

HARDEE COUNTY, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

**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, 2017, and the related notes to the financial statements, which collectively comprise the County'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 statements 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, is based solely on the report of the other auditors. 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, 2017, 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.

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 on 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 12, 2018, 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 solely 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 the effectiveness of the County's 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 12, 2018

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017. This report provides comparative data for fiscal years 2016 and 2017.

FINANCIAL HIGHLIGHTS

Significant financial highlights for fiscal year 2017 are as follows:

- Total assets and deferred outflows of resources of the County exceeded total liabilities and deferred inflows of resources by \$53.8 million. Of this amount, \$59.4 million was invested in capital assets, net of related debt and \$5.6 million is restricted for various purposes. Unrestricted net deficit was \$11.2 million.
- The total net position was \$4.7 million less than the previous years' net position.
- The County's total liabilities increased by \$3.5 million or 9.37% from the previous year.
- As of September 30, 2017, the combined total governmental funds' fund balance reflected a balance of \$14.7 million, a decrease of 9.6% from the previous year. Determining this balance was \$17.3 million in total governmental funds' assets, less \$1.8 million in total governmental funds liabilities and deferred inflows of resources of \$756 thousand.
- The County's total unassigned fund balance was \$4.6 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 16-17 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 17 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 nonmajor 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 18-25 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.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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

The basic fiduciary fund financial statement can be found on page 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 32-68 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 \$53.8 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 (112%) reflects its investment in capital assets, (e.g., land, buildings, machinery equipment, and infrastructure) less any related debt used to acquire those assets that remain outstanding. These assets are used to provide services to citizens and are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Overall, the County's net position decreased by \$4.7 million.

HARDEE COUNTY'S NET POSITION

NET POSITION COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Current and Other Assets	\$ 18,053,458	\$ 17,171,058	\$ 4,870,057	\$ 4,678,824	\$ 22,923,515	\$ 21,849,882
Capital Assets	45,182,652	44,285,820	19,763,537	19,577,841	64,946,189	63,863,661
Total Assets	63,236,110	61,456,878	24,633,594	24,256,665	87,869,704	85,713,543
Deferred Outflows of Resources	8,867,537	10,633,280	214,455	273,750	9,081,992	10,907,030
Long-Term Debt Outstanding	23,882,008	27,020,240	12,325,930	12,191,476	36,207,938	39,211,716
Other Liabilities	1,301,583	1,690,716	220,257	364,349	1,521,840	2,055,065
Total Liabilities	25,183,591	28,710,956	12,546,187	12,555,825	37,729,778	41,266,781
Deferred Inflows of Resources	665,433	1,486,128	15,949	45,503	681,382	1,531,631
Net Position:						
Invested in Capital Assets						
Net of Related Debt	45,112,472	43,983,066	15,233,537	15,397,841	60,346,009	59,380,907
Restricted	5,036,696	5,642,424	-	-	5,036,696	5,642,424
Unrestricted	(3,894,545)	(7,732,416)	(2,947,624)	(3,468,754)	(6,842,169)	(11,201,170)
Total Net Position	\$ 46,254,623	\$ 41,893,074	\$ 12,285,913	\$ 11,929,087	\$ 58,540,536	\$ 53,822,161

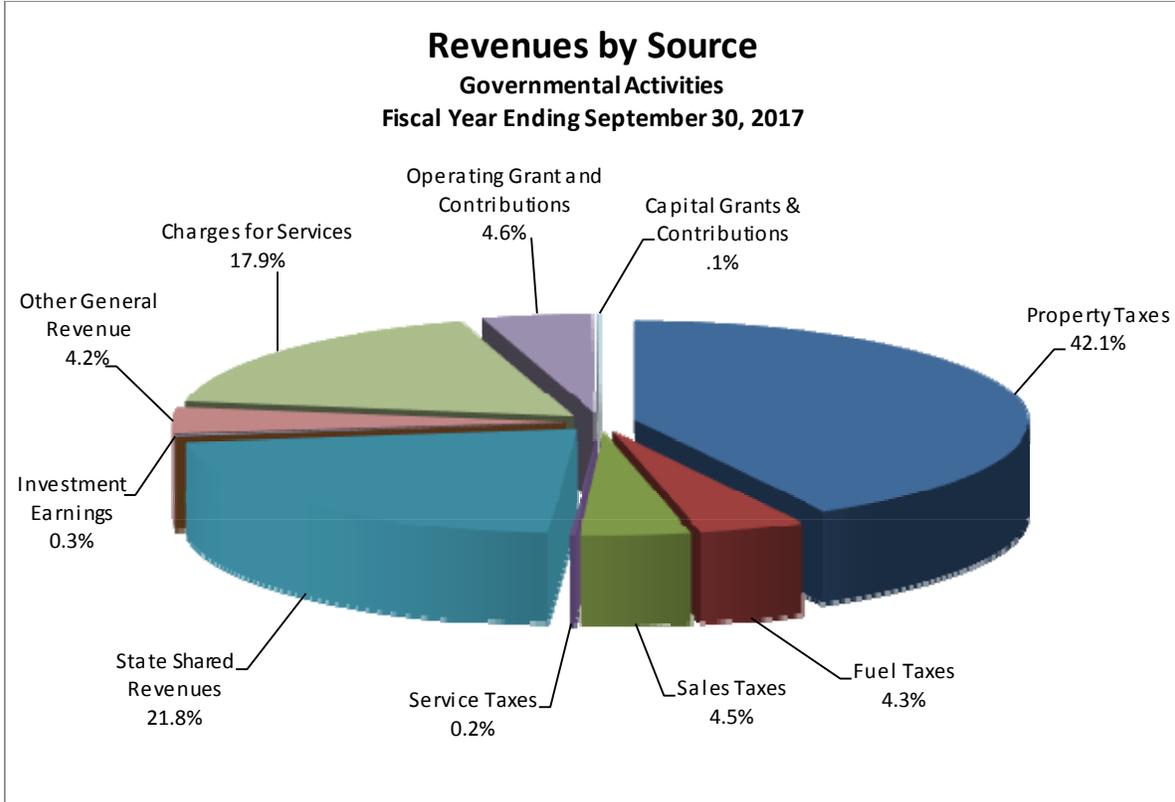
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

HARDEE COUNTY'S CHANGES IN NET POSITION

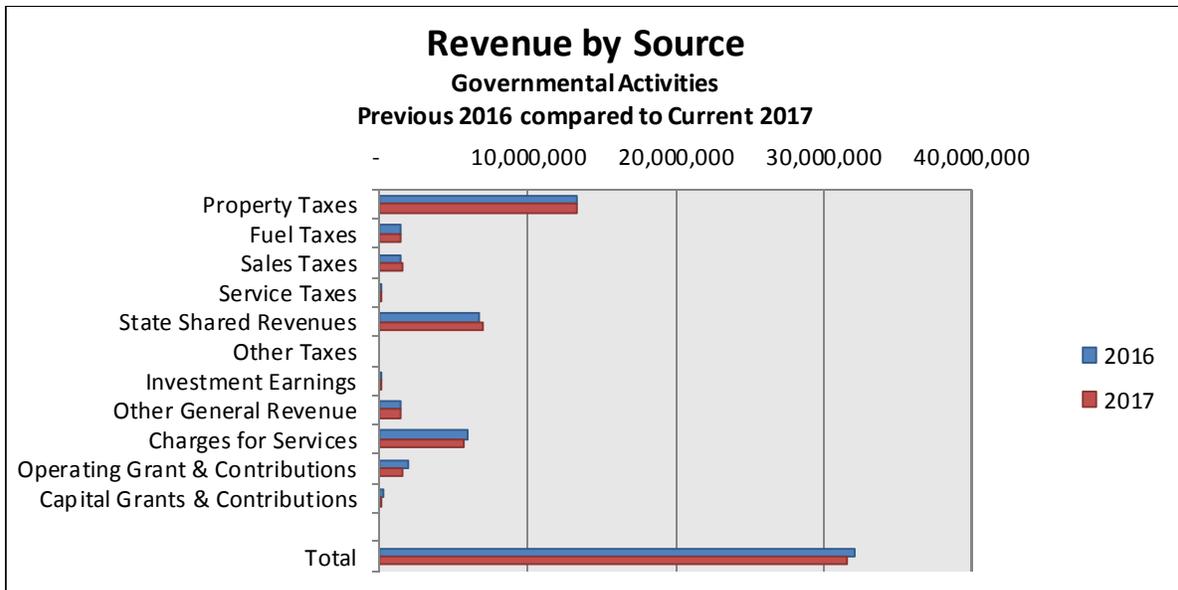
CHANGE IN NET POSITION	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,889,067	\$ 5,676,662	\$ 2,488,485	\$ 2,681,933	\$ 8,377,552	\$ 8,358,595
Operating Grants and Contributions	1,869,154	1,449,873	104,051	107,273	1,973,205	1,557,146
Capital Grants and Contributions	168,133	31,409	84,355	707,486	252,488	738,895
General Revenues:						
Property Taxes	13,256,555	13,317,784	-	-	13,256,555	13,317,784
Other Taxes	9,520,459	9,790,187	442,644	483,745	9,963,103	10,273,932
Other	1,369,743	1,397,092	20,070	26,658	1,389,813	1,423,750
Total Revenues	<u>32,073,111</u>	<u>31,663,007</u>	<u>3,139,605</u>	<u>4,007,095</u>	<u>35,212,716</u>	<u>35,670,102</u>
EXPENSES						
General Government	9,522,025	10,711,816	-	-	9,522,025	10,711,816
Public Safety	14,955,197	15,968,034	-	-	14,955,197	15,968,034
Physical Environment	366,330	426,979	-	-	366,330	426,979
Transportation	7,938,995	6,175,603	-	-	7,938,995	6,175,603
Economic Environment	1,102,881	575,979	-	-	1,102,881	575,979
Human Services	1,105,132	980,600	-	-	1,105,132	980,600
Culture and Recreation	1,242,939	1,342,861	-	-	1,242,939	1,342,861
Debt Service:						
Interest on Long-Term Debt	-	9,377	-	-	-	9,377
Solid Waste	-	-	2,058,541	2,331,139	2,058,541	2,331,139
Wauchula Hills Wastewater	-	-	1,568,967	1,723,392	1,568,967	1,723,392
Vandolah Wastewater	-	-	128,840	142,697	128,840	142,697
Total Expenses	<u>36,233,499</u>	<u>36,191,249</u>	<u>3,756,348</u>	<u>4,197,228</u>	<u>39,989,847</u>	<u>40,388,477</u>
Excess before Transfers	(4,160,388)	(4,528,242)	(616,743)	(190,133)	(4,777,131)	(4,718,375)
Transfers	215,891	166,693	(215,891)	(166,693)	-	-
Changes in Net Position	<u>(3,944,497)</u>	<u>(4,361,549)</u>	<u>(832,634)</u>	<u>(356,826)</u>	<u>(4,777,131)</u>	<u>(4,718,375)</u>
Net Position - Beginning as Previously Stated	49,849,120	46,254,623	13,118,547	12,285,913	62,967,667	58,540,536
Prior Period Restatement	350,000	-	-	-	350,000	-
Net Position - Beginning as Restated	<u>50,199,120</u>	<u>46,254,623</u>	<u>13,118,547</u>	<u>12,285,913</u>	<u>63,317,667</u>	<u>58,540,536</u>
Net Position - Ending	<u>\$ 46,254,623</u>	<u>\$ 41,893,074</u>	<u>\$ 12,285,913</u>	<u>\$ 11,929,087</u>	<u>\$ 58,540,536</u>	<u>\$ 53,822,161</u>

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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

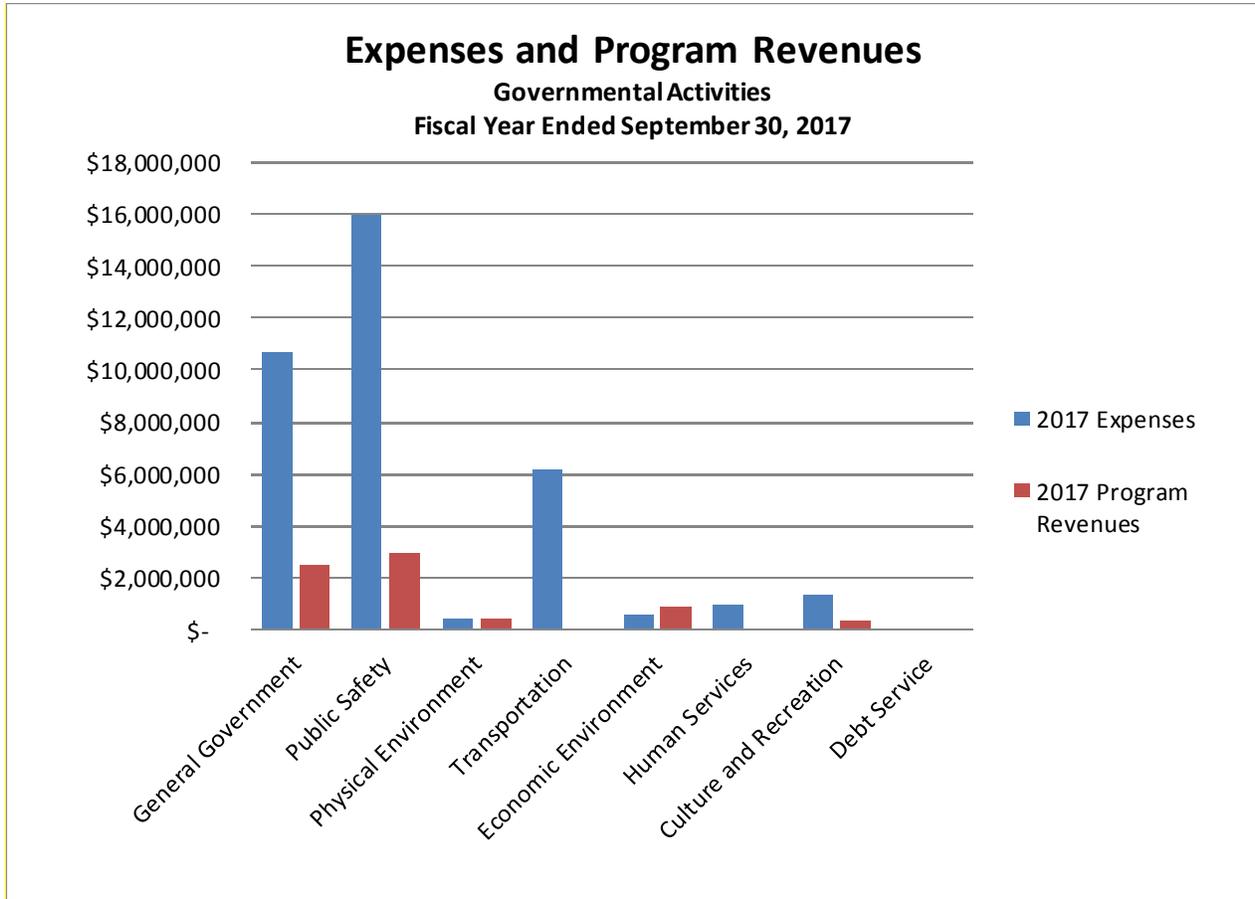


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



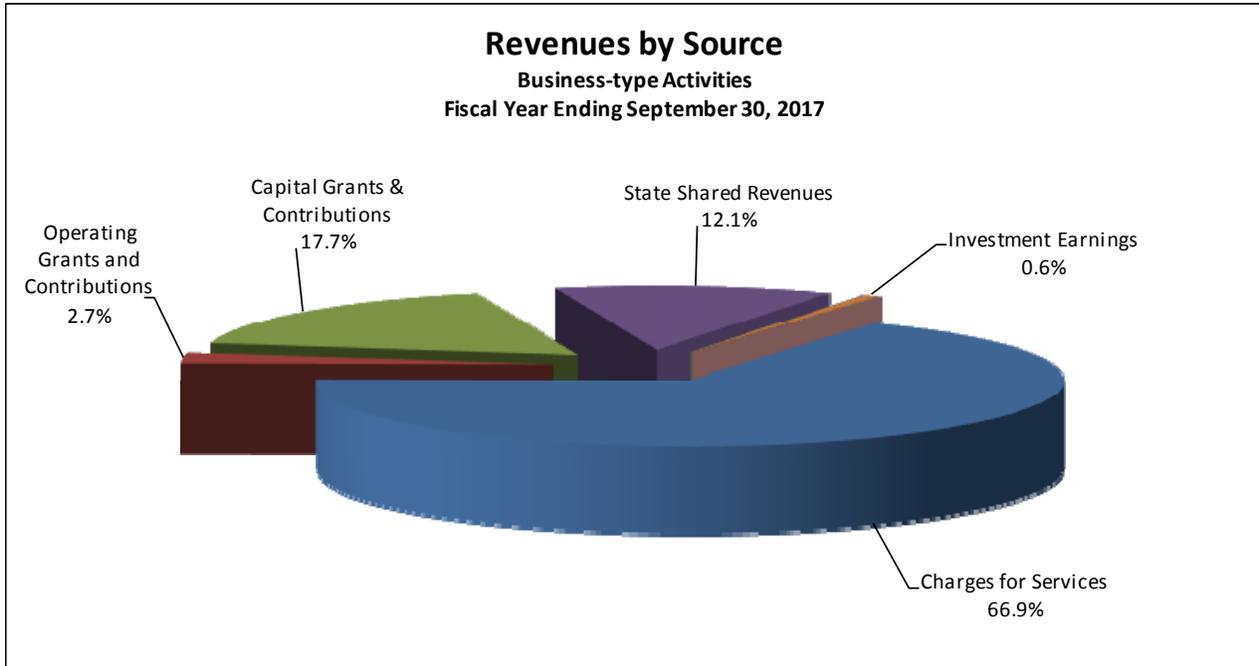
**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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.

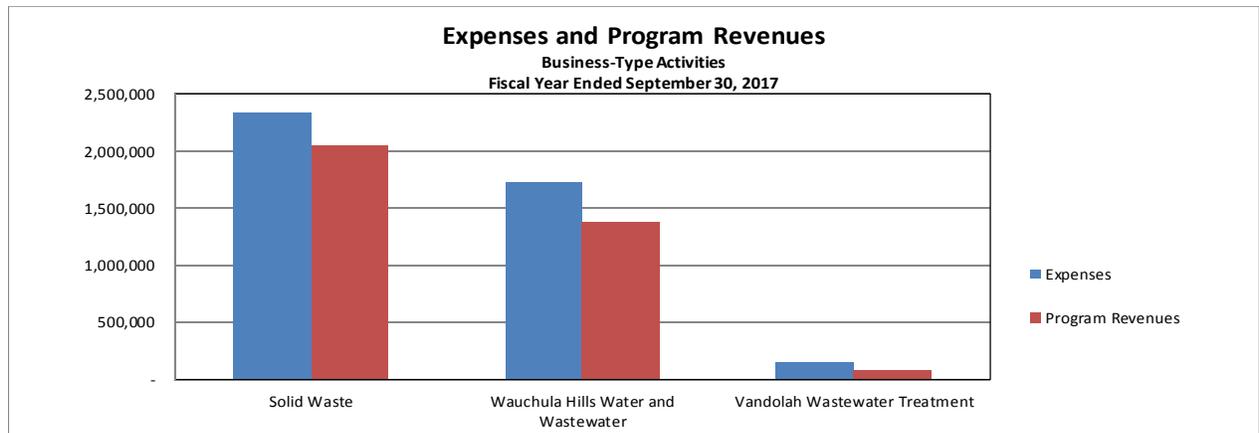


**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

An analysis of the County's "Changes in Net Position" reflects that the overall revenues have increased by \$457 thousand. Further analysis shows that the overall increase is attributed to a \$410 thousand decrease in governmental type activities and an \$867 thousand increase in business-type activities. Major factors contributing to the decreased revenues in the government type activities are as follows:

- A \$419 thousand decrease in Operating Grants and Contributions
- A \$212 thousand decrease in Charges for Services
- A \$136 thousand decrease in Capital Grants
- A \$269 thousand increase in Other Taxes

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

- A \$623 thousand increase in Capital Grants and Contributions
- A \$193 thousand increase in Charges for Services

County expenses illustrate an overall increase of \$398 thousand. The overall increase was due to a decrease in government type activities of \$42 thousand and an increase in the business-type activities of \$440 thousand. The decrease of the government type activities expenses are due to the following activities below:

- A \$1.2 million increase in General Government
- A \$1.0 million increase in Public Safety
- A \$1.8 million decrease in Transportation
- A \$527 thousand decrease in Economic Environment
- A \$124 thousand decrease in Human Services
- A \$100 thousand increase in Culture and Recreation

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

- A \$272 thousand increase in Solid Waste
- A \$154 thousand increase in Wauchula Hills Wastewater Utilities

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 \$14.7 million. Approximately \$3.7 million of the fund balance is restricted to the Transportation Fund, \$596 thousand to the Grants Fund, and \$1.3 million is restricted to the nonmajor governmental funds. Committed fund balances were \$1.8 million in the Fire Control Fund and \$1.5 million in the nonmajor governmental funds. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4.3 million, which represents 29% 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 23% 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 \$146 thousand. Net position of the solid waste department decreased by \$332 thousand. The water/wastewater operating revenues were a combined total increase of \$47 thousand and the net position decreased by \$24 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 nonmajor 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.

Difference between original and final amended budget for the General Fund include the following:

- One of the most significant increases between the original and final budgets are due to the upgrading of the Public Safety Radio Systems. Included in this process was a transfer from the Sheriff's Office to the General Fund for their portion of the cost and then increases to both the EMS and Fire Control Capital Accounts.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

- More factors that effected changes from original to final budget is that cost of medical care of inmates more than doubled and the Buildings & Inspections required professional services to continue operations. This was due to the inability to hire qualified staff.
- The last major factor to impact the budget had to do with Hurricane Irma occurring right at year end. The County transferred all available funds from the fund balances and contingencies to a Disaster Fund to cover the cost of hurricane inspections and recovery.

CAPITAL ASSETS

The County's investments in capital assets for its governmental and business-type activities as of September 30, 2017 were \$63.9 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Land	\$ 3,691,702	\$ 3,691,552	\$ 962,625	\$ 962,625	\$ 4,654,327	\$ 4,654,177
Construction in Progress	289,621	671,335	104,361	-	393,982	671,335
Buildings and Improvements	13,461,517	13,353,116	7,830,514	7,749,198	21,292,031	21,102,314
Machinery and Equipment	5,201,495	5,856,207	1,592,717	1,534,065	6,794,212	7,390,272
Infrastructure	22,538,317	20,713,610	9,273,320	9,331,953	31,811,637	30,045,563
Total Capital Assets	<u>\$ 45,182,652</u>	<u>\$ 44,285,820</u>	<u>\$ 19,763,537</u>	<u>\$ 19,577,841</u>	<u>\$ 64,946,189</u>	<u>\$ 63,863,661</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, 2017, the County had total long-term liabilities outstanding of \$39.2 million. Of this amount, \$4.2 million is notes payable, \$242 thousand is capital leases, \$876 thousand is compensated absences, \$24.9 million is net pension liability, \$7.3 million is landfill closure and post closure obligations, and postemployment health care consisted of \$1.6 million.

Hardee County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Notes Payable	\$ 60,000	\$ 60,000	\$ 4,530,000	\$ 4,180,000	\$ 4,590,000	\$ 4,240,000
Capital Leases	-	242,754	-	-	-	242,754
Postemployment Healthcare	1,458,606	1,569,483	67,394	72,518	1,526,000	1,642,001
Net Pension Liability	21,575,489	24,282,949	563,459	621,792	22,138,948	24,904,741
Compensated Absences	787,913	865,054	9,956	11,011	797,869	876,065
Landfill Closure/Post Closure	-	-	7,155,121	7,306,155	7,155,121	7,306,155
Total	<u>\$ 23,882,008</u>	<u>\$ 27,020,240</u>	<u>\$ 12,325,930</u>	<u>\$ 12,191,476</u>	<u>\$ 36,207,938</u>	<u>\$ 39,211,716</u>

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 2018 is 27,803. As a comparison, the estimated population for Hardee County for 2017 was 27,426. This is an increase of approximately 1%.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2018 is 5.2% and reflects a decrease from the previous year's 6.4%. The County's rate is higher than the State of Florida's average of 4.1% and higher than the national average of 4.1% for 2017.
- The final taxable value for fiscal year 2018 increased by 2.03% over fiscal year 2017.
- The millage rate for fiscal year 2017-2018 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 increase, 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.

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 \$80.5 million which equates to approximately \$716 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.

**HARDEE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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
YEAR ENDED SEPTEMBER 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 13,302,748	\$ 3,198,118	\$ 16,500,866	\$ 3,681,868
Investments	-	-	-	7,504,858
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	1,207,985	190,515	1,398,500	12,240
Internal Balances	(1,882)	1,882	-	-
Due from Other Governmental Agencies	1,497,055	114,755	1,611,810	255,673
Prepaid Items	832,360	-	832,360	3,479
Inventory	322,724	-	322,724	1,359,570
Restricted Assets:				
Cash and Cash Equivalents	-	1,169,958	1,169,958	-
Capital Assets not Being Depreciated	4,362,887	962,625	5,325,512	2,976,706
Capital Assets, Net of Accumulated Depreciation	39,922,933	18,615,216	58,538,149	7,881,687
Total Assets	<u>61,456,878</u>	<u>24,256,665</u>	<u>85,713,543</u>	<u>23,676,081</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	10,633,280	273,750	10,907,030	-
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,560,605	309,416	1,870,021	284,049
Unearned Revenue	4,819	8,751	13,570	18,872
Due to Other Governmental Agencies	125,292	-	125,292	-
Deposits	-	46,182	46,182	-
Net Pension Liability	24,282,949	621,792	24,904,741	-
Noncurrent Liabilities:				
Due within One Year	548,475	726,638	1,275,113	-
Due in More than One Year	2,188,816	10,843,046	13,031,862	-
Total Liabilities	<u>28,710,956</u>	<u>12,555,825</u>	<u>41,266,781</u>	<u>302,921</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	1,486,128	45,503	1,531,631	-
NET POSITION				
Net Investment in Capital Assets	43,983,066	15,397,841	59,380,907	10,858,393
Restricted for:				
Transportation	3,745,205	-	3,745,205	-
Grants	596,137	-	596,137	-
Court Innovations	405,166	-	405,166	-
Law Enforcement Trust	149,670	-	149,670	-
E-911	325,644	-	325,644	-
Court	1,916	-	1,916	-
Court Technology	5,102	-	5,102	-
Official Records	148,687	-	148,687	-
Clerk Operational Needs	129,020	-	129,020	-
Inmate Welfare	77,945	-	77,945	-
Economic Development Projects	-	-	-	9,763,792
Tourist Development	-	-	-	-
Education	57,932	-	57,932	2,750,975
Total Restricted Net Position	<u>5,642,424</u>	<u>-</u>	<u>5,642,424</u>	<u>12,514,767</u>
Unrestricted	(7,732,416)	(3,468,754)	(11,201,170)	-
Total Net Position	<u>\$ 41,893,074</u>	<u>\$ 11,929,087</u>	<u>\$ 53,822,161</u>	<u>\$ 23,373,160</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	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	\$ 10,711,816	\$ 2,443,230	\$ 59,337	\$ -	\$ (8,209,249)	\$ -	\$ (8,209,249)	\$ -
Public Safety	15,968,034	2,489,546	453,653	-	(13,024,835)	-	(13,024,835)	-
Physical Environment	426,979	408,790	-	-	(18,189)	-	(18,189)	-
Transportation	6,175,603	5,900	-	-	(6,169,703)	-	(6,169,703)	-
Economic Environment	575,979	-	887,022	31,409	342,452	-	342,452	-
Economic Development	-	-	-	-	-	-	-	-
Human Services	980,600	-	-	-	(980,600)	-	(980,600)	-
Culture and Recreation	1,342,861	329,196	49,861	-	(963,804)	-	(963,804)	-
Debt Service:								
Interest and Fiscal Charges on Long-Term Debt	9,377	-	-	-	(9,377)	-	(9,377)	-
Total Governmental Activities	36,191,249	5,676,662	1,449,873	31,409	(29,033,305)	-	(29,033,305)	-
Business-Type Activities:								
Solid Waste	2,331,139	1,938,286	107,273	-	-	(285,580)	(285,580)	-
Wauchula Hills Water and Wastewater	1,723,392	670,668	-	707,486	-	(345,238)	(345,238)	-
Vandolah Wastewater Treatment	142,697	72,979	-	-	-	(69,718)	(69,718)	-
Total Business-Type Activities	4,197,228	2,681,933	107,273	707,486	-	(700,536)	(700,536)	-
Total Primary Government	\$ 40,388,477	\$ 8,358,595	\$ 1,557,146	\$ 738,895	(29,033,305)	(700,536)	(29,733,841)	-
Component Unit:								
Industrial Development Authority	\$ 6,040,260	\$ 372,680	\$ 653,568	\$ 390,368	-	-	-	(4,623,644)
General Revenues								
Taxes:								
Property Taxes					13,317,784	-	13,317,784	-
Fuel Taxes					1,376,232	-	1,376,232	-
Sales Tax					1,442,146	-	1,442,146	-
Service Taxes					73,129	-	73,129	-
Other Taxes					-	-	-	-
State Shared Revenues					6,898,680	483,745	7,382,425	-
Mosaic Income					-	-	-	3,500,000
Investment Earnings					81,773	23,639	105,412	10,103
Gain on Sale of Capital Assets					-	1,050	1,050	-
Miscellaneous					1,315,319	1,969	1,317,288	10,341
Transfers					166,693	(166,693)	-	-
Total General Revenues and Transfers					24,671,756	343,710	25,015,466	3,520,444
Change in Net Position					(4,361,549)	(356,826)	(4,718,375)	(1,103,200)
Net Position - Beginning of Year					46,254,623	12,285,913	58,540,536	24,476,360
Net Position - Ending					\$ 41,893,074	\$ 11,929,087	\$ 53,822,161	\$ 23,373,160

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Major				Nonmajor	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Other Governmental Funds	
ASSETS						
Cash and Cash Equivalents	\$ 4,240,713	\$ 3,479,012	\$ 1,992,248	\$ 270,367	\$ 3,320,408	\$ 13,302,748
Deposits	5,753	4,315	-	-	-	10,068
Accounts Receivable, Net	1,014,547	-	167	-	193,271	1,207,985
Due from Other Funds	120,940	-	5,732	161	54,764	181,597
Due from Other Governments	693,374	389,185	3,609	373,108	37,779	1,497,055
Prepaid Items	830,444	-	-	-	1,916	832,360
Inventory of Supplies, at Cost	322,724	-	-	-	-	322,724
	<u>\$ 7,228,495</u>	<u>\$ 3,872,512</u>	<u>\$ 2,001,756</u>	<u>\$ 643,636</u>	<u>\$ 3,608,138</u>	<u>\$ 17,354,537</u>
Total Assets	<u>\$ 7,228,495</u>	<u>\$ 3,872,512</u>	<u>\$ 2,001,756</u>	<u>\$ 643,636</u>	<u>\$ 3,608,138</u>	<u>\$ 17,354,537</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Major				Nonmajor	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	\$ 961,250	\$ 56,811	\$ 164,425	\$ 22,104	\$ 356,015	\$ 1,560,605
Due to Other Funds	38,226	70,496	-	20,596	54,161	183,479
Due to Other Governments	39,324	-	837	-	85,131	125,292
Unearned Revenue	-	-	-	4,819	-	4,819
Total Liabilities	<u>1,038,800</u>	<u>127,307</u>	<u>165,262</u>	<u>47,519</u>	<u>495,307</u>	<u>1,874,195</u>
Deferred Inflows of Resources:						
Unavailable Revenue	756,070	82	-	-	-	756,152
Fund Balances:						
Nonspendable	1,153,168	-	-	-	1,916	1,155,084
Restricted	-	3,745,123	-	596,117	1,299,166	5,640,406
Committed	-	-	1,836,494	-	1,479,266	3,315,760
Unassigned	4,280,457	-	-	-	332,483	4,612,940
Total Fund Balances	<u>5,433,625</u>	<u>3,745,123</u>	<u>1,836,494</u>	<u>596,117</u>	<u>3,112,831</u>	<u>14,724,190</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,228,495</u>	<u>\$ 3,872,512</u>	<u>\$ 2,001,756</u>	<u>\$ 643,636</u>	<u>\$ 3,608,138</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.	44,285,820
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	756,152
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.	(2,737,291)
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.	(15,135,797)
Net Position of Governmental Activities	<u>\$ 41,893,074</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, 2017

	Major				Non-Major	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Other Governmental Funds	
REVENUES						
Taxes	\$ 14,833,059	\$ 1,376,232	\$ -	\$ -	\$ 28,438	\$ 16,237,729
Licenses and Permits	394,644	-	-	-	-	394,644
Intergovernmental	3,754,009	3,115,095	-	886,430	505,817	8,261,351
Charges for Services	1,473,068	152,362	10,568	-	1,315,658	2,951,656
Fines and Forfeitures	5,377	-	-	-	220,401	225,778
Assessments	-	-	2,002,956	-	-	2,002,956
Interest	45,628	15,878	13,459	1,847	4,960	81,772
Miscellaneous	964,679	26,939	-	127,726	92,617	1,211,961
Total Revenues	<u>21,470,464</u>	<u>4,686,506</u>	<u>2,026,983</u>	<u>1,016,003</u>	<u>2,167,891</u>	<u>31,367,847</u>
EXPENDITURES						
Current:						
General Government	7,820,292	-	-	-	1,418,319	9,238,611
Public Safety	11,538,016	-	2,265,306	90,483	427,598	14,321,403
Physical Environment	37,564	-	-	40,490	331,212	409,266
Transportation	-	3,587,954	-	-	-	3,587,954
Economic Environment	-	-	-	572,294	-	572,294
Human Services	785,686	-	-	187,886	-	973,572
Culture and Recreation	1,071,955	-	-	-	71,274	1,143,229
Capital Outlay	1,889,072	696,909	442,106	31,409	20,222	3,079,718
Debt Service:						
Principal Retirement	117,122	-	-	-	-	117,122
Interest	9,377	-	-	-	-	9,377
Total Expenditures	<u>23,269,084</u>	<u>4,284,863</u>	<u>2,707,412</u>	<u>922,562</u>	<u>2,268,625</u>	<u>33,452,546</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,798,620)	401,643	(680,429)	93,441	(100,734)	(2,084,699)
OTHER FINANCING SOURCES (USES)						
Transfers In	371,338	36,743	231,589	7,885	1,770,218	2,417,773
Transfers Out	(2,009,123)	-	(111,660)	(55,972)	(74,325)	(2,251,080)
Issuance of Debt	359,876	-	-	-	-	359,876
Total Other Financing Sources (Uses)	<u>(1,277,909)</u>	<u>36,743</u>	<u>119,929</u>	<u>(48,087)</u>	<u>1,695,893</u>	<u>526,569</u>
NET CHANGE IN FUND BALANCES	(3,076,529)	438,386	(560,500)	45,354	1,595,159	(1,558,130)
Fund Balances - Beginning of Year	8,510,154	3,306,737	2,396,994	550,763	1,517,672	16,282,320
FUND BALANCES - END OF YEAR	<u>\$ 5,433,625</u>	<u>\$ 3,745,123</u>	<u>\$ 1,836,494</u>	<u>\$ 596,117</u>	<u>\$ 3,112,831</u>	<u>\$ 14,724,190</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, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ (1,558,130)

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 depreciation exceeded net capital outlay This is the effect of capital outlay, depreciation expense, and other capital asset transactions in the current period. (896,832)

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. (242,754)

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. 286,599

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. (1,950,432)

Change in Net Position of Governmental Activities \$ (4,361,549)

HARDEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,814,526	\$ 14,814,526	\$ 14,833,059	\$ 18,533
Licenses and Permits	227,433	339,408	394,644	55,236
Intergovernmental	3,133,367	3,141,149	3,754,009	612,860
Charges for Services	1,009,044	1,064,070	1,473,068	408,998
Fines and Forfeitures	4,440	4,440	5,377	937
Interest	17,945	17,945	45,628	27,683
Miscellaneous	559,869	844,250	964,679	120,429
Other Income	5,641,312	5,641,312	-	(5,641,312)
Total Revenues	<u>25,407,936</u>	<u>25,867,100</u>	<u>21,470,464</u>	<u>(4,396,636)</u>
EXPENDITURES				
Current:				
General Government	8,173,827	8,036,136	7,820,292	215,844
Public Safety	12,121,162	12,288,865	11,538,016	750,849
Physical Environment	47,894	39,699	37,564	2,135
Human Services	821,538	822,910	785,686	37,224
Culture and Recreation	1,219,444	1,221,978	1,071,955	150,023
Capital Outlay	994,530	1,809,596	1,889,072	(79,476)
Debt Service:				
Principal Retirement	126,000	122,120	117,122	4,998
Interest	5,500	9,380	9,377	3
Other Expense	1,750,218	-	-	-
Total Expenditures	<u>25,260,113</u>	<u>24,350,684</u>	<u>23,269,084</u>	<u>1,081,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	147,823	1,516,416	(1,798,620)	(3,315,036)
OTHER FINANCING SOURCES (USES)				
Transfers In	370,379	372,004	371,338	(666)
Transfers Out	(878,202)	(2,248,420)	(2,009,123)	239,297
Proceeds from Issuance of Debt	360,000	360,000	359,876	(124)
Total Other Financing Sources (Uses)	<u>(147,823)</u>	<u>(1,516,416)</u>	<u>(1,277,909)</u>	<u>238,507</u>
NET CHANGE IN FUND BALANCES	-	-	(3,076,529)	(3,076,529)
Fund Balances - Beginning of Year	-	-	8,510,154	8,510,154
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,433,625</u>	<u>\$ 5,433,625</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,214,495	\$ 1,214,495	\$ 1,376,232	\$ 161,737
Intergovernmental	2,789,905	2,789,905	3,115,095	325,190
Charges for Services	116,300	116,300	152,362	36,062
Interest	2,000	2,000	15,878	13,878
Miscellaneous	36,010	36,010	26,939	(9,071)
Total Revenues	<u>4,158,710</u>	<u>4,158,710</u>	<u>4,686,506</u>	<u>527,796</u>
EXPENDITURES				
Current:				
Transportation	4,468,517	4,472,252	3,587,954	884,298
Capital Outlay	210,000	901,000	696,909	204,091
Debt Service:				
Principal Retirement	20,000	20,000	-	20,000
Other Expense	1,738,297	1,047,297	-	1,047,297
Total Expenditures	<u>6,436,814</u>	<u>6,440,549</u>	<u>4,284,863</u>	<u>2,155,686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,278,104)	(2,281,839)	401,643	2,683,482
OTHER FINANCING SOURCES				
Transfers In	<u>46,200</u>	<u>49,935</u>	<u>36,743</u>	<u>(13,192)</u>
NET CHANGE IN FUND BALANCES	(2,231,904)	(2,231,904)	438,386	2,670,290
Fund Balances - Beginning of Year	<u>2,231,904</u>	<u>2,231,904</u>	<u>3,306,737</u>	<u>1,074,833</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,745,123</u></u>	<u><u>\$ 3,745,123</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 18,338	\$ 31,258	\$ 10,568	\$ (20,690)
Assessments	1,882,000	1,882,000	2,002,956	120,956
Interest	5,730	5,730	13,459	7,729
Total Revenues	<u>1,906,068</u>	<u>1,918,988</u>	<u>2,026,983</u>	<u>107,995</u>
EXPENDITURES				
Current:				
Public Safety	2,457,783	2,468,203	2,265,306	202,897
Capital Outlay	712,730	737,730	442,106	295,624
Other Expense	1,354,652	1,333,907	-	1,333,907
Total Expenditures	<u>4,525,165</u>	<u>4,539,840</u>	<u>2,707,412</u>	<u>1,832,428</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,619,097)	(2,620,852)	(680,429)	1,940,423
OTHER FINANCING SOURCES (USES)				
Transfers In	367,300	369,055	231,589	(137,466)
Transfers Out	(111,660)	(111,660)	(111,660)	-
Total Other Financing Sources (Uses)	<u>255,640</u>	<u>257,395</u>	<u>119,929</u>	<u>(137,466)</u>
NET CHANGE IN FUND BALANCES	(2,363,457)	(2,363,457)	(560,500)	1,802,957
Fund Balances - Beginning of Year	<u>2,363,457</u>	<u>2,363,457</u>	<u>2,396,994</u>	<u>33,537</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836,494</u>	<u>\$ 1,836,494</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 797,629	\$ 946,363	\$ 886,430	\$ (59,933)
Interest	1,010	2,570	1,847	(723)
Miscellaneous	-	157,230	127,726	(29,504)
Total Revenues	<u>798,639</u>	<u>1,106,163</u>	<u>1,016,003</u>	<u>(90,160)</u>
EXPENDITURES				
Current:				
Economic Environment	532,948	880,035	572,294	307,741
Physical Environment	66,071	66,071	40,490	25,581
Public Safety	2,310	5,607	90,483	(84,876)
Human Services	192,843	221,753	187,886	33,867
Capital Outlay	50,000	31,528	31,409	119
Total Expenditures	<u>844,172</u>	<u>1,204,994</u>	<u>922,562</u>	<u>282,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(45,533)	(98,831)	93,441	192,272
OTHER FINANCING SOURCES (USES)				
Transfers In	7,885	7,885	7,885	-
Transfers Out	(127,840)	(145,623)	(55,972)	89,651
Total Other Financing Sources (Uses)	<u>(119,955)</u>	<u>(137,738)</u>	<u>(48,087)</u>	<u>89,651</u>
NET CHANGE IN FUND BALANCES	(165,488)	(236,569)	45,354	281,923
Fund Balances - Beginning of Year	<u>165,488</u>	<u>236,569</u>	<u>550,763</u>	<u>314,194</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>\$ 596,117</u>	<u>\$ 596,117</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	\$ 2,148,524	\$ 928,389	\$ 121,205	\$ 3,198,118
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	106,288	84,144	83	190,515
Due from Other Funds	1,882	-	-	1,882
Due from Other Governmental Agencies	26,232	88,523	-	114,755
Total Current Assets	<u>2,282,926</u>	<u>1,104,652</u>	<u>121,288</u>	<u>3,508,866</u>
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	1,169,958	-	-	1,169,958
Capital Assets:				
Land	372,775	424,850	165,000	962,625
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	2,956,427	554,007	8,961	3,519,395
Infrastructure	7,218,397	12,154,773	-	19,373,170
Less: Accumulated Depreciation	<u>(7,491,020)</u>	<u>(6,321,909)</u>	<u>(349,157)</u>	<u>(14,162,086)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,959,460</u>	<u>12,608,979</u>	<u>1,009,402</u>	<u>19,577,841</u>
Total Noncurrent Assets	<u>7,129,418</u>	<u>12,608,979</u>	<u>1,009,402</u>	<u>20,747,799</u>
Total Assets	9,412,344	13,713,631	1,130,690	24,256,665
DEFERRED OUTFLOWS OF RESOURCES	<u>126,480</u>	<u>125,204</u>	<u>22,066</u>	<u>273,750</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
LIABILITIES				
CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS				
Accounts Payable and Accrued Liabilities	\$ 137,187	\$ 168,925	\$ 3,304	\$ 309,416
Deposits	20,454	25,728	-	46,182
Unearned Revenue	-	8,751	-	8,751
Accrued Compensated Absences, Current Portion	6,777	-	-	6,777
Notes Payable, Current Portion	350,000	-	-	350,000
Landfill Closure and Postclosure Costs, Current Portion	369,861	-	-	369,861
Total Current Liabilities, Payable from Current Assets	<u>884,279</u>	<u>203,404</u>	<u>3,304</u>	<u>1,090,987</u>
NONCURRENT LIABILITIES				
Accrued Compensated Absences	4,234	-	-	4,234
Other Postemployment Benefits	31,079	35,223	6,216	72,518
Net Pension Liability	289,977	282,091	49,724	621,792
Notes Payable, Less Current Portion	3,830,000	-	-	3,830,000
Landfill Closure and Postclosure Costs	6,936,294	-	-	6,936,294
Total Noncurrent Liabilities	<u>11,091,584</u>	<u>317,314</u>	<u>55,940</u>	<u>11,464,838</u>
Total Liabilities	11,975,863	520,718	59,244	12,555,825
DEFERRED INFLOWS OF RESOURCES				
	<u>20,271</u>	<u>21,420</u>	<u>3,812</u>	<u>45,503</u>
NET POSITION				
Net Investment in Capital Assets	1,779,460	12,608,979	1,009,402	15,397,841
Unrestricted	(4,236,770)	687,718	80,298	(3,468,754)
Total Net Position	<u>\$ (2,457,310)</u>	<u>\$ 13,296,697</u>	<u>\$ 1,089,700</u>	<u>\$ 11,929,087</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, 2017**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services	\$ 1,069,667	\$ 670,668	\$ 72,979	\$ 1,813,314
Special Assessments	868,619	-	-	868,619
Total Operating Revenues	<u>1,938,286</u>	<u>670,668</u>	<u>72,979</u>	<u>2,681,933</u>
OPERATING EXPENSES				
Personal Services	426,658	440,109	77,523	944,290
General and Administrative	1,155,400	506,905	41,560	1,703,865
Depreciation	656,604	776,378	23,614	1,456,596
Total Operating Expenses	<u>2,238,662</u>	<u>1,723,392</u>	<u>142,697</u>	<u>4,104,751</u>
OPERATING LOSS	(300,376)	(1,052,724)	(69,718)	(1,422,818)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	107,273	1,191,231	-	1,298,504
Interest Income	17,420	5,457	762	23,639
Interest Expense	(92,477)	-	-	(92,477)
Gain on Sale of Capital Assets	1,050	-	-	1,050
Miscellaneous Revenue	1,969	-	-	1,969
Total Nonoperating Revenues (Expenses), Net	<u>35,235</u>	<u>1,196,688</u>	<u>762</u>	<u>1,232,685</u>
INCOME (LOSS) BEFORE TRANSFERS	(265,141)	143,964	(68,956)	(190,133)
CONTRIBUTIONS AND TRANSFERS				
Transfers In	2,198	44,061	-	46,259
Transfers Out	(69,199)	(131,454)	(12,299)	(212,952)
Total Contributions and Transfers	<u>(67,001)</u>	<u>(87,393)</u>	<u>(12,299)</u>	<u>(166,693)</u>
CHANGE IN NET POSITION	(332,142)	56,571	(81,255)	(356,826)
Net Position - Beginning of Year	<u>(2,125,168)</u>	<u>13,240,126</u>	<u>1,170,955</u>	<u>12,285,913</u>
NET POSITION - END OF YEAR	<u>\$ (2,457,310)</u>	<u>\$ 13,296,697</u>	<u>\$ 1,089,700</u>	<u>\$ 11,929,087</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,909,045	\$ 650,424	\$ 72,953	\$ 2,632,422
Cash Paid to Employees for Services	(409,694)	(425,000)	(74,825)	(909,519)
Cash Paid to Suppliers for Goods and Services	(969,649)	(399,463)	(44,327)	(1,413,439)
Net Cash Provided (Used) by Operating Activities	<u>529,702</u>	<u>(174,039)</u>	<u>(46,199)</u>	<u>309,464</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Nonoperating Revenue	173,919	-	-	173,919
Transfers In (Out)	(66,548)	(87,393)	(12,299)	(166,240)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>107,371</u>	<u>(87,393)</u>	<u>(12,299)</u>	<u>7,679</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Capital Grants, State Shared Revenues, and Contributions	-	1,251,865	-	1,251,865
Purchases of Capital Assets	(116,588)	(1,154,312)	-	(1,270,900)
Principal Payments on Long-Term Debt	(350,000)	-	-	(350,000)
Interest Paid	(92,477)	-	-	(92,477)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(559,065)</u>	<u>97,553</u>	<u>-</u>	<u>(461,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	<u>17,420</u>	<u>5,457</u>	<u>762</u>	<u>23,639</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>95,428</u>	<u>(158,422)</u>	<u>(57,736)</u>	<u>(120,730)</u>
Cash and Cash Equivalents - Beginning of Year	<u>3,223,054</u>	<u>1,086,811</u>	<u>178,941</u>	<u>4,488,806</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,318,482</u></u>	<u><u>\$ 928,389</u></u>	<u><u>\$ 121,205</u></u>	<u><u>\$ 4,368,076</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (300,376)	\$ (1,052,724)	\$ (69,718)	\$ (1,422,818)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation	656,604	776,378	23,614	1,456,596
Amortization of Pension Related Items	13,713	12,620	2,259	28,592
Increase in Assets:				
Accounts Receivable	(31,016)	(23,169)	(26)	(54,211)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	36,913	138,432	(2,328)	173,017
Due to Other Government Agencies	-	(30,990)	-	(30,990)
Deposits	1,775	2,925	-	4,700
Unearned Revenue	-	-	-	-
Accrued Compensated Absences	1,055	-	-	1,055
Other Postemployment Benefits	-	2,489	-	2,489
Landfill Closure and Postclosure Costs	151,034	-	-	151,034
Net Cash Provided (Used) by Operating Activities	<u>\$ 529,702</u>	<u>\$ (174,039)</u>	<u>\$ (46,199)</u>	<u>\$ 309,464</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Current Assets:				
Cash	\$ 2,148,524	\$ 928,389	\$ 121,205	\$ 3,198,118
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	1,169,958	-	-	1,169,958
Total Cash and Cash Equivalents	<u>\$ 3,318,482</u>	<u>\$ 928,389</u>	<u>\$ 121,205</u>	<u>\$ 4,368,076</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 796,315</u>
 LIABILITIES	
Due to Individuals	\$ 350,831
Due to Other Governments	226,736
Due to Indigent Health Care Special District	126
Deposit - Installment Taxes	<u>217,603</u>
Total Liabilities	<u>\$ 795,296</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017**

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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

Government-Wide Financial Statements

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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. Nonoperating 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 nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 countywide 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 nonpublic 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 noncurrent 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017 was 8.8991 mills.

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

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, 2017, 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

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, 2017 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, 2017, estimated capacity used was 50.57%. 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, 2017, the Solid Waste Landfill Fund had unrestricted net position of (\$4,236,770) due to the partial closure to the landfill and because of a \$7,306,155 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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues (Continued)

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.

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, \$14,724,190, differs from *net position* of governmental activities, \$41,893,074, 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

**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	\$ 130,768,003
Accumulated Depreciation	(86,482,183)
Total	<u>\$ 44,285,820</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, 2017 were:

Unavailable Revenue	<u>\$ 756,152</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, 2017 were:

Note Payable	\$ 302,754
Other Post Employment Benefits	1,569,483
Compensated Absences	865,054
Total	<u>\$ 2,737,291</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, 2017 were:

Net Pension Liability	\$ (24,282,949)
Deferred Outflows of Resources - Pension Related Items	10,633,280
Deferred Inflows of Resources - Pension Related Items	(1,486,128)
Total	<u>\$ (15,135,797)</u>

Elimination of Interfund Receivables/Payables

Interfund receivables and payables in the amount of \$181,597 between governmental funds have been eliminated for the statement of net position.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

**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, (\$1,558,130), differs from the *change in net position* for governmental activities, (\$4,361,549), 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	\$ 3,109,994
Depreciation Expense	(4,015,389)
Donated Capital Assets	8,563
Loss on Disposal of Equipment	-
Difference	<u>\$ (896,832)</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	\$ 117,122
Proceeds from the Issuance of Debt	(359,876)
Difference	<u>\$ (242,754)</u>

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	\$ 38,671
Intergovernmental Revenues	247,928
Total	<u>\$ 286,599</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

**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.

Capital Outlay	\$ 3,109,994
Depreciation Expense	(4,015,389)
Donated Capital Assets	8,563
Loss on Disposal of Equipment	-
Difference	<u>\$ (896,832)</u>

Reclassification and Eliminations

Transfers in and transfers out in the amount of \$2,204,821 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, 2017, the carrying amount of the County's deposits was \$18,467,139 and the bank balances were \$19,507,497. 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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	\$ 18,463,792
Petty Cash and Change Funds	3,347
Total	\$ 18,467,139
Statement of Net Position:	
Cash and Cash Equivalents	\$ 16,500,866
Cash and Cash Equivalents - Restricted	1,169,958
Statement of Fiduciary Net Position - Agency Funds:	
Cash	796,315
Total	\$ 18,467,139

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at September 30, 2017 for the governmental funds individual major funds and nonmajor funds:

	General Fund	Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Emergency Medical Services	\$ 1,096,825	\$ -	\$ -	\$ 1,096,825
Trade Accounts	276,603	-	193,438	470,041
Accounts Receivable, Gross	1,373,428	-	193,438	1,566,866
Allowance for Uncollectible Accounts	(358,881)	-	-	(358,881)
Accounts Receivable, Net	\$ 1,014,547	\$ -	\$ 193,438	\$ 1,207,985

Accounts receivable consist of the following at September 30, 2017 for the enterprise funds individual major funds and nonmajor fund:

	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment Fund (Nonmajor Fund)	Total Enterprise Funds
Landfill Charges	\$ 105,289	\$ -	\$ -	\$ 105,289
Utility Charges	999	84,144	83	85,226
Accounts Receivable, Gross	106,288	84,144	83	190,515
Allowance for Uncollectible Accounts	-	-	-	-
Accounts Receivable, Net	\$ 106,288	\$ 84,144	\$ 83	\$ 190,515

HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

NOTE 5 DETAIL OF CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2017 is as follows:

	Balance October 1, 2016	Additions	(Deletions)	Transfers	Balance September 30, 2017
GOVERNMENT ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,691,702	\$ -	\$ (150)	\$ -	\$ 3,691,552
Construction in Progress	289,621	653,672	-	(271,958)	671,335
Total Capital Assets, Not Being Depreciated	3,981,323	653,672	(150)	(271,958)	4,362,887
Capital Assets, Being Depreciated:					
Buildings and Improvements	24,087,146	195,248	-	271,958	24,554,352
Equipment	18,466,092	1,767,565	(407,402)	(4,292)	19,821,963
Infrastructure	81,519,940	508,861	-	-	82,028,801
Total Capital Assets, Being Depreciated	124,073,178	2,471,674	(407,402)	267,666	126,405,116
Less Accumulated Depreciation for:					
Buildings and Improvements	(10,625,629)	(575,607)	-	-	(11,201,236)
Equipment	(13,264,597)	(1,106,214)	400,763	4,292	(13,965,756)
Infrastructure	(58,981,623)	(2,333,568)	-	-	(61,315,191)
Total Accumulated Depreciation	(82,871,849)	(4,015,389)	400,763	4,292	(86,482,183)
Total Capital Assets, Being Depreciated, Net	41,201,329	(1,543,715)	(6,639)	271,958	39,922,933
Governmental Activities Capital Assets, Net	<u>\$ 45,182,652</u>	<u>\$ (890,043)</u>	<u>\$ (6,789)</u>	<u>\$ -</u>	<u>\$ 44,285,820</u>
BUSINESS-TYPE ACTIVITIES					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Construction in Progress	104,361	-	-	(104,361)	-
Total Capital Assets, Not Being Depreciated	1,066,986	-	-	(104,361)	962,625
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,884,737	-	-	-	9,884,737
Equipment	3,406,805	108,298	-	4,292	3,519,395
Infrastructure	18,106,207	1,162,602	-	104,361	19,373,170
Total Capital Assets, Being Depreciated	31,397,749	1,270,900	-	108,653	32,777,302
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,054,223)	(81,316)	-	-	(2,135,539)
Equipment	(1,814,088)	(166,950)	-	(4,292)	(1,985,330)
Infrastructure	(8,832,887)	(1,208,330)	-	-	(10,041,217)
Total Accumulated Depreciation	(12,701,198)	(1,456,596)	-	(4,292)	(14,162,086)
Total Capital Assets, Being Depreciated, Net	18,696,551	(185,696)	-	104,361	18,615,216
Business-Type Activities Capital Assets, Net	<u>\$ 19,763,537</u>	<u>\$ (185,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,577,841</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended September 30, 2017 was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$ 1,025,660
Public Safety	319,228
Physical Environment	4,969
Transportation	2,495,796
Human Services	7,028
Culture/Recreation	162,708
Total Depreciation Expense - Governmental Activities	<u>\$ 4,015,389</u>

BUSINESS-TYPE ACTIVITIES

Solid Waste	\$ 656,604
Wauchula Hills Water/Wastewater Treatment	776,378
Vandolah Wastewater Treatment	23,614
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,456,596</u>

NOTE 6 LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended September 30, 2017 is as follows:

	Balance October 1, 2016	Additions	(Reductions)	Balance September 30, 2017	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 60,000	\$ -	\$ -	\$ 60,000	\$ 20,000
Capital Lease	-	359,876	(117,122)	242,754	119,701
Other Postemployment Benefits	1,458,606	229,401	(118,524)	1,569,483	-
Compensated Absences	787,913	77,141	-	865,054	408,774
	<u>2,306,519</u>	<u>666,418</u>	<u>(235,646)</u>	<u>2,737,291</u>	<u>548,475</u>
Net Pension Liability	21,575,489	2,707,460	-	24,282,949	-
Total Governmental Activities	<u>\$ 23,882,008</u>	<u>\$ 3,373,878</u>	<u>\$ (235,646)</u>	<u>\$ 27,020,240</u>	<u>\$ 548,475</u>
BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 4,530,000	\$ -	\$ (350,000)	\$ 4,180,000	\$ 350,000
Other Postemployment Benefits	67,394	10,599	(5,475)	72,518	-
Compensated Absences	9,956	-	1,055	11,011	6,777
Landfill Closure and Post Closure Costs	7,155,121	151,034	-	7,306,155	369,861
	<u>11,762,471</u>	<u>161,633</u>	<u>(354,420)</u>	<u>11,569,684</u>	<u>726,638</u>
Net Pension Liability	563,459	58,333	-	621,792	-
Total Business-Type Activities	<u>\$ 12,325,930</u>	<u>\$ 219,966</u>	<u>\$ (354,420)</u>	<u>\$ 12,191,476</u>	<u>\$ 726,638</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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>
2018	\$ 20,000	\$ -	\$ 300,000	\$ -
2019	20,000	-	300,000	-
2020	20,000	-	300,000	-
2021	-	-	3,280,000	-
Total	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 4,180,000</u>	<u>\$ -</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Capital Lease

On October 1, 2016, the Board entered into a capital lease for the purchase of two ambulances with a total cost of \$359,876. Principal and interest is payable in annual installments of \$126,498. The interest rate is 2.8% and has a three-year term with the final payment due on September 1, 2019. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquitted through the capital lease are as follows:

Asset	Governmental Activities
Equipment	\$ 359,876
Less: Accumulated Depreciation	(3,998)
Total	<u>\$ 355,878</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2017 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 126,498
2019	126,498
Total Minimum Lease Payments	252,996
Less: Amount Representing Interest	(10,242)
Present Value of Minimum Lease Payments	<u>\$ 242,754</u>

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, 2017:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 120,940	\$ 38,226
Transportation Trust	-	70,496
Fire Control Fund	5,732	-
Grants Fund	161	20,596
Solid Waste Fund	1,882	-
Nonmajor Governmental Funds	54,764	54,161
Total	<u>\$ 183,479</u>	<u>\$ 183,479</u>

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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 8 FUND BALANCE AND SPENDING POLICY

The governmental funds are classified as follows:

Nonspendable		\$ 1,155,084
Restricted:		
Transportation	\$ 3,745,123	
Grants	596,117	
Court Innovations	405,166	
Law Enforcement Trust	149,670	
E-911	325,644	
Court Technology	5,102	
Official Records	148,687	
Clerk Operational Needs	129,020	
Inmate Welfare	77,945	
Education	57,932	
Total Restricted	5,640,406	5,640,406
Committed:		
Fire Control	1,836,494	
Pioneer Park Days	24,354	
Mining	149,643	
Emergency Disaster	1,305,269	
Total Committed	3,315,760	3,315,760
Unassigned		4,612,940
Total Fund Balances		\$ 14,724,190

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Background (Continued)

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 \$1,790,969 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2017.

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 \$1,790,358 for the year ended September 30, 2017.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2017, the County reported a liability of \$20,156,103 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the County's proportion was 0.068142507%, which was an increase of 0.000769284% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$1,654,395 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	\$ 1,849,845	\$ (111,654)
Changes in Actuarial Assumptions	6,773,871	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(499,518)
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	901,061	(438,521)
County Contributions Subsequent to the Measurement Date	516,581	-
Total	<u>\$ 10,041,358</u>	<u>\$ (1,049,693)</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$516,581 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, 2018. 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>
2018	\$ 1,133,481
2019	2,867,412
2020	2,069,886
2021	503,319
2022	1,390,543
Thereafter	510,443

Actuarial Assumptions

The total pension liability in the July 1, 2017, 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	7.10%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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 %	1.8 %
Fixed Income	18.0	4.5	4.4	4.2
Global Equity	53.0	7.8	6.6	17.0
Real Estate	10.0	6.6	5.9	12.8
Private Equity	6.0	11.5	7.8	3.0
Strategic Investments	12.0	6.1	5.6	9.7
Totals	<u>100.0 %</u>			
Assumed Inflation - Mean		2.6 %		1.9 %

Discount Rate

The discount rate used to measure the total pension liability was 7.1% 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	6.100%	7.10%	8.100%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 36,481,317	\$ 20,156,103	\$ 6,602,423

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017, 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, 2017, 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 \$238,909 for the year ended September 30, 2017.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2017, the County reported a liability of \$4,748,638 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2016, through June 30, 2017, relative to the total employer contributions received from all participating employers. At June 30, 2017, the County's proportion was .044411065%, which was a decrease of 0.000418485% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$136,574 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	\$ -	\$ (9,887)
Changes in Actuarial Assumptions	667,495	(410,620)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,633	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	130,365	(61,431)
County Contributions Subsequent to the Measurement Date	65,179	-
Total	<u>\$ 865,672</u>	<u>\$ (481,938)</u>

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

\$65,179 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, 2018. 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>
2018	\$ 92,112
2019	91,613
2020	91,374
2021	70,336
2022	29,498
Thereafter	(56,378)

Actuarial Assumptions

The total pension liability in the July 1, 2017, 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	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, 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 3.58% 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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	2.5800%	3.58%	4.5800%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 5,418,822	\$ 4,748,638	\$ 4,190,408

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 0.06% of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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. Nonvested 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, 2017, 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 \$263,935 for the year ended September 30, 2017. Employee contributions to the Investment Plan totaled \$53,237 for the year ended September 30, 2017.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017, ten retirees and dependents received healthcare benefits. The County provided contributions of \$56,000 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017, the amount contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 187,000
Interest on Net OPEB Obligation	53,000
Less Amortization of Net OPEB Obligation	<u>(68,000)</u>
Annual OPEB Cost (Expense)	172,000
Contributions Made	<u>(56,000)</u>
Increase in Net OPEB Obligation	116,000
Net OPEB Obligation - Beginning of Year	<u>1,526,000</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,642,000</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, 2017 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, 2017	\$ 172,000	32.56%	\$ 1,642,000
September 30, 2016	164,000	31.71%	1,526,000
September 30, 2015	169,000	24.26%	1,414,000

Funded Status and Funding Progress

The funding status as of September 30, 2017 was as follows:

Actuarial Accrued Liability (a)	\$ 1,642,000
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c) = (a-b)	<u>\$ 1,642,000</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

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress (Continued)

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. The initial rate is 5.2% decreasing gradually. The ultimate rate is 3.9% and is achieved in 2075. 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, 2017 is 30 years.

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.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 12 RISK MANAGEMENT (CONTINUED)

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.

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 \$7,306,155 at September 30, 2017; represents the cumulative amount reported to date based on an average use of 50.57% of the total estimated capacity available as of September 30, 2017. There was an increase in the liability due to the decrease in available capacity. The decrease in the liability caused the general and administrative expenses to be reduced by \$159,759 as of September 30, 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Landfill Closure Commitments (Continued)

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance only the closure portion of the estimates. That portion was \$100,000 at September 30, 2017. The County is in compliance with these requirements at September 30, 2017. At September 30, 2017, \$1,169,958 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, 2017 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 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 111,660
Grants Fund	11,911
Nonmajor Governmental Funds	52,902
Solid Waste Fund	52,000
Wauchula Hills Water/Wastewater Treatment Fund	131,000
Nonmajor Enterprise Fund	11,865
Total	<u><u>\$ 371,338</u></u>

Transfers to the Transportation Trust Fund from:

Nonmajor Governmental Funds	\$ 18,656
Solid Waste Fund	17,199
Wauchula Hills Water/Wastewater Treatment Fund	454
Nonmajor Enterprise Fund	434
Total	<u><u>\$ 36,743</u></u>

Transfers to the Fire Control Fund from:

General Fund	\$ 229,138
Nonmajor Governmental Funds	2,451
Total	<u><u>\$ 231,589</u></u>

Transfers to the Grants Fund from:

General Fund	<u><u>\$ 7,885</u></u>
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Transfers to Nonmajor Governmental Funds from:

General Fund	<u><u>\$ 1,770,218</u></u>
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Transfers to the Solid Waste Fund from:

General Fund	\$ 1,882
Nonmajor Governmental Funds	316
Total	<u><u>\$ 2,198</u></u>

Transfers to Wauchula Hills Water/Wastewater Treatment Fund from:

Grants Fund	<u><u>\$ 44,061</u></u>
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**HARDEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017**

ASSETS	
Cash	\$ 253,364
Accounts Receivable	350,000
	\$ 603,364
Total Assets	\$ 603,364
LIABILITIES	
Accounts Payable	\$ 7,247
	596,117
FUND BALANCE	596,117
Total Liabilities and Fund Balance	\$ 603,364

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2017**

REVENUES	
Intergovernmental	\$ 360,000
Interest	1,828
Miscellaneous	96,317
Total Revenues	458,145
EXPENDITURES	
Economic Environment	368,752
EXCESS OF REVENUES UNDER EXPENDITURES	89,393
OTHER FINANCING USES	
Transfers Out	(44,061)
NET CHANGE IN FUND BALANCE	45,332
Fund Balances - Beginning of Year	550,785
FUND BALANCES - END OF YEAR	\$ 596,117

REQUIRED SUPPLEMENTARY INFORMATION

**HARDEE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS -
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
YEAR ENDED SEPTEMBER 30, 2017**

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, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.068142507%	0.067373223%	0.064108020%	0.061994926%
County's Proportionate Share of the Net Pension Liability	\$ 20,156,103	\$ 17,011,793	\$ 8,280,411	\$ 3,782,602
County's Covered Payroll	\$ 12,625,111	\$ 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 Payroll	159.65%	142.55%	69.98%	30.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	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
YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,790,358	\$ 1,764,185	\$ 1,575,522	\$ 1,695,399
Contributions in Relation to the Contractually Required Contribution	<u>(1,790,358)</u>	<u>(1,764,185)</u>	<u>(1,575,522)</u>	<u>(1,695,399)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 12,514,179	\$ 12,151,269	\$ 11,831,746	\$ 12,561,056
Contributions as a Percentage of Covered Payroll	14.31%	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
YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.044110650%	0.043992580%	0.044020471%	0.043481289%
County's Proportionate Share of the Net Pension Liability	\$ 4,748,638	\$ 5,127,153	\$ 4,489,399	\$ 4,065,607
County's Covered Payroll	\$ 14,224,013	\$ 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 Payroll	33.38%	38.05%	31.49%	30.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	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
YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 238,909	\$ 234,651	\$ 180,890	\$ 182,277
Contributions in Relation to the Contractually Required Contribution	<u>(238,909)</u>	<u>(234,651)</u>	<u>(180,890)</u>	<u>(182,277)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 14,288,767	\$ 14,029,458	\$ 14,257,015	\$ 13,402,755
Contributions as a Percentage of Covered Payroll	1.67%	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
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
YEAR ENDED SEPTEMBER 30, 2017**

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.

Emergency Disaster Fund – The Emergency Disaster Fund is a special revenue fund that accounts for the proceeds and reimbursements from both insurance and FEMA and are restricted to the use of recovering from a declared local disaster.

Tourist Development Fund – The Tourist Development Fund is a special revenue fund that accounts for the restricted dollars generated from the tourist development tax to be used for items listed and approved by the tourist development board and in accordance with Florida Statute 125.0104.

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.

HARDEE COUNTY, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

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.

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
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

Special Revenue Funds

	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining	Emergency Disaster
ASSETS							
Cash and Cash Equivalents	\$ 756,250	\$ 24,949	\$ 149,670	\$ 253,701	\$ 314,589	\$ 14,983	\$ 1,370,218
Accounts Receivable, Net	-	-	-	10	-	193,261	-
Due from Other Funds	-	-	-	20,996	-	-	-
Due from Other Governmental Agencies	-	-	-	14,290	11,055	-	-
Prepaid Items	-	-	-	1,916	-	-	-
Total Assets	\$ 756,250	\$ 24,949	\$ 149,670	\$ 290,913	\$ 325,644	\$ 208,244	\$ 1,370,218
LIABILITIES FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 36,467	\$ 595	\$ -	\$ 225,570	\$ -	\$ 24,716	\$ 64,949
Due to Other Funds	-	-	-	6	-	33,692	-
Due to Other Governmental Agencies	8,697	-	-	65,337	-	193	-
Total Liabilities	45,164	595	-	290,913	-	58,601	64,949
Fund Balances:							
Nonspendable	-	-	-	1,916	-	-	-
Restricted	405,166	-	149,670	-	325,644	-	-
Committed	-	24,354	-	-	-	149,643	1,305,269
Unassigned	305,920	-	-	(1,916)	-	-	-
Total Fund Balances	711,086	24,354	149,670	-	325,644	149,643	1,305,269
Total Liabilities and Fund Balances	\$ 756,250	\$ 24,949	\$ 149,670	\$ 290,913	\$ 325,644	\$ 208,244	\$ 1,370,218

**HARDEE COUNTY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds						
	Tourist Development	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	Total Other Nonmajor Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 23,751	\$ 165,461	\$ 110,959	\$ 77,945	\$ 57,932	\$ -	\$ 3,320,408
Accounts Receivable, Net	-	-	-	-	-	-	193,271
Due from Other Funds	-	18,487	15,281	-	-	-	54,764
Due from Other Governmental Agencies	4,728	-	7,706	-	-	-	37,779
Prepaid Items	-	-	-	-	-	-	1,916
Total Assets	\$ 28,479	\$ 183,948	\$ 133,946	\$ 77,945	\$ 57,932	\$ -	\$ 3,608,138
LIABILITIES FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ -	\$ 2,749	\$ 969	\$ -	\$ -	\$ -	\$ 356,015
Due to Other Funds	-	20,463	-	-	-	-	54,161
Due to Other Governmental Agencies	-	-	10,904	-	-	-	85,131
Total Liabilities	-	23,212	11,873	-	-	-	495,307
Fund Balances:							
Nonspendable	-	-	-	-	-	-	1,916
Restricted	-	160,736	122,073	77,945	57,932	-	1,299,166
Committed	-	-	-	-	-	-	1,479,266
Unassigned	28,479	-	-	-	-	-	332,483
Total Fund Balances	28,479	160,736	122,073	77,945	57,932	-	3,112,831
Total Liabilities and Fund Balances	\$ 28,479	\$ 183,948	\$ 133,946	\$ 77,945	\$ 57,932	\$ -	\$ 3,608,138

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

Special Revenue Funds

	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining	Emergency Disaster
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 162	\$ 266,390	\$ -	\$ -
Charges for Services	25,150	78,268	-	733,514	-	408,790	-
Fines and Forfeitures	212,091	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Interest	2,541	284	721	-	1,136	237	-
Miscellaneous	5,869	1,742	50,680	5,273	-	-	-
Total Revenues	245,651	80,294	51,401	738,949	267,526	409,027	-
EXPENDITURES							
Current:							
General Government	525,658	-	-	738,949	-	-	-
Public Safety	19,122	-	20,000	-	158,092	-	-
Physical Environment	-	-	-	-	-	266,263	64,949
Culture and Recreation	-	71,274	-	-	-	-	-
Capital Outlay	10,656	-	-	-	-	9,566	-
Total Expenditures	555,436	71,274	20,000	738,949	158,092	275,829	64,949
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(309,785)	9,020	31,401	-	109,434	133,198	(64,949)
OTHER FINANCING SOURCES (USES)							
Transfers in	400,000	-	-	-	-	-	1,370,218
Transfers out	-	(35,025)	-	-	-	(39,300)	-
Total Other Financing Sources (Uses)	400,000	(35,025)	-	-	-	(39,300)	1,370,218
NET CHANGE IN FUND BALANCES	90,215	(26,005)	31,401	-	109,434	93,898	1,305,269
Fund Balances - Beginning of Year	620,871	50,359	118,269	-	216,210	55,745	-
FUND BALANCES - END OF YEAR	\$ 711,086	\$ 24,354	\$ 149,670	\$ -	\$ 325,644	\$ 149,643	\$ 1,305,269

HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds						
	Tourist Development	Clerk's Public Records Modernization Trust	Clerk's Child Support IV-D	Sheriff's Commissary	Sheriff's Department Education	Sheriff's Department E-911	Total Other Nonmajor Governmental Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 59,337	\$ -	\$ -	\$ 179,928	\$ 505,817
Charges for Services	-	69,936	-	-	-	-	1,315,658
Fines and Forfeitures	-	-	-	-	8,310	-	220,401
Taxes	28,438	-	-	-	-	-	28,438
Interest	41	-	-	-	-	-	4,960
Miscellaneous	-	1,026	1,038	26,989	-	-	92,617
Total Revenues	28,479	70,962	60,375	26,989	8,310	179,928	2,167,891
EXPENDITURES							
Current:							
General Government	-	85,792	67,920	-	-	-	1,418,319
Public Safety	-	-	-	50,456	-	179,928	427,598
Physical Environment	-	-	-	-	-	-	331,212
Culture and Recreation	-	-	-	-	-	-	71,274
Capital Outlay	-	-	-	-	-	-	20,222
Total Expenditures	-	85,792	67,920	50,456	-	179,928	2,268,625
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,479	(14,830)	(7,545)	(23,467)	8,310	-	(100,734)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	1,770,218
Transfers out	-	-	-	-	-	-	(74,325)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	1,695,893
NET CHANGE IN FUND BALANCES	28,479	(14,830)	(7,545)	(23,467)	8,310	-	1,595,159
Fund Balances - Beginning of Year	-	175,566	129,618	101,412	49,622	-	1,517,672
FUND BALANCES - END OF YEAR	\$ 28,479	\$ 160,736	\$ 122,073	\$ 77,945	\$ 57,932	\$ -	\$ 3,112,831

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FINES AND FORFEITURES FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 22,000	\$ 22,000	\$ 25,150	\$ 3,150
Fines and Forfeitures	229,100	229,100	212,091	(17,009)
Interest	650	650	2,541	1,891
Miscellaneous	-	5,000	5,869	869
Total Revenues	<u>251,750</u>	<u>256,750</u>	<u>245,651</u>	<u>(11,099)</u>
EXPENDITURES				
Current:				
General Government	852,739	883,739	525,658	358,081
Public Safety	10,000	10,000	19,122	(9,122)
Capital Outlay	35,299	20,799	10,656	10,143
Other Expense	98,453	86,953	-	86,953
Total Expenditures	<u>996,491</u>	<u>1,001,491</u>	<u>555,436</u>	<u>446,055</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(744,741)	(744,741)	(309,785)	434,956
OTHER FINANCING SOURCES				
Transfers In	<u>443,434</u>	<u>443,434</u>	<u>400,000</u>	<u>(43,434)</u>
NET CHANGE IN FUND BALANCES	(301,307)	(301,307)	90,215	391,522
Fund Balances - Beginning of Year	<u>301,307</u>	<u>301,307</u>	<u>620,871</u>	<u>319,564</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,086</u>	<u>\$ 711,086</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
PIONEER PARK DAYS FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 76,000	\$ 76,000	\$ 78,268	\$ 2,268
Interest	100	100	284	184
Miscellaneous	-	-	1,742	1,742
Total Revenues	<u>76,100</u>	<u>76,100</u>	<u>80,294</u>	<u>4,194</u>
EXPENDITURES				
Current:				
Culture and Recreation	76,463	76,463	71,274	5,189
Other Expense	33,427	26,407	-	26,407
Total Expenditures	<u>109,890</u>	<u>102,870</u>	<u>71,274</u>	<u>31,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,790)	(26,770)	9,020	35,790
OTHER FINANCING SOURCES (USES)				
Transfers In	13,000	13,000	-	(13,000)
Transfers Out	(28,900)	(35,920)	(35,025)	895
Total Other Financing Sources (Uses)	<u>(15,900)</u>	<u>(22,920)</u>	<u>(35,025)</u>	<u>(12,105)</u>
NET CHANGE IN FUND BALANCES	(49,690)	(49,690)	(26,005)	23,685
Fund Balances - Beginning of Year	<u>49,690</u>	<u>49,690</u>	<u>50,359</u>	<u>669</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,354</u>	<u>\$ 24,354</u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
LAW ENFORCEMENT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 220	\$ 220	\$ 721	\$ 501
Miscellaneous	25,000	25,000	50,680	25,680
Total Revenues	<u>25,220</u>	<u>25,220</u>	<u>51,401</u>	<u>26,181</u>
EXPENDITURES				
Current:				
Public Safety	-	20,000	20,000	-
Other Expense	153,363	133,363	-	133,363
Total Expenditures	<u>153,363</u>	<u>153,363</u>	<u>20,000</u>	<u>133,363</u>
NET CHANGE IN FUND BALANCES	(128,143)	(128,143)	31,401	159,544
Fund Balances - Beginning of Year	<u>128,143</u>	<u>128,143</u>	<u>118,269</u>	<u>(9,874)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,670</u>	<u>\$ 149,670</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 238	\$ 162	\$ 162	\$ -
Charges for Services	738,445	733,514	733,514	-
Miscellaneous	-	5,273	5,273	-
Total Revenues	<u>738,683</u>	<u>738,949</u>	<u>738,949</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	704,948	724,349	724,349	-
Operating Expenditures	33,735	14,600	14,600	-
Total Expenditures	<u>738,683</u>	<u>738,949</u>	<u>738,949</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 102,600	\$ 135,247	\$ 266,390	\$ 131,143
Interest	130	130	1,136	1,006
Total Revenues	<u>102,730</u>	<u>135,377</u>	<u>267,526</u>	<u>132,149</u>
EXPENDITURES				
Current:				
Public Safety	158,094	190,741	158,092	32,649
Other Expense	5,834	5,834	-	5,834
Total Expenditures	<u>163,928</u>	<u>196,575</u>	<u>158,092</u>	<u>38,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(61,198)	(61,198)	109,434	170,632
OTHER FINANCING SOURCES				
Transfers In	<u>48,983</u>	<u>48,983</u>	<u>-</u>	<u>(48,983)</u>
NET CHANGE IN FUND BALANCES	(12,215)	(12,215)	109,434	121,649
Fund Balances - Beginning of Year	<u>12,215</u>	<u>12,215</u>	<u>216,210</u>	<u>203,995</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 325,644</u></u>	<u><u>\$ 325,644</u></u>

HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
MINING FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 487,774	\$ 487,774	\$ 408,790	\$ (78,984)
Interest	350	350	237	(113)
Total Revenues	<u>488,124</u>	<u>488,124</u>	<u>409,027</u>	<u>(79,097)</u>
EXPENDITURES				
Current:				
Physical Environment	485,859	485,859	266,263	219,596
Capital Outlay	11,452	11,452	9,566	1,886
Other Expense	30,441	30,441	-	30,441
Total Expenditures	<u>527,752</u>	<u>527,752</u>	<u>275,829</u>	<u>251,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,628)	(39,628)	133,198	172,826
OTHER FINANCING USES				
Transfers Out	<u>(39,300)</u>	<u>(39,300)</u>	<u>(39,300)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(78,928)	(78,928)	93,898	172,826
Fund Balances - Beginning of Year	<u>78,928</u>	<u>78,928</u>	<u>55,745</u>	<u>(23,183)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,643</u>	<u>\$ 149,643</u>

**HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
EMERGENCY DISASTER FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Physical Environment	-	1,370,218	64,949	1,305,269
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,370,218)	(64,949)	1,305,269
OTHER FINANCING SOURCES				
Transfers In	-	1,370,218	1,370,218	-
NET CHANGE IN FUND BALANCES	-	-	1,305,269	1,305,269
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,305,269</u>	<u>\$ 1,305,269</u>

**HARDEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
TOURIST DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ 27,000	\$ 28,438	\$ 1,438
Interest	-	-	41	41
Total Revenues	-	27,000	28,479	1,479
EXPENDITURES				
Current:				
Public Safety	-	27,000	-	27,000
NET CHANGE IN FUND BALANCES	-	-	28,479	(25,521)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,479</u>	<u>\$ (25,521)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 238,057	\$ 245,809	\$ 69,936	\$ (175,873)
Miscellaneous	-	41	1,026	985
Total Revenues	<u>238,057</u>	<u>245,850</u>	<u>70,962</u>	<u>(174,888)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	39,789	39,789	-
Operating Expenditures	200,540	196,061	46,003	150,058
Capital Outlay	20,000	10,000	-	10,000
Total Expenditures	<u>238,057</u>	<u>245,850</u>	<u>85,792</u>	<u>160,058</u>
NET CHANGE IN FUND BALANCES	-	-	(14,830)	(14,830)
Fund Balances - Beginning of Year	-	-	175,566	175,566
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,736</u>	<u>\$ 160,736</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 229,136	\$ 229,136	\$ 59,337	\$ (169,799)
Miscellaneous	-	-	1,038	1,038
Total Revenues	<u>229,136</u>	<u>229,136</u>	<u>60,375</u>	<u>(168,761)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	57,016	57,016	-
Operating Expenditures	194,841	172,120	10,904	161,216
Capital Outlay	1,500	-	-	-
Total Expenditures	<u>229,136</u>	<u>229,136</u>	<u>67,920</u>	<u>161,216</u>
NET CHANGE IN FUND BALANCES	-	-	(7,545)	(7,545)
Fund Balances - Beginning of Year	-	-	129,618	129,618
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,073</u>	<u>\$ 122,073</u>

**HARDEE COUNTY, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 YEAR ENDED SEPTEMBER 30, 2017**

	Clerk's Special Trust	Clerk's Support	Clerk's Court Registry	Clerk's County Witness	Clerk's Cash Bond	Clerk's Condemnation Right-of Way	Tax Collector Fund	Tax Collector Motor Vehicle Fund
ASSETS								
Cash	\$ 133,224	\$ 1,019	\$ 119,627	\$ 287	\$ 23,978	\$ 4,362	\$ 355,797	\$ 110,387
LIABILITIES								
Due to Individuals	\$ 30,397	\$ -	\$ 119,627	\$ 15	\$ 23,978	\$ 4,362	\$ 124,818	\$ -
Due to Other Governments	102,827	-	-	272	-	-	13,250	110,387
Due to Indigent Health Care Special District	-	-	-	-	-	-	126	-
Deposit - Installment Taxes	-	-	-	-	-	-	217,603	-
Total Liabilities	\$ 133,224	\$ -	\$ 119,627	\$ 287	\$ 23,978	\$ 4,362	\$ 355,797	\$ 110,387

**HARDEE COUNTY, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2017**

	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	\$ 4,005	\$ -	\$ 9,540	\$ 6,927	\$ 944	\$ 26,218	\$ -	\$ 796,315
LIABILITIES								
Due to Individuals	\$ 4,005	\$ -	\$ 9,540	\$ 6,927	\$ 944	\$ 26,218	\$ -	\$ 350,831
Due to Other Governments	-	-	-	-	-	-	-	226,736
Due to Indigent Health Care Special District	-	-	-	-	-	-	-	126
Deposit - Installment Taxes	-	-	-	-	-	-	-	217,603
Total Liabilities	\$ 4,005	\$ -	\$ 9,540	\$ 6,927	\$ 944	\$ 26,218	\$ -	\$ 795,296

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<u>CLERK'S SPECIAL TRUST</u>				
ASSETS				
Cash	\$ 50,640	\$ 965,273	\$ (882,689)	\$ 133,224
LIABILITIES				
Due to Individuals	\$ 35,165	\$ 55,192	\$ (59,960)	\$ 30,397
Due to Other Governments	15,475	910,081	(822,729)	102,827
Total Liabilities	\$ 50,640	\$ 965,273	\$ (882,689)	\$ 133,224
 <u>CLERK'S SUPPORT</u>				
ASSETS				
Cash	\$ 860	\$ 23,671	\$ (23,512)	\$ 1,019
LIABILITIES				
Due to Individuals	\$ -	\$ 7,319	\$ (7,319)	\$ -
Vouchers Payable	860	11,835	(11,676)	1,019
Due to Other Governments	-	4,517	(4,517)	-
Total Liabilities	\$ 860	\$ 23,671	\$ (23,512)	\$ 1,019
 <u>CLERK'S COURT REGISTRY</u>				
ASSETS				
Cash	\$ 106,798	\$ 627,948	\$ (615,119)	\$ 119,627
LIABILITIES				
Due to Individuals	\$ 106,798	\$ 627,948	\$ (615,119)	\$ 119,627
 <u>CLERK'S COUNTY WITNESS</u>				
ASSETS				
Cash	\$ 287	\$ -	\$ -	\$ 287
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	272	-	-	272
Total Liabilities	\$ 287	\$ -	\$ -	\$ 287

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<u>CLERK'S CASH BOND</u>				
ASSETS				
Cash	\$ 31,345	\$ 86,594	\$ (93,961)	\$ 23,978
LIABILITIES				
Due to Individuals	\$ 31,345	\$ 86,594	\$ (93,961)	\$ 23,978
 <u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u>				
ASSETS				
Cash	\$ 4,362	\$ -	\$ -	\$ 4,362
LIABILITIES				
Due to Individuals	\$ 4,362	\$ -	\$ -	\$ 4,362
 <u>TAX COLLECTOR FUND</u>				
ASSETS				
Cash	\$ 284,843	\$ 12,863,085	\$ (12,792,131)	\$ 355,797
Due from Individuals	-	681,806	(681,806)	-
	\$ 284,843	\$ 13,544,891	\$ (13,473,937)	\$ 355,797
LIABILITIES				
Due to Individuals	\$ 60,642	\$ 927,244	\$ (863,068)	\$ 124,818
Due to Other Governments	15,926	12,398,235	(12,400,911)	13,250
Due to Indigent Health Care Special District	340	1,809	(2,023)	126
Deposit - Installment Taxes	207,935	217,603	(207,935)	217,603
Total Liabilities	\$ 284,843	\$ 13,544,891	\$ (13,473,937)	\$ 355,797
 <u>TAX COLLECTOR MOTOR VEHICLE FUND</u>				
ASSETS				
Cash	\$ 75,352	\$ 3,541,219	\$ (3,506,184)	\$ 110,387
LIABILITIES				
Due to Other Governments	\$ 75,352	\$ 3,541,219	\$ (3,506,184)	\$ 110,387

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<u>SHERIFF'S SUSPENSE</u>				
ASSETS				
Cash	\$ 1,428	\$ 94,751	\$ (92,174)	\$ 4,005
LIABILITIES				
Due to Individuals	\$ 1,428	\$ 94,751	\$ (92,174)	\$ 4,005
<u>SHERIFF'S COLLECTIONS</u>				
ASSETS				
Cash	\$ -	\$ 17,529	\$ (17,529)	\$ -
LIABILITIES				
Due to Individuals	\$ -	\$ 17,529	\$ (17,529)	\$ -
<u>SHERIFF'S INMATE</u>				
ASSETS				
Cash	\$ 8,152	\$ 1,416,410	\$ (1,415,022)	\$ 9,540
LIABILITIES				
Due to Individuals	\$ 8,152	\$ 1,416,410	\$ (1,415,022)	\$ 9,540
<u>SHERIFF'S YOUTH</u>				
ASSETS				
Cash	\$ 7,177	\$ 379	\$ (629)	\$ 6,927
LIABILITIES				
Due to Individuals	\$ 7,177	\$ 379	\$ (629)	\$ 6,927
<u>SHERIFF'S FLOWER</u>				
ASSETS				
Cash	\$ 1,906	\$ -	\$ (962)	\$ 944
LIABILITIES				
Due to Individuals	\$ 1,906	\$ -	\$ (962)	\$ 944

**HARDEE COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<u>SHERIFF'S EVIDENCE</u>				
ASSETS				
Cash	\$ 27,216	\$ 3,117	\$ (4,115)	\$ 26,218
LIABILITIES				
Due to Individuals	\$ 27,216	\$ 3,117	\$ (4,115)	\$ 26,218
<u>SHERIFF'S DRUG TASK FORCE</u>				
ASSETS				
Cash	\$ 1,440	\$ 66	\$ (1,506)	\$ -
LIABILITIES				
Due to Individuals	\$ 1,440	\$ 66	\$ (1,506)	\$ -
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 601,806	\$ 19,640,042	\$ (19,445,533)	\$ 796,315
Due from Individuals	-	681,806	(681,806)	-
Total Assets	<u>\$ 601,806</u>	<u>\$ 20,321,848</u>	<u>\$ (20,127,339)</u>	<u>\$ 796,315</u>
LIABILITIES				
Due to Individuals	\$ 285,646	\$ 3,236,549	\$ (3,171,364)	\$ 350,831
Vouchers Payable	860	11,835	(11,676)	1,019
Due to Other Governments	107,025	16,854,052	(16,734,341)	226,736
Due to Indigent Health Care Special District	340	1,809	(2,023)	126
Deposit - Installment Taxes	207,935	217,603	(207,935)	217,603
Total Liabilities	<u>\$ 601,806</u>	<u>\$ 20,321,848</u>	<u>\$ (20,127,339)</u>	<u>\$ 796,315</u>

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, 2017, 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 12, 2018. Our report includes a reference to other auditors who audited the financial statements 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2017-001 that we consider to be a significant deficiency.

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 12, 2018



**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, 2017. 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 financial assistance applicable to its 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, 2017.

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 a 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 12, 2018

HARDEE COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2017

State Grantor/Program Title	State CSFA Number	Identifying Number	State Expenditures	Passed Through to Subrecipients
<u>STATE PROJECTS</u>				
State of Florida, Division of Emergency Management				
Emergency Management Programs	31.063	17-BG-83-07-35-01-031	\$ 77,184	\$ -
Emergency Management Programs	31.063	18-BG-W9-07-35-01-053	32,601	-
Total Emergency Management Programs/ Total CSFA			109,785	-
State of Florida, Department of Environmental Protection				
Small County Consolidated Grants	37.012	SC714	90,909	-
Cooperative Collection Center Grant	37.007	SO948	16,364	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP25022	707,486	-
Total State of Florida, Department of Environmental Protection			814,759	-
State of Florida, Department of State				
State Aid to Libraries Grant	45.030	17-ST-15	49,861	-
State of Florida, Department of Agriculture and Consumer Services				
Mosquito Control	42.003	23796	42,279	-
Florida Housing Finance Corporation				
State Housing Initiative Partnership (SHIP) Program	40.901	N/A	412,812	-
State of Florida, Department of Health				
County Grant Awards	64.005	C4025	7,802	-
State of Florida, Department of Management Services				
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	16-10-12/S9-16-12-04	82,620	-
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	N/A	1,200	-
Wireless 911 Emergency Telephone System Rural County Special Distribution	72.001	N/A	50,000	-
Total State of Florida, Department of Management Services/Total CSFA			133,820	-
Total Expenditures of State Financial Assistance			\$ 1,571,118	\$ -

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**HARDEE COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2017**

NOTE 1 BASIS OF PRESENTATION

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, 2017. The information in this Schedule is presented in accordance with the requirements of Chapter 69I-5, Rules of the Florida Department of Financial Services. 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 position, 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 Chapter 69I-5, Rules of the Florida Department of Financial Services wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 CONTINGENCIES

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowances, if any, would have a material effect on the financial position of the County. As of April 12, 2018, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**HARDEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2017**

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? _____ yes x no
 - Significant deficiency(ies) identified x yes _____ 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
40.901	State Housing Initiatives Partnership Program

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, 2017**

Section II – Financial Statement Findings

2017-001 – Service Organization Monitoring

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: From March of 2017 through February 2018 the County was not an approved Medicare provider of ambulance services.

Criteria or specific requirement: Medicare reimburses the County a set percentage of the Medicare-approved amount for qualified ambulance runs.

Context: We conducted inquiries of management and inspected supporting documentation from the County, ambulance billing service organization, and Medicare. The County contracts with a service organization to handle defined tasks related to billing and collection of ambulance fees. The scope of service also includes provider enrollments.

Effect: The County's EMS revenues for the fiscal year were significantly less than in previous years.

Cause: During the time period from June 2016, when the initial recertification was submitted to Medicare, to March 2017, when Medicare closed the County's account, the County did not adequately monitor the service organization to ensure that the application process was complete.

Recommendation: We recommend that the County develop a control system to monitor the recertification process for Medicare and any other provider agreements.

Views of responsible officials and planned corrective actions: The County will amend their application to the Center for Medicare and Medicaid Services to include notification to management related to any application process or request for additional information.

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.

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, 2017, and have issued our report thereon dated April 12, 2018.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our 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*; 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; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, April 12, 2018, 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 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. See Note 1 to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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 for the County. 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.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note 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 12, 2018

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Board of County Commissioners
Hardee County, Florida

We have examined Hardee County, Florida's (County) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2017. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds and Section 365.172(10) and 365.173(2)(d), Florida Statutes, regarding emergency communications number E911 system fund during the year ended September 30, 2017.

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

Lakeland, Florida
April 12, 2018

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017**

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT
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YEAR ENDED SEPTEMBER 30, 2017**

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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, 2017, 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, 2017, 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, 2017, 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 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 dated December 27, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's 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
December 27, 2017

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
ASSETS					
Cash	\$ 109,203	\$ 253,701	\$ 165,461	\$ 110,959	\$ 639,324
Due from Individuals	-	10	-	-	10
Due from Other Funds	5	20,996	18,487	15,281	54,769
Due from Other Governments	8,981	14,290	-	7,706	30,977
Prepaid Expense	2,051	1,916	-	-	3,967
	<u>120,240</u>	<u>290,913</u>	<u>183,948</u>	<u>133,946</u>	<u>729,047</u>
Total Assets	<u>\$ 120,240</u>	<u>\$ 290,913</u>	<u>\$ 183,948</u>	<u>\$ 133,946</u>	<u>\$ 729,047</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 85,940	\$ 225,570	\$ 2,749	\$ 969	\$ 315,228
Due to Other Funds	34,300	6	20,463	-	54,769
Due to Other Governments	-	65,337	-	10,904	76,241
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>120,240</u>	<u>290,913</u>	<u>23,212</u>	<u>11,873</u>	<u>446,238</u>
FUND BALANCES					
Nonspendable	2,051	1,916	-	-	3,967
Restricted - Clerk Operational Needs	-	-	-	122,073	122,073
Restricted - Official Records	-	-	148,687	-	148,687
Restricted - Court Technology	-	-	5,102	-	5,102
Restricted - Court Operational Needs	-	-	6,947	-	6,947
Unassigned	(2,051)	(1,916)	-	-	(3,967)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>160,736</u>	<u>122,073</u>	<u>282,809</u>
Total Liabilities and Fund Balances	<u>\$ 120,240</u>	<u>\$ 290,913</u>	<u>\$ 183,948</u>	<u>\$ 133,946</u>	<u>\$ 729,047</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, 2017**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
REVENUES					
Appropriations from Board of County Commissioners	\$ 537,100	\$ -	\$ -	\$ -	\$ 537,100
Intergovernmental	-	162	-	59,337	59,499
Charges for Services	99,026	733,514	69,936	-	902,476
Miscellaneous	4,561	5,273	1,026	1,038	11,898
Total Revenues	<u>640,687</u>	<u>738,949</u>	<u>70,962</u>	<u>60,375</u>	<u>1,510,973</u>
EXPENDITURES					
Current:					
General Government:					
Salaries and Benefits	548,556	724,349	39,789	57,016	1,369,710
Operating Expenditures	68,898	14,600	46,003	10,904	140,405
Capital Outlay	8,744	-	-	-	8,744
Total Expenditures	<u>626,198</u>	<u>738,949</u>	<u>85,792</u>	<u>67,920</u>	<u>1,518,859</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,489	-	(14,830)	(7,545)	(7,886)
OTHER FINANCING SOURCES (USES)					
Transfer to Board of County Commissioners	(14,489)	-	-	-	(14,489)
Total Other Financing Sources (Uses)	<u>(14,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,489)</u>
NET CHANGE IN FUND BALANCES	-	-	(14,830)	(7,545)	(22,375)
Fund Balances - Beginning of Year	-	-	175,566	129,618	305,184
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,736</u>	<u>\$ 122,073</u>	<u>\$ 282,809</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 537,100	\$ 537,100	\$ 537,100	\$ -
Charges for Services	82,500	99,026	99,026	-
Miscellaneous	-	4,561	4,561	-
Total Revenues	<u>619,600</u>	<u>640,687</u>	<u>640,687</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	566,820	548,561	548,561	-
Operating Expenditures	52,780	68,893	68,893	-
Capital Outlay	-	8,744	8,744	-
Total Expenditures	<u>619,600</u>	<u>626,198</u>	<u>626,198</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	14,489	14,489	-
OTHER FINANCING SOURCES (USES)				
Transfer to Board of County Commissioners	-	(14,489)	(14,489)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,489)</u>	<u>(14,489)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 238	\$ 162	\$ 162	\$ -
Charges for Services	738,445	733,514	733,514	-
Miscellaneous	-	5,273	5,273	-
Total Revenues	<u>738,683</u>	<u>738,949</u>	<u>738,949</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	704,948	724,349	724,349	-
Operating Expenditures	33,735	14,600	14,600	-
Total Expenditures	<u>738,683</u>	<u>738,949</u>	<u>738,949</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 238,057	\$ 245,809	\$ 69,936	\$ (175,873)
Miscellaneous	-	41	1,026	985
Total Revenues	<u>238,057</u>	<u>245,850</u>	<u>70,962</u>	<u>(174,888)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	17,517	39,789	39,789	-
Operating Expenditures	200,540	196,061	46,003	150,058
Capital Outlay	20,000	10,000	-	10,000
Total Expenditures	<u>238,057</u>	<u>245,850</u>	<u>85,792</u>	<u>160,058</u>
NET CHANGE IN FUND BALANCES	-	-	(14,830)	(14,830)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>175,566</u>	<u>175,566</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,736</u>	<u>\$ 160,736</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 229,136	\$ 229,136	\$ 59,337	\$ (169,799)
Miscellaneous	-	-	1,038	1,038
Total Revenues	<u>229,136</u>	<u>229,136</u>	<u>60,375</u>	<u>(168,761)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	32,795	57,016	57,016	-
Operating Expenditures	194,841	172,120	10,904	161,216
Capital Outlay	1,500	-	-	-
Total Expenditures	<u>229,136</u>	<u>229,136</u>	<u>67,920</u>	<u>161,216</u>
NET CHANGE IN FUND BALANCES	-	-	(7,545)	(7,545)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>129,618</u>	<u>129,618</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,073</u>	<u>\$ 122,073</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 282,497
	<hr/>
Total Assets	\$ 282,497
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 178,379
Vouchers Payable	1,019
Due to Other Governments	103,099
	<hr/>
Total Liabilities	\$ 282,497
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017**

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, 2017 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, 2017**

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, 2017, 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, 2017**

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

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, 2017**

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, 2017, the carrying amount of the Clerk's deposits was \$921,821 and the bank balance was \$1,240,966. 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, 2017**

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 \$5,409 in assets and \$5,409 in related depreciation to the Board of County Commissioners in fiscal year 2017.

The following is a summary of changes in capital assets for which the Clerk is custodian for the year ended September 30, 2017.

	Balance October 1, 2016	Additions	Disposals	Transfers	Balance September 30, 2017
Machinery and Equipment	\$ 504,207	\$ 8,744	\$ -	\$ (5,409)	\$ 507,542
Less: Accumulated Depreciation	<u>(428,908)</u>	<u>(28,154)</u>	<u>-</u>	<u>5,409</u>	<u>(451,653)</u>
Total Capital Assets, Net	<u>\$ 75,299</u>	<u>\$ (19,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,889</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, 2017**

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, 2017**

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, 2017**

NOTE 4 PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2017, 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, 2017**

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, 2017, 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, 2017, 2016, and 2015 were \$106,372, \$103,328, and \$101,859 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, 2017:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 5	\$ 34,300
Fine and Forfeiture Fund	20,996	6
Public Records Modernization Trust Fund	18,487	20,463
Child Support IV-D Fund	15,281	-
Total	\$ 54,769	\$ 54,769

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended September 30, 2017:

	Balance October 1, 2016	Net Additions	Balance September 30, 2017	Due Within One Year
Accrued Compensated Absences	\$ 65,184	\$ 838	\$ 66,022	\$ 36,145

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, 2017 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 \$537,100 for the year ended September 30, 2017.

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, 2017 amounted to \$232,169.

**HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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	\$ 133,224	\$ 1,019	\$ 119,627	\$ 287	\$ 23,978	\$ 4,362	\$ 282,497
Total Assets	<u>\$ 133,224</u>	<u>\$ 1,019</u>	<u>\$ 119,627</u>	<u>\$ 287</u>	<u>\$ 23,978</u>	<u>\$ 4,362</u>	<u>\$ 282,497</u>
LIABILITIES							
Due to Individuals	\$ 30,397	\$ -	\$ 119,627	\$ 15	\$ 23,978	\$ 4,362	\$ 178,379
Vouchers Payable	-	1,019	-	-	-	-	1,019
Due to Other Governments	102,827	-	-	272	-	-	103,099
Total Liabilities	<u>\$ 133,224</u>	<u>\$ 1,019</u>	<u>\$ 119,627</u>	<u>\$ 287</u>	<u>\$ 23,978</u>	<u>\$ 4,362</u>	<u>\$ 282,497</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, 2016	Increases	(Decreases)	Balance September 30, 2017
SPECIAL TRUST				
ASSETS				
Cash	\$ 50,640	\$ 1,121,981	\$ (1,039,397)	\$ 133,224
LIABILITIES				
Due to Individuals	\$ 35,165	\$ 55,192	\$ (59,960)	\$ 30,397
Due to Other Governments	15,475	910,081	(822,729)	102,827
Due to Board of County Commissioners	-	156,708	(156,708)	-
Total Liabilities	<u>\$ 50,640</u>	<u>\$ 1,121,981</u>	<u>\$ (1,039,397)</u>	<u>\$ 133,224</u>
SUPPORT				
ASSETS				
Cash	\$ 860	\$ 23,671	\$ (23,512)	\$ 1,019
LIABILITIES				
Due to Individuals	\$ -	\$ 7,319	\$ (7,319)	\$ -
Vouchers Payable	860	11,835	(11,676)	1,019
Due to Other Governments	-	4,517	(4,517)	-
Total Liabilities	<u>\$ 860</u>	<u>\$ 23,671</u>	<u>\$ (23,512)</u>	<u>\$ 1,019</u>
COURT REGISTRY				
ASSETS				
Cash	\$ 106,798	\$ 627,948	\$ (615,119)	\$ 119,627
LIABILITIES				
Due to Individuals	<u>\$ 106,798</u>	<u>\$ 627,948</u>	<u>\$ (615,119)</u>	<u>\$ 119,627</u>

**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, 2016	Increases	(Decreases)	Balance September 30, 2017
COUNTY WITNESS				
ASSETS				
Cash	\$ 287	\$ -	\$ -	\$ 287
LIABILITIES				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	272	-	-	272
Total Liabilities	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287</u>
CASH BOND				
ASSETS				
Cash	\$ 31,345	\$ 86,594	\$ (93,961)	\$ 23,978
LIABILITIES				
Due to Individuals	\$ 31,345	\$ 86,594	\$ (93,961)	\$ 23,978
CONDEMNATION RIGHT-OF-WAY				
ASSETS				
Cash	\$ 4,362	\$ -	\$ -	\$ 4,362
LIABILITIES				
Due to Individuals	\$ 4,362	\$ -	\$ -	\$ 4,362
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 194,292	\$ 1,860,194	\$ (1,771,989)	\$ 282,497
LIABILITIES				
Due to Individuals	\$ 177,685	\$ 777,053	\$ (776,359)	\$ 178,379
Vouchers Payable	860	11,835	(11,676)	1,019
Due to Other Governments	15,747	914,598	(827,246)	103,099
Due to Board of County Commissioners	-	156,708	(156,708)	-
Total Liabilities	<u>\$ 194,292</u>	<u>\$ 1,860,194</u>	<u>\$ (1,771,989)</u>	<u>\$ 282,497</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 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, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements, and have issued our report thereon dated December 27, 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
December 27, 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, 2017 and have issued our report thereon dated December 27, 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 Reporting Requirements

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 the Financial Statements Performed in Accordance with *Government Auditing Standards* and the Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which is dated December 27, 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

Financial Management

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

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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
December 27, 2017

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the 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, 2017. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Hardee County Clerk of the Circuit Court complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Hardee County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds; Section 61.181, Florida Statutes, regarding clerks of the courts alimony and child support payments; and Sections 28.35 and 28.36, Florida Statutes, regarding clerks of the courts performance standards and budgets during year ended September 30, 2017.

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

Lakeland, Florida
December 27, 2017

HARDEE COUNTY SHERIFF
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2017

**HARDEE COUNTY SHERIFF
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YEAR ENDED SEPTEMBER 30, 2017**

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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, 2017, 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, 2017, 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, 2017, 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 February 19, 2018 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 solely 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 the effectiveness of the Sheriff's 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.

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

CliftonLarsonAllen LLP

Lakeland, Florida
February 19, 2018

**HARDEE COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>General Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 196,664	\$ 135,877	\$ 332,541
Due from the Board of County Commissioners	21,835		21,835
Due From Other Governments	35,078	-	35,078
Prepaid Items	823,231	-	823,231
	<u>823,231</u>	<u>-</u>	<u>823,231</u>
Total Assets	<u>\$ 1,076,808</u>	<u>\$ 135,877</u>	<u>\$ 1,212,685</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 30,749	\$ -	\$ 30,749
Accrued Liabilities	200,086	-	200,086
Due to the Board of County Commissioners	845,973	-	845,973
	<u>1,076,808</u>	<u>-</u>	<u>1,076,808</u>
 FUND BALANCES			
Nonspendable	823,231	-	823,231
Restricted	-	135,877	135,877
Unassigned	(823,231)	-	(823,231)
	<u>-</u>	<u>135,877</u>	<u>135,877</u>
Total Liabilities and Fund Balances	<u>\$ 1,076,808</u>	<u>\$ 135,877</u>	<u>\$ 1,212,685</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, 2017**

	<u>General Fund</u>	<u>Other Governmental Funds (Non-Major Funds)</u>	<u>Total Governmental Funds</u>
REVENUES			
Appropriations from Board of County Commissioners	\$ 9,536,422	\$ -	\$ 9,536,422
Intergovernmental	83,539	179,928	263,467
Charges for Services	318,622	-	318,622
Fines and Forfeitures	-	8,310	8,310
Interest and Miscellaneous	121,063	26,989	148,052
Total Revenues	<u>10,059,646</u>	<u>215,227</u>	<u>10,274,873</u>
EXPENDITURES			
Current:			
Public Safety:			
Salaries and Benefits	7,500,965	-	7,500,965
Operating Expenditures	1,450,480	230,384	1,680,864
Capital Outlay	608,395	-	608,395
Total Expenditures	<u>9,559,840</u>	<u>230,384</u>	<u>9,790,224</u>
EXCESS OF REVENUES OVER EXPENDITURES	499,806	(15,157)	484,649
OTHER FINANCING USES			
Transfers to Board of County Commissioners	(499,806)	-	(499,806)
Total Other Financing Uses	<u>(499,806)</u>	<u>-</u>	<u>(499,806)</u>
NET CHANGE IN FUND BALANCES	-	(15,157)	(15,157)
Fund Balances - Beginning of Year	<u>-</u>	<u>151,034</u>	<u>151,034</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 135,877</u>	<u>\$ 135,877</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Appropriations from Board of County Commissioners	\$ 9,536,422	\$ 9,536,422	\$ 9,536,422	\$ -
Intergovernmental	-	-	83,539	83,539
Charges for Services	-	-	318,622	318,622
Interest and Miscellaneous	-	-	121,063	121,063
Total Revenues	<u>9,536,422</u>	<u>9,536,422</u>	<u>10,059,646</u>	<u>523,224</u>
EXPENDITURES				
Current:				
Public Safety:				
Salaries and Benefits	7,677,297	7,677,297	7,500,965	176,332
Operating Expenditures	1,609,125	1,609,125	1,450,480	158,645
Capital outlay	250,000	250,000	608,395	(358,395)
Total Expenditures	<u>9,536,422</u>	<u>9,536,422</u>	<u>9,559,840</u>	<u>(23,418)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	499,806	499,806
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(499,806)	(499,806)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(499,806)</u>	<u>(499,806)</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, 2017**

ASSETS

Cash

\$ 47,634

LIABILITIES

Due to Individuals

\$ 47,634

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017**

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, 2017**

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, 2017 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, 2017**

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, 2017**

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, 2017, the carrying amount of the Sheriff's deposits was \$380,175 and the bank balance was \$887,731. 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, 2017**

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, 2017:

	Balance October 1, 2016	Additions	Disposals	Transfers	Balance September 30, 2017
Machinery and Equipment	\$ 3,954,363	\$ 608,395	\$ (167,685)	\$ -	\$ 4,395,073
Less: Accumulated Depreciation	(2,857,346)	(336,862)	161,046	-	(3,033,162)
Total Capital Assets, Net	<u>\$ 1,097,017</u>	<u>\$ 271,533</u>	<u>\$ (6,639)</u>	<u>\$ -</u>	<u>\$ 1,361,911</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, 2017**

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, 2017**

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, 2017, 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, 2017**

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 0.06% 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, 2017, 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, 2017**

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, 2017, 2016, and 2015 were \$921,248, \$873,919, and \$773,223, 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, 2017:

	<u>Balance October 1, 2016</u>	<u>Net Increase</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	<u>\$ 290,055</u>	<u>\$ 34,471</u>	<u>\$ 324,526</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, 2017 were as follows:

Budget Appropriation - The General Fund of the Sheriff received revenue from the Board of County Commissioners in the amount of \$9,536,422 for the year ended September 30, 2017. At September 30, 2017, \$845,973 was due to the Board of County Commissioners from the General Fund of the Sheriff. At September 30, 2017, \$21,835 was due from the Board of County Commissioners to the General Fund of the Sheriff.

**HARDEE COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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.

There have been no claim settlements in excess of coverage during the past three years.

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, 2017**

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, 2017**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
ASSETS				
Cash	\$ 77,945	\$ 57,932	\$ -	\$ 135,877
Total Assets	\$ 77,945	\$ 57,932	\$ -	\$ 135,877
LIABILITIES				
Due to the Board of County Commissioners	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for Education	-	57,932	-	57,932
Restricted for Inmate Welfare	77,945	-	-	77,945
Total Fund Balances	77,945	57,932	-	135,877
Total Liabilities and Fund Balances	\$ 77,945	\$ 57,932	\$ -	\$ 135,877

**HARDEE COUNTY SHERIFF
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2017**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 179,928	\$ 179,928
Fines and Forfeitures	-	8,310	-	8,310
Miscellaneous	26,989	-	-	26,989
Total Revenues	<u>26,989</u>	<u>8,310</u>	<u>179,928</u>	<u>215,227</u>
EXPENDITURES				
Current:				
Public Safety:				
Operating Expenditures	50,456	-	179,928	230,384
Capital Outlay	-	-	-	-
Total Expenditures	<u>50,456</u>	<u>-</u>	<u>179,928</u>	<u>230,384</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,467)	8,310	-	(15,157)
Fund Balances - Beginning of Year	<u>101,412</u>	<u>49,622</u>	<u>-</u>	<u>151,034</u>
FUND BALANCES - END OF YEAR	<u>\$ 77,945</u>	<u>\$ 57,932</u>	<u>\$ -</u>	<u>\$ 135,877</u>

**HARDEE COUNTY SHERIFF
COMBINING SCHEDULE OF
FIDUCIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2017**

	<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>\$ 4,005</u>	<u>\$ -</u>	<u>\$ 26,218</u>	<u>\$ 9,540</u>	<u>\$ 6,927</u>	<u>\$ 944</u>	<u>\$ -</u>	<u>\$ 47,634</u>
LIABILITIES								
Due to Individuals	<u>\$ 4,005</u>	<u>\$ -</u>	<u>\$ 26,218</u>	<u>\$ 9,540</u>	<u>\$ 6,927</u>	<u>\$ 944</u>	<u>\$ -</u>	<u>\$ 47,634</u>

**HARDEE COUNTY SHERIFF
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION – AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Increases	(Decreases)	Balance September 30, 2017
SUSPENSE				
ASSETS				
Cash	\$ 1,428	\$ 94,751	\$ (92,174)	\$ 4,005
LIABILITIES				
Due to Individuals	\$ 1,428	\$ 94,751	\$ (92,174)	\$ 4,005
COLLECTIONS				
ASSETS				
Cash	\$ -	\$ 17,529	\$ (17,529)	\$ -
LIABILITIES				
Due to Individuals	\$ -	\$ 17,529	\$ (17,529)	\$ -
EVIDENCE				
ASSETS				
Cash	\$ 27,216	\$ 3,117	\$ (4,115)	\$ 26,218
LIABILITIES				
Due to Individuals	\$ 27,216	\$ 3,117	\$ (4,115)	\$ 26,218
INMATE				
ASSETS				
Cash	\$ 8,152	\$ 1,416,410	\$ (1,415,022)	\$ 9,540
LIABILITIES				
Due to Individuals	\$ 8,152	\$ 1,416,410	\$ (1,415,022)	\$ 9,540
YOUTH				
ASSETS				
Cash	\$ 7,177	\$ 379	\$ (629)	\$ 6,927
LIABILITIES				
Due to Individuals	\$ 7,177	\$ 379	\$ (629)	\$ 6,927
FLOWER				
ASSETS				
Cash	\$ 1,906	\$ -	\$ (962)	\$ 944
LIABILITIES				
Due to Individuals	\$ 1,906	\$ -	\$ (962)	\$ 944
DRUG TASK FORCE				
ASSETS				
Cash	\$ 1,440	\$ 66	\$ (1,506)	\$ -
LIABILITIES				
Due to Individuals	\$ 1,440	\$ 66	\$ (1,506)	\$ -
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 47,319	\$ 1,532,252	\$ (1,531,937)	\$ 47,634
LIABILITIES				
Due to Individuals	\$ 47,319	\$ 1,532,252	\$ (1,531,937)	\$ 47,634



**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, 2017, 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 February 19, 2018.

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 questioned costs 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 Questioned Costs Current Year and Prior Years to be a material weakness. 2017-001.

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 Questioned Costs Current Year and Prior Years to be significant deficiencies: 2017-002 and 2017-003.

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 Questioned Costs 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
February 19, 2018

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, 2017, and we have issued our report thereon dated February 19, 2018.

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 Reporting Requirements

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 Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 19, 2018, 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 Questioned Costs, 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

Financial Management

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

Additional Matters

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

Purpose of this Letter

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

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



CliftonLarsonAllen LLP

Lakeland, Florida
February 19, 2018

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2017**

Current Year Findings

Material Weakness

2017-001: MATERIAL FINANCIAL STATEMENT ADJUSTMENTS

Criteria: Adjustments for excess fees, and expenditures related to the radio tower were not posted correctly 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: Unfamiliarity with how to handle certain transactions.

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. Excess fees, expenditures, and transfer 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

2017-002: JOURNAL ENTRIES

Criteria: Management is responsible for designing and implementing an internal control structure that will provide a proper review process for transactions which ensure proper support for transactions recorded.

Condition: There was lack of formal review of journal entries.

Cause: It was not evident that journal entries were reviewed.

Effect: General ledger accounts are subject to irregularities.

Recommendation: We recommend journal entries, including proper supporting documentation, be signed off as evidence of a formal review process.

Response: We concur.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2017**

Significant Deficiency

2017-003: ACTUAL EXPENDITURES GREATER THAN BUDGET

Criteria: Chapter 129.07, Florida Statutes.

Condition: Total actual expenditures of the entity were greater than total budgeted expenditures for the fiscal year.

Cause: Management did not track the expenditure relation to the budget, and did not amend the budget for expenditures related to additional intergovernmental funding.

Effect: Total actual expenditures exceeded budgeted expenditures.

Recommendation: The Sheriff should perform a periodic review of total expenditures to ascertain whether a budget amendment is needed to stay in compliance with F.S. 129.07.

Response: We concur.

**HARDEE COUNTY SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT YEAR AND PRIOR YEARS (CONTINUED)
SEPTEMBER 30, 2017**

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 2017-001.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2016-001 - Preparation of Financial Statements	Material Weakness		X		2017-001
2016-002 - Authorized Signers	Significant Deficiency	X			
2016-003 - Sheriff Salary	Control Deficiency	X			
2015-001 - Material Financial Statement Adjustments	Material Weakness		X		2017-001

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, 2017. Management of the Sheriff 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Hardee County Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hardee County Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Hardee County Sheriff's compliance with specified requirements.

In our opinion, Hardee County Sheriff complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during year ended September 30, 2017.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 19, 2018

HARDEE COUNTY TAX COLLECTOR
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

**HARDEE COUNTY TAX COLLECTOR
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INDEPENDENT AUDITORS' REPORT

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

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, 2017, 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, 2017, and the respective changes in financial position and budgetary comparison for the General Fund 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, 2017, 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 this 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardee County Tax Collector's basic 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 basic 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 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 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 5, 2017 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. The purpose of that report is solely 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 the effectiveness of Hardee County Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Tax Collector's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
December 5, 2017

**HARDEE COUNTY TAX COLLECTOR
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 95,876
Accounts Receivable	<u>16,202</u>
Total Assets	<u><u>\$ 112,078</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,977
Due to the Board of County Commissioners	107,425
Due to Other Governments	<u>2,676</u>
Total Liabilities	112,078

FUND BALANCE

Total Liabilities and Fund Balance	<u><u>\$ 112,078</u></u>
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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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 791,360	\$ 799,121	\$ 875,177	\$ 76,056
Interest and Miscellaneous Revenue	1,150	1,150	1,082	(68)
Total Revenues	<u>792,510</u>	<u>800,271</u>	<u>876,259</u>	<u>75,988</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	669,596	671,156	657,834	13,322
Operating Expenditures	117,890	117,890	101,025	16,865
Capital Outlay	3,000	11,225	7,300	3,925
Total Expenditures	<u>790,486</u>	<u>800,271</u>	<u>766,159</u>	<u>34,112</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,024	-	110,100	110,100
OTHER FINANCING USES				
Transfer to Other Governments	-	-	(2,675)	(2,675)
Transfer to the Board of County Commissioners	-	-	(107,425)	(107,425)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(110,100)</u>	<u>(110,100)</u>
NET CHANGE IN FUND BALANCES	2,024	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 475,887
	<hr/>
Total Assets	\$ 475,887
	<hr/> <hr/>

LIABILITIES

Due to Individuals	\$ 124,818
Due to Board of County Commissioners	9,703
Due to Other Governments	123,637
Due to Indigent Health Care Special District	126
Deposit - Installment Taxes	217,603
	<hr/>
Total Liabilities	\$ 475,887
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017**

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, 2017**

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, 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, 2017**

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, 2017, 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, 2017**

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, 2017**

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, 2017, the carrying amount of the Tax Collector's deposits was \$571,926 and the bank balance was \$550,777. 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

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2016	Additions	Disposals	Transfers	Balance September 30, 2017
Machinery and Equipment	\$ 114,553	\$ 7,300	\$ (2,285)	\$ -	\$ 119,568
Less: Accumulated Depreciation	(93,760)	(9,762)	2,285	-	(101,237)
Total Capital Assets, Net	<u>\$ 18,693</u>	<u>\$ (2,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,331</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, 2017**

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, 2017**

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, 2017**

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, 2017, 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, 2017**

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, 2017, 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, 2017, 2016, and 2015 were \$65,423, \$63,107, and \$68,101, 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, 2017:

	Balance October 1, 2016	Net Change	Balance September 30, 2017	Due Within One Year
Accrued Compensated Absences	\$ 30,561	\$ (5,545)	\$ 25,016	\$ -

**HARDEE COUNTY TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017 were as follows:

Budget Appropriation – The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$522,690 for the year ended September 30, 2017. The General Fund of the Tax Collector paid \$115,516 to the Board of County Commissioners for Health Insurance. In addition, \$107,425 and \$9,703 was due to the Board of County Commissioners at September 30, 2017 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, 2017**

	<u>Tax Collector Fund</u>	<u>Motor Vehicle Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 365,078	\$ 110,809	\$ 475,887
Total Assets	<u>\$ 365,078</u>	<u>\$ 110,809</u>	<u>\$ 475,887</u>
LIABILITIES			
Due to Individuals	\$ 124,818	\$ -	\$ 124,818
Due to Board of County Commissioners	9,281	422	9,703
Due to Other Governments	13,250	110,387	123,637
Due to Indigent Health Care Special District	126	-	126
Deposit - Installment Taxes	<u>217,603</u>	<u>-</u>	<u>217,603</u>
Total Liabilities	<u>\$ 365,078</u>	<u>\$ 110,809</u>	<u>\$ 475,887</u>

**HARDEE COUNTY TAX COLLECTOR
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION – ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
TAX COLLECTOR FUND				
ASSETS				
Cash	\$ 322,524	\$ 29,004,308	\$ 28,961,754	\$ 365,078
Due from Individuals	-	681,806	681,806	-
Total Assets	<u>\$ 322,524</u>	<u>\$ 29,686,114</u>	<u>\$ 29,643,560</u>	<u>\$ 365,078</u>
LIABILITIES				
Due to Individuals	\$ 60,642	\$ 927,244	\$ 863,068	\$ 124,818
Due to Board of County Commissioners	37,681	16,141,223	16,169,623	9,281
Due to Other Governments	15,926	12,398,235	12,400,911	13,250
Due to Indigent Health Care Special District	340	1,809	2,023	126
Deposit - Installment Taxes	207,935	217,603	207,935	217,603
Total Liabilities	<u>\$ 322,524</u>	<u>\$ 29,686,114</u>	<u>\$ 29,643,560</u>	<u>\$ 365,078</u>
MOTOR VEHICLE FUND				
ASSETS				
Cash	\$ 75,928	\$ 3,548,514	\$ 3,513,633	\$ 110,809
Total Assets	<u>\$ 75,928</u>	<u>\$ 3,548,514</u>	<u>\$ 3,513,633</u>	<u>\$ 110,809</u>
LIABILITIES				
Due to Board of County Commissioners	\$ 576	\$ 7,295	\$ 7,449	\$ 422
Due to Other Governments	75,352	3,541,219	3,506,184	110,387
Total Liabilities	<u>\$ 75,928</u>	<u>\$ 3,548,514</u>	<u>\$ 3,513,633</u>	<u>\$ 110,809</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 398,452	\$ 32,552,822	\$ 32,475,387	\$ 475,887
Due from Individuals	-	681,806	681,806	-
Total Assets	<u>\$ 398,452</u>	<u>\$ 33,234,628</u>	<u>\$ 33,157,193</u>	<u>\$ 475,887</u>
LIABILITIES				
Due to Individuals	\$ 60,642	\$ 927,244	\$ 863,068	\$ 124,818
Due to Board of County Commissioners	38,257	16,148,518	16,177,072	9,703
Due to Other Governments	91,278	15,939,454	15,907,095	123,637
Due to Indigent Health Care Special District	340	1,809	2,023	126
Deposit - Installment Taxes	207,935	217,603	207,935	217,603
Total Liabilities	<u>\$ 398,452</u>	<u>\$ 33,234,628</u>	<u>\$ 33,157,193</u>	<u>\$ 475,887</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the aggregate remaining fund information of the Hardee County Tax Collector, as of and for the year ended September 30, 2017, 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 5, 2017.

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 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
December 5, 2017

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County Tax Collector, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated December 5, 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 Reporting Requirements

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 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 5, 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 Jacki Johnson
Hardee County Tax Collector

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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, Florida
December 5, 2017

**HARDEE COUNTY TAX COLLECTOR
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2017**

Current Year Findings

No Current Findings Noted

Prior Years Findings

No Prior Findings Noted

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2017. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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

Lakeland, Florida
December 5, 2017

HARDEE COUNTY PROPERTY APPRAISER

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

**HARDEE COUNTY PROPERTY APPRAISER
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YEAR ENDED SEPTEMBER 30, 2017**

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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, 2017, 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, 2017, 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, 2017, 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 statements 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 December 19, 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 solely 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 the effectiveness of 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
December 19, 2017

**HARDEE COUNTY PROPERTY APPRAISER
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 37,245
	<hr/>
Total Assets	\$ 37,245
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Board of County Commissioners	\$ 36,459
Due to Special Taxing Districts	786
	<hr/>
Total Liabilities	37,245

FUND BALANCE

	<hr/>
	-
	<hr/>
Total Liabilities and Fund Balance	\$ 37,245
	<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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services:				
Board of County Commissioners	\$ 786,806	\$ 786,806	\$ 786,806	\$ -
Other Governments	16,959	16,959	16,959	-
Interest Income	225	225	225	-
Miscellaneous	1,272	1,272	1,272	-
Total Revenues	<u>805,262</u>	<u>805,262</u>	<u>805,262</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government:				
Personal Services	561,464	534,618	531,729	2,889
Operating Expenditures	207,973	236,627	205,346	31,281
Capital Outlay	34,000	32,563	30,942	1,621
Total Expenditures	<u>803,437</u>	<u>803,808</u>	<u>768,017</u>	<u>35,791</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,825	1,454	37,245	(35,791)
OTHER FINANCING USES				
Distribution of Excess Revenues:				
Board of County Commissioners	(1,825)	(1,454)	(36,459)	35,005
Special Taxing Districts	-	-	(786)	786
Total Other Financing Uses	<u>(1,825)</u>	<u>(1,454)</u>	<u>(37,245)</u>	<u>35,791</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, 2017**

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, 2017**

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, 2017**

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, 2017, 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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation and Sick Pay

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

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

<u>Continuous Employment</u>	<u>Annual Leave Earned</u>
1st – 6th Year	10 Days
7th – 9th Year	12 Days
10th – 15th Year	15 Days
16th – 19th Year	17 Days
20 Years Plus	20 Days

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

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

<u>Length of Service</u>	<u>Percentage of Sick Leave</u>
20 – 24 Years	25.0%
25 – 29 Years	35.5%
30 Years Plus	50.0%

Use of Estimates

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

**HARDEE COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017, the Property Appraiser's book balance of cash was \$37,205 and the bank balance was \$135,614. 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, 2017**

NOTE 3 CAPITAL ASSETS

Tangible personal property used in the Property Appraiser's operations is recorded as an expenditure in the general fund of the Property Appraiser at the time of purchase. Purchased assets are capitalized at historical cost in the government-wide financial statements of the County. The Property Appraiser maintains custodial responsibility for these capital assets.

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2016	Additions	Disposals	Balance September 30, 2017
Machinery and Equipment	\$ 105,006	\$ 3,495	\$ (3,530)	\$ 104,971
Vehicles	70,891	27,447	(23,032)	75,306
Total Capital Assets	175,897	30,942	(26,562)	180,277
Less Accumulated Depreciation	(135,783)	(15,687)	26,562	(124,908)
Total Capital Assets, Net	<u>\$ 40,114</u>	<u>\$ 15,255</u>	<u>\$ -</u>	<u>\$ 55,369</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.

Essentially all regular employees of the Property Appraiser 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 PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017**

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, 2017**

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 0.06% 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, 2017**

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, 2017, 2016, and 2015 were \$64,039, \$61,462, and \$61,137, 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, 2017:

	Balance October 1, 2016	Net Deletions	Balance September 30, 2017	Amount Due Within One Year
Accrued Compensated Absences	\$ 8,148	\$ 757	\$ 8,905	\$ -

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, 2017**

NOTE 6 RELATED PARTY TRANSACTIONS

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2017 were as follows:

Budget Appropriation – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$786,806 for the year ended September 30, 2017. At September 30, 2017, \$36,459 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, 2017 amounted to \$80,955.54.

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, 2017, 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 December 19, 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
December 19, 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, 2017, and have issued our report thereon dated December 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 Auditor General.

Other Reporting Requirements

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 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 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. 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

Financial Management

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.

Additional Matters

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
December 19, 2017

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Kathy Crawford
Hardee County Property Appraiser
Wauchula, Florida

We have examined Hardee County Property Appraiser's (Property Appraiser) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of the Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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

Lakeland, Florida
December 19, 2017

HARDEE COUNTY SUPERVISOR OF ELECTIONS
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
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INDEPENDENT AUDITORS' REPORT

The Honorable Diane Smith
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, 2017, 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, 2017, 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, 2017, 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 9, 2018 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 9, 2018

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 14,253
Prepaid Expenditures	<u>5,162</u>
Total Assets	<u><u>\$ 19,415</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 6,062
Due to Board of County Commissioners	<u>13,353</u>
Total Liabilities	19,415

FUND BALANCE

Nonspendable	5,162
Unassigned	<u>(5,162)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 19,415</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, 2017**

	Budgeted Amounts		Actual	Variance with Final budget - Over (Under)
	Original	Final		
REVENUES				
Appropriation from Board of County Commissioners	\$ 380,061	\$ 380,061	\$ 380,061	\$ -
Interest Income	-	-	16	16
Miscellaneous	-	-	1,761	1,761
Total Revenues	<u>380,061</u>	<u>380,061</u>	<u>381,838</u>	<u>1,777</u>
EXPENDITURES				
Current:				
General Government:				
Salaries and Benefits	265,561	265,561	253,244	(12,317)
Operating Expenditures	103,500	103,500	108,895	5,395
Capital Outlay	11,000	11,000	6,346	(4,654)
Total Expenditures	<u>380,061</u>	<u>380,061</u>	<u>368,485</u>	<u>(11,576)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,353</u>	<u>13,353</u>
OTHER FINANCING USES				
Transfer to the Board of County Commissioners	-	-	(13,353)	(13,353)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(13,353)</u>	<u>(13,353)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

NOTE 2 CUSTODIAL CREDIT RISK (CONTINUED)

At September 30, 2017, the book balance of cash was \$14,253 and the bank balance was \$31,167. 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, 2016	Additions	Disposals	Transfers	Balance September 30, 2017
Machinery and Equipment	\$ 184,573	\$ 6,346	\$ (1,098)	\$ -	\$ 189,821
Total Capital Assets	184,573	6,346	(1,098)	-	189,821
Less: Accumulated Depreciation	(119,644)	(28,808)	1,098	-	(147,354)
Total Capital Assets, Net	<u>\$ 64,929</u>	<u>\$ (22,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,467</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, 2017**

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, 2017**

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, 2017**

NOTE 4 PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 30, 2017, 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, 2017**

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, 2017, 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, 2017, 2016, and 2015 were \$43,822, and \$38,928, and \$33,590, 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, 2017**

NOTE 5 COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences obligations for the year ended September 30, 2017:

	Balance October 1, 2016	Net Change	Balance September 30, 2017	Due Within One Year
Accrued Compensated Absences	\$ 854	\$ 24	\$ 878	\$ -

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, 2017 were as follows:

Budget Appropriation - The General Fund of the Supervisor received revenue from the Board of County Commissioners in the amount of \$380,061 for the fiscal year ended September 30, 2017, including \$13,353 was due to the Board of County Commissioners at September 30, 2017. Furthermore, \$27,366 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 Diane Smith
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, 2017, and the related notes to the financial statements, which collectively comprise Supervisor's basic financial statements, and have issued our report thereon dated January 9, 2018.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies. See finding 2017-001.

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*.

Hardee County Supervisor of Elections' Response to Findings

The Supervisor's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Supervisor's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
January 9, 2018

MANAGEMENT LETTER

The Honorable Diane Smith
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, 2017, and we have issued our report thereon dated January 9, 2018.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated January 9, 2018 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 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.

Financial Management

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.

With respect to the above, please see Finding 2017-002 regarding retirement payments for the Supervisor.

Additional Matters

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 9, 2018

**HARDEE COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS AND RESPONSES
CURRENT YEAR AND PRIOR YEARS
SEPTEMBER 30, 2017**

Current Year Findings

Significant Deficiency

2017-001: POLL WORKER EXPENDITURES

- Criteria:** Management is responsible for designing and implementing an internal control structure to ensure proper support for transactions recorded.
- Condition:** There was a lack of supporting documentation for poll worker expenditures.
- Cause:** It was not evident that supporting documentation was obtained for poll workers time.
- Effect:** General ledger accounts are subject to irregularities.
- Recommendation:** We recommend all expenditures include property supporting documentation, and be signed off as evidence of a formal review process.
- Response:** We concur.

Prior Year Findings

There were no prior year findings.

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Diane Smith
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, 2017. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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 9, 2018