

HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

**HARDEE COUNTY, FLORIDA
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INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hardee County, Florida (County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statement of the Hardee County Industrial Development Authority (Authority), which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Transportation Trust Fund, Fire Control Fund, and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding a Correction of an Error

As described in Note 16 to the financial statements, the County restated beginning balances to correct accounting errors that occurred in the prior year. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, information other postemployment benefits on page 70, and information on pension benefits on pages 71 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for the purposes of additional analysis and is not a required part of the basic financial statements.

Honorable Board of County Commissioners
Hardee County, Florida

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
April 19, 2017

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Hardee County Management hereby provides a narrative overview and analysis of Hardee County, Florida's (the County) financial activities for fiscal year ended September 30, 2016. This report provides comparative data for fiscal years 2015 and 2016.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2016 are as follows:

- Total assets and deferred outflows of resources of the County exceeded total liabilities and deferred inflows of resources by \$58.5 million. Of this amount, \$60.3 million was invested in capital assets, net of related debt and \$5.0 million is restricted for various purposes. Unrestricted net deficit was \$6.8 million.
- The total net position was \$4.4 million less than the previous years' net position.
- The County's total liabilities increased by \$10.2 million or 37.2% from the previous year.
- As of September 30, 2016, the combined total governmental funds' fund balance reflected a balance of \$16.3 million, an increase of 9.6% from the previous year. Determining this balance was \$18.4 million in total governmental funds' assets, less \$1.6 million in total governmental funds liabilities and deferred inflows of resources of \$470 thousand.
- The County's total unassigned fund balance was \$7.8 million.

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

Government-Wide Financial Statements

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

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

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

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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

The government-wide financial statements can be found on pages 16-18 of this report.

Fund Financial Statements

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

The **Governmental Fund Financial Statements** provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. Governmental funds are used to account for the same functions as reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Hardee County has 15 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Trust Fund, Fire Control Fund and Grants Fund. Data from the other governmental special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental special revenue funds is provided in the form of combining statements within the report. To demonstrate compliance with the Board of County Commissioners' adopted budget, a budgetary comparison statement has been provided for the general fund and other major governmental special revenue funds.

The basic governmental fund financial statements can be found on pages 19-25 of this report.

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

The basic proprietary fund financial statement can be found on pages 26-30 of this report.

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

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

The basic fiduciary fund financial statement can be found on page 31 of this report.

Notes to the Financial Statements

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 32-69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. In our particular case, the County's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58.5 million at the close of the most recent fiscal year. The following schedule provides a summary of assets, liabilities and net position of the County.

HARDEE COUNTY'S NET POSITION

The largest portion of the County's net position (103%) reflects its investment in capital assets, (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that remain outstanding. These assets are used to provide services to citizens and are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Overall, the County's net position decreased by \$4.4 million.

HARDEE COUNTY'S NET POSITION

NET POSITION COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
Current and Other Assets	\$ 17,018,011	\$ 18,053,458	\$ 4,519,129	\$ 4,870,057	\$ 21,537,140	\$ 22,923,515
Capital Assets	48,915,608	45,182,652	19,894,997	19,763,537	68,810,605	64,946,189
Total Assets	65,933,619	63,236,110	24,414,126	24,633,594	90,347,745	87,869,704
Deferred Outflows of Resources	2,857,854	8,867,537	69,855	214,455	2,927,709	9,081,992
Long-Term Debt Outstanding	14,592,822	23,882,008	10,971,194	12,325,930	25,564,016	36,207,938
Other Liabilities	1,611,041	1,301,583	335,176	220,257	1,946,217	1,521,840
Total Liabilities	16,203,863	25,183,591	11,306,370	12,546,187	27,510,233	37,729,778
Deferred Inflows of Resources	2,708,490	665,433	59,064	15,949	2,767,554	681,382
Net Position:						
Invested in Capital Assets						
Net of Related Debt	48,835,608	45,112,472	16,694,997	15,233,537	65,530,605	60,346,009
Restricted	7,110,538	5,036,696	-	-	7,110,538	5,036,696
Unrestricted	(6,097,026)	(3,894,545)	(3,576,450)	(2,947,624)	(9,673,476)	(6,842,169)
Total Net Position	\$ 49,849,120	\$ 46,254,623	\$ 13,118,547	\$ 12,285,913	\$ 62,967,667	\$ 58,540,536

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

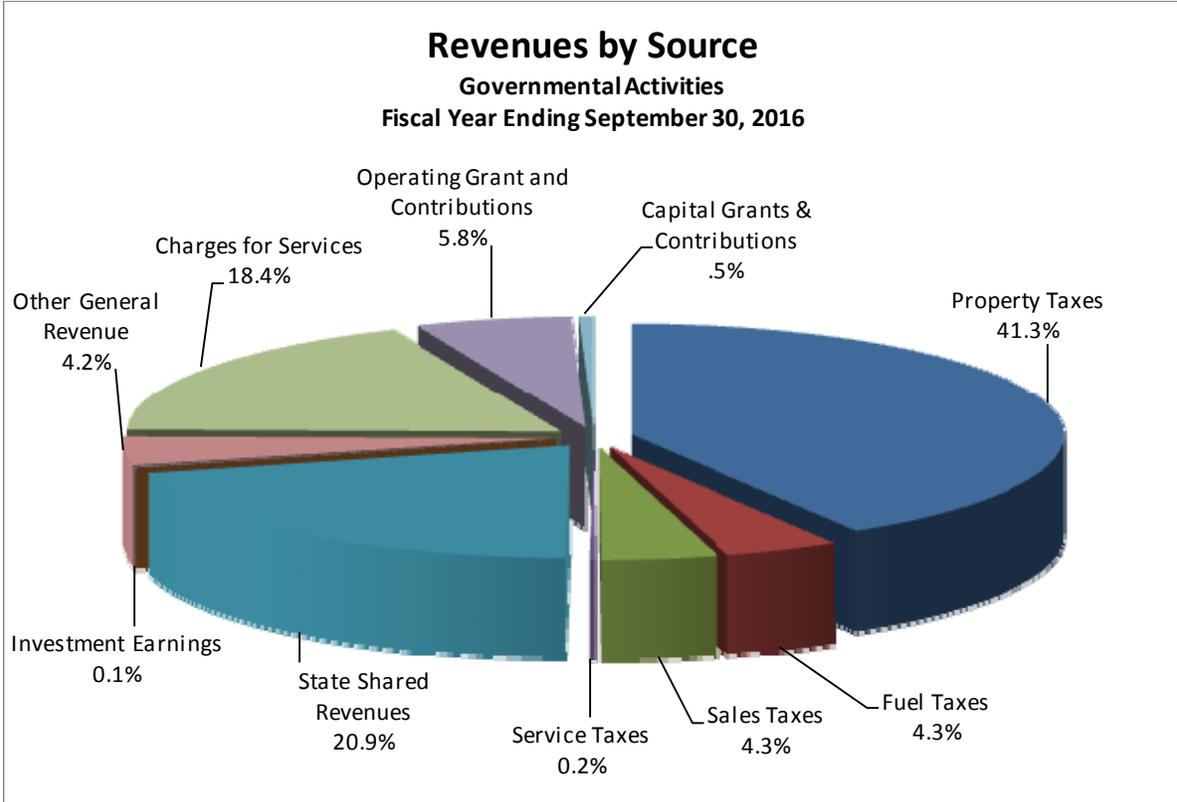
HARDEE COUNTY'S CHANGES IN NET POSITION

CHANGE IN NET POSITION	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,176,806	\$ 5,889,067	\$ 2,388,668	\$ 2,488,485	\$ 7,565,474	\$ 8,377,552
Operating Grants and Contributions	1,752,903	1,869,154	107,279	104,051	1,860,182	1,973,205
Capital Grants and Contributions	3,187,465	168,133	-	84,355	3,187,465	252,488
General Revenues:						
Property Taxes	12,487,590	13,256,555	-	-	12,487,590	13,256,555
Other Taxes	9,402,407	9,520,459	1,066,852	442,644	10,469,259	9,963,103
Other	536,823	1,369,743	569,651	20,070	1,106,474	1,389,813
Total Revenues	<u>32,543,994</u>	<u>32,073,111</u>	<u>4,132,450</u>	<u>3,139,605</u>	<u>36,676,444</u>	<u>35,212,716</u>
EXPENSES						
General Government	8,558,861	9,522,025	-	-	8,558,861	9,522,025
Public Safety	13,353,228	14,955,197	-	-	13,353,228	14,955,197
Physical Environment	204,653	366,330	-	-	204,653	366,330
Transportation	7,808,361	7,938,995	-	-	7,808,361	7,938,995
Economic Environment	612,404	1,102,881	-	-	612,404	1,102,881
Human Services	1,028,974	1,105,132	-	-	1,028,974	1,105,132
Culture and Recreation	1,343,087	1,242,939	-	-	1,343,087	1,242,939
Debt Service:						
Interest on Long-Term Debt	-	-	-	-	-	-
Other Debt Service	-	-	-	-	-	-
Solid Waste	-	-	1,839,326	2,058,541	1,839,326	2,058,541
Wauchula Hills Wastewater	-	-	1,303,557	1,568,967	1,303,557	1,568,967
Vandolah Wastewater	-	-	99,337	128,840	99,337	128,840
Total Expenses	<u>32,909,568</u>	<u>36,233,499</u>	<u>3,242,220</u>	<u>3,756,348</u>	<u>36,151,788</u>	<u>39,989,847</u>
Excess before Transfers	(365,574)	(4,160,388)	890,230	(616,743)	524,656	(4,777,131)
Transfers	68,410	215,891	(68,410)	(215,891)	-	-
Changes in Net Position	<u>(297,164)</u>	<u>(3,944,497)</u>	<u>821,820</u>	<u>(832,634)</u>	<u>524,656</u>	<u>(4,777,131)</u>
Net Position - Beginning as Previously Stated	50,146,284	49,849,120	12,296,727	13,118,547	62,443,011	62,967,667
Prior Period Restatement (Note 15)	-	350,000	-	-	-	350,000
Net Position - Beginning as Restated	<u>50,146,284</u>	<u>50,199,120</u>	<u>12,296,727</u>	<u>13,118,547</u>	<u>62,443,011</u>	<u>63,317,667</u>
Net Position - Ending	<u>\$ 49,849,120</u>	<u>\$ 46,254,623</u>	<u>\$ 13,118,547</u>	<u>\$ 12,285,913</u>	<u>\$ 62,967,667</u>	<u>\$ 58,540,536</u>

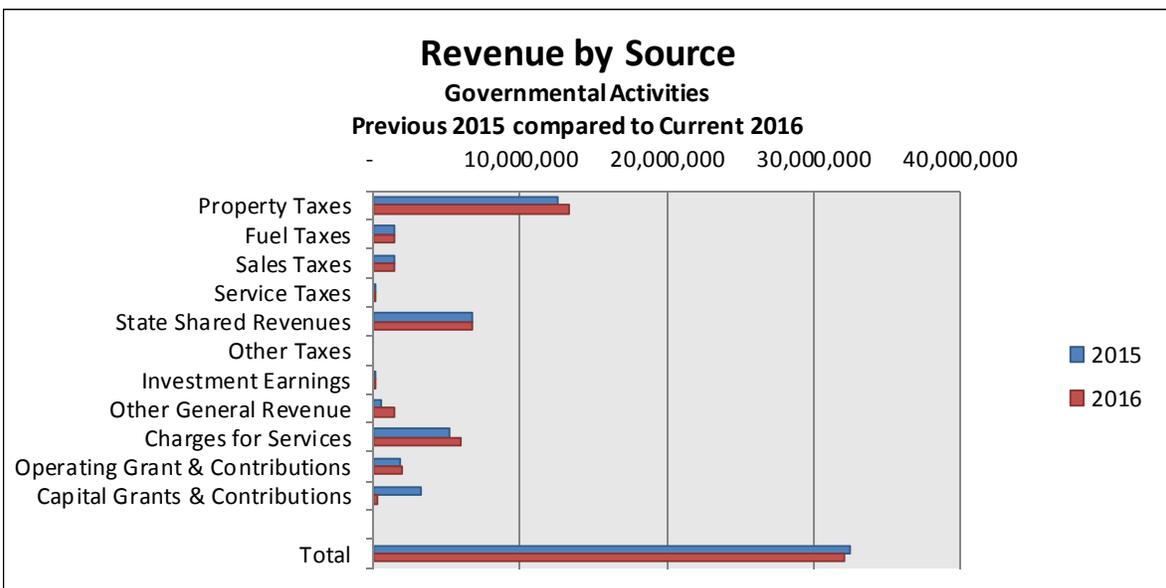
It should be noted that the Statement of Activities reflects a reclassification of fire and solid waste assessments from Other Taxes to Charges for Services. The 2015 amounts above have been adjusted for comparison purposes.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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

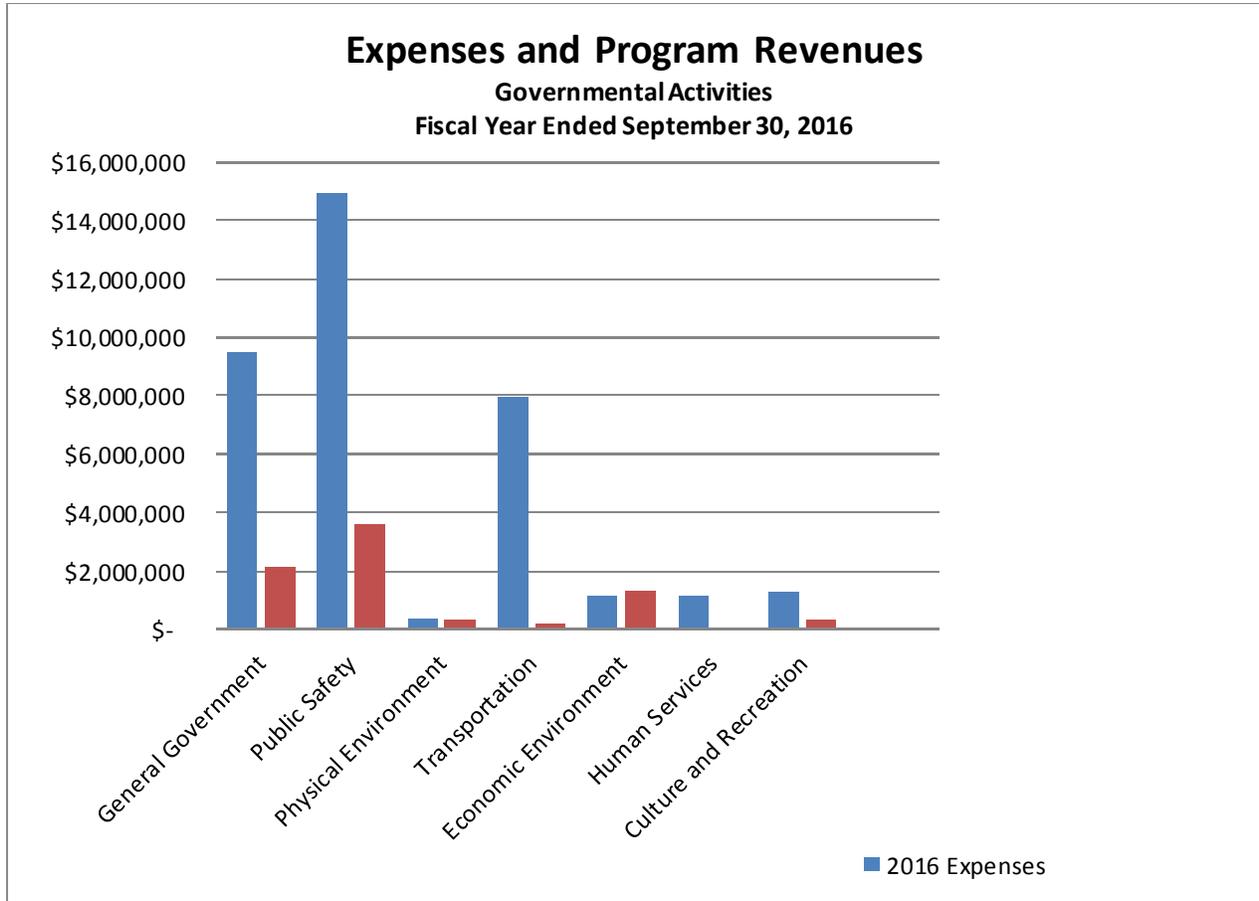


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



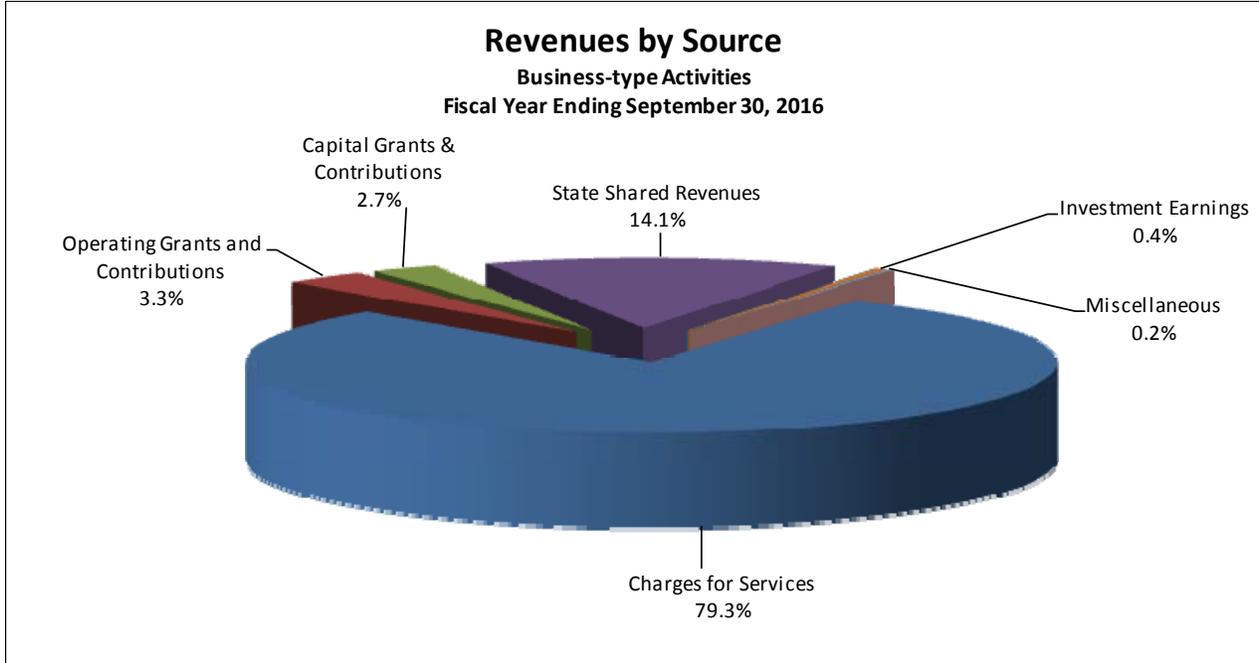
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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

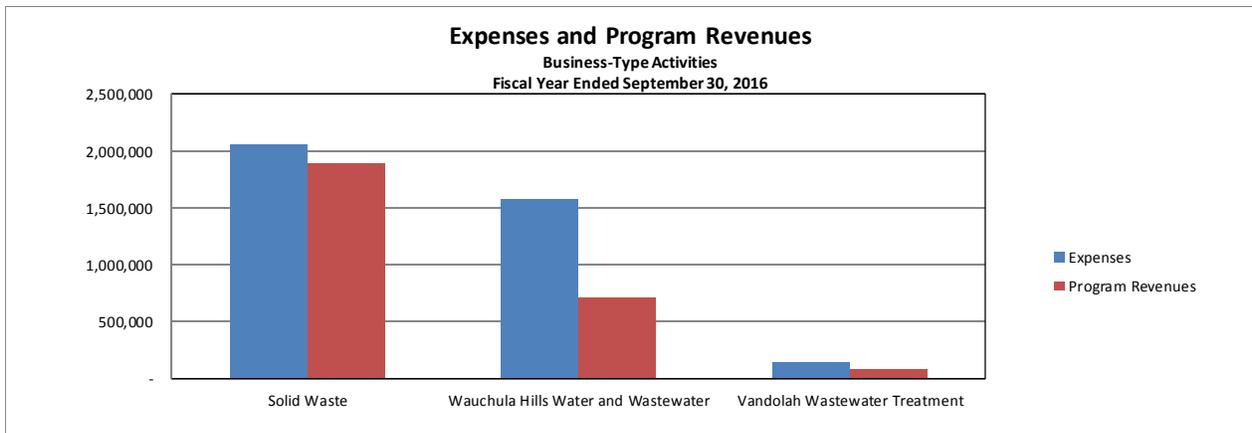


**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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



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



**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

An analysis of the County's "Changes in Net Position" reflects that the overall revenues have decreased by \$1.5 million. Further analysis shows that the overall decrease is attributed to a \$471 thousand decrease in governmental type activities and a \$993 thousand decrease in business-type activities. Major factors contributing to the decreased revenues in the government type activities are as follows:

- A \$3.0 million decrease in Capital Grants
- A \$712 thousand increase in Charges for Services
- A \$769 thousand increase in Property Taxes
- A \$118 thousand increase in Other Taxes
- A \$832 thousand increase in Miscellaneous

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

- A \$100 thousand increase in Charges for Services
- A \$84 thousand increase in Capital Grants
- A \$624 thousand decrease in Other Taxes
- A \$550 thousand decrease in Miscellaneous

County expenses illustrate an overall increase of \$3.8 million. The overall increase was due to an increase in government type activities of \$3.3 million and an increase in the business-type activities of \$514 thousand. The increase of the government type activities expenses are due to the following activities below:

- A \$963 thousand increase in General Government
- A \$1.6 million increase in Public Safety
- A \$162 thousand increase in Physical Environment
- A \$131 thousand increase in Transportation
- A \$490 thousand increase in Economic Environment
- A \$76 thousand increase in human services
- A \$100 thousand decrease in Culture and Recreation

The increase in expenses of the business-type activities was reflective of the following:

- A \$219 thousand increase in Solid Waste
- A \$265 thousand increase in Wauchula Hills Wastewater Utilities
- A \$30 thousand increase in Vandolah Wastewater Utilities

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16.3 million. Approximately \$3.9 million of the fund balance is restricted to the Transportation Fund, Fire Control Fund, and Grants Fund, and \$1.2 million is restricted to the non-major governmental funds. Approximately \$2.4 million is committed to the Fire Control Fund and \$106 thousand to the non-major governmental funds. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7.6 million, which represents 47% of the total fund balance in the governmental funds. Unassigned fund balances are those dollars which are available for spending at the government's discretion. As a measure of the General Fund's liquidity, the total general fund balance represents 42% of the total general fund expenditures.

Proprietary Funds

Hardee County's proprietary funds provide the same type of information found in the government-wide business-type activities financial statements, but in more detail. Solid waste operating revenues increased by \$70 thousand. Net position of the solid waste department decreased by \$229 thousand. The water/wastewater operating revenues were a combined total increase of \$30 thousand and the net position decreased by \$603 thousand.

BUDGETARY HIGHLIGHTS

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

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

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

CAPITAL ASSETS

The County's investments in capital assets for its governmental and business-type activities as of September 30, 2016 were \$64.9 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
Land	\$ 3,539,202	\$ 3,691,702	\$ 962,625	\$ 962,625	\$ 4,501,827	\$ 4,654,327
Construction in Progress	307,079	289,621	1,526,973	104,361	1,834,052	393,982
Buildings and Improvements	13,754,706	13,461,517	7,911,155	7,830,514	21,665,861	21,292,031
Machinery and Equipment	5,032,515	5,201,495	477,717	1,592,717	5,510,232	6,794,212
Infrastructure	26,282,106	22,538,317	9,016,527	9,273,320	35,298,633	31,811,637
Total Capital Assets	<u>\$ 48,915,608</u>	<u>\$ 45,182,652</u>	<u>\$ 19,894,997</u>	<u>\$ 19,763,537</u>	<u>\$ 68,810,605</u>	<u>\$ 64,946,189</u>

Additional information on the County's capital assets can be found in Note 5 to the financial statements.

DEBT MANAGEMENT

As of September 30, 2016, the County had total long-term liabilities outstanding of \$36.2 million. Of this amount, \$4.6 million is notes payable, \$798 thousand is compensated absences, \$22.1 million is net pension liability, \$7.2 million is landfill closure and post closure obligations, and postemployment health care consisted of \$1.5million.

Hardee County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
Notes Payable	\$ 80,000	\$ 60,000	\$ 3,200,000	\$ 4,530,000	\$ 3,280,000	\$ 4,590,000
Postemployment Healthcare	1,350,142	1,458,606	63,858	67,394	1,414,000	1,526,000
Net Pension Liability	12,421,504	21,575,489	348,306	563,459	12,769,810	22,138,948
Compensated Absences	741,176	787,913	16,846	9,956	758,022	797,869
Landfill Closure/Post Closure	-	-	7,342,184	7,155,121	7,342,184	7,155,121
Total	<u>\$ 14,592,822</u>	<u>\$ 23,882,008</u>	<u>\$ 10,971,194</u>	<u>\$ 12,325,930</u>	<u>\$ 25,564,016</u>	<u>\$ 36,207,938</u>

The County's long-term liabilities under governmental activities increased \$9.3 million due to an increase in net pension liability of \$9.2 million. In business-type activities, long-term liabilities increased \$1.4 million due to an increase in notes payable of \$1.3 million. Additional information on Hardee County's long-term debt can be found in Note 6 of this report.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- As referenced from the United States Census, the total estimated population for Hardee County for 2016 is 27,360. As a comparison, the estimated population for Hardee County for 2015 was 27,469. This is a decrease of less than 1%. This is also an indicator for the decrease in revenues generated by property values.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2016 is 7.2% and reflects an increase from the previous year's 6.7%. The County's rate is higher than the State of Florida's average of 5.4% and higher than the national average of 4.9% for 2016.
- The final taxable value for fiscal year 2017 decreased by 1.67% over fiscal year 2016.
- The millage rate for fiscal year 2016-2017 was set and adopted at 8.8991 mills. This can be confusing, as the prior year's millage was 8.8991 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 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 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 10% assessment cap on non-homestead property which became effective on January 1, 2009.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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 \$78.8 million which equates to approximately \$701 thousand decrease in revenues. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues.

REQUESTS FOR INFORMATION

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

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

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

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

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 14,876,743	\$ 3,424,358	\$ 18,301,101	\$ 7,480,879
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	792,801	136,304	929,105	9,924
Internal Balances	(2,335)	2,335	-	-
Due from Other Governmental Agencies	1,435,335	239,016	1,674,351	1,794,928
Prepaid Items	619,438	-	619,438	40,809
Inventory	321,408	-	321,408	798,908
Restricted Assets:				
Cash and Cash Equivalents	-	1,064,448	1,064,448	-
Capital Assets not Being Depreciated	3,981,323	1,066,986	5,048,309	2,770,482
Capital Assets, Net of Accumulated Depreciation	41,201,329	18,696,551	59,897,880	12,140,573
Total Assets	63,236,110	24,633,594	87,869,704	25,036,503
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	8,867,537	214,455	9,081,992	-
Total Deferred Outflows of Resources	8,867,537	214,455	9,081,992	-
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,132,602	139,034	1,271,636	489,655
Unearned Revenue	66,749	8,751	75,500	66,545
Due to Other Governmental Agencies	102,232	30,990	133,222	-
Deposits	-	41,482	41,482	-
Net Pension Liability	21,575,489	563,459	22,138,948	-
Noncurrent Liabilities:				
Due within One Year	369,182	721,304	1,090,486	3,943
Due in More than One Year	1,937,337	11,041,167	12,978,504	-
Total Liabilities	25,183,591	12,546,187	37,729,778	560,143
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	665,433	15,949	681,382	-
Total Deferred Inflows of Resources	665,433	15,949	681,382	-
NET POSITION				
Net Investment in Capital Assets	45,112,472	15,233,537	60,346,009	14,907,112
Restricted for:				
Transportation	3,306,819	-	3,306,819	-
Grants	550,783	-	550,783	-
Court Innovations	386,140	-	386,140	-
Law Enforcement Trust	118,269	-	118,269	-
E-911	216,210	-	216,210	-
Court	2,257	-	2,257	-
Court Technology	11,548	-	11,548	-
Official Records	139,554	-	139,554	-
Clerk Operational Needs	154,082	-	154,082	-
Inmate Welfare	101,412	-	101,412	-
Economic Development Projects	-	-	-	8,425,142
Education	49,622	-	49,622	1,144,106
Total Restricted Net Position	5,036,696	-	5,036,696	9,569,248
Unrestricted	(3,894,545)	(2,947,624)	(6,842,169)	-
Total Net Position	\$ 46,254,623	\$ 12,285,913	\$ 58,540,536	\$ 24,476,360

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Primary Government								
Governmental Activities:								
General Government	\$ 9,522,025	\$ 2,073,557	\$ 57,503	\$ -	\$ (7,390,965)	\$ -	\$ (7,390,965)	\$ -
Public Safety	14,955,197	3,018,082	586,862	-	(11,350,253)	-	(11,350,253)	-
Physical Environment	366,330	322,141	-	-	(44,189)	-	(44,189)	-
Transportation	7,938,995	203,800	-	-	(7,735,195)	-	(7,735,195)	-
Economic Environment	1,102,881	-	1,164,364	168,133	229,616	-	229,616	-
Economic Development	-	-	-	-	-	-	-	-
Human Services	1,105,132	-	-	-	(1,105,132)	-	(1,105,132)	-
Culture and Recreation	1,242,939	271,487	60,425	-	(911,027)	-	(911,027)	-
Total Governmental Activities	36,233,499	5,889,067	1,869,154	168,133	(28,307,145)	-	(28,307,145)	-
Business-Type Activities:								
Solid Waste	2,058,541	1,791,958	104,051	-	-	(162,532)	(162,532)	-
Wauchula Hills Water and Wastewater	1,568,967	615,957	-	84,355	-	(868,655)	(868,655)	-
Vandolah Wastewater Treatment	128,840	80,570	-	-	-	(48,270)	(48,270)	-
Total Business-Type Activities	3,756,348	2,488,485	104,051	84,355	-	(1,079,457)	(1,079,457)	-
Total Primary Government	\$ 39,989,847	\$ 8,377,552	\$ 1,973,205	\$ 252,488	(28,307,145)	(1,079,457)	(29,386,602)	-
Component Unit:								
Industrial Development Authority	\$ 4,232,499	\$ 328,228	\$ 258,000	\$ 2,131,033	-	-	-	(1,515,238)
General Revenues								
Taxes:								
Property Taxes					13,256,555	-	13,256,555	-
Fuel Taxes					1,372,421	-	1,372,421	-
Sales Tax					1,386,046	-	1,386,046	-
Service Taxes					72,319	-	72,319	-
State Shared Revenues					6,689,673	442,644	7,132,317	-
Mosaic Income					-	-	-	3,500,000
Investment Earnings					41,453	12,761	54,214	9,354
Gain on Sale of Capital Assets					-	1,125	1,125	-
Miscellaneous					1,328,290	6,184	1,334,474	3,061
Transfers					215,891	(215,891)	-	-
Total General Revenues and Transfers					24,362,648	246,823	24,609,471	3,512,415
Change in Net Position					(3,944,497)	(832,634)	(4,777,131)	1,997,177
Net Position - Beginning of Year, as Previously Reported					49,849,120	13,118,547	62,967,667	22,479,183
Prior Period Adjustment					350,000	-	350,000	-
Net Assets - Beginning of Year, As Restated					50,199,120	13,118,547	63,317,667	22,479,183
Net Position - Ending					\$ 46,254,623	\$ 12,285,913	\$ 58,540,536	\$ 24,476,360

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Other Governmental Funds	
ASSETS						
Cash and Cash Equivalents	\$ 7,121,288	\$ 3,109,730	\$ 2,427,512	\$ 375,480	\$ 1,842,733	\$ 14,876,743
Deposits	5,753	4,315	-	-	-	10,068
Accounts Receivable, Net	773,348	115	-	-	19,338	792,801
Due from Other Funds	202,735	-	2,335	-	93,844	298,914
Due from Other Governments	602,669	376,321	1,899	412,273	42,173	1,435,335
Prepaid Items	617,181	-	-	-	2,257	619,438
Inventory of Supplies, at Cost	321,408	-	-	-	-	321,408
	<u>\$ 9,644,382</u>	<u>\$ 3,490,481</u>	<u>\$ 2,431,746</u>	<u>\$ 787,753</u>	<u>\$ 2,000,345</u>	<u>\$ 18,354,707</u>
Total Assets						

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2016**

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Other Governmental Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 634,260	\$ 116,769	\$ 34,255	\$ 40,210	\$ 307,108	\$ 1,132,602
Due to Other Funds	30,366	66,893	-	135,837	68,153	301,249
Due to Other Governments	19,477	-	497	1	82,257	102,232
Unearned Revenue	-	-	-	60,922	5,827	66,749
Total Liabilities	<u>684,103</u>	<u>183,662</u>	<u>34,752</u>	<u>236,970</u>	<u>463,345</u>	<u>1,602,832</u>
Deferred Inflows of Resources:						
Unavailable Revenue	450,123	82	-	20	19,328	469,553
Fund Balances:						
Nonspendable	938,589	-	-	-	2,257	940,846
Restricted	-	3,306,737	-	550,763	1,176,837	5,034,337
Committed	-	-	2,396,994	-	106,104	2,503,098
Unassigned	7,571,567	-	-	-	232,474	7,804,041
Total Fund Balances	<u>8,510,156</u>	<u>3,306,737</u>	<u>2,396,994</u>	<u>550,763</u>	<u>1,517,672</u>	<u>16,282,322</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,644,382</u>	<u>\$ 3,490,481</u>	<u>\$ 2,431,746</u>	<u>\$ 787,753</u>	<u>\$ 2,000,345</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	45,182,652
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	469,553
Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(13,373,385)
Long-term liabilities, including notes payable, other post employment benefits, and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(2,306,519)
Net Position of Governmental Activities	<u>\$ 46,254,623</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Major			Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	
REVENUES					
Taxes	\$ 14,714,920	\$ 1,372,421	\$ -	\$ -	\$ 16,087,341
Licenses and Permits	325,733	-	-	-	325,733
Intergovernmental	3,703,277	3,074,772	-	1,527,408	8,706,705
Charges for Services	1,890,586	316,478	12,035	-	3,454,699
Fines and Forfeitures	4,635	-	-	-	235,642
Assessments	-	-	1,948,143	-	1,948,143
Interest	24,312	6,960	7,178	965	42,052
Miscellaneous	795,020	24,322	-	253,643	1,177,241
Total Revenues	<u>21,458,483</u>	<u>4,794,953</u>	<u>1,967,356</u>	<u>1,782,016</u>	<u>31,977,556</u>
EXPENDITURES					
Current:					
General Government	7,085,988	-	-	-	1,361,158
Public Safety	10,806,496	-	2,167,991	72,025	394,279
Physical Environment	69,404	-	-	-	286,964
Transportation	-	3,459,749	-	-	-
Economic Environment	-	-	-	1,098,470	-
Human Services	921,595	-	-	169,263	-
Culture and Recreation	981,769	-	-	-	72,353
Capital Outlay	589,292	1,030,030	16,818	440,495	69,931
Debt Service:					
Principal Retirement	-	20,000	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>20,454,544</u>	<u>4,509,779</u>	<u>2,184,809</u>	<u>1,780,253</u>	<u>2,184,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,003,939	285,174	(217,453)	1,763	(209,937)
OTHER FINANCING SOURCES (USES)					
Transfers In	357,186	57,134	368,467	82,885	419,700
Transfers Out	(871,964)	-	(117,174)	(14,322)	(66,021)
Total Other Financing Sources (Uses)	<u>(514,778)</u>	<u>57,134</u>	<u>251,293</u>	<u>68,563</u>	<u>353,679</u>
NET CHANGE IN FUND BALANCES	489,161	342,308	33,840	70,326	143,742
Fund Balances - Beginning of Year, as Previously Stated	8,020,995	2,964,429	2,363,154	130,437	1,373,930
Prior Period Adjustment	-	-	-	350,000	-
Fund Balances - Beginning of Year, as Restated	<u>8,020,995</u>	<u>2,964,429</u>	<u>2,363,154</u>	<u>480,437</u>	<u>1,373,930</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,510,156</u>	<u>\$ 3,306,737</u>	<u>\$ 2,396,994</u>	<u>\$ 550,763</u>	<u>\$ 1,517,672</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ 1,079,377

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlay exceeded depreciation. This is the effect of capital outlay, depreciation expense, and other capital asset transactions in the current period. (3,732,956)

Some revenues reported in the statement of activities will not be collected for several months after the fiscal year end and, therefore, are not reported as revenues in governmental funds. (84,472)

Long-term liabilities are reported in the statement of net position but not in the governmental funds because they are not due and payable in the current period. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are 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. 20,000

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 the governmental funds. (1,226,446)

Change in Net Position of Governmental Activities \$ (3,944,497)

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,867,028	\$ 14,867,028	\$ 14,714,920	\$ (152,108)
Licenses and Permits	207,890	226,690	325,733	99,043
Intergovernmental	3,074,187	3,070,244	3,703,277	633,033
Charges for Services	1,028,718	1,161,542	1,890,586	729,044
Fines and Forfeitures	7,100	7,100	4,635	(2,465)
Interest	17,868	17,868	24,312	6,444
Miscellaneous	602,051	781,748	795,020	13,272
Total Revenues	<u>19,804,842</u>	<u>20,132,220</u>	<u>21,458,483</u>	<u>1,326,263</u>
EXPENDITURES				
Current:				
General Government	7,852,065	7,741,105	7,085,988	655,117
Public Safety	11,388,687	11,382,390	10,806,496	575,894
Physical Environment	99,440	97,444	69,404	28,040
Human Services	958,016	982,617	921,595	61,022
Culture and Recreation	1,114,915	1,118,405	981,769	136,636
Capital Outlay	880,469	1,133,648	589,292	544,356
Other Expense	1,129,415	1,129,415	-	1,129,415
Total Expenditures	<u>23,423,007</u>	<u>23,585,024</u>	<u>20,454,544</u>	<u>3,130,480</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,618,165)	(3,452,804)	1,003,939	4,456,743
OTHER FINANCING SOURCES (USES)				
Transfers In	395,700	395,700	357,186	(38,514)
Transfers Out	(701,937)	(867,298)	(871,964)	(4,666)
Total Other Financing Sources (Uses)	<u>(306,237)</u>	<u>(471,598)</u>	<u>(514,778)</u>	<u>(43,180)</u>
NET CHANGE IN FUND BALANCES	(3,924,402)	(3,924,402)	489,161	4,413,563
Fund Balances - Beginning of Year	<u>3,924,402</u>	<u>3,924,402</u>	<u>8,020,995</u>	<u>4,096,593</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,510,156</u>	<u>\$ 8,510,156</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,298,378	\$ 1,298,378	\$ 1,372,421	\$ 74,043
Intergovernmental	2,914,824	2,914,824	3,074,772	159,948
Charges for Services	116,300	116,300	316,478	200,178
Interest	2,000	2,000	6,960	4,960
Miscellaneous	37,080	37,080	24,322	(12,758)
Total Revenues	<u>4,368,582</u>	<u>4,368,582</u>	<u>4,794,953</u>	<u>426,371</u>
EXPENDITURES				
Current:				
Transportation	4,492,253	4,420,482	3,459,749	960,733
Capital Outlay	1,174,149	1,248,020	1,030,030	217,990
Debt Service:				
Principal Retirement	20,000	20,000	20,000	-
Other Expense	1,061,285	1,061,285	-	1,061,285
Total Expenditures	<u>6,747,687</u>	<u>6,749,787</u>	<u>4,509,779</u>	<u>2,240,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,379,105)	(2,381,205)	285,174	2,666,379
OTHER FINANCING SOURCES				
Transfers In	<u>65,000</u>	<u>67,100</u>	<u>57,134</u>	<u>(9,966)</u>
NET CHANGE IN FUND BALANCES	(2,314,105)	(2,314,105)	342,308	2,656,413
Fund Balances - Beginning of Year	<u>2,314,105</u>	<u>2,314,105</u>	<u>2,964,429</u>	<u>650,324</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,306,737</u></u>	<u><u>\$ 3,306,737</u></u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FIRE CONTROL FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 28,888	\$ 28,888	\$ 12,035	\$ (16,853)
Assessments	1,882,157	1,882,157	1,948,143	65,986
Interest	5,730	5,730	7,178	1,448
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	<u>1,917,775</u>	<u>1,917,775</u>	<u>1,967,356</u>	<u>49,581</u>
EXPENDITURES				
Current:				
Public Safety	2,353,294	2,350,794	2,167,991	182,803
Capital Outlay	693,232	695,732	16,818	678,914
Other Expense	1,289,207	1,289,927	-	1,289,927
Total Expenditures	<u>4,335,733</u>	<u>4,336,453</u>	<u>2,184,809</u>	<u>2,151,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,417,958)	(2,418,678)	(217,453)	2,201,225
OTHER FINANCING SOURCES (USES)				
Transfers In	367,913	368,633	368,467	(166)
Transfers Out	(120,000)	(120,000)	(117,174)	2,826
Total Other Financing Sources (Uses)	<u>247,913</u>	<u>248,633</u>	<u>251,293</u>	<u>2,660</u>
NET CHANGE IN FUND BALANCES	(2,170,045)	(2,170,045)	33,840	2,203,885
Fund Balances - Beginning of Year	<u>2,170,045</u>	<u>2,170,045</u>	<u>2,363,154</u>	<u>193,109</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,396,994</u>	<u>\$ 2,396,994</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,395,146	\$ 1,690,080	\$ 1,527,408	\$ (162,672)
Interest	1,000	1,000	965	(35)
Miscellaneous	210,000	462,493	253,643	(208,850)
Total Revenues	<u>1,606,146</u>	<u>2,153,573</u>	<u>1,782,016</u>	<u>(371,557)</u>
EXPENDITURES				
Current:				
Economic Environment	789,476	1,458,269	1,098,470	359,799
Public Safety	88,930	91,648	72,025	19,623
Human Services	39,425	176,141	169,263	6,878
Capital Outlay	490,000	473,006	440,495	32,511
Total Expenditures	<u>1,407,831</u>	<u>2,199,064</u>	<u>1,780,253</u>	<u>418,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	198,315	(45,491)	1,763	47,254
OTHER FINANCING SOURCES (USES)				
Transfers In	82,885	82,885	82,885	-
Transfers Out	(281,200)	(37,394)	(14,322)	23,072
Total Other Financing Sources (Uses)	<u>(198,315)</u>	<u>45,491</u>	<u>68,563</u>	<u>23,072</u>
NET CHANGE IN FUND BALANCES	-	-	70,326	70,326
Fund Balances - Beginning of Year, as Previously Stated	-	-	130,437	130,437
Prior Period Adjustment	-	-	350,000	350,000
Fund Balances - Beginning of Year, as Restated	<u>-</u>	<u>-</u>	<u>480,437</u>	<u>480,437</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,763</u>	<u>\$ 550,763</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	\$ 2,158,606	\$ 1,086,811	\$ 178,941	\$ 3,424,358
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	75,272	60,975	57	136,304
Due from Other Funds	2,335	-	-	2,335
Due from Other Governmental Agencies	90,909	148,107	-	239,016
Total Current Assets	<u>2,327,122</u>	<u>1,299,489</u>	<u>178,998</u>	<u>3,805,609</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	1,064,448	-	-	1,064,448
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Construction in Progress	-	104,361	-	104,361
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	2,911,509	486,335	8,961	3,406,805
Infrastructure	7,141,383	10,964,824	-	18,106,207
Less: Accumulated Depreciation	(6,830,122)	(5,545,533)	(325,543)	(12,701,198)
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,498,426</u>	<u>12,232,095</u>	<u>1,033,016</u>	<u>19,763,537</u>
Total Noncurrent Assets	<u>7,562,874</u>	<u>12,232,095</u>	<u>1,033,016</u>	<u>20,827,985</u>
Total Assets	9,889,996	13,531,584	1,212,014	24,633,594
DEFERRED OUTFLOWS OF RESOURCES	<u>99,172</u>	<u>98,015</u>	<u>17,268</u>	<u>214,455</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts Payable and Accrued Liabilities	\$ 102,470	\$ 30,493	\$ 6,071	\$ 139,034
Due to Other Governmental Agencies	-	30,990	-	30,990
Deposits	18,679	22,803	-	41,482
Unearned Revenue	-	8,751	-	8,751
Accrued Compensated Absences, Current Portion	6,235	-	-	6,235
Notes Payable, Current Portion	350,000	-	-	350,000
Landfill Closure and Postclosure Costs, Current Portion	365,069	-	-	365,069
Total Current Liabilities, Payable from Current Assets	<u>842,453</u>	<u>93,037</u>	<u>6,071</u>	<u>941,561</u>
NONCURRENT LIABILITIES				
Accrued Compensated Absences	3,721	-	-	3,721
Other Postemployment Benefits	28,883	32,734	5,777	67,394
Net Pension Liability	261,828	256,432	45,199	563,459
Notes Payable, Less Current Portion	4,180,000	-	-	4,180,000
Landfill Closure and Postclosure Costs	6,790,052	-	-	6,790,052
Total Noncurrent Liabilities	<u>11,264,484</u>	<u>289,166</u>	<u>50,976</u>	<u>11,604,626</u>
Total Liabilities	<u>12,106,937</u>	<u>382,203</u>	<u>57,047</u>	<u>12,546,187</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>7,399</u>	<u>7,270</u>	<u>1,280</u>	<u>15,949</u>
NET POSITION				
Net Investment in Capital Assets	1,968,426	12,232,095	1,033,016	15,233,537
Unrestricted	(4,093,594)	1,008,031	137,939	(2,947,624)
Total Net Position	<u>\$ (2,125,168)</u>	<u>\$ 13,240,126</u>	<u>\$ 1,170,955</u>	<u>\$ 12,285,913</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services	\$ 943,681	\$ 615,957	\$ 80,570	\$ 1,640,208
Special Assessments	848,277	-	-	848,277
Total Operating Revenues	<u>1,791,958</u>	<u>615,957</u>	<u>80,570</u>	<u>2,488,485</u>
OPERATING EXPENSES				
Personal Services	357,893	401,262	71,080	830,235
General and Administrative	935,745	376,018	33,410	1,345,173
Depreciation	710,189	791,687	24,350	1,526,226
Total Operating Expenses	<u>2,003,827</u>	<u>1,568,967</u>	<u>128,840</u>	<u>3,701,634</u>
OPERATING LOSS	(211,869)	(953,010)	(48,270)	(1,213,149)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	104,051	526,999	-	631,050
Interest Income	9,342	2,954	465	12,761
Interest Expense	(54,714)	-	-	(54,714)
Gain on Sale of Capital Assets	1,125	-	-	1,125
Miscellaneous Revenue	6,124	60	-	6,184
Total Nonoperating Revenues (Expenses), Net	<u>65,928</u>	<u>530,013</u>	<u>465</u>	<u>596,406</u>
LOSS BEFORE TRANSFERS	(145,941)	(422,997)	(47,805)	(616,743)
CONTRIBUTIONS AND TRANSFERS				
Transfers In	2,650	6,194	-	8,844
Transfers Out	(86,173)	(131,062)	(7,500)	(224,735)
Total Transfers	<u>(83,523)</u>	<u>(124,868)</u>	<u>(7,500)</u>	<u>(215,891)</u>
CHANGE IN NET POSITION	(229,464)	(547,865)	(55,305)	(832,634)
Net Position - Beginning of Year	<u>(1,895,704)</u>	<u>13,787,991</u>	<u>1,226,260</u>	<u>13,118,547</u>
NET POSITION - END OF YEAR	<u>\$ (2,125,168)</u>	<u>\$ 13,240,126</u>	<u>\$ 1,170,955</u>	<u>\$ 12,285,913</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,789,862	\$ 641,398	\$ 80,591	\$ 2,511,851
Cash Paid to Employees for Services	(354,450)	(384,011)	(67,690)	(806,151)
Cash Paid to Suppliers for Goods and Services	(1,080,024)	(550,618)	(30,224)	(1,660,866)
Net Cash Provided (Used) by Operating Activities	355,388	(293,231)	(17,323)	44,834
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Nonoperating Revenue	16,455	60	-	16,515
Transfers In (Out)	(84,276)	(95,961)	(7,500)	(187,737)
Net Cash Used by Noncapital Financing Activities	(67,821)	(95,901)	(7,500)	(171,222)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Capital Grants, State Shared Revenues, and Contributions	-	565,522	-	565,522
Proceeds from State Shared Revenues	-	-	-	-
Purchases of Capital Assets	(1,248,029)	(143,926)	-	(1,391,955)
Proceeds from Sale of Capital Assets	1,125	-	-	1,125
Proceeds from Issuance of Debt	4,530,000	-	-	4,530,000
Principal Payments on Long-Term Debt	(3,200,000)	-	-	(3,200,000)
Interest Paid	(54,714)	-	-	(54,714)
Net Cash Provided by Capital and Related Financing Activities	28,382	421,596	-	449,978
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	9,342	2,954	465	12,761
Net Cash Provided by Investing Activities	9,342	2,954	465	12,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	325,291	35,418	(24,358)	336,351
Cash and Cash Equivalents - Beginning of Year	2,897,763	1,051,393	203,299	4,152,455
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,223,054	\$ 1,086,811	\$ 178,941	\$ 4,488,806

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Non-Major Fund)	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (211,869)	\$ (953,010)	\$ (48,270)	\$ (1,213,149)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	710,189	791,687	24,350	1,526,226
Amortization of Pension Related Items	13,379	11,976	2,083	27,438
(Increase) Decrease in Assets:				
Accounts Receivable	(3,696)	13,330	21	9,655
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	46,634	(205,590)	3,186	(155,770)
Due to Other Government Agencies	(3,850)	30,990	-	27,140
Deposits	1,600	4,311	-	5,911
Unearned Revenue	-	7,800	-	7,800
Accrued Compensated Absences	(6,890)	-	-	(6,890)
Other Postemployment Benefits	(3,046)	5,275	1,307	3,536
Landfill Closure and Postclosure Costs	(187,063)	-	-	(187,063)
Net Cash Provided (Used) by Operating Activities	<u>\$ 355,388</u>	<u>\$ (293,231)</u>	<u>\$ (17,323)</u>	<u>\$ 44,834</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Current Assets:				
Cash	\$ 2,158,606	\$ 1,086,811	\$ 178,941	\$ 3,424,358
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	1,064,448	-	-	1,064,448
Total Cash and Cash Equivalents	<u>\$ 3,223,054</u>	<u>\$ 1,086,811</u>	<u>\$ 178,941</u>	<u>\$ 4,488,806</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 601,806</u>
 LIABILITIES	
Due to Individuals	\$ 286,506
Due to Other Governments	107,025
Due to Indigent Health Care Special District	340
Deposit - Installment Taxes	<u>207,935</u>
Total Liabilities	<u>\$ 601,806</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Accounting principles generally accepted in the United States require that these financial statements include all entities for which the County is considered to be financially accountable (component unit). The County is financially responsible if it appoints a voting majority of the organization's governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. If a component unit is, in substance, part of the government's operations, it should be reported as a blended component unit. Otherwise, a component unit should be discretely presented. Based on the criteria, the County management determined that the County has one discretely presented component unit.

Discretely Presented Component Unit

The Hardee County Industrial Development Authority (Authority), as authorized by Chapter 159.44-159.53 of the Florida Statutes, was created for the purpose of financing and refinancing projects for the public purposes in the manner provided by the Florida Industrial Development Financing Act and by Chapter 159.44-159.53 of the Florida Statutes and for the purpose of fostering economic development of Hardee County.

The Authority is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The County entered into an agreement with a private entity which otherwise assumed to provide financial support to the Authority. Separate audited financial statements for the Hardee County Industrial Development Authority are available upon request at 107 East Main Street, Wauchula, Florida 33873.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting and Measurement Focus

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

Fund Accounting

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and 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.

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, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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

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

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Ambulance fees, intergovernmental revenues and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

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

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

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

Proprietary Funds

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Proprietary fund's operating statements present increases (revenues) and decreases (expenses) in total net position.

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

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

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of each 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.

The County considers the Grants Fund important to financial statement users because of the public interest and is, therefore, reporting that governmental fund as major even though the quantitative criteria have not been met.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Major Funds

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

Transportation Trust Fund – The Transportation Trust Fund, a special revenue fund, accounts for the proceeds of local, state, and federal gas taxes which are restricted for use in the operation of the County's road and bridge department and equipment maintenance department.

Fire Control Fund – The Fire Control Fund, a special revenue fund, accounts for assessments committed to providing county-wide fire protection services.

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

Proprietary Major Funds

Solid Waste Fund – The Solid Waste Fund accounts for the fees imposed on users of the Hardee County Landfill; and for the closure and post-closure liability along with the restricted cash required by the Environmental Protection Agency.

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 Funds

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

Noncurrent Governmental Assets/Liabilities

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 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 funds 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 transfers in and out, respectively.

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

Inventory of Supplies

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded using the consumption method of accounting. Under the consumption method, goods and services paid for in advance are reported as an asset until the period in which the goods and services are actually consumed.

Capital Assets

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

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

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

Depreciation on capital assets is charged as an expense against operations which is closed to net position. Depreciation has been provided over the estimated useful lives using the straight-line method as noted below.

The estimated useful lives are as follows:

Buildings and Improvements	10 – 50 Years
Equipment	5 – 15 Years
Infrastructure	10 – 50 Years

Property Taxes

Under the laws of the State of Florida, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for general operations of the County for the year ended September 30, 2016 was 8.8991 mills.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

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

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

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 funds, the cost of accumulated sick and annual leave is recognized when payments are made to employees. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net position at September 30, 2016, representing the Board's commitment to fund such costs from future operations.

Restricted Assets

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

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

Landfill Closure and Post-closure Costs

The Board has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2016 has been recorded in the Solid Waste Landfill Closure fund representing the Board's estimated liabilities for such costs based upon the estimated capacity used to date. At September 30, 2016, estimated capacity used was 50.18%. In addition, the Board has established a landfill escrow account in the Solid Waste Landfill Closure fund to fund estimated closure costs as required by the Florida Department of Environmental Protection. At September 30, 2016, the Solid Waste Landfill Fund had unrestricted net position of (\$4,093,594) due to the partial closure to the landfill and because of a \$7,155,121 landfill closure and post-closure liability.

Use of Estimates

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

Other Postemployment Benefit Obligations

Based on GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the County under the County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement, provided they make a satisfactory agreement for payment and pay 100% 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.

Unearned Revenues

Unearned revenue at the government-wide level arises only when the County receives resources before it has legal claim to them. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Revenues in the proprietary funds which have not been earned are reported in accordance with the accrual basis of accounting as unearned revenue. The unearned revenue will be recognized as revenues in the fiscal year they are earned.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

In the government-wide and proprietary funds statements of net position, liabilities are recognized for the County's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Board classified fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent for specific purposes because of charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to grant funds awarded and passed by the Board, the County's highest level of decision making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County's adopted policy, only the Board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The Board has not formally adopted fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. When a fund expenditure is incurred, for which restricted, committed, assigned, or unassigned amounts are available to be used, the Board will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category including changes in actuarial assumptions, net difference between projected and actual earnings on pension plan investments, changes in the proportion and differences between the County's contributions and proportionate share of contributions, and the County's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. The other amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of net position and governmental funds balance sheet includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category difference between expected and actual economic experience, net difference between projected and actual earnings on pension plan investments, and changes in the proportion and differences between the County's contributions and proportionate share of contributions, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program are reported as deferred inflows of resources. The County also has several items, which arise only under a modified accrual basis of accounting that qualified for reporting in this category. Accordingly, the items are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues and charges for emergency medical services. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total fund balances of the County's governmental funds, \$16,282,322, differs from *net position* of governmental activities, \$46,254,623, reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

**Explanation of Differences Between the Governmental Fund Balance Sheet and the
Government-Wide Statement of Net Position (Continued)**

Capital Related Items (Continued)

However, the statement of net position included those capital assets among the assets of the County as a whole.

Cost of Capital Assets	\$ 128,054,501
Accumulated Depreciation	(82,871,849)
Total	<u>\$ 45,182,652</u>

Receivable Transactions

Certain receivables are not available to pay current period expenditures, and therefore are reported as deferred inflows of resources in the funds. Balances as of September 30, 2016 were:

Unavailable Revenue	<u>\$ 469,553</u>
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Long-Term Debt Transactions

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long term) are reported in the statement of net position. Balances as of September 30, 2016 were:

Note Payable	\$ 60,000
Other Post Employment Benefits	1,458,606
Compensated Absences	787,913
Total	<u>\$ 2,306,519</u>

Net Pension Liability

Net pension liability is applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances as of September 30, 2016 were:

Net Pension Liability	\$ (21,575,489)
Deferred Outflows of Resources - Pension Related Items	8,867,537
Deferred Inflows of Resources - Pension Related Items	(665,433)
Total	<u>\$ (13,373,385)</u>

Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$289,914 between governmental funds have been eliminated for the statement of net position.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

The *net change in fund balances* for governmental funds, \$1,079,377, differs from the *change in net position* for governmental activities, (\$3,944,497), reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effects of the differences are illustrated below.

Capital Related Items

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

Capital Outlay	\$ 2,146,566
Depreciation Expense	(5,914,471)
Donated Capital Assets	180,027
Loss on Disposal of Equipment	(145,078)
Difference	<u>\$ (3,732,956)</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 position.

Principal Repayment - Note Payable	<u>\$ 20,000</u>
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Revenues

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

Charges for Services	\$ (121,517)
Intergovernmental Revenues	37,045
Total	<u>\$ (84,472)</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

Expense Transactions

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

Net Change in Other Post Employment Benefits	\$ (108,464)
Net Change in Compensated Absences	(46,737)
Pension Expense	<u>(1,071,245)</u>
Net Adjustment	<u>\$ (1,226,446)</u>

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$1,069,481 between governmental activities are eliminated.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash Deposits and Cash Equivalents

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

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

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

At September 30, 2016, the carrying amount of the County's deposits was \$19,967,355 and the bank balances were \$20,380,012. The County's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash Deposits and Cash Equivalents (Continued)

A reconciliation of deposits to amounts shown on the statement of net position and statement of fiduciary net position – agency funds is as follows:

Deposits	\$ 19,964,699
Petty Cash and Change Funds	2,656
Total	\$ 19,967,355
Statement of Net Position:	
Cash and Cash Equivalents	\$ 18,301,101
Cash and Cash Equivalents - Restricted	1,064,448
Statement of Fiduciary Net Position - Agency Funds:	
Cash	601,806
	\$ 19,967,355

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at September 30, 2016 for the governmental funds individual major funds and non-major funds:

	General Fund	Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Emergency Medical Services	\$ 1,122,902	\$ -	\$ -	\$ 1,122,902
Trade Accounts	25,046	115	19,338	44,499
Accounts Receivable, Gross	1,147,948	115	19,338	1,167,401
Allowance for Uncollectible Accounts	(374,600)	-	-	(374,600)
Accounts Receivable, Net	\$ 773,348	\$ 115	\$ 19,338	\$ 792,801

Accounts receivable consist of the following at September 30, 2016 for the enterprise funds individual major funds and non-major fund:

	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment Fund (Non-Major Fund)	Total Enterprise Funds
Landfill Charges	\$ 75,272	\$ -	\$ -	\$ 75,272
Utility Charges	-	60,975	57	61,032
Accounts Receivable, Gross	75,272	60,975	57	136,304
Allowance for Uncollectible Accounts	-	-	-	-
Accounts Receivable, Net	\$ 75,272	\$ 60,975	\$ 57	\$ 136,304

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 DETAIL OF CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Additions	(Deletions)	Transfers	Balance September 30, 2016
GOVERNMENT ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,539,202	\$ 152,500	\$ -	\$ -	\$ 3,691,702
Construction in Progress	307,079	280,533	(184)	(297,807)	289,621
Total Capital Assets, Not Being Depreciated	3,846,281	433,033	(184)	(297,807)	3,981,323
Capital Assets, Being Depreciated:					
Buildings and Improvements	23,802,830	112,282	-	172,034	24,087,146
Equipment	17,792,826	1,252,657	(727,018)	147,627	18,466,092
Infrastructure	81,258,680	532,011	(270,751)	-	81,519,940
Total Capital Assets, Being Depreciated	122,854,336	1,896,950	(997,769)	319,661	124,073,178
Less Accumulated Depreciation for:					
Buildings and Improvements	(10,048,124)	(577,505)	-	-	(10,625,629)
Equipment	(12,760,311)	(1,109,363)	629,742	(24,665)	(13,264,597)
Infrastructure	(54,976,574)	(4,227,603)	222,554	-	(58,981,623)
Total Accumulated Depreciation	(77,785,009)	(5,914,471)	852,296	(24,665)	(82,871,849)
Total Capital Assets, Being Depreciated, Net	45,069,327	(4,017,521)	(145,473)	294,996	41,201,329
Governmental Activities Capital Assets, Net	<u>\$ 48,915,608</u>	<u>\$ (3,584,488)</u>	<u>\$ (145,657)</u>	<u>\$ (2,811)</u>	<u>\$ 45,182,652</u>
BUSINESS-TYPE ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Progress	1,526,973	104,361	-	(1,526,973)	104,361
Total Capital Assets, Not Being Depreciated	2,489,598	104,361	-	(1,526,973)	1,066,986
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,884,737	-	-	-	9,884,737
Equipment	2,198,407	1,254,447	(24,195)	(21,854)	3,406,805
Infrastructure	16,546,087	33,147	-	1,526,973	18,106,207
Total Capital Assets, Being Depreciated	28,629,231	1,287,594	(24,195)	1,505,119	31,397,749
Less Accumulated Depreciation for:					
Buildings and Improvements	(1,973,582)	(80,641)	-	-	(2,054,223)
Equipment	(1,720,690)	(142,258)	24,195	24,665	(1,814,088)
Infrastructure	(7,529,560)	(1,303,327)	-	-	(8,832,887)
Total Accumulated Depreciation	(11,223,832)	(1,526,226)	24,195	24,665	(12,701,198)
Total Capital Assets, Being Depreciated, Net	17,405,399	(238,632)	-	1,529,784	18,696,551
Business-Type Activities Capital Assets, Net	<u>\$ 19,894,997</u>	<u>\$ (134,271)</u>	<u>\$ -</u>	<u>\$ 2,811</u>	<u>\$ 19,763,537</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended September 30, 2016 was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$ 718,474
Public Safety	655,092
Physical Environment	3,208
Transportation	4,355,146
Human Services	14,274
Culture/Recreation	168,277
Total Depreciation Expense - Governmental Activities	<u>\$ 5,914,471</u>

BUSINESS-TYPE ACTIVITIES

Solid Waste	\$ 710,189
Wauchula Hills Water/Wastewater Treatment	791,687
Vandolah Wastewater Treatment	24,350
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,526,226</u>

NOTE 6 LONG-TERM DEBT

A summary of the changes in long-term debt for the year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Additions	(Reductions)	Balance September 30, 2016	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 80,000	\$ -	\$ (20,000)	\$ 60,000	\$ -
Other Postemployment Benefits	1,350,142	215,518	(107,054)	1,458,606	-
Net Pension Liability	12,421,504	9,153,985	-	21,575,489	-
Compensated Absences	741,176	46,737	-	787,913	369,182
Total Governmental Activities	<u>\$ 14,592,822</u>	<u>\$ 9,416,240</u>	<u>\$ (127,054)</u>	<u>\$ 23,882,008</u>	<u>\$ 369,182</u>
BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 3,200,000	\$ 4,530,000	\$ (3,200,000)	\$ 4,530,000	\$ 350,000
Other Postemployment Benefits	63,858	8,482	(4,946)	67,394	-
Net Pension Liability	348,306	215,153	-	563,459	-
Compensated Absences	16,846	-	(6,890)	9,956	6,235
Landfill Closure and Post Closure Costs	7,342,184	-	(187,063)	7,155,121	365,069
Total Business-Type Activities	<u>\$ 10,971,194</u>	<u>\$ 4,753,635</u>	<u>\$ (3,398,899)</u>	<u>\$ 12,325,930</u>	<u>\$ 721,304</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Long-term liabilities are typically liquidated by the individual fund to which the liabilities are 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 relate.

Notes Payable

The Board agreed to contribute \$100,000 towards a compressed natural gas fueling station for the County's fleet operations. Principal payments are due annually, beginning September 2015. The agreement carried no interest.

The Board issued a note payable to the Florida Local Government Finance Commission for \$4,530,000 during the 2015-2016 fiscal year for the purposes of providing the Board with sufficient funds to refinance an existing loan previously made to the County under one of the Florida Local Government Finance Commission's other loan programs and to finance capital improvements to the public agency's Class I Landfill. Principal payments are due annually, beginning March 7, 2017. 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:

<u>Year Ending September 30.</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Natural Gas</u>		<u>Florida Local Government</u>	
	<u>Fueling Station</u>		<u>Finance Commission</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 20,000	\$ -	\$ 300,000	\$ 20,465
2018	20,000	-	300,000	25,248
2019	20,000	-	300,000	24,282
2020	-	-	300,000	22,536
2021	-	-	3,330,000	20,904
Total	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 4,530,000</u>	<u>\$ 113,435</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 7 DUE TO/DUE FROM OTHER FUNDS

The balance of due from other funds and due to other funds are as follows at September 30, 2016:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 202,735	\$ 30,366
Transportation Trust	-	66,893
Fire Control Fund	2,335	-
Grants Fund	-	135,837
Solid Waste Fund	2,335	-
Non-Major Governmental Funds	93,844	68,153
Total	<u>\$ 301,249</u>	<u>\$ 301,249</u>

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

NOTE 8 FUND BALANCE AND SPENDING POLICY

The governmental funds are classified as follows:

Nonspendable		\$ 940,846
Restricted:		
Transportation	\$ 3,306,737	
Grants	550,763	
Court Innovations	386,140	
Law Enforcement Trust	118,269	
E-911	216,210	
Court Technology	11,548	
Official Records	139,554	
Clerk Operational Needs	154,082	
Inmate Welfare	101,412	
Education	49,622	
Total Restricted		5,034,337
Committed:		
Fire Control	2,396,994	
Pioneer Park Days	50,359	
Mining	55,745	
Total Committed		2,503,098
Unassigned		7,804,041
Total Fund Balances		<u>\$ 16,282,322</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The County's pension expense totaled \$1,098,683 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2016.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the County, effective July 1, 2015, were applied to employee salaries as follows: regular employees 5.56%, special risk 20.34%, county elected officials 40.57%, senior management 19.73%, and DROP participants 11.22%. These rates include the normal cost and unfunded liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans. The County's contributions to the FRS Plan were \$1,764,185 for the year ended September 30, 2016.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2016, the County reported a liability of \$17,011,793 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportion of the net pension liability was based on the County's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the County's proportion was 0.067373223%, which was an increase of 0.003265203% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$898,764 for its proportionate share of FRS's pension expense. In addition, the County reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,302,554	\$ (158,391)
Changes in Actuarial Assumptions	1,029,162	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,397,340	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	889,782	(458,800)
County Contributions Subsequent to the Measurement Date	500,139	-
Total	<u>\$ 8,118,977</u>	<u>\$ (617,191)</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$500,139 reported as deferred outflows of resources related to pensions resulting from County contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 974,088
2018	974,088
2019	2,688,444
2020	1,900,358
2021	351,249
Thereafter	113,420

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

FRS Actuarial Assumptions

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Totals	<u>100%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.6% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.60%	7.60%	8.60%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 31,319,860	\$ 17,011,793	\$ 5,102,214

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The County's contributions to the HIS Plan were \$234,651 for the year ended September 30, 2016.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2016, the County reported a liability of \$5,127,155 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all participating employers. At June 30, 2016, the County's proportion was .0432992580%, which was a decrease of 0.000027892% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$199,919 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ (11,678)
Changes in Actuarial Assumptions	804,581	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	2,592	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	94,536	(52,513)
County Contributions Subsequent to the Measurement Date	61,306	-
Total	<u>\$ 963,015</u>	<u>\$ (64,191)</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

\$61,306 reported as deferred outflows of resources related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 151,018
2018	151,018
2019	150,524
2020	150,287
2021	129,428
Thereafter	105,243

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

HIS Actuarial Assumptions

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 2.85% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.85%	2.85%	3.85%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 5,882,009	\$ 5,127,155	\$ 4,500,663

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

NOTE 10 DEFINED CONTRIBUTION PLAN

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 10 DEFINED CONTRIBUTION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's Investment Plan pension expense totaled \$279,880 for the year ended September 30, 2016. Employee contributions to the Investment Plan totaled \$56,345 for the year ended September 30, 2016.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Employees who retire from employment with the County under the County-wide sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. Retirees who do not choose to continue to participate within 30 days of their employment termination date lose eligibility to participate in the future. The OPEB plan currently covers certain eligible retirees of the County. For Sheriff's Office employees initially enrolled before July 1, 2011, the normal retirement provisions state that the employees must be a minimum of age 55 with 6 or more years of service or have at least 25 years of service at any age. For Sheriff's Office employees initially enrolled on or after July 1, 2011, the normal retirement provisions state that the employees must be a minimum of age 60 with 8 or more years of special risk service or have at least 30 years of special risk service at any age. For all other employees initially enrolled before July 1, 2011, the normal retirement provisions state that employees must be a minimum of age 62 with 6 or more years of service or have at least 30 years of service at any age. For all other employees initially enrolled on or after July 1, 2011, the normal retirement provisions state that employees must be a minimum of age 65 with 8 or more years of service or have at least 33 years of service at any age. There is an early retirement provision that allows employees to be eligible for retiree health benefits with 6 years of service. The premiums for the retirees and dependents participating in the group insurance and self-insured health plans are the same as that of active employees. Employees pay 100% of the active premium rate, and the County pays any remaining amount necessary for payment of claims. For Sheriff's Office employees, the County provides a subsidy equal to the single employee premium less the Florida Retirement System (FRS) subsidy. The FRS subsidy is equal to \$5 per year of subsidy. This subsidy is available until a retiree reaches age 65. The maximum subsidy is \$153.62 per month. The County subsidizes the premium rates paid by the retirees and their dependents by allowing them to participate in the health plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The postemployment healthcare plan does not issue a stand-alone report.

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, 2016, ten 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 30 years. The following table shows the County's annual OPEB cost for the year ended September 30, 2016, the amount contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 175,000
Interest on Net OPEB Obligation	49,000
Less Amortization of Net OPEB Obligation	<u>(60,000)</u>
Annual OPEB Cost (Expense)	164,000
Contributions Made	<u>(52,000)</u>
Increase in Net OPEB Obligation	112,000
Net OPEB Obligation - Beginning of Year	<u>1,414,000</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,526,000</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of September 30, 2016 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2016	\$ 164,000	31.71%	\$ 1,526,000
September 30, 2015	169,000	24.26%	1,414,000
September 30, 2014	159,000	23.27%	1,286,000

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funding status as of September 30, 2016 was as follows:

Actuarial Accrued Liability (a)	\$ 1,526,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c) = (a-b)	<u>\$ 1,526,000</u>
Funded Ratio (b/a)	0%
Covered Payroll (Active Plan Member) (d)	N/A
UALL as a Percentage of Covered Payroll (c/d)	N/A

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

Actuarial Methods and Assumptions

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

In the December 21, 2015 OPEB actuarial valuation, the projected unit credit actuarial method was used. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 3.5% 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 4.0% per year, and a medical trend using SOA Long Run Medical Cost Trend Model using 1.6% GDP. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2016 is 30 years.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12 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 13 COMMITMENTS AND CONTINGENCIES

Landfill Closure Commitments

Hardee County has completed two 6-acre expansions of their original 12 acre Class I Landfill. This brings the total footprint up to 24.8 acres. The original 12 acres was at capacity in 2010 and received a partial final closure in January of 2012. The expansion – separated into two sections (Sections I and II). Section I became operational in 2010 and Section II will remain on hold until it is needed. In total the expanded areas increase the life capacity of the Class I Landfill approximately 23 years.

To minimize the threat to public health and the environment, Solid Waste Financial Assurance requirement were adopted by the state in 1984 to secure the proper closing of solid waste management facilities operating in the state of Florida. When demonstrating proof of financial assurance, Hardee County uses a secured escrow account to deposit annual prorated amounts for the total cost of final closure. These estimates are tied directly to a set of approved cost closure and long-term care estimates that are prepared by professional engineers every two years and updated with an inflation factor every two years. These estimates are approved by the State of Florida's Department of Environmental Protections and audited annually by independent auditors. Long-term care is for the post-closure care cost for the landfill site for 30 years after closure and the County is not required to escrow those estimated amounts.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Landfill Closure Commitments (Continued)

Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and post-closure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and post-closure care liability was \$7,155,121 at September 30, 2016; represents the cumulative amount reported to date based on an average use of 50.18% of the total estimated capacity available as of September 30, 2016. There was a decrease in the liability due to the increase in available capacity. The decrease in the liability caused the general and administrative expenses to be reduced by \$187,063 as of September 30, 2016. 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 only the closure portion of the estimates. That portion was \$100,000 at September 30, 2016. The County is in compliance with these requirements at September 30, 2016. At September 30, 2016, \$1,064,448 is held in a separate cash account to fund 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, 2016 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 14 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, 2016 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 117,174
Grants Fund	8,128
Non-Major Governmental Funds	44,384
Solid Waste Fund	49,000
Wauchula Hills Water/Wastewater Treatment Fund	131,000
Non-Major Enterprise Fund	7,500
Total	<u>\$ 357,186</u>

Transfers to the Transportation Trust Fund from:

Non-Major Governmental Funds	\$ 19,899
Solid Waste Fund	37,173
Wauchula Hills Water/Wastewater Treatment Fund	62
Total	<u>\$ 57,134</u>

Transfers to the Fire Control Fund from:

General Fund	\$ 367,047
Non-Major Governmental Funds	1,420
Total	<u>\$ 368,467</u>

Transfers to the Grants Fund from:

General Fund	<u>\$ 82,885</u>
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Transfers to Non-Major Governmental Funds from:

General Fund	<u>\$ 419,700</u>
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Transfers to the Solid Waste Fund from:

General Fund	\$ 2,332
Non-Major Governmental Funds	318
Total	<u>\$ 2,650</u>

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

Grants Fund	<u>\$ 6,194</u>
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**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 15 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, 2016**

ASSETS	
Cash	\$ 201,206
Accounts Receivable	<u>350,000</u>
Total Assets	<u><u>\$ 551,206</u></u>
LIABILITIES	
Accounts Payable	\$ 421
Total Liabilities	<u>421</u>
FUND BALANCE	
Total Liabilities and Fund Balance	<u><u>\$ 551,206</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2016**

REVENUES	
Intergovernmental	\$ 350,000
Interest	960
Miscellaneous	<u>85,510</u>
Total Revenues	436,470
EXPENDITURES	
Economic Environment	<u>481,467</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	
	(44,997)
OTHER FINANCING USES	
Transfers Out	<u>(6,194)</u>
NET CHANGE IN FUND BALANCE	
	(51,191)
Fund Balances - Beginning of Year, as Previously Stated	251,976
Prior Period Adjustment	<u>350,000</u>
Fund Balances - Beginning of Year, as Restated	<u><u>601,976</u></u>
FUND BALANCES - END OF YEAR	
	<u><u>\$ 550,785</u></u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 16 PRIOR PERIOD ADJUSTMENT

During the current year it was determined that certain grant revenues were not recognized as revenue in the proper period. In accordance with the provisions of GASB Statement No. 33, voluntary nonexchange revenue should be recognized when all applicable eligibility requirements are met and the resources are available. To correct this error, beginning fund balance in the Grants Fund and net position of the governmental activities have been restated by \$350,000.

REQUIRED SUPPLEMENTARY INFORMATION

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS -
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
YEAR ENDED SEPTEMBER 30, 2016**

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)
10/1/2015	\$ -	\$ 1,465,000	\$ 1,465,000	0.00%	N/A	N/A
10/1/2013	-	1,330,000	1,330,000	0.00%	N/A	N/A
10/1/2011	-	1,363,000	1,363,000	0.00%	N/A	N/A

The increase in the actuarial accrued liability since the prior valuation is a result of updates to the premium rates, per capita claims costs, medical trend rates, and demographic updates. The retiree headcounts increased resulting in an expected increase to the annual OPEB cost.

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
YEAR ENDED SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.067373223%	0.064108020%	0.061994926%
County's Proportionate Share of the Net Pension Liability	\$ 17,011,793	\$ 8,280,411	\$ 3,782,602
County's Covered-Employee Payroll	\$ 11,933,895	\$ 11,831,746	\$ 12,561,056
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	142.55%	69.98%	30.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	92.00%	96.09%

* The amount presented for each fiscal year were determined as of June 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,764,185	\$ 1,575,522	\$ 1,695,399
Contributions in Relation to the Contractually Required Contribution	<u>(1,764,185)</u>	<u>(1,575,522)</u>	<u>(1,695,399)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 12,151,269	\$ 11,831,746	\$ 12,561,056
Contributions as a Percentage of Covered-Employee Payroll	14.52%	13.32%	13.50%

* The amount presented for each fiscal year were determined as of September 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.043992580%	0.044020471%	0.043481289%
County's Proportionate Share of the Net Pension Liability	\$ 5,127,155	\$ 4,489,399	\$ 4,065,607
County's Covered-Employee Payroll	\$ 13,473,315	\$ 14,257,015	\$ 13,402,755
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	38.05%	31.49%	30.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.97%	0.50%	0.99%

* The amount presented for each fiscal year were determined as of June 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 234,651	\$ 180,890	\$ 182,277
Contributions in Relation to the Contractually Required Contribution	<u>(234,651)</u>	<u>(180,890)</u>	<u>(182,277)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 14,029,458	\$ 14,257,015	\$ 13,402,755
Contributions as a Percentage of Covered-Employee Payroll	1.67%	1.27%	1.36%

* The amount presented for each fiscal year were determined as of September 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**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.

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

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

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

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

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

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

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

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

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

HARDEE COUNTY, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

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

**HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
ASSETS						
Cash and Cash Equivalents	\$ 621,372	\$ 50,848	\$ 118,269	\$ 308,023	\$ 172,707	\$ 78,393
Accounts Receivable, Net	-	-	-	10	-	19,328
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	-	-	-	35,630	32,511	-
Due from Other Governmental Agencies	22,122	-	-	210	10,992	-
Prepaid Items	-	-	-	2,257	-	-
Total Assets	<u>\$ 643,494</u>	<u>\$ 50,848</u>	<u>\$ 118,269</u>	<u>\$ 346,130</u>	<u>\$ 216,210</u>	<u>\$ 97,721</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 16,981	\$ 489	\$ -	\$ 263,682	\$ -	\$ 22,648
Due to Other Funds	-	-	-	6	-	-
Due to Other Governmental Agencies	5,642	-	-	76,615	-	-
Unearned Revenue	-	-	-	5,827	-	-
Total Liabilities	<u>22,623</u>	<u>489</u>	<u>-</u>	<u>346,130</u>	<u>-</u>	<u>22,648</u>
Deferred Inflows of Resources:						
Unavailable Revenue	-	-	-	-	-	19,328
Fund Balances:						
Nonspendable	-	-	-	2,257	-	-
Restricted	386,140	-	118,269	-	216,210	-
Committed	-	50,359	-	-	-	55,745
Unassigned	234,731	-	-	(2,257)	-	-
Total Fund Balances	<u>620,871</u>	<u>50,359</u>	<u>118,269</u>	<u>-</u>	<u>216,210</u>	<u>55,745</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 643,494</u>	<u>\$ 50,848</u>	<u>\$ 118,269</u>	<u>\$ 346,130</u>	<u>\$ 216,210</u>	<u>\$ 97,721</u>

**HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2016**

	Special Revenue Funds (Continued)					
	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	Total Other Non-Major Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 187,492	\$ 122,084	\$ 101,412	\$ 49,622	\$ 32,511	\$ 1,842,733
Accounts Receivable, Net	-	-	-	-	-	19,338
Due from Constitutional Officers	-	-	-	-	-	-
Due from Other Funds	25,703	-	-	-	-	93,844
Due from Other Governmental Agencies	-	8,849	-	-	-	42,173
Prepaid Items	-	-	-	-	-	2,257
Total Assets	<u>\$ 213,195</u>	<u>\$ 130,933</u>	<u>\$ 101,412</u>	<u>\$ 49,622</u>	<u>\$ 32,511</u>	<u>\$ 2,000,345</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 1,993	\$ 1,315	\$ -	\$ -	\$ -	\$ 307,108
Due to Other Funds	35,636	-	-	-	32,511	68,153
Due to Other Governmental Agencies	-	-	-	-	-	82,257
Unearned Revenue	-	-	-	-	-	5,827
Total Liabilities	<u>37,629</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>32,511</u>	<u>463,345</u>
Deferred Inflows of Resources:						
Unavailable Revenue	-	-	-	-	-	19,328
Fund Balances:						
Nonspendable	-	-	-	-	-	2,257
Restricted	175,566	129,618	101,412	49,622	-	1,176,837
Committed	-	-	-	-	-	106,104
Unassigned	-	-	-	-	-	232,474
Total Fund Balances	<u>175,566</u>	<u>129,618</u>	<u>101,412</u>	<u>49,622</u>	<u>-</u>	<u>1,517,672</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 213,195</u>	<u>\$ 130,933</u>	<u>\$ 101,412</u>	<u>\$ 49,622</u>	<u>\$ 32,511</u>	<u>\$ 2,000,345</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds					
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 475	\$ 188,132	\$ -
Charges for Services	22,238	73,381	-	738,582	-	322,141
Fines and Forfeitures	221,205	-	-	-	-	-
Interest	1,004	213	301	-	294	225
Miscellaneous	-	1,868	50,101	5,835	-	-
Total Revenues	<u>244,447</u>	<u>75,462</u>	<u>50,402</u>	<u>744,892</u>	<u>188,426</u>	<u>322,366</u>
EXPENDITURES						
Current:						
General Government	422,419	-	-	744,892	-	-
Public Safety	-	-	30,000	-	154,926	-
Physical Environment	-	-	-	-	-	286,964
Culture and Recreation	-	72,353	-	-	-	-
Capital Outlay	28,100	-	-	-	-	14,803
Total Expenditures	<u>450,519</u>	<u>72,353</u>	<u>30,000</u>	<u>744,892</u>	<u>154,926</u>	<u>301,767</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(206,072)	3,109	20,402	-	33,500	20,599
OTHER FINANCING SOURCES (USES)						
Transfers in	376,650	-	-	-	43,050	-
Transfers out	-	(27,318)	-	-	-	(38,703)
Total Other Financing Sources (Uses)	<u>376,650</u>	<u>(27,318)</u>	<u>-</u>	<u>-</u>	<u>43,050</u>	<u>(38,703)</u>
NET CHANGE IN FUND BALANCES	170,578	(24,209)	20,402	-	76,550	(18,104)
Fund Balances - Beginning of Year	450,293	74,568	97,867	-	139,660	73,849
FUND BALANCES - END OF YEAR	<u>\$ 620,871</u>	<u>\$ 50,359</u>	<u>\$ 118,269</u>	<u>\$ -</u>	<u>\$ 216,210</u>	<u>\$ 55,745</u>

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds (Continued)					
	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	Total Other Non-Major Governmental Funds
REVENUES						
Intergovernmental	\$ -	\$ 57,503	\$ -	\$ -	\$ 155,138	\$ 401,248
Charges for Services	79,258	-	-	-	-	1,235,600
Fines and Forfeitures	-	-	-	9,802	-	231,007
Interest	600	-	-	-	-	2,637
Miscellaneous	-	803	45,649	-	-	104,256
Total Revenues	79,858	58,306	45,649	9,802	155,138	1,974,748
EXPENDITURES						
Current:						
General Government	116,031	77,816	-	-	-	1,361,158
Public Safety	-	-	79,766	300	129,287	394,279
Physical Environment	-	-	-	-	-	286,964
Culture and Recreation	-	-	-	-	-	72,353
Capital Outlay	1,177	-	-	-	25,851	69,931
Total Expenditures	117,208	77,816	79,766	300	155,138	2,184,685
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(37,350)	(19,510)	(34,117)	9,502	-	(209,937)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	419,700
Transfers out	-	-	-	-	-	(66,021)
Total Other Financing Sources (Uses)	-	-	-	-	-	353,679
NET CHANGE IN FUND BALANCES	(37,350)	(19,510)	(34,117)	9,502	-	143,742
Fund Balances - Beginning of Year	212,916	149,128	135,529	40,120	-	1,373,930
FUND BALANCES - END OF YEAR	\$ 175,566	\$ 129,618	\$ 101,412	\$ 49,622	\$ -	\$ 1,517,672

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FINES AND FORFEITURES FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 20,000	\$ 20,000	\$ 22,238	\$ 2,238
Fines and Forfeitures	224,100	224,100	221,205	(2,895)
Interest	1,100	1,100	1,004	(96)
Miscellaneous	-	50	-	(50)
Total Revenues	<u>245,200</u>	<u>245,250</u>	<u>244,447</u>	<u>(803)</u>
EXPENDITURES				
Current:				
General Government	802,099	806,274	422,419	383,855
Public Safety	10,000	10,000	-	10,000
Capital Outlay	53,680	50,555	28,100	22,455
Other Expense	77,250	241,611	-	241,611
Total Expenditures	<u>943,029</u>	<u>1,108,440</u>	<u>450,519</u>	<u>657,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(697,829)	(863,190)	(206,072)	657,118
OTHER FINANCING SOURCES				
Transfers In	<u>211,289</u>	<u>376,650</u>	<u>376,650</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(486,540)	(486,540)	170,578	657,118
Fund Balances - Beginning of Year	<u>486,540</u>	<u>486,540</u>	<u>450,293</u>	<u>(36,247)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,871</u>	<u>\$ 620,871</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
PIONEER PARK DAYS FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 71,000	\$ 71,000	\$ 73,381	\$ 2,381
Interest	100	100	213	113
Miscellaneous	1,000	1,000	1,868	868
Total Revenues	<u>72,100</u>	<u>72,100</u>	<u>75,462</u>	<u>3,362</u>
EXPENDITURES				
Current:				
Culture and Recreation	96,691	96,691	72,353	24,338
Other Expense	30,385	30,385	-	30,385
Total Expenditures	<u>127,076</u>	<u>127,076</u>	<u>72,353</u>	<u>54,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(54,976)	(54,976)	3,109	58,085
OTHER FINANCING USES				
Transfers Out	<u>(33,900)</u>	<u>(33,900)</u>	<u>(27,318)</u>	<u>6,582</u>
NET CHANGE IN FUND BALANCES	(88,876)	(88,876)	(24,209)	64,667
Fund Balances - Beginning of Year	<u>88,876</u>	<u>88,876</u>	<u>74,568</u>	<u>(14,308)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,359</u></u>	<u><u>\$ 50,359</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
LAW ENFORCEMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 220	\$ 220	\$ 301	\$ 81
Miscellaneous	5,000	5,000	50,101	45,101
Total Revenues	<u>5,220</u>	<u>5,220</u>	<u>50,402</u>	<u>45,182</u>
EXPENDITURES				
Current:				
Public Safety	-	30,000	30,000	-
Other Expense	102,720	72,720	-	72,720
Total Expenditures	<u>102,720</u>	<u>102,720</u>	<u>30,000</u>	<u>72,720</u>
NET CHANGE IN FUND BALANCES	(97,500)	(97,500)	20,402	117,902
Fund Balances - Beginning of Year	<u>97,500</u>	<u>97,500</u>	<u>97,867</u>	<u>367</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 118,269</u></u>	<u><u>\$ 118,269</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 475	\$ 475	\$ -
Charges for Services	776,499	738,582	738,582	-
Miscellaneous	-	5,835	5,835	-
Total Revenues	<u>776,749</u>	<u>744,892</u>	<u>744,892</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	741,294	740,566	740,566	-
Operating Expenditures	34,394	4,326	4,326	-
Total Expenditures	<u>775,688</u>	<u>744,892</u>	<u>744,892</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,061	-	-	-
OTHER FINANCING USES				
Distribution of Excess Court Revenue to the State of Florida	<u>(1,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
E-911 FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 102,600	\$ 147,601	\$ 188,132	\$ 40,531
Interest	130	130	294	164
Total Revenues	<u>102,730</u>	<u>147,731</u>	<u>188,426</u>	<u>40,695</u>
EXPENDITURES				
Current:				
Public Safety	197,437	242,438	154,926	87,512
Other Expense	9,875	9,875	-	9,875
Total Expenditures	<u>207,312</u>	<u>252,313</u>	<u>154,926</u>	<u>97,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(104,582)	(104,582)	33,500	138,082
OTHER FINANCING SOURCES				
Transfers In	<u>43,150</u>	<u>43,150</u>	<u>43,050</u>	<u>(100)</u>
NET CHANGE IN FUND BALANCES	(61,432)	(61,432)	76,550	137,982
Fund Balances - Beginning of Year	<u>61,432</u>	<u>61,432</u>	<u>139,660</u>	<u>78,228</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 216,210</u></u>	<u><u>\$ 216,210</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
MINING FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 458,229	\$ 458,229	\$ 322,141	\$ (136,088)
Interest	380	380	225	(155)
Total Revenues	<u>458,609</u>	<u>458,609</u>	<u>322,366</u>	<u>(136,243)</u>
EXPENDITURES				
Current:				
Physical Environment	474,089	474,089	286,964	187,125
Capital Outlay	-	23,000	14,803	8,197
Other Expense	88,450	65,450	-	65,450
Total Expenditures	<u>562,539</u>	<u>562,539</u>	<u>301,767</u>	<u>260,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,930)	(103,930)	20,599	124,529
OTHER FINANCING USES				
Transfers Out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(38,703)</u>	<u>6,297</u>
NET CHANGE IN FUND BALANCES	(148,930)	(148,930)	(18,104)	130,826
Fund Balances - Beginning of Year	<u>148,930</u>	<u>148,930</u>	<u>73,849</u>	<u>(75,081)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,745</u>	<u>\$ 55,745</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
CLERK’S PUBLIC RECORDS MODERNIZATION TRUST
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 323,597	\$ 292,172	\$ 79,258	\$ (212,914)
Interest	-	600	600	-
Total Revenues	<u>323,597</u>	<u>292,772</u>	<u>79,858</u>	<u>(212,914)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	63,089	63,089	-
Operating Expenditures	286,080	218,506	52,942	165,564
Capital Outlay	20,000	11,177	1,177	10,000
Total Expenditures	<u>323,597</u>	<u>292,772</u>	<u>117,208</u>	<u>175,564</u>
NET CHANGE IN FUND BALANCES	-	-	(37,350)	(37,350)
Fund Balances - Beginning of Year	-	-	212,916	212,916
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,566</u>	<u>\$ 175,566</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
CLERK'S CHILD SUPPORT IV-D FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 229,136	\$ 206,630	\$ 57,503	\$ (149,127)
Miscellaneous	-	803	803	-
Total Revenues	<u>229,136</u>	<u>207,433</u>	<u>58,306</u>	<u>(149,127)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	76,496	76,496	-
Operating Expenditures	194,841	130,937	1,320	129,617
Capital Outlay	1,500	-	-	-
Total Expenditures	<u>229,136</u>	<u>207,433</u>	<u>77,816</u>	<u>129,617</u>
NET CHANGE IN FUND BALANCES	-	-	(19,510)	(19,510)
Fund Balances - Beginning of Year	-	-	149,128	149,128
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,618</u>	<u>\$ 129,618</u>

**HARDEE COUNTY, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 SEPTEMBER 30, 2016**

	<u>Clerk's Special Trust</u>	<u>Clerk's Support</u>	<u>Clerk's Court Registry</u>	<u>Clerk's County Witness</u>	<u>Clerk's Cash Bond</u>	<u>Clerk's Condemnation Right-of Way</u>	<u>Tax Collector Fund</u>	<u>Tax Collector Motor Vehicle Fund</u>
ASSETS								
Cash	<u>\$ 50,640</u>	<u>\$ 860</u>	<u>\$ 106,798</u>	<u>\$ 287</u>	<u>\$ 31,345</u>	<u>\$ 4,362</u>	<u>\$ 284,843</u>	<u>\$ 75,352</u>
LIABILITIES								
Due to Individuals	\$ 35,165	\$ 860	\$ 106,798	\$ 15	\$ 31,345	\$ 4,362	\$ 60,642	\$ -
Due to Other Governments	15,475	-	-	272	-	-	15,926	75,352
Due to Indigent Health Care Special District	-	-	-	-	-	-	340	-
Deposit - Installment Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,935</u>	<u>-</u>
Total Liabilities	<u>\$ 50,640</u>	<u>\$ 860</u>	<u>\$ 106,798</u>	<u>\$ 287</u>	<u>\$ 31,345</u>	<u>\$ 4,362</u>	<u>\$ 284,843</u>	<u>\$ 75,352</u>

**HARDEE COUNTY, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS (CONTINUED)
 SEPTEMBER 30, 2016**

	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth	Sheriff's Flower	Sheriff's Evidence	Sheriff's Drug Task Force	Total
ASSETS								
Cash	\$ 1,428	\$ -	\$ 8,152	\$ 7,177	\$ 1,906	\$ 27,216	\$ 1,440	\$ 601,806
LIABILITIES								
Due to Individuals	\$ 1,428	\$ -	\$ 8,152	\$ 7,177	\$ 1,906	\$ 27,216	\$ 1,440	\$ 286,506
Due to Other Governments	-	-	-	-	-	-	-	107,025
Due to Indigent Health Care Special District	-	-	-	-	-	-	-	340
Deposit - Installment Taxes	-	-	-	-	-	-	-	207,935
Total Liabilities	\$ 1,428	\$ -	\$ 8,152	\$ 7,177	\$ 1,906	\$ 27,216	\$ 1,440	\$ 601,806

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>CLERK'S SPECIAL TRUST</u>				
ASSETS				
Cash	\$ 81,454	\$ 1,010,299	\$ (1,041,113)	\$ 50,640
LIABILITIES				
Due to Individuals	\$ 36,969	\$ 54,663	\$ (56,467)	\$ 35,165
Due to Other Governments	44,485	955,636	(984,646)	15,475
Total Liabilities	\$ 81,454	\$ 1,010,299	\$ (1,041,113)	\$ 50,640
 <u>CLERK'S SUPPORT</u>				
ASSETS				
Cash	\$ 1,261	\$ 20,547	\$ (20,948)	\$ 860
LIABILITIES				
Due to Individuals	\$ 1,261	\$ 16,009	\$ (16,410)	\$ 860
Due to Other Governments	-	4,538	(4,538)	-
Total Liabilities	\$ 1,261	\$ 20,547	\$ (20,948)	\$ 860
 <u>CLERK'S COURT REGISTRY</u>				
ASSETS				
Cash	\$ 10,840	\$ 538,254	\$ (442,296)	\$ 106,798
LIABILITIES				
Due to Individuals	\$ 10,840	\$ 538,254	\$ (442,296)	\$ 106,798
 <u>CLERK'S COUNTY WITNESS</u>				
ASSETS				
Cash	\$ 309	\$ -	\$ (22)	\$ 287
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	294	-	(22)	272
Total Liabilities	\$ 309	\$ -	\$ (22)	\$ 287

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>CLERK'S CASH BOND</u>				
ASSETS				
Cash	\$ 42,095	\$ 103,530	\$ (114,280)	\$ 31,345
LIABILITIES				
Due to Individuals	\$ 42,095	\$ 103,530	\$ (114,280)	\$ 31,345
 <u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u>				
ASSETS				
Cash	\$ 5,452	\$ 72,460	\$ (73,550)	\$ 4,362
LIABILITIES				
Due to Individuals	\$ 5,452	\$ 72,460	\$ (73,550)	\$ 4,362
 <u>TAX COLLECTOR FUND</u>				
ASSETS				
Cash	\$ 189,047	\$ 13,364,899	\$ (13,269,103)	\$ 284,843
Due from Individuals	35,504	614,474	(649,978)	-
	\$ 224,551	\$ 13,979,373	\$ (13,919,081)	\$ 284,843
LIABILITIES				
Due to Individuals	\$ -	\$ 755,380	\$ (694,738)	\$ 60,642
Due to Other Governments	7,196	12,483,079	(12,474,349)	15,926
Due to Indigent Health Care Special District	176	532,979	(532,815)	340
Deposit - Installment Taxes	217,179	207,935	(217,179)	207,935
Total Liabilities	\$ 224,551	\$ 13,979,373	\$ (13,919,081)	\$ 284,843
 <u>TAX COLLECTOR MOTOR VEHICLE FUND</u>				
ASSETS				
Cash	\$ 72,520	\$ 3,418,699	\$ (3,415,867)	\$ 75,352
LIABILITIES				
Due to Other Governments	\$ 72,520	\$ 3,418,699	\$ (3,415,867)	\$ 75,352

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>SHERIFF'S SUSPENSE</u>				
ASSETS				
Cash	\$ 1,396	\$ 86,357	\$ (86,325)	\$ 1,428
LIABILITIES				
Due to Individuals	\$ 1,396	\$ 86,357	\$ (86,325)	\$ 1,428
<u>SHERIFF'S COLLECTIONS</u>				
ASSETS				
Cash	\$ -	\$ 19,753	\$ (19,753)	\$ -
LIABILITIES				
Due to Individuals	\$ -	\$ 19,753	\$ (19,753)	\$ -
<u>SHERIFF'S INMATE</u>				
ASSETS				
Cash	\$ 9,720	\$ 1,085,910	\$ (1,087,478)	\$ 8,152
LIABILITIES				
Due to Individuals	\$ 9,720	\$ 1,085,910	\$ (1,087,478)	\$ 8,152
<u>SHERIFF'S YOUTH</u>				
ASSETS				
Cash	\$ 8,177	\$ -	\$ (1,000)	\$ 7,177
LIABILITIES				
Due to Individuals	\$ 8,177	\$ -	\$ (1,000)	\$ 7,177
<u>SHERIFF'S FLOWER</u>				
ASSETS				
Cash	\$ 2,751	\$ -	\$ (845)	\$ 1,906
LIABILITIES				
Due to Individuals	\$ 2,751	\$ -	\$ (845)	\$ 1,906

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>SHERIFF'S EVIDENCE</u>				
ASSETS				
Cash	\$ 40,629	\$ 55,032	\$ (68,445)	\$ 27,216
LIABILITIES				
Due to Individuals	\$ 40,629	\$ 55,032	\$ (68,445)	\$ 27,216
 <u>SHERIFF'S DRUG TASK FORCE</u>				
ASSETS				
Cash	\$ 702	\$ 2,323	\$ (1,585)	\$ 1,440
LIABILITIES				
Due to Individuals	\$ 702	\$ 2,323	\$ (1,585)	\$ 1,440
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 466,353	\$ 19,778,063	\$ (19,642,610)	\$ 601,806
Due from Individuals	35,504	614,474	(649,978)	-
Total Assets	\$ 501,857	\$ 20,392,537	\$ (20,292,588)	\$ 601,806
LIABILITIES				
Due to Individuals	\$ 160,007	\$ 2,789,671	\$ (2,663,172)	\$ 286,506
Due to Other Governments	124,495	16,861,952	(16,879,422)	107,025
Due to Indigent Health Care Special District	176	532,979	(532,815)	340
Deposit - Installment Taxes	217,179	207,935	(217,179)	207,935
Total Liabilities	\$ 501,857	\$ 20,392,537	\$ (20,292,588)	\$ 601,806

SUPPLEMENTAL INFORMATION



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

Honorable Board of County Commissioners
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Hardee County, Florida (County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 19, 2017. Our report includes a reference to other auditors who audited the financial statement of the Hardee County Industrial Development Authority as described in our report in the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Hardee County's Response to Finding

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
April 19, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Board of County Commissioners
Hardee County, Florida

Report on Compliance for Each Major State Project

We have audited Hardee County, Florida's (County) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major state projects for the year ended September 30, 2016. The County's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its state projects applicable to its and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
April 19, 2017

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016

State Grantor/Program Title	State CSFA Number	Identifying Number	Passed Through to Subrecipients	State Expenditures
<u>STATE PROJECTS</u>				
State of Florida, Division of Emergency Management				
Emergency Management Programs	31.063	16-BG-83-07-35-01-024	\$ -	\$ 82,622
Emergency Management Programs	31.063	17-BG-83-07-35-01-031	-	28,622
Total Emergency Management Programs			-	111,244
Residential Construction Mitigation Project	31.066	15RC-E6-07-35-01-211	-	195,460
Total State of Florida, Division of Emergency Management			-	306,704
State of Florida, Department of Environmental Protection				
Small County Consolidated Grants	37.012	SC614	-	90,909
Cooperative Collection Center Grant	37.007	SP910	-	13,142
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP25022	-	84,353
Total State of Florida, Department of Environmental Protection			-	188,404
State of Florida, Department of State				
State Aid to Libraries Grant	45.030	16-ST-15	-	60,425
State of Florida, Department of Agriculture and Consumer Services				
Hardee County Civic Center	42.031	21817	-	209,468
Mosquito Control	42.003	22244	-	31,847
Total State of Florida, Department of Agriculture and Consumer Services			-	241,315
Florida Housing Finance Corporation				
State Housing Initiative Partnership (SHIP) Program	52.901	N/A	-	487,662
State of Florida, Department of Health				
County Grant Awards	64.005	C4025	-	10,057
State of Florida, Department of Management Services				
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	15-10-10/S8-15-12-04	-	45,001
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	N/A	-	1,000
Total State of Florida, Department of Management Services			-	46,001
Total Expenditures of State Financial Assistance			\$ -	\$ 1,340,568

**HARDEE COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1 GENERAL

The accompanying schedule of expenditures of state financial assistance (Schedule) includes the state financial assistance activity of Hardee County, Florida (County) under projects of the State of Florida for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits. Because the Schedule presents only a selected portion of the operation of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for financial assistance received in governmental funds and the accrual basis of accounting for financial assistance received in the proprietary funds, which are described in Note 1 to the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Florida Department of Financial Services' *State Projects Compliance Supplement* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified yes x none reported
3. Noncompliance material to financial statements noted? yes x no

State Financial Assistance

1. Internal control over state projects:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified yes x none reported
2. Type of auditors’ report issued on compliance for state projects: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? yes x no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
37.039	Statewide Surface Water Restoration and Wastewater Projects
52.901	State Housing Initiatives Partnership Program
42.031	State Appropriations for Civic Center

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 300,000

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings

2016-001 – Revenue Recognition

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: As part of the audit, we proposed adjustments to correct intergovernmental revenue, receivables, and fund balance of the Grants funds because the State Housing Initiatives Partnership (SHIP) program allocations for 2015 and 2016 were not recorded in the fiscal years which the revenue recognition criteria was met.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls to ensure the transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Context: Testing of the revenue account balances detected the errors.

Cause: The state remitted SHIP funds later than usual for both the prior and current years. As a result, the entry to accrue the revenue and receivable was overlooked during the closing process.

Effect: Revenue, receivables, and fund balance of the Grants fund were adjusted to correct the errors.

Recommendation: The County should evaluate all grants to ensure revenue is recognized in accordance with GAAP.

View of responsible officials and planned corrective actions: We concur and are enhancing our closing procedures to identify and record grant revenue in the reporting period which the revenue recognition criteria are met, in accordance with GAAP

Section III – Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Chapter 10.550, Rules of the Auditor General.

Section IV – Prior Year Findings

2015 – 001

During the year ended September 30, 2016, corrective action was taken on this finding.

MANAGEMENT LETTER

Honorable Board of County Commissioners
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of Hardee County, Florida (County), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 19, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each State Project and on Internal Control Over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, April 19, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the special district component unit provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our recommendations are included in the accompanying schedule of findings and responses as 2016-002 and 2016-003.

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

Honorable Board of County Commissioners
Hardee County, Florida

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
April 19, 2017

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

2016-002 - Building Department Cash Receipts

Condition: Daily receipt totals within the building department are not reconciled to the building permit software reports.

Criteria or specific requirement: Management responsible for establishing and maintaining internal controls to ensure cash receipts are safeguarded and properly accounted for in the financial statements.

Context: Testing of internal controls identified the condition.

Views of responsible officials and planned corrective actions: Management concurs. Cash receipting procedures and a separation of duties was established in this office and the issue has been corrected.

2016-003 – Disposals of Capital Assets

Condition: Certain equipment and other capital assets disposed of during the fiscal year were not reported to accounting in a timely manner.

Criteria or specific requirement: The County is responsible for establishing and maintaining internal controls to ensure fixed assets are properly accounted for in the financial statements.

Context: Testing of internal controls and account balances identified the errors.

Effect: Reported capital asset balances could be misstated and there is an increased risk of misappropriation of assets.

Cause: Many disposal forms were completed and submitted with the annual capital assets inventory rather than submitting them during the fiscal year at the time that each item was disposed.

Recommendation: Disposal forms should be completed and submitted on a timely basis. The County should also review its capital asset policy in regards to disposals to ensure that the procedures are clear and communicated to the various departments.

Views of responsible officials and planned corrective actions: Management concurs. The process has been reviewed with all department and disposal forms will be completed and submitted on a timely basis.



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INDEPENDENT ACCOUNTANTS' REPORT

Honorable Board of County Commissioners
Hardee County, Florida

We have examined the Hardee County, Florida's (County), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.172(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2016. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
April 19, 2017

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
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YEAR ENDED SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hardee County Clerk of the Circuit Court (Clerk) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the Clerk as of September 30, 2016, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hardee County that is attributable to the Hardee County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 9, 2017

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
ASSETS					
Cash	\$ 67,597	\$ 308,023	\$ 187,492	\$ 122,084	\$ 685,196
Due from Individuals	-	10	-	-	10
Due from Other Funds	5	35,630	25,703	-	61,338
Due from Other Governments	700	210	-	8,849	9,759
Prepaid Expense	1,568	2,257	-	-	3,825
	<u>1,568</u>	<u>2,257</u>	<u>-</u>	<u>-</u>	<u>3,825</u>
Total Assets	<u>\$ 69,870</u>	<u>\$ 346,130</u>	<u>\$ 213,195</u>	<u>\$ 130,933</u>	<u>\$ 760,128</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 44,174	\$ 263,682	\$ 1,993	\$ 1,315	\$ 311,164
Due to Other Funds	25,696	6	35,636	-	61,338
Due to Other Governments	-	76,615	-	-	76,615
Deferred Revenue	-	5,827	-	-	5,827
	<u>-</u>	<u>5,827</u>	<u>-</u>	<u>-</u>	<u>5,827</u>
Total Liabilities	69,870	346,130	37,629	1,315	454,944
	<u>69,870</u>	<u>346,130</u>	<u>37,629</u>	<u>1,315</u>	<u>454,944</u>
FUND BALANCES					
Nonspendable	1,568	2,257	-	-	3,825
Restricted - Clerk Operational Needs	-	-	-	129,618	129,618
Restricted - Official Records	-	-	139,554	-	139,554
Restricted - Court Technology	-	-	11,548	-	11,548
Restricted - Court Operational Needs	-	-	24,464	-	24,464
Unassigned	(1,568)	(2,257)	-	-	(3,825)
	<u>(1,568)</u>	<u>(2,257)</u>	<u>-</u>	<u>-</u>	<u>(3,825)</u>
Total Fund Balances	-	-	175,566	129,618	305,184
	<u>-</u>	<u>-</u>	<u>175,566</u>	<u>129,618</u>	<u>305,184</u>
Total Liabilities and Fund Balances	<u>\$ 69,870</u>	<u>\$ 346,130</u>	<u>\$ 213,195</u>	<u>\$ 130,933</u>	<u>\$ 760,128</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
REVENUES					
Appropriations from Board of County Commissioners	\$ 513,600	\$ -	\$ -	\$ -	\$ 513,600
Intergovernmental	-	475	-	57,503	57,978
Charges for Services	80,893	738,582	79,258	-	898,733
Miscellaneous	2,409	5,835	600	803	9,647
Total Revenues	<u>596,902</u>	<u>744,892</u>	<u>79,858</u>	<u>58,306</u>	<u>1,479,958</u>
EXPENDITURES					
Current:					
General Government:					
Salaries and Benefits	526,011	740,566	63,089	76,496	1,406,162
Operating Expenditures	60,425	4,326	52,942	1,320	119,013
Capital Outlay	10,466	-	1,177	-	11,643
Total Expenditures	<u>596,902</u>	<u>744,892</u>	<u>117,208</u>	<u>77,816</u>	<u>1,536,818</u>
NET CHANGE IN FUND BALANCES	-	-	(37,350)	(19,510)	(56,860)
Fund Balances - Beginning of Year	-	-	212,916	149,128	362,044
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,566</u>	<u>\$ 129,618</u>	<u>\$ 305,184</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 513,600	\$ 513,600	\$ 513,600	\$ -
Charges for Services	80,400	80,893	80,893	-
Miscellaneous	-	2,409	2,409	-
Total Revenues	594,000	596,902	596,902	-
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	543,400	526,011	526,011	-
Operating Expenditures	50,600	60,425	60,425	-
Capital Outlay	-	10,466	10,466	-
Total Expenditures	594,000	596,902	596,902	-
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 475	\$ 475	\$ -
Charges for Services	776,499	738,582	738,582	-
Miscellaneous	-	5,835	5,835	-
Total Revenues	<u>776,749</u>	<u>744,892</u>	<u>744,892</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	741,294	740,566	740,566	-
Operating Expenditures	34,394	4,326	4,326	-
Total Expenditures	<u>775,688</u>	<u>744,892</u>	<u>744,892</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	1,061	-	-	-
OTHER FINANCING SOURCES (USES)				
Distribution of Excess Court				
Revenue to the State of Florida	(1,061)	-	-	-
Total Other Financing Sources (Uses)	<u>(1,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PUBLIC RECORDS MODERNIZATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 323,597	\$ 292,172	\$ 79,258	\$ (212,914)
Miscellaneous	-	600	600	-
Total Revenues	<u>323,597</u>	<u>292,772</u>	<u>79,858</u>	<u>(212,914)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	63,089	63,089	-
Operating Expenditures	286,080	218,506	52,942	165,564
Capital Outlay	20,000	11,177	1,177	10,000
Total Expenditures	<u>323,597</u>	<u>292,772</u>	<u>117,208</u>	<u>175,564</u>
NET CHANGE IN FUND BALANCES	-	-	(37,350)	(37,350)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>212,916</u>	<u>212,916</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,566</u>	<u>\$ 175,566</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CHILD SUPPORT IV – D FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 229,136	\$ 206,630	\$ 57,503	\$ (149,127)
Miscellaneous	-	803	803	-
Total Revenues	<u>229,136</u>	<u>207,433</u>	<u>58,306</u>	<u>(149,127)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	76,496	76,496	-
Operating Expenditures	194,841	130,937	1,320	129,617
Capital Outlay	1,500	-	-	-
Total Expenditures	<u>229,136</u>	<u>207,433</u>	<u>77,816</u>	<u>129,617</u>
NET CHANGE IN FUND BALANCES	-	-	(19,510)	(19,510)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>149,128</u>	<u>149,128</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 129,618</u></u>	<u><u>\$ 129,618</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2016**

ASSETS

Cash	\$ 194,292
	<hr/>
Total Assets	\$ 194,292
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 177,685
Vouchers Payable	860
Due to Other Governments	15,747
	<hr/>
Total Liabilities	\$ 194,292
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which requires the Clerk to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including management’s discussion and analysis, these financial statements do not constitute a complete presentation of financial position of the Clerk as of September 30, 2016 and the changes in its financial position for the year ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

Fund Accounting

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

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental Major Funds

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

Special Revenue Funds

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

Other Fund Types - Fiduciary Funds

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

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2016, there was no fund balance in the General Fund and Fine and Forfeitures and the remaining fund balances in the Public Records Modernization Trust and Child Support IV-D Funds are appropriately classified as restricted.

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

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

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation and Sick Pay

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

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

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

The maximum permissible accumulation of annual leave is as follows:

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

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

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

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

Use of Estimates

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

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligation

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

Other Significant Accounting Policies

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

NOTE 2 CUSTODIAL CREDIT RISK

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

At September 30, 2016, the carrying amount of the Clerk's deposits was \$879,488 and the bank balance was \$924,233. The Clerk's noninterest bearing bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances and interest bearing bank accounts are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Clerk's operations is recorded as expenditure in the governmental fund types of the Clerk at the time of purchase. Purchased assets with an initial cost greater than \$1,000 are capitalized at historical cost in the government-wide financial statements of the County, because ownership is vested in the Hardee County Board of County Commissioners, as provided by the Florida Statutes. Donated and confiscated assets are recorded at fair market value at the time received. The Clerk maintains record keeping and custodial responsibility for the capital assets. The Clerk transferred \$14,855 in assets and \$14,691 in related depreciation to the Board of County Commissioners in fiscal year 2016.

The following is a summary of changes in capital assets for which the Clerk is custodian for the year ended September 30, 2016.

	Balance October 1, 2015	Additions	Disposals	Transfers	Balance September 30, 2016
Machinery and Equipment	\$ 507,419	\$ 11,643	\$ -	\$ (14,855)	\$ 504,207
Less: Accumulated Depreciation	<u>(412,244)</u>	<u>(31,355)</u>	<u>-</u>	<u>14,691</u>	<u>(428,908)</u>
Total Capital Assets, Net	<u>\$ 95,175</u>	<u>\$ (19,712)</u>	<u>\$ -</u>	<u>\$ (164)</u>	<u>\$ 75,299</u>

NOTE 4 PENSION PLAN

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLAN (CONTINUED)

Background (Continued)

Essentially all regular employees of the Clerk are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Clerk employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Clerk.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Clerk's contributions made to the plans during the years ended September 30, 2016, 2015, and 2014 were \$103,328, \$101,859, and \$87,550 respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

NOTE 5 DUE FROM AND DUE TO OTHER FUNDS

The balances of due from and due to other funds were as follows at September 30, 2016:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 5	\$ 25,696
Fine and Forfeiture Fund	35,630	6
Public Records Modernization Trust Fund	25,703	35,636
Total	<u>\$ 61,338</u>	<u>\$ 61,338</u>

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2016:

	Balance October 1, 2015	Net Additions	Balance September 30, 2016	Due Within One Year
Accrued Compensated Absences	\$ 61,705	\$ 3,479	\$ 65,184	\$ 43,551

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

NOTE 7 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2016 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 \$513,600 for the year ended September 30, 2016.

Health Insurance – The Board of County Commissioners provides health insurance to the Clerk employees. The reimbursement for these benefits for the fiscal year ended September 30, 2016 amounted to \$229,414.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8 RISK MANAGEMENT

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

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

The risk pool 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, the pool can make additional limited assessments. Losses, if any, in excess of the pool's ability to assess its members would revert back to the member that incurred the loss.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF
FIDUCIARY NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2016**

	<u>Special Trust</u>	<u>Support</u>	<u>Court Registry</u>	<u>County Witness</u>	<u>Cash Bond</u>	<u>Condemnation Right-of-Way</u>	<u>Total Agency Funds</u>
ASSETS							
Cash	\$ 50,640	\$ 860	\$ 106,798	\$ 287	\$ 31,345	\$ 4,362	\$ 194,292
Total Assets	<u>\$ 50,640</u>	<u>\$ 860</u>	<u>\$ 106,798</u>	<u>\$ 287</u>	<u>\$ 31,345</u>	<u>\$ 4,362</u>	<u>\$ 194,292</u>
LIABILITIES							
Due to Individuals	\$ 35,165	\$ -	\$ 106,798	\$ 15	\$ 31,345	\$ 4,362	\$ 177,685
Vouchers Payable	-	860	-	-	-	-	860
Due to Other Governments	15,475	-	-	272	-	-	15,747
Total Liabilities	<u>\$ 50,640</u>	<u>\$ 860</u>	<u>\$ 106,798</u>	<u>\$ 287</u>	<u>\$ 31,345</u>	<u>\$ 4,362</u>	<u>\$ 194,292</u>

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Increases	(Decreases)	Balance September 30, 2016
SPECIAL TRUST				
ASSETS				
Cash	\$ 81,454	\$ 1,174,722	\$ (1,205,536)	\$ 50,640
LIABILITIES				
Due to Individuals	\$ 36,969	\$ 54,663	\$ (56,467)	\$ 35,165
Due to Other Governments	44,485	955,636	(984,646)	15,475
Due to Board of County Commissioners	-	164,423	(164,423)	-
Total Liabilities	<u>\$ 81,454</u>	<u>\$ 1,174,722</u>	<u>\$ (1,205,536)</u>	<u>\$ 50,640</u>
SUPPORT				
ASSETS				
Cash	\$ 1,261	\$ 20,547	\$ (20,948)	\$ 860
LIABILITIES				
Due to Individuals	\$ -	\$ 5,736	\$ (5,736)	\$ -
Vouchers Payable	1,261	10,273	(10,674)	860
Due to Other Governments	-	4,538	(4,538)	-
Total Liabilities	<u>\$ 1,261</u>	<u>\$ 20,547</u>	<u>\$ (20,948)</u>	<u>\$ 860</u>
COURT REGISTRY				
ASSETS				
Cash	\$ 10,840	\$ 538,254	\$ (442,296)	\$ 106,798
LIABILITIES				
Due to Individuals	\$ 10,840	\$ 538,254	\$ (442,296)	\$ 106,798

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Increases	(Decreases)	Balance September 30, 2016
COUNTY WITNESS				
ASSETS				
Cash	\$ 309	\$ -	\$ (22)	\$ 287
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	294	-	(22)	272
Total Liabilities	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ 287</u>
CASH BOND				
ASSETS				
Cash	\$ 42,095	\$ 103,530	\$ (114,280)	\$ 31,345
LIABILITIES				
Due to Individuals	\$ 42,095	\$ 103,530	\$ (114,280)	\$ 31,345
CONDEMNATION RIGHT-OF-WAY				
ASSETS				
Cash	\$ 5,452	\$ 72,460	\$ (73,550)	\$ 4,362
LIABILITIES				
Due to Individuals	\$ 5,452	\$ 72,460	\$ (73,550)	\$ 4,362
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 141,411	\$ 1,909,513	\$ (1,856,632)	\$ 194,292
LIABILITIES				
Due to Individuals	\$ 95,371	\$ 774,643	\$ (692,329)	\$ 177,685
Vouchers Payable	1,261	10,273	(10,674)	860
Due to Other Governments	44,779	960,174	(989,206)	15,747
Due to Board of County Commissioners	-	164,423	(164,423)	-
Total Liabilities	<u>\$ 141,411</u>	<u>\$ 1,909,513</u>	<u>\$ (1,856,632)</u>	<u>\$ 194,292</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Hardee County Clerk of the Circuit Court (Clerk), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated January 9, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 9, 2017

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County, Florida Clerk of the Circuit Court (Clerk) as of and for the fiscal year ended September 30, 2016 and have issued our report thereon dated January 9, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and the Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which is dated January 9, 2017 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

Other Matters

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

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 9, 2017



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Hardee County Clerk of the Circuit Court's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds; Section 61.181, Florida Statutes, regarding alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding clerks of court performance standards and budgets, during the year ended September 30, 2016. Management is responsible for Hardee County Clerk of the Circuit Court's compliance with those requirements. Our responsibility is to express an opinion on Hardee County Clerk of the Circuit Court's compliance based on our examination.

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

In our opinion, Hardee County Clerk of the Circuit Court complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 9, 2017

HARDEE COUNTY SHERIFF
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

**HARDEE COUNTY SHERIFF
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INDEPENDENT AUDITORS' REPORT

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, Hardee County, Florida (the Sheriff) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, as of September 30, 2016, and the respective changes in financial position and budgetary comparison thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hardee County that is attributable to the Hardee County Sheriff. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Honorable Arnold Lanier
Hardee County Sheriff

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2017 on our consideration of the Hardee County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hardee County Sheriff's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2017

**HARDEE COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 752,484	\$ 183,545	\$ 936,029
Due From Elected Official	619	-	619
Prepaid Items	612,383	-	612,383
	<u>612,383</u>	<u>-</u>	<u>612,383</u>
Total Assets	<u>\$ 1,365,486</u>	<u>\$ 183,545</u>	<u>\$ 1,549,031</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 53,028	\$ -	\$ 53,028
Accrued Liabilities	201,058	-	201,058
Due to the Board of County Commissioners	1,111,400	32,511	1,143,911
	<u>1,111,400</u>	<u>32,511</u>	<u>1,143,911</u>
Total Liabilities	<u>1,365,486</u>	<u>32,511</u>	<u>1,397,997</u>
 FUND BALANCES			
Nonspendable	612,383	-	612,383
Restricted	-	151,034	151,034
Unassigned	(612,383)	-	(612,383)
	<u>(612,383)</u>	<u>-</u>	<u>(612,383)</u>
Total Fund Balances	<u>-</u>	<u>151,034</u>	<u>151,034</u>
Total Liabilities and Fund Balances	<u>\$ 1,365,486</u>	<u>\$ 183,545</u>	<u>\$ 1,549,031</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
REVENUES			
Appropriations from Board of County Commissioners	\$ 8,897,426	\$ -	\$ 8,897,426
Intergovernmental	56,234	155,138	211,372
Charges for Services	265,446	-	265,446
Fines and Forfeitures	-	9,802	9,802
Interest and Miscellaneous	160,916	45,649	206,565
Total Revenues	<u>9,380,022</u>	<u>210,589</u>	<u>9,590,611</u>
EXPENDITURES			
Current:			
Public Safety:			
Salaries and Benefits	6,851,496	-	6,851,496
Operating Expenditures	1,533,177	209,353	1,742,530
Capital Outlay	384,619	25,851	410,470
Total Expenditures	<u>8,769,292</u>	<u>235,204</u>	<u>9,004,496</u>
EXCESS OF REVENUES OVER EXPENDITURES	610,730	(24,615)	586,115
OTHER FINANCING USES			
Transfers to Board of County Commissioners	(610,730)	-	(610,730)
Total Other Financing Uses	<u>(610,730)</u>	<u>-</u>	<u>(610,730)</u>
NET CHANGE IN FUND BALANCES	-	(24,615)	(24,615)
Fund Balances - Beginning of Year	<u>-</u>	<u>175,649</u>	<u>175,649</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 151,034</u>	<u>\$ 151,034</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 8,897,426	\$ 8,877,426	\$ 8,897,426	\$ 20,000
Intergovernmental	-	-	56,234	56,234
Charges for Services	-	-	265,446	265,446
Interest and Miscellaneous	-	-	160,916	160,916
Total Revenues	<u>8,897,426</u>	<u>8,877,426</u>	<u>9,380,022</u>	<u>502,596</u>
EXPENDITURES				
Current:				
Public Safety:				
Salaries and Benefits	7,222,760	7,222,760	6,851,496	371,264
Operating Expenditures	1,474,666	1,454,666	1,533,177	(78,511)
Capital outlay	200,000	200,000	384,619	(184,619)
Total Expenditures	<u>8,897,426</u>	<u>8,877,426</u>	<u>8,769,292</u>	<u>108,134</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	610,730	610,730
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(610,730)	(610,730)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(610,730)</u>	<u>(610,730)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2016**

ASSETS

Cash	<u>\$ 47,319</u>
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LIABILITIES

Due to Individuals	<u>\$ 47,319</u>
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See accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which allows the Sheriff to only present fund financial statements. These financial statements present only the portion of the funds of Hardee County, Florida that are attributable to the Sheriff. They are not intended to present fairly the financial position and results of operations of Hardee County, Florida in conformity with GAAP.

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

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

A budget is legally adopted for the general fund and is on the modified accrual basis of accounting. Budgetary control is at the expenditure classification level (personal services, operating expenditures, and capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Sheriff. The budgeted revenues and expenditures in the accompanying financial statements reflect all approved amendments.

Refund of "Excess Fees" – Florida Statutes provide that the excess of the Sheriff's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of the undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners.

Fund Accounting

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

Major Governmental Funds

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

Non-Major Governmental Funds

Law Enforcement Trust Fund – The law enforcement trust fund is a special revenue fund which accounts for an assessment added to all fines and forfeitures. These monies can only be used for approved education and training of law enforcement, correctional, and administrative personnel. The education fund is not required to maintain a separate budget, therefore, a comparison of budget to actual revenues and expenditures is not presented in the financial statements.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Non-Major Governmental Funds (Continued)

E911 Fund – The E911 Fund is a special revenue fund that accounts for proceeds received from 911 fees and grants related to providing E911 services within the County. Funding is provided to the Sheriff by the Florida Department of Management Services and is used to maintain the E911 system which assists Hardee County residents that are in need of law enforcement, fire, and emergency medical responders. The E911 fund is not required to maintain a separate budget; however, a budget was adopted for the current year. A comparison of budget to actual revenues and expenditures is not presented in the financial statements.

Commissary Fund – The commissary fund is a special revenue fund which accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, toothpaste, etc. to the inmates. Profits from the commissary shall be used for overall inmate welfare. Expenses involved in the commissary operation, including compensation for commissary employees and gratuities for inmates who may assist such employees, may be paid from the profit. The commissary fund is not required to maintain a separate budget; therefore, a comparison of budget to actual revenues and expenditures is not presented in the financial statements.

Fiduciary Funds

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

Fund Balance and Spending Policies

In accordance with GASB Statement on *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2016 there was no fund balance in the General Fund and the remaining fund balance in the Education and Commissary Fund is appropriately classified as restricted. The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policies (Continued)

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

Accumulated Unpaid Vacation and Sick Pay

Only the amounts of unpaid vacation and sick leave that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. Total available vacation and sick leave hours are multiplied by the current pay rate to determine the accrued liability. Employees are charged for the last day of vacation or sick leave earned when the leave is used.

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1st Year	84 Hours
2nd – 4th Year	168 Hours
5th – 9th Year	192 Hours
10th – 14th Year	216 Hours
15th – 19th Year	264 Hours
20 Years Plus	288 Hours

Upon termination, employees can be paid for their unused vacation time.

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

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

Use of Estimates

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

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligations

Based on GASB Statement on Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, certain governmental entities are required to record actuarial accrued liabilities related to Other Postemployment Benefit Plans. Employees who retire from employment with the Sheriff with 20 or more years of service may participate in the County Group Health Plan on a single coverage basis upon written request of the retiring member to the Sheriff. This retirement benefit will conclude when the retiree reaches the eligible age to receive full Medicare benefits or obtains health insurance from any other provider. The OPEB Plan currently pays certain portions of healthcare insurance premiums of retirees based on years of service and other factors. The liabilities and expenses associated with the OPEB Plan are not included in the financial statements of the Sheriff. Such liabilities and expenses are included in the financial statements of Hardee County, Florida.

Other Significant Accounting Policies

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

NOTE 2 CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of failure of the counterparty, the Sheriff will not be able to recover the value of its deposits that are in the possession of an outside party.

At September 30, 2016, the carrying amount of the Sheriff's deposits was \$983,348 and the bank balance was \$1,086,628. The Sheriff's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship and the balances are collateralized pursuant Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 3 CAPITAL ASSETS

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

The following is a summary of changes in capital assets for which the Sheriff is custodian for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Disposals	Transfers	Balance September 30, 2016
Machinery and Equipment	\$ 3,882,432	\$ 410,470	\$ (338,539)	\$ -	\$ 3,954,363
Less: Accumulated Depreciation	(2,873,778)	(321,673)	338,105	-	(2,857,346)
Total Capital Assets, Net	<u>\$ 1,008,654</u>	<u>\$ 88,797</u>	<u>\$ (434)</u>	<u>\$ -</u>	<u>\$ 1,097,017</u>

NOTE 4 PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Sheriff are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan

Plan Description

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Sheriff employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

Benefits Provided

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Sheriff.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Sheriff's contributions made to the plans during the years ended September 30, 2016, 2015, and 2014 were \$873,919, \$773,223, and \$716,111, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in Hardee County's comprehensive annual financial report.

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2016:

	Balance October 1, 2015	Net Decrease	Balance September 30, 2016	Due Within One Year
Accrued Compensated Absences	<u>\$ 294,515</u>	<u>\$ (4,460)</u>	<u>\$ 290,055</u>	<u>\$ -</u>

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

NOTE 6 RELATED PARTY TRANSACTION

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2016 were as follows:

Budget Appropriation - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$8,897,426 for the year ended September 30, 2016. At September 30, 2016, \$1,143,911 was due to the Board of County Commissioners from the General and E911 Funds of the Sheriff.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 7 RISK MANAGEMENT

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

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

The funding agreements provide that the self-insurance funds will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage. Coverage limits for automobile risk are \$300,000 for bodily injury and \$100,000 for property damage.

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

NOTE 8 CONTINGENCIES

The Sheriff is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, the ultimate disposition of these lawsuits and claims should not have a material adverse effect on the financial position of the Sheriff.

COMBINING AND INDIVIDUAL FUND SCHEDULES

**HARDEE COUNTY SHERIFF
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
SEPTEMBER 30, 2016**

SPECIAL REVENUE FUNDS

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

Commissary Fund – The commissary fund accounts for the commissary operated in the County jail. Revenues are provided by sales of products such as phone cards, candy, toothpaste, etc. to the inmates. Profits from the commissary shall be used for overall inmate welfare. Expenses involved in the commissary operation, including compensation for commissary employees and gratuities for inmates who may assist such employees, may be paid from the profit. The commissary fund is not required to maintain a separate budget.

Law Enforcement Trust Fund – The Law Enforcement Trust Fund accounts for proceeds received pursuant to Florida Statute 932.7055 and are used for law enforcement related purposes as defined in the statute. The law enforcement trust fund is not required to maintain a separate budget.

E911 Fund – The E911 Fund accounts for proceeds received from 911 fees and grants related to providing E911 services within the County. The E911 fund is a special revenue fund for which accounts for the 911 system operated in the County. Funding is provided to the Sheriff by the Florida Department of Management Services and is used to maintain the E911 system which assists Hardee County residents that are in need of law enforcement, fire, and emergency medical responders. The E911 fund is not required to maintain a separate budget; however, a budget was adopted for the current year.

**HARDEE COUNTY SHERIFF
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
ASSETS				
Cash	\$ 101,412	\$ 49,622	\$ 32,511	\$ 183,545
Total Assets	\$ 101,412	\$ 49,622	\$ 32,511	\$ 183,545
LIABILITIES				
Due to the Board of County Commissioners	\$ -	\$ -	\$ 32,511	\$ 32,511
FUND BALANCES				
Restricted for Education	-	49,622	-	49,622
Restricted for Inmate Welfare	101,412	-	-	101,412
Total Fund Balances	101,412	49,622	-	151,034
Total Liabilities and Fund Balances	\$ 101,412	\$ 49,622	\$ 32,511	\$ 183,545

**HARDEE COUNTY SHERIFF
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2016**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 155,138	\$ 155,138
Fines and Forfeitures	-	9,802	-	9,802
Miscellaneous	45,649	-	-	45,649
Total Revenues	<u>45,649</u>	<u>9,802</u>	<u>155,138</u>	<u>210,589</u>
EXPENDITURES				
Current:				
Public Safety:				
Operating Expenditures	79,766	300	129,287	209,353
Capital Outlay	-	-	25,851	25,851
Total Expenditures	<u>79,766</u>	<u>300</u>	<u>155,138</u>	<u>235,204</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,117)	9,502	-	(24,615)
Fund Balances - Beginning of Year	<u>135,529</u>	<u>40,120</u>	<u>-</u>	<u>175,649</u>
FUND BALANCES - END OF YEAR	<u>\$ 101,412</u>	<u>\$ 49,622</u>	<u>\$ -</u>	<u>\$ 151,034</u>

**HARDEE COUNTY SHERIFF
COMBINING SCHEDULE OF
FIDUCIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2016**

	<u>Suspense Fund</u>	<u>Collections Fund</u>	<u>Evidence Fund</u>	<u>Inmate Fund</u>	<u>Youth Fund</u>	<u>Flower Fund</u>	<u>Drug Task Force Fund</u>	<u>Total</u>
ASSETS								
Cash	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 27,216</u>	<u>\$ 8,152</u>	<u>\$ 7,177</u>	<u>\$ 1,906</u>	<u>\$ 1,440</u>	<u>\$ 47,319</u>
LIABILITIES								
Due to Individuals	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 27,216</u>	<u>\$ 8,152</u>	<u>\$ 7,177</u>	<u>\$ 1,906</u>	<u>\$ 1,440</u>	<u>\$ 47,319</u>

**HARDEE COUNTY SHERIFF
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Increases	(Decreases)	Balance September 30, 2016
SUSPENSE				
ASSETS				
Cash	\$ 1,396	\$ 86,357	\$ (86,325)	\$ 1,428
LIABILITIES				
Due to Individuals	\$ 1,396	\$ 86,357	\$ (86,325)	\$ 1,428
COLLECTIONS				
ASSETS				
Cash	\$ -	\$ 19,753	\$ (19,753)	\$ -
LIABILITIES				
Due to Individuals	\$ -	\$ 19,753	\$ (19,753)	\$ -
EVIDENCE				
ASSETS				
Cash	\$ 40,629	\$ 55,032	\$ (68,445)	\$ 27,216
LIABILITIES				
Due to Individuals	\$ 40,629	\$ 55,032	\$ (68,445)	\$ 27,216
INMATE				
ASSETS				
Cash	\$ 9,720	\$ 1,085,910	\$ (1,087,478)	\$ 8,152
LIABILITIES				
Due to Individuals	\$ 9,720	\$ 1,085,910	\$ (1,087,478)	\$ 8,152
YOUTH				
ASSETS				
Cash	\$ 8,177	\$ -	\$ (1,000)	\$ 7,177
LIABILITIES				
Due to Individuals	\$ 8,177	\$ -	\$ (1,000)	\$ 7,177
FLOWER				
ASSETS				
Cash	\$ 2,751	\$ -	\$ (845)	\$ 1,906
LIABILITIES				
Due to Individuals	\$ 2,751	\$ -	\$ (845)	\$ 1,906
DRUG TASK FORCE				
ASSETS				
Cash	\$ 702	\$ 2,323	\$ (1,585)	\$ 1,440
LIABILITIES				
Due to Individuals	\$ 702	\$ 2,323	\$ (1,585)	\$ 1,440
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 63,375	\$ 1,249,375	\$ (1,265,431)	\$ 47,319
LIABILITIES				
Due to Individuals	\$ 63,375	\$ 1,249,375	\$ (1,265,431)	\$ 47,319



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

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, Hardee County, Florida (the Sheriff) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Hardee County Sheriff's financial statements, and have issued our report thereon dated March 2, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses current year and prior years, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Sheriff's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses Current Year and Prior Years to be a material weakness. 2016-001.

The Honorable Arnold Lanier
Hardee County Sheriff

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses Current Year and Prior Years to be significant deficiencies. 2016-002.

Compliance and Other Matters

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

Hardee County Sheriff's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2017

MANAGEMENT LETTER

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Sheriff, Hardee County, Florida (the Sheriff) as of and for the fiscal year ended September 30, 2016, and we have issued our report thereon dated March 2, 2017.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 2, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The Honorable Arnold Lanier
Hardee County Sheriff

Other Matters

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

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

With respect to the above, please see Finding 2016-003 regarding overpayment of the Sheriff's salary.

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2017

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2016**

Current Year Findings

Material Weakness

2016-001: PREPERATION OF FINANCIAL STATEMENTS

Criteria: Adjustments for accounts payable, payroll tax liability, prepaid assets, excess fees, capital asset reconciliation, and expenses were not posted in the general ledger during the close out process at year-end. Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

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

Cause: Improper reporting of transactions and lack of training.

Effect: The design of the controls over the financial reporting process would affect the ability of the Sheriff to report financial data consistently with the assertion of management in the financial statements. Accounts payable, accrued liabilities, prepaid assets, excess fees, and expense balances were misstated.

Recommendation: Develop a year end closing procedure to calculate and record all adjustments necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

Response: We concur.

Significant Deficiency

2016-002 Authorized Signers

Criteria: Only appropriate members of management should be authorized signers on bank accounts.

Condition: A former employee is still listed as an authorized signer on one of the bank accounts

Cause: One of the authorized signers was not removed at the time of their retirement.

Recommendation New signatory cards, removing the retired employee and listing only appropriate members of management, should be completed.

Response: We concur.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2016**

Control Deficiency

2016-003: SHERIFF SALARY

Criteria: Florida Statutes dictate salary levels for the Sheriff.

Condition: Salary payments made to the Sheriff were more than the statutory amount.

Cause: Management did not monitor salary to determine if in compliance.

Effect: Sheriff was overpaid \$619.

Recommendation: A review should be performed of the Sheriff's salary during year-end procedures.

Response: We concur.

Prior Year Findings

Material Weakness

2015-001: MATERIAL FINANCIAL STATEMENT ADJUSTMENTS

Criteria: Adjustments for accounts payable, payroll tax liability, prepaid assets, excess fees, and payroll expenses were not posted in the general ledger during the close out process at year-end.

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

Cause: Improper reporting of transactions.

Effect: Accounts payable, net assets, and expense balances were materially misstated.

Recommendation: Develop a year end closing procedure to calculate and record all adjustments necessary in order for the financial statements to be in accordance with U.S. generally accepted accounting principles.

Status: See 2016-001.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2015-001 - Material Financial Statement Adjustments	Material Weakness			X	2016-001
2014-001 - Inadequate Segregation of Duties	Material Weakness	X			



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Arnold Lanier
Hardee County Sheriff
Hardee County, Florida

We have examined the Hardee County Sheriff, Hardee County, Florida (the Sheriff)'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

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

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
March 2, 2017

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HARDEE COUNTY PROPERTY APPRAISER '
'
FINANCIAL STATEMENTS '
'
YEAR ENDED SEPTEMBER 30, 2016 '

**HARDEE COUNTY PROPERTY APPRAISER '
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YEAR ENDED SEPTEMBER 30, 2016 '**

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INDEPENDENT AUDITORS' REPORT

The Honorable Kathy Crawford
Hardee County Property Appraiser
Wauchula, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Hardee County Property Appraiser (Property Appraiser), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Hardee County Property Appraiser as of September 30, 2016, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hardee County that is attributable to the Hardee County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017, on our consideration of Hardee County Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Property Appraiser’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
January 4, 2017

HARDEE COUNTY PROPERTY APPRAISER '
BALANCE SHEET '
GENERAL FUND '
SEPTEMBER 30, 2016 '

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ASSETS

Cash	\$ 63,348
	<hr/>
Total Assets	\$ 63,348
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	\$ 60,500
Due to Special Taxing Districts	2,768
Accounts Payable	80
	<hr/>
Total Liabilities	63,348

FUND BALANCE

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	-
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Total Liabilities and Fund Balance	\$ 63,348
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

HARDEE COUNTY PROPERTY APPRAISER '
STATEMENT OF REVENUES, EXPENDITURES, '
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL '
GENERAL FUND '
YEAR ENDED SEPTEMBER 30, 2016 '

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services:				
Board of County Commissioners	\$ 662,442	\$ 662,442	\$ 662,442	\$ -
Other Governments	30,271	30,271	30,271	-
Interest Income	148	148	148	-
Miscellaneous	2,417	2,417	2,417	-
Total Revenues	<u>695,278</u>	<u>695,278</u>	<u>695,278</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Personal Services	529,289	534,923	520,722	14,201
Operating Expenditures	157,973	151,174	107,668	43,506
Capital Outlay	4,000	5,345	3,620	1,725
Total Expenditures	<u>691,262</u>	<u>691,442</u>	<u>632,010</u>	<u>59,432</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,016	3,836	63,268	(59,432)
OTHER FINANCING USES				
Distribution of Excess Revenues:				
Board of County Commissioners	(4,016)	(3,836)	(60,500)	56,664
Special Taxing Districts	-	-	(2,768)	2,768
Total Other Financing Uses	<u>(4,016)</u>	<u>(3,836)</u>	<u>(63,268)</u>	<u>59,432</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits, which allows the Property Appraiser to only present fund financial statements. These financial statements present only the portion of the funds of Hardee County, Florida that are attributable to the Property Appraiser. They are not intended to present fairly the financial position and results of operations of Hardee County, Florida in conformity with GAAP.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Property Appraiser. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

Fees earned by the Property Appraiser (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies in proportion to prior year taxes levied. By statute, municipalities and school boards are exempt.

The County funds a major portion of the operating budget of the Property Appraiser. The payments by the County to fund the operations of the Property Appraiser are recorded as other financing uses, transfers to constitutional officers for governmental fund types in the basic financial statements of the County, and as charges for services revenues on the financial statements of the Property Appraiser.

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

A budget is legally adopted for the general fund, and is on the modified accrual basis of accounting. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Property Appraiser. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue for approval. The budgeted revenues and expenditures in the accompanying financial statements reflect all approved amendments.

Refund of "excess fees" – Florida Statutes provide that the excess of the Property Appraiser's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners and other special taxing districts.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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

The purpose of the Property Appraiser's fund is as follows:

Governmental Fund

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

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2016, there was no fund balance in the General Fund and no classification for fund balance is necessary.

As the Property Appraiser is an elected official responsible for the activities of the Property Appraiser's office, the Appraiser is the highest level of decision making authority and any official order from the Property Appraiser would be required to authorize commitment of fund balance.

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

Capital Assets

Capital assets purchased by the Appraiser are recorded as expenditures. Capital assets in excess of \$1,000 are considered capital outlay. Tangible personal property used in the Property Appraiser's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit Obligations

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

Other Significant Accounting Policies

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

NOTE 2 CUSTODIAL CREDIT RISK

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

At September 30, 2016, the Property Appraiser's book balance of cash was \$63,308 and the bank balance was \$78,186. The Federal Deposit Insurance Corporation (FDIC) insures the Property Appraiser's bank balances for \$250,000 for each banking relationship and the balances are collateralized pursuant to Chapter 280, Florida Statutes. The Property Appraiser's investment policy requires that deposits be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan '

Plan Description '

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued) '

Benefits Provided '

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program '

Plan Description '

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided '

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 4 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued) '

Benefits Provided (Continued) '

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan '

Plan Description '

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Property Appraiser employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

Benefits Provided

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Property Appraiser.

**HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '
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NOTE 4 PENSION PLAN (CONTINUED)

FRS Investment Plan (Continued) '

Benefits Provided (Continued) '

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Property Appraiser's contributions made to the plans during the years ended September 30, 2016, 2015, and 2014 were \$61,462, \$61,137, and \$59,245, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the County-wide financial statements.

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2016:

	Balance October 1, 2015	Net Deletions	Balance September 30, 2016	Amount Due Within One Year
Accrued Compensated Absences	\$ 8,035	\$ 113	\$ 8,148	\$ -

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

HARDEE COUNTY PROPERTY APPRAISER '
NOTES TO FINANCIAL STATEMENTS '
SEPTEMBER 30, 2016 '

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NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2016 were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$662,442 for the year ended September 30, 2016. At September 30, 2016, \$60,500 was due to the Board of County Commissioners.

Various Services – The Board of County Commissioners provides various services to the Property Appraiser. The charges for these services for the fiscal year ended September 30, 2016 amounted to \$84,478.

NOTE 7 RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Appraiser participates in the risk management program through the Hardee County Board of County Commissioners under a local government risk management pool. The following types of risk are provided for under the risk management pool:

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

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

NOTE 8 CONTINGENCIES

The Property Appraiser is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of legal counsel for the Property Appraiser, the resolution of these matters will not have a materially adverse effect on the financial condition of the Property Appraiser.

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

The Honorable Kathy Crawford
Hardee County Property Appraiser
Wauchula, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of Hardee County Property Appraiser, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Hardee County Property Appraiser's financial statements, and have issued our report thereon dated January 4, 2017.

Internal Control Over Financial Reporting

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

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

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

The Honorable Kathy Crawford
Hardee County Property Appraiser

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 4, 2017

MANAGEMENT LETTER

The Honorable Kathy Crawford
Hardee County Property Appraiser
Wauchula, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Property Appraiser (Property Appraiser), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated January 4, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which are dated January 4, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The Honorable Kathy Crawford
Hardee County Property Appraiser

Other Matters

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

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 4, 2017



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Kathy Crawford
Hardee County Property Appraiser
Wauchula, Florida

We have examined the Hardee County Property Appraiser's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

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

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 4, 2017

HARDEE COUNTY TAX COLLECTOR
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

**HARDEE COUNTY TAX COLLECTOR
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statements of the general fund and the aggregate remaining fund information of the Hardee County Tax Collector (Tax Collector), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information of the Hardee County Tax Collector as of September 30, 2016, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund, and the aggregate remaining fund information, only for that portion of the major fund, and the aggregate remaining fund information, of Hardee County that is attributable to the Hardee County Tax Collector. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Honorable Jacki Johnson
Hardee County Tax Collector

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2016 on our consideration of Hardee County Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, FL
December 14, 2016

**HARDEE COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2016**

ASSETS

Cash	\$	115,151
Accounts Receivable		22,538
		22,538
Total Assets	\$	137,689

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	341
Due to the Board of County Commissioners		132,170
Due to Other Governments		3,530
Due to Indigent Health Care Special District		1,648
		1,648
Total Liabilities		137,689

FUND BALANCE

		-
Total Liabilities and Fund Balance	\$	137,689

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 779,530	\$ 779,530	\$ 880,669	\$ 101,139
Interest and Miscellaneous Revenue	1,200	1,200	1,141	(59)
Total Revenues	<u>780,730</u>	<u>780,730</u>	<u>881,810</u>	<u>101,080</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	646,081	644,170	638,633	5,537
Operating Expenditures	121,833	121,833	103,729	18,104
Capital Outlay	5,000	5,000	2,100	2,900
Total Expenditures	<u>772,914</u>	<u>771,003</u>	<u>744,462</u>	<u>26,541</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,816	9,727	137,348	127,621
OTHER FINANCING USES				
Transfer to Other Governments	-	-	(3,530)	(3,530)
Transfer to Indigent Health Care Special District	-	-	(1,648)	(1,648)
Transfer to the Board of County Commissioners	-	-	(132,170)	(132,170)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(137,348)</u>	<u>(137,348)</u>
NET CHANGE IN FUND BALANCES	7,816	9,727	-	(9,727)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,816</u>	<u>\$ 9,727</u>	<u>\$ -</u>	<u>\$ (9,727)</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2016**

ASSETS

Cash	\$ 398,452
	<hr/>
Total Assets	\$ 398,452
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 60,642
Due to Board of County Commissioners	38,257
Due to Other Governments	91,278
Due to Indigent Health Care Special District	340
Deposit - Installment Taxes	207,935
	<hr/>
Total Liabilities	\$ 398,452
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits, which allows the Tax Collector to only present fund financial statements. These financial statements present only the portion of the funds of Hardee County, Florida that are attributable to the Tax Collector. They are not intended to present fairly the financial position and results of operations of Hardee County, Florida in conformity with GAAP.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

The agency funds are accounted for using the accrual basis of accounting.

Charges for services on the collection of property taxes are recognized as revenue in the fiscal year for which taxes are levied, provided they are collected within 60 days after the end of the fiscal year. Fees earned by the Tax Collector (equal to the amount of the amended budget) are billed quarterly to the Board and other governmental agencies as provided in Florida Statutes. Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment revenues are recorded as earned.

Any excess revenues received over expenditures made are remitted to the Board and the other taxing districts and recorded as other financing uses.

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

A budget is legally adopted for the general fund and is on a basis consistent with GAAP. Budgetary control is at the expenditure classification level (personal services, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Tax Collector. Amendments between expenditure classifications must be submitted to the State of Florida Department of Revenue for approval. The budgeted revenues and expenditures in the accompanying financial statements reflect all approved amendments.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property Tax Collection – Chapter 197, Florida Statutes, governs property tax collection.

Current Taxes – All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes – Sale of Tax Certificates – The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

Tax Deeds – The owner of a tax certificate may file an application for tax deed sale two years after the taxes have been delinquent (after April 1). The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder of the property, which is sold at public auction. The Clerk of the Circuit Court administers these sales.

Refund of “Excess Fees” – Florida Statutes provide that the excess of the Tax Collector’s fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of the undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners and other special taxing districts.

Fund Accounting

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

Governmental Fund

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

Fiduciary Funds

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

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. As of September 30, 2016, there was no fund balance in the General Fund and no classification for fund balance is necessary.

As the Tax Collector is an elected official responsible for the activities of the Tax Collector's office, the Tax Collector is the highest level of decision making authority and any official order from the Tax Collector would be required to authorize commitment of fund balance.

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

Capital Assets

Capital assets purchased by the Tax Collector are recorded as expenditures. Capital assets in excess of \$1,000 are considered capital outlay. Tangible personal property used in the Tax Collector's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by the Florida Statutes.

Accumulated Unpaid Vacation and Sick Pay

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

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1 to 9 Years	10 Days
10 to 19 Years	15 Days
20 plus Years	20 Days

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation and Sick Pay (Continued)

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 to 24 Years	25%
25 to 29 Years	37.50%
30 Plus Years	50%

Use of Estimates

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

Other Postemployment Benefit Obligations

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

Other Significant Accounting Policies

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

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 2 CUSTODIAL CREDIT RISK

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

At September 30, 2016, the carrying amount of the Tax Collector's deposits was \$512,293 and the bank balance was \$521,541. The Tax Collector's interest bearing bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Tax Collector's operations is recorded as expenditure in the general fund of the Tax Collector at the time of purchase. Purchased assets with an initial cost greater than \$1,000 are capitalized at historical costs in the government-wide financial statements of the County, because ownership is vested in the Hardee County Board of County Commissioners as provided by the Florida Statutes. The Tax Collector maintains custodial responsibility for these capital assets.

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2015	Additions	Disposals	Transfers	Balance September 30, 2016
Machinery and Equipment	\$ 112,453	\$ 2,100	\$ -	\$ -	\$ 114,553
Less: Accumulated Depreciation	(84,244)	(9,516)	-	-	(93,760)
Total Capital Assets, Net	<u>\$ 28,209</u>	<u>\$ (7,416)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,793</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Background (Continued)

Essentially all regular employees of the Tax Collector are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

Plan Description

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Tax Collector employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

Benefits Provided

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Tax Collector.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The County's contributions made to the plans during the years ended September 30, 2016, 2015, and 2014 were \$63,107, \$68,101, and \$56,124, respectively, equal to the actuarially determined contribution requirements for each year.

Additional information about pension plans can be found in the Hardee County's comprehensive annual financial report.

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2016:

	Balance October 1, 2015	Net Change	Balance September 30, 2016	Due Within One Year
Accrued Compensated Absences	\$ 22,264	\$ 8,297	\$ 30,561	\$ -

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 COMPENSATED ABSENCES (CONTINUED)

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

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2016 were as follows:

Budget Appropriation – The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$526,025 for the year ended September 30, 2016. The General Fund of the Tax Collector paid \$109,710 to the Board of County Commissioners for Health Insurance. In addition, \$132,170 and \$38,257 was due to the Board of County Commissioners at September 30, 2016 from the General Fund and Agency Funds, respectively.

NOTE 7 RISK MANAGEMENT

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

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

The risk pool 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, the pool can make additional limited assessments. Losses, if any, in excess of the pool's ability to assess its members would revert back to the member that incurred the loss.

NOTE 8 CONTINGENCIES

The Tax Collector is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, the ultimate disposition of these lawsuits and claims should not have a material adverse effect on the financial position of the Tax Collector.

**HARDEE COUNTY TAX COLLECTOR
 COMBINING SCHEDULE OF FIDUCIARY
 ASSETS AND LIABILITIES – ALL AGENCY FUNDS
 SEPTEMBER 30, 2016**

	Tax Collector Fund	Motor Vehicle Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 322,524	\$ 75,928	\$ 398,452
 Total Assets	 <u>\$ 322,524</u>	 <u>\$ 75,928</u>	 <u>\$ 398,452</u>
 LIABILITIES			
Due to Individuals	\$ 60,642	\$ -	\$ 60,642
Due to Board of County Commissioners	37,681	576	38,257
Due to Other Governments	15,926	75,352	91,278
Due to Indigent Health Care Special District	340	-	340
Deposit - Installment Taxes	207,935	-	207,935
 Total Liabilities	 <u>\$ 322,524</u>	 <u>\$ 75,928</u>	 <u>\$ 398,452</u>

**HARDEE COUNTY TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
TAX COLLECTOR FUND				
ASSETS				
Cash	\$ 192,221	\$ 29,448,097	\$ 29,317,794	\$ 322,524
Due from Individuals	35,504	614,474	649,978	-
Total Assets	<u>\$ 227,725</u>	<u>\$ 30,062,571</u>	<u>\$ 29,967,772</u>	<u>\$ 322,524</u>
LIABILITIES				
Due to Individuals	\$ -	\$ 755,380	\$ 694,738	\$ 60,642
Due to Board of County Commissioners	3,174	16,083,198	16,048,691	37,681
Due to Other Governments	7,196	12,483,079	12,474,349	15,926
Due to Indigent Health Care Special District	176	532,979	532,815	340
Deposit - Installment Taxes	217,179	207,935	217,179	207,935
Total Liabilities	<u>\$ 227,725</u>	<u>\$ 30,062,571</u>	<u>\$ 29,967,772</u>	<u>\$ 322,524</u>
MOTOR VEHICLE FUND				
ASSETS				
Cash	\$ 73,123	\$ 3,425,073	\$ 3,422,268	\$ 75,928
Total Assets	<u>\$ 73,123</u>	<u>\$ 3,425,073</u>	<u>\$ 3,422,268</u>	<u>\$ 75,928</u>
LIABILITIES				
Due to Board of County Commissioners	\$ 603	\$ 6,374	\$ 6,401	\$ 576
Due to Other Governments	72,520	3,418,699	3,415,867	75,352
Total Liabilities	<u>\$ 73,123</u>	<u>\$ 3,425,073</u>	<u>\$ 3,422,268</u>	<u>\$ 75,928</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 265,344	\$ 32,873,170	\$ 32,740,062	\$ 398,452
Due from Individuals	35,504	614,474	649,978	-
Total Assets	<u>\$ 300,848</u>	<u>\$ 33,487,644</u>	<u>\$ 33,390,040</u>	<u>\$ 398,452</u>
LIABILITIES				
Due to Individuals	\$ -	\$ 755,380	\$ 694,738	\$ 60,642
Due to Board of County Commissioners	3,777	16,089,572	16,055,092	38,257
Due to Other Governments	79,716	15,901,778	15,890,216	91,278
Due to Indigent Health Care Special District	176	532,979	532,815	340
Deposit - Installment Taxes	217,179	207,935	217,179	207,935
Total Liabilities	<u>\$ 300,848</u>	<u>\$ 33,487,644</u>	<u>\$ 33,390,040</u>	<u>\$ 398,452</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Hardee County Tax Collector, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Hardee County Tax Collector's basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

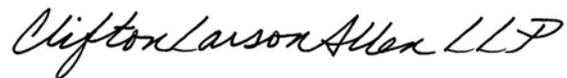
The Honorable Jacki Johnson
Hardee County Tax Collector

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, FL
December 14, 2016

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County Tax Collector, Florida, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated December 14, 2016.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 14, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The Honorable Jacki Johnson
Hardee County Tax Collector

Other Matters

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

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, FL
December 14, 2016

**HARDEE COUNTY TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2016**

Current Year Findings

No Current Findings Noted

Prior Years Findings

No Prior Findings Noted



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Hardee County Tax Collector's (Tax Collector) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2016. Management is responsible for Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on Tax Collector's compliance based on our examination.

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

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, FL
December 14, 2016

HARDEE COUNTY SUPERVISOR OF ELECTIONS
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
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INDEPENDENT AUDITORS' REPORT

The Honorable Chet Huddleston
Hardee County Supervisor of Elections
Hardee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Hardee County Supervisor of Elections (the Supervisor), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Supervisor's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Supervisor as of September 30, 2016, and the respective changes in financial position and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund of Hardee County that is attributable to the Supervisor. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2016, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2017 on our consideration of the Supervisor’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
January 12, 2017

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2016**

ASSETS

Cash	\$	2,266
Accounts Receivable		26
Prepaid Expenditures		<u>3,230</u>
Total Assets	\$	<u><u>5,522</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	4,506
Due to Board of County Commissioners		<u>1,016</u>
Total Liabilities		5,522

FUND BALANCE

Nonspendable		3,230
Unassigned		<u>(3,230)</u>
Total Fund Balance		<u>-</u>
Total Liabilities and Fund Balance	\$	<u><u>5,522</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with Final budget - Over (Under)
	Original	Final		
REVENUES				
Appropriation from Board of County Commissioners	\$ 358,151	\$ 358,151	\$ 358,161	\$ 10
Interest Income	-	-	17	17
Miscellaneous	-	-	398	398
Total Revenues	<u>358,151</u>	<u>358,151</u>	<u>358,576</u>	<u>425</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	248,197	248,197	241,852	(6,345)
Operating Expenditures	108,954	108,954	115,708	6,754
Capital Outlay	1,000	1,000	-	(1,000)
Total Expenditures	<u>358,151</u>	<u>358,151</u>	<u>357,560</u>	<u>(591)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>1,016</u>
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(1,016)	(1,016)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,016)</u>	<u>(1,016)</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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Basis of Presentation, Basis of Accounting and Measurement Focus

These financial statements have been prepared for the purpose of complying with Section 218.39(2), Florida Statutes, and Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*, which allows the Supervisor of Elections to only present fund financial statements. These financial statements present only the portion of the funds of Hardee County, Florida that are attributable to the Supervisor of Elections. They are not intended to present fairly the financial position and results of operations of Hardee County, Florida in conformity with GAAP.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The general fund is used to account for all revenues and expenditures applicable to the general operations of the Supervisor. It is presented as a major governmental fund, which uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to accumulated compensated absences, and claims and judgments are recorded only when payments are due.

The County funds the majority of the operating budget of the Supervisor. The payments by the County to fund the operations of the Supervisor are recorded as expenditures for salaries and benefits, operating expenditures, and capital outlay in governmental fund types in the financial statements of the County, and as appropriations revenues on the basic financial statements of the Supervisor.

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

A budget is legally adopted for the general fund, and is on a basis consistent with GAAP. Budgetary control is at the expenditure classification level (salaries and benefits, operating expenditures, capital outlay). Budgetary changes within expenditure classification are made at the discretion of the Supervisor. The budgeted revenues and expenditures in the accompanying financial statements reflect all approved amendments.

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

Refund of "Excess Fees" – Florida Statutes provide that the excess of the Supervisor's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income of the office. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners.

Fund Accounting

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The purpose of the Supervisor's fund is as follows:

Governmental Fund

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

Fund Balance and Spending Policies

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

As the Supervisor is an elected official responsible for the activities of the Supervisor's office, the Supervisor is the highest level of decision making authority and any official order from the Supervisor would be required to authorize commitment of fund balance.

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

Capital Assets

Capital assets purchased by the Supervisor are recorded as expenditures. Tangible personal property whose purchase cost is greater than \$1,000 that is used in the Supervisor's operations is reflected in the records of Hardee County as a whole, because ownership is vested in the Hardee County Board of County Commissioners as provided by Florida Statutes.

Accumulated Annual Leave

Full time employees earn annual leave at varying rates depending upon the length of service as follows:

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1st – 5th Year	10 Days
6th – 10th Year	15 Days
11 Years Plus	20 Days

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Other Postemployment Benefit Obligations

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

Other Significant Accounting Policies

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

NOTE 2 CUSTODIAL CREDIT RISK

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

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 2 CUSTODIAL CREDIT RISK (CONTINUED)

At September 30, 2016, the book balance of cash was \$2,266 and the bank balance was \$6,099. The Supervisor's bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

NOTE 3 CAPITAL ASSETS

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

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2015	Additions	Disposals	Transfers	Balance September 30, 2016
Machinery and Equipment	\$ 190,445	\$ -	\$ -	\$ (5,872)	\$ 184,573
Total Capital Assets	190,445	-	-	(5,872)	184,573
Less: Accumulated Depreciation	(90,865)	(29,771)		992	(119,644)
Total Capital Assets, Net	<u>\$ 99,580</u>	<u>\$ (29,771)</u>	<u>\$ -</u>	<u>\$ (4,880)</u>	<u>\$ 64,929</u>

NOTE 4 PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

Background (Continued)

Essentially all regular employees of the Supervisor are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Detailed information about the County's proportionate share of FRS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Detailed information about the County's proportionate share of HIS's net pension liability, deferred outflows/inflows of resources, and pension expense are reported in the government-wide statements of the County.

FRS Investment Plan

Plan Description

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Supervisor employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

FRS Investment Plan (Continued)

Benefits Provided

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Supervisor.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

Participating employer contributions are based upon statewide rates established by the State of Florida. The Supervisor's contributions made during the years ended September 30, 2016, 2015, and 2014 were \$38,928, and \$33,590, and \$33,604, respectively, equal to the actuarially determined required contribution requirements for each year.

Additional information about pension plans can be found in the Hardee County comprehensive annual financial report.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences obligations for the year ended September 30, 2016:

	Balance October 1, 2015	Net Change	Balance September 30, 2016	Due Within One Year
Accrued Compensated Absences	\$ 436	\$ 418	\$ 854	\$ 113

Accrued compensated absences represent the vested portion of accrued annual leave. See Note 1 for a summary of the Supervisor’s compensated absences policy. Long term liabilities are not reported in the financial statements of the Supervisor since they are not payable from spendable resources. Such liabilities and expenses are included in the government-wide financial statements of Hardee County, Florida.

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2016 were as follows:

Budget Appropriation - The General Fund of the Supervisor received revenue from the Board of County Commissioners in the amount of \$358,161 for the fiscal year ended September 30, 2016, including \$1,016 was due to the Board of County Commissioners at September 30, 2016. Furthermore, \$22,965 was paid to the Hardee County Board of County Commissioners for Health Insurance.

NOTE 7 RISK MANAGEMENT

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

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

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



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

The Honorable Chet Huddleston
Hardee County Supervisor of Elections
Hardee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund of Hardee County Supervisor of Elections (the Supervisor), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Supervisor's basic financial statements, and have issued our report thereon dated January 12, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 12, 2017

MANAGEMENT LETTER

The Honorable Chet Huddleston
Hardee County Supervisor of Elections
Hardee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee County Supervisor of Elections (the Supervisor), Florida as of and for the fiscal year ended September 30, 2016, and we have issued our report thereon dated January 12, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated January 12, 2017 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Other Matters

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

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 12, 2017

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
 SCHEDULE OF FINDINGS AND RESPONSES
 CURRENT YEAR AND PRIOR YEARS
 SEPTEMBER 30, 2016**

Current Year Findings

There were no current year findings.

Prior Year Findings

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2015-001 - Segregation of Duties	Material Weakness	X			N/A
2015-002 - Duplicate Paychecks Issued and Overpayment of Supervisor of Elections	Significant Deficiency	X			N/A



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Chet Huddleston
Hardee County Supervisor of Elections
Hardee County, Florida

We have examined the Hardee County Supervisor of Elections (the Supervisor), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the Supervisor's compliance with those requirements. Our responsibility is to express an opinion on the Supervisor's compliance based on our examination.

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

In our opinion, the Supervisor complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
January 12, 2017