Statements.....	5-10
 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 <i>Government Auditing Standards</i>	11-12
MANAGEMENT LETTER	13-14

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying special-purpose financial statements of the general fund of the Hardee County Property Appraiser (Appraiser) as of and for the year ended September 30, 2010. 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, 2010, and the changes in financial position and budgetary comparison of its general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010 on our consideration of the Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The NCT Group CPAs, LLC

October 22, 2010

**HARDEE COUNTY
PROPERTY APPRAISER
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
September 30, 2010**

ASSETS	
Cash	<u>\$ 27,837</u>
Total assets	<u><u>\$ 27,837</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Deferred revenue	<u>\$ 27,837</u>
Total liabilities	<u>27,837</u>
Fund balance	
Fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 27,837</u></u>

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ 674,815	\$ 674,815	\$ 650,696	\$ (24,119)
Miscellaneous	-	-	371	371
Total revenues	<u>674,815</u>	<u>674,815</u>	<u>651,067</u>	<u>(23,748)</u>
EXPENDITURES				
Current:				
General government				
Salaries and benefits	564,165	554,450	546,370	8,080
Operating expenditures	110,650	120,365	104,697	15,668
Total expenditures	<u>674,815</u>	<u>674,815</u>	<u>651,067</u>	<u>23,748</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HARDEE COUNTY
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund

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

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, 2010**

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 st year	5 days
2 nd – 6 th year	10 days
7 th – 9 th year	12 days
10 th – 15 th year	15 days
16 th – 19 th year	17 days
20 years plus	20 days

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

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

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

Use of Estimates

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

HARDEE COUNTY
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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*, 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, 2010, the carrying amount of the Property Appraiser's deposits was \$27,837 and the bank balance was \$60,919. The Appraiser's noninterest bearing bank balance is insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balance and interest bearing bank account 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 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.

**HARDEE COUNTY
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE D – EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

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 according to effective rates. The following rates were effective through June 30, 2010 are as follows: 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 percent and administrative/educational fee of 0.05 percent. Effective July 1, 2010 through September 30, 2010, the rates are as follows: 10.77 percent of the compensation for regular members, 12.25 percent for DROP members, and 18.64 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent.

The Property Appraiser's contributions to FRS for the years ended September 30, 2010, 2009, and 2008, were \$47,711, \$47,906, and \$50,895, 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, 2010:

	Balance October 1, 2009	Net Deletions	Balance September 30, 2010
Accrued Compensated Absences	\$ 25,646	\$ (4,784)	\$ 20,862

**HARDEE COUNTY
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE E – COMPENSATED ABSENCES (continued)

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, 2010, were as follows:

Budget Appropriation - The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$612,948 for the year ended September 30, 2010.

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, 2010, and have issued our report thereon dated October 22, 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, 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.

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

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

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 October 22, 2010.

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

The NCT Group CPAs, LLC

October 22, 2010

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, 2010, and have issued our report thereon dated October 22, 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. 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*. Disclosures in that report, which is dated October 22, 2010, 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. 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 Appraiser complied with Section 218.415, Florida Statutes.

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

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

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

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



October 22, 2010

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS**

**AUDITED SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
 SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet – General Fund.....	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	4
Notes to Special-Purpose Financial Statements.....	5-9
 SUPPLEMENTAL 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 <i>Government Auditing Standards</i>	10-11
Schedule of Prior Year Findings.....	12-14
Schedule of Findings and Responses.....	15-16
 MANAGEMENT LETTER	 17-18

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, 2010. 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 of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor as of September 30, 2010, 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 February 11, 2011 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

February 11, 2011

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
September 30, 2010**

ASSETS	
Cash	\$ 43,407
Accounts receivable	<u>3,754</u>
Total assets	<u><u>\$ 47,161</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 3,900
Accrued expenses	29,036
Due to Board of County Commissioners	2,793
Deferred revenue	<u>11,432</u>
Total liabilities	<u>47,161</u>
 Fund balance	 <u>-</u>
Total liabilities and fund balance	<u><u>\$ 47,161</u></u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final budget -
				Positive
				(Negative)
REVENUES				
Appropriation from Board of County Commissioners	\$ 274,837	\$ 274,837	\$ 274,837	\$ -
Intergovernmental	-	-	2,671	2,671
Interest income	-	-	45	45
Miscellaneous	-	-	499	499
Total revenues	<u>274,837</u>	<u>274,837</u>	<u>278,052</u>	<u>3,215</u>
EXPENDITURES				
Current:				
General government				
Salaries and benefits	194,383	194,383	210,312	(15,929)
Operating expenditures	77,454	77,454	59,582	17,872
Capital outlay	3,000	3,000	2,865	135
Total expenditures	<u>274,837</u>	<u>274,837</u>	<u>272,759</u>	<u>2,078</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,293</u>	<u>5,293</u>
Other financing uses				
Transfer to the Board of County Commissioners	-	-	(5,293)	(5,293)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(5,293)</u>	<u>(5,293)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HARDEE COUNTY
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010

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 Supervisor of Elections, were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

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

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, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. 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, 2010**

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 st – 5 th year	10 days
6 th – 10 th year	15 days
11 years plus	20 days

The maximum permissible accumulation of annual leave is 320 hours. Any accumulation in excess of 320 hours of annual leave at December 31 of each year is lost. At termination, employees are paid for any accumulated annual leave up to 320 hours.

Sick leave accumulates for employees at the rate of one day per calendar month and is cumulative. At termination, employees are paid for any accumulated sick leave, at a rate of 25%.

Use of Estimates

The preparation of the special-purpose fund financial statements is in conformity with accounting 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*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Supervisor under the Hardee County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e. single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers eligible retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the special-purpose financial statements of the Supervisor. Such liabilities and expenses are included in the 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, 2010

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, 2010, the carrying amount of the Supervisor's deposits was \$43,407 and the bank balance was \$51,622. 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 according to effective rates. The following rates were effective through June 30, 2010: 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 percent and administrative/educational fee of 0.05 percent.

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2010**

NOTE D – EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

Effective July 1, 2010 through September 30, 2010, the rates were 10.77 percent of the compensation for regular members, 12.25 percent for DROP members, and 18.64 percent for county elected officials, which includes the health insurance subsidy contribution of 1.11 percent and administrative/educational fee of 0.03 percent.

The Supervisor’s contributions to FRS for the years ended September 30, 2010, 2009, and 2008, were \$20,001, \$21,133, and \$18,646, 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, 2010:

	Balance October 1, 2009	Net Additions	Balance September 30, 2010
Accrued Compensated Absences	\$ 7,587	\$ 705	\$ 8,292

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, 2010, were as follows:

Budget Appropriation - The General Fund of the Supervisor received payments from the Board of County Commissioners in the amount of \$274,837 for the fiscal year ended September 30, 2010.

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
Hardee County Supervisor of Elections
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Supervisor (Supervisor) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 10-01, 10-02, 10-03, 10-04, and 10-05 in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as items 10-06 and 10-07 in the accompanying schedule of findings and responses to be significant deficiencies.

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 February 11, 2011.

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

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



February 11, 2011

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
SCHEDULE OF PRIOR YEAR FINDINGS
September 30, 2010**

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 PRIOR YEAR FINDINGS
September 30, 2010**

Material Weakness

09-04: Bank reconciliations.

Condition: Bank reconciliation for the operating account for September 2009 did not reconcile. Material audit adjustments had to be made in order for cash to be correctly stated.

Recommendation: Reconcile the bank account monthly and investigate any long outstanding items on the reconciliation.

Current Status: This same condition was noted during the current year.

Material Weakness

09-05: Actual expenditures greater than budget.

Condition: Total actual expenditures were greater than total budgeted expenditures for 2009.

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.

Current Status: This condition was not noted during the current year.

Significant Deficiency

09-06: Supervisor of Election's salary.

Condition: Salary payments made to the Supervisor of Elections were more than the statutory amount.

Recommendation: A periodic review should be made of the Supervisor's salary agreement to F.S. 145.09.

Current Status: This same condition was noted during the current year.

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
SCHEDULE OF PRIOR YEAR FINDINGS
September 30, 2010**

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.
- Recommendation:** Back up documentation should be attached to all check stubs.
- Current Status:** This condition was noted during travel testing during the current year. Two checks did not include the agenda in the supporting documentation for the conference or registration.

**HARDEE COUNTY
SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2010**

Material Weakness

10-01: 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

10-02: 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

10-03: 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

10-04: Same as 09-04

Response: Management will ensure 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, 2010**

Material Weakness

- 10-05:** Federal tax deposits not deposited timely and Form 941 not filed timely.
- Condition:** Federal tax deposits for January through September were not deposited until November 2010. In addition, the second and third quarter 941 payroll reports were not filed until August 21, 2010.
- Criteria:** Internal Revenue Code
- Effect:** Not in conformity with Internal Revenue Code.
- Recommendation:** All federal tax deposits should be paid timely and all payroll tax reports should be filed timely to avoid penalties.
- Response:** Management will implement procedures to ensure that all payroll tax filings and deposits are made timely.

Significant Deficiency

- 10-06:** Same as 09-06.
- Response:** Bookkeeper will recheck figures to see that they meet state salary listings.

Significant Deficiency

- 10-07:** Same as 09-07.
- 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
Hardee County Supervisor of Elections
Hardee County, Florida

We have audited the special-purpose financial statements of the Hardee County Supervisor as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 11, 2011.

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 February 11, 2011, 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, except as noted in the 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 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:

Vacation Accrual

Finding

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

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 provisions of contracts or grant agreements, or abuse that have occurred, or are likely to occur, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not have any such findings.

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

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, LLC

February 11, 2011