

**HARDEE COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2018**

**HARDEE COUNTY, FLORIDA  
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## INDEPENDENT AUDITORS' 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, 2018, 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, 2018, 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, and Economic Development Authority fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During fiscal year ended September 30, 2018, the County adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principal (see Note 16.) Our auditors' opinion was not modified with respect to the restatement.

During fiscal year ended September 30, 2018, the County became aware of a miscalculation and therefore underpayment to a vendor for a number of years. As a result, the County reported a restatement for the change due to error (see Note 16.) Our auditors' opinion was not modified with respect to the restatement.

### ***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 to 15, information on other postemployment benefits on page 74, and information on pension benefits on pages 75 to 78 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.

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 May 2, 2019, 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  
May 2, 2019

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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, 2018. This report provides comparative data for fiscal years 2018 and 2017.

**Financial Highlights**

Significant financial highlights for fiscal year 2018 are as follows:

- Total assets and deferred outflows of resources of the County exceeded total liabilities and deferred inflows of resources by \$63.22 million. Of this amount, \$57.46 million was invested in capital assets, net of related debt and \$18.28 million is restricted for various purposes. Unrestricted net deficit was \$12.52 million.
- The total net position was \$9.38 million more than the previous years' net position. This change includes excess revenues over expenditures of \$2.40 million, the inclusion of the EDA net position of \$7.91 million, a restatement related to the implementation of GASB 75 of (\$575) thousand, and a prior period adjustment of (\$344) thousand.
- The County's total liabilities decreased by \$1.4 million or 3.5% from the previous year.
- As of September 30, 2018, the combined total governmental funds' fund balance reflected a balance of \$25.93 million, an increase of 14.5% from the previous year. Determining this balance was \$29.18 million in total governmental funds' assets, less \$2.76 million in total governmental funds liabilities and deferred inflows of resources of \$493 thousand.
- The County's total unassigned fund balance was \$5.34 million.

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

**Government-Wide Financial Statements**

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

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

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

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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 to 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 to 26 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.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

The basic proprietary fund financial statement can be found on pages 27 to 31 of this report.

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

The basic fiduciary fund financial statement can be found on page 32 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 33 to 73 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 \$63.22 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 (98.89%) 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 increased by \$9.40 million.

**Hardee County's Net Position**

NET POSITION COMPARISON	Governmental Activities		Business-Type Activities		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Current and Other Assets	\$ 17,171,058	\$ 28,803,053	\$ 4,678,824	\$ 5,060,172	\$ 21,849,882	\$ 33,863,225
Capital Assets	44,285,820	43,259,235	19,577,841	18,629,623	63,863,661	61,888,858
Total Assets	61,456,878	72,062,288	24,256,665	23,689,795	85,713,543	95,752,083
Deferred Outflows of Resources	10,633,280	9,962,245	273,750	238,731	10,907,030	10,200,976
Long-Term Debt Outstanding	27,020,240	27,795,273	12,191,476	9,151,239	39,211,716	36,946,512
Other Liabilities	1,690,716	2,375,551	364,349	520,834	2,055,065	2,896,385
Total Liabilities	28,710,956	30,170,824	12,555,825	9,672,073	41,266,781	39,842,897
Deferred Inflows of Resources	1,486,128	2,813,847	45,503	76,637	1,531,631	2,890,484
Net Position:						
Invested in Capital Assets						
Net of Related Debt	43,983,066	42,661,706	15,397,841	14,799,623	59,380,907	57,461,329
Restricted	5,642,424	18,281,362	-	-	5,642,424	18,281,362
Unrestricted	(7,732,416)	(11,903,206)	(3,468,754)	(619,807)	(11,201,170)	(12,523,013)
Total Net Position	\$ 41,893,074	\$ 49,039,862	\$ 11,929,087	\$ 14,179,816	\$ 53,822,161	\$ 63,219,678

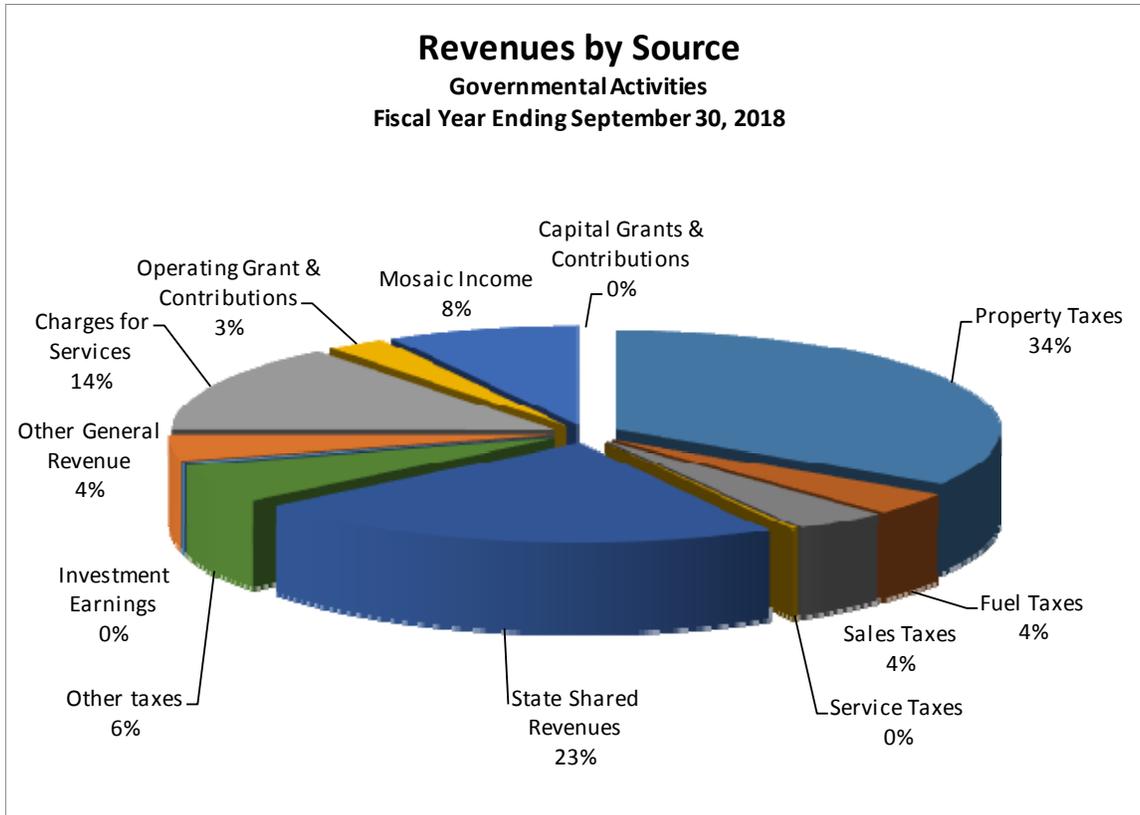
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Hardee County's Changes in Net Position**

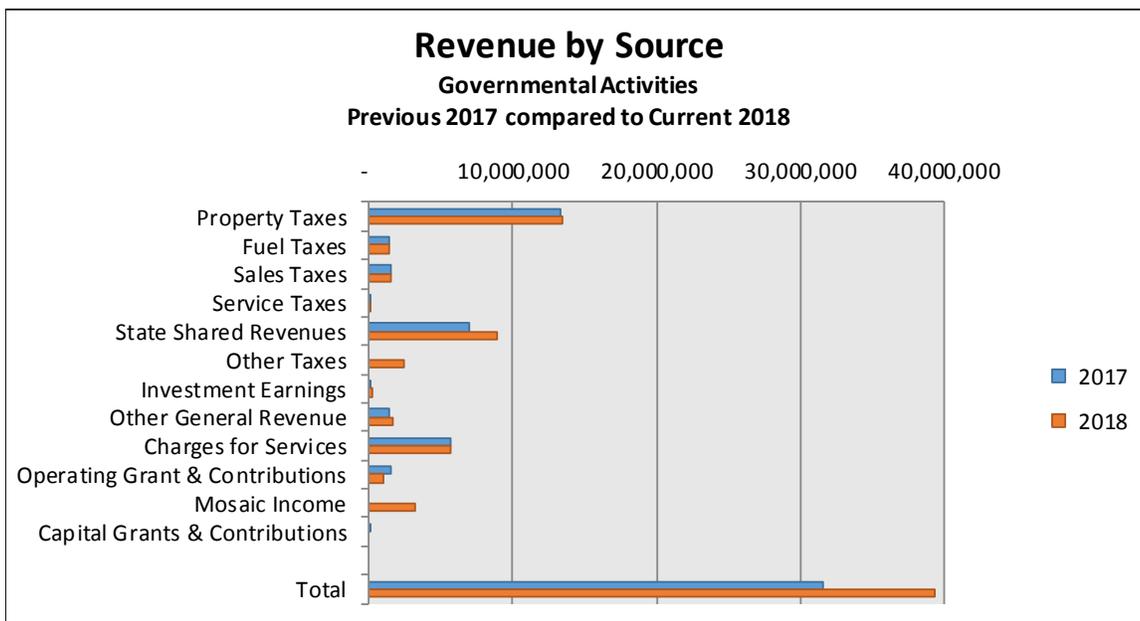
CHANGE IN NET POSITION	Governmental Activities		Business-Type Activities		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 5,676,662	\$ 5,650,462	\$ 2,681,933	\$ 3,004,229	\$ 8,358,595	\$ 8,654,691
Operating Grants and Contributions	1,449,873	1,009,684	107,273	105,988	1,557,146	1,115,672
Capital Grants and Contributions	31,409	-	707,486	111,903	738,895	111,903
General Revenues:						
Property Taxes	13,317,784	13,414,297	-	-	13,317,784	13,414,297
Other Taxes	9,790,187	14,420,383	483,745	252,561	10,273,932	14,672,944
Mosaic Income	-	3,187,022	-	-	-	3,187,022
Other	1,397,092	1,736,903	26,658	64,619	1,423,750	1,801,522
Total Revenues	<u>31,663,007</u>	<u>39,418,751</u>	<u>4,007,095</u>	<u>3,539,300</u>	<u>35,670,102</u>	<u>42,958,051</u>
<b>EXPENSES</b>						
General Government	10,711,816	8,422,129	-	-	10,711,816	8,422,129
Public Safety	15,968,034	18,021,467	-	-	15,968,034	18,021,467
Physical Environment	426,979	2,242,607	-	-	426,979	2,242,607
Transportation	6,175,603	6,545,804	-	-	6,175,603	6,545,804
Economic Environment	575,979	2,305,283	-	-	575,979	2,305,283
Human Services	980,600	991,936	-	-	980,600	991,936
Culture and Recreation	1,342,861	1,233,363	-	-	1,342,861	1,233,363
Court Related	-	8,106	-	-	-	8,106
Debt Service:						
Interest on Long-Term Debt	9,377	10,076	-	-	9,377	10,076
Solid Waste	-	-	2,331,139	(862,104)	2,331,139	(862,104)
Wauchula Hills Wastewater	-	-	1,723,392	1,517,838	1,723,392	1,517,838
Vandolah Wastewater	-	-	142,697	123,252	142,697	123,252
Total Expenses	<u>36,191,249</u>	<u>39,780,771</u>	<u>4,197,228</u>	<u>778,986</u>	<u>40,388,477</u>	<u>40,559,757</u>
Excess before Transfers	(4,528,242)	(362,020)	(190,133)	2,760,314	(4,718,375)	2,398,294
Transfers	166,693	143,353	(166,693)	(143,353)	-	-
Changes in Net Position	<u>(4,361,549)</u>	<u>(218,667)</u>	<u>(356,826)</u>	<u>2,616,961</u>	<u>(4,718,375)</u>	<u>2,398,294</u>
Net Position - Beginning as Previously Stated	46,254,623	41,893,074	12,285,913	11,929,087	58,540,536	53,822,161
Beginning Component Unit - EDA	-	7,917,899	-	-	-	7,917,899
Prior Period Restatement	-	(552,444)	-	(366,232)	-	(918,676)
Net Position - Beginning as Restated	<u>46,254,623</u>	<u>49,258,529</u>	<u>12,285,913</u>	<u>11,562,855</u>	<u>58,540,536</u>	<u>60,821,384</u>
Net Position - Ending	<u>\$ 41,893,074</u>	<u>\$ 49,039,862</u>	<u>\$ 11,929,087</u>	<u>\$ 14,179,816</u>	<u>\$ 53,822,161</u>	<u>\$ 63,219,678</u>

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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

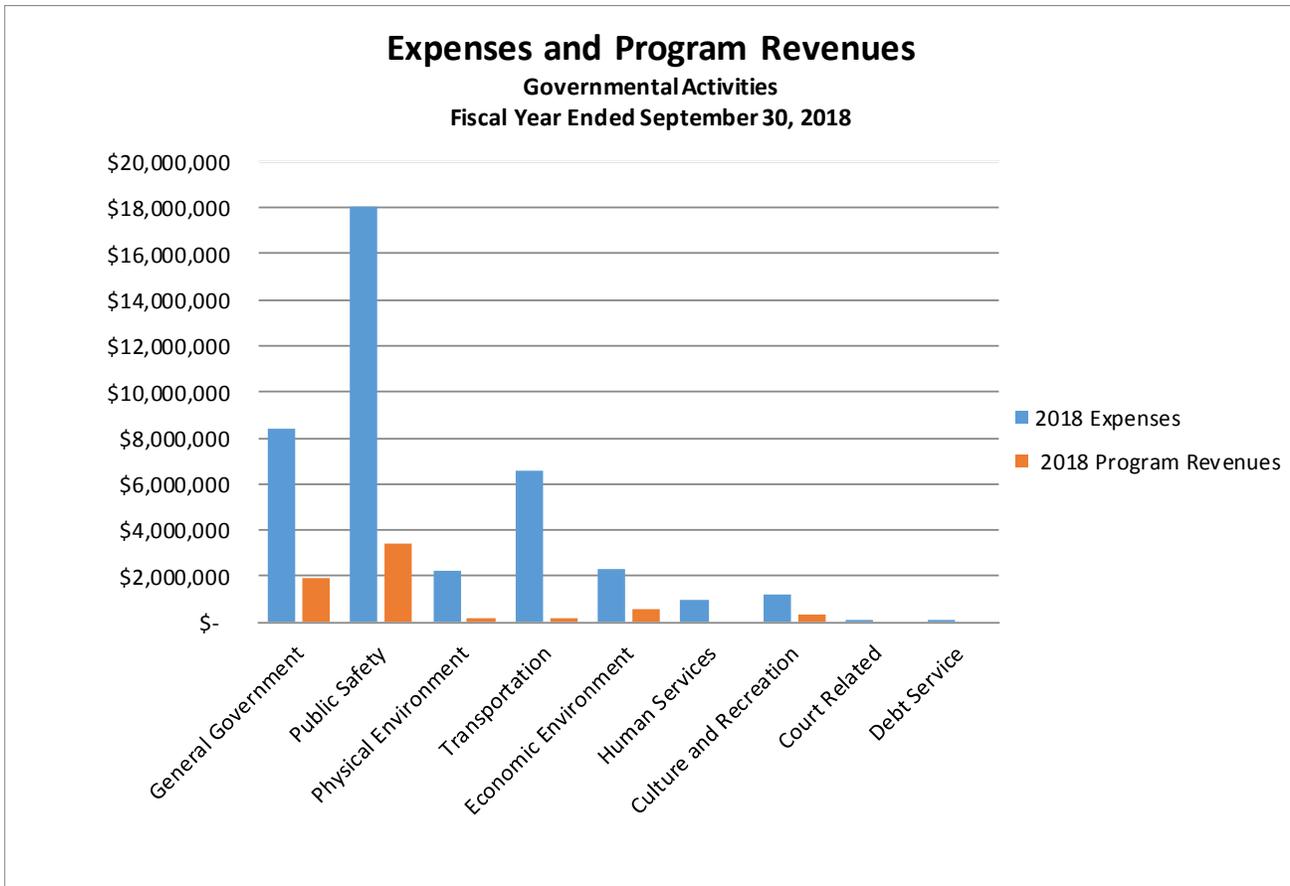


The following chart depicts the major revenue sources as a comparison of fiscal year revenues.



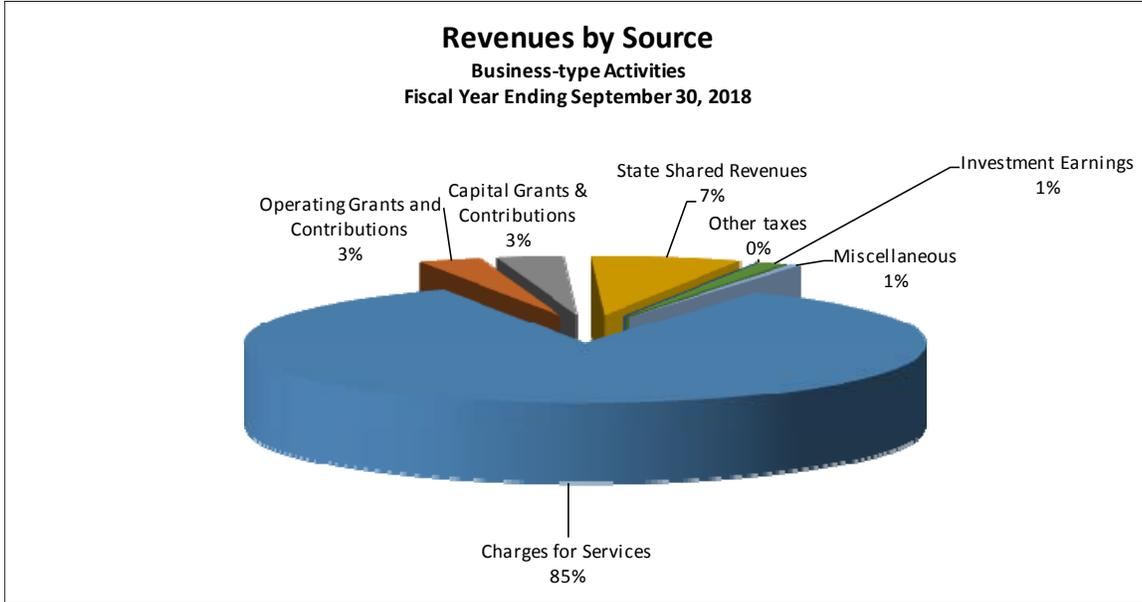
**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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

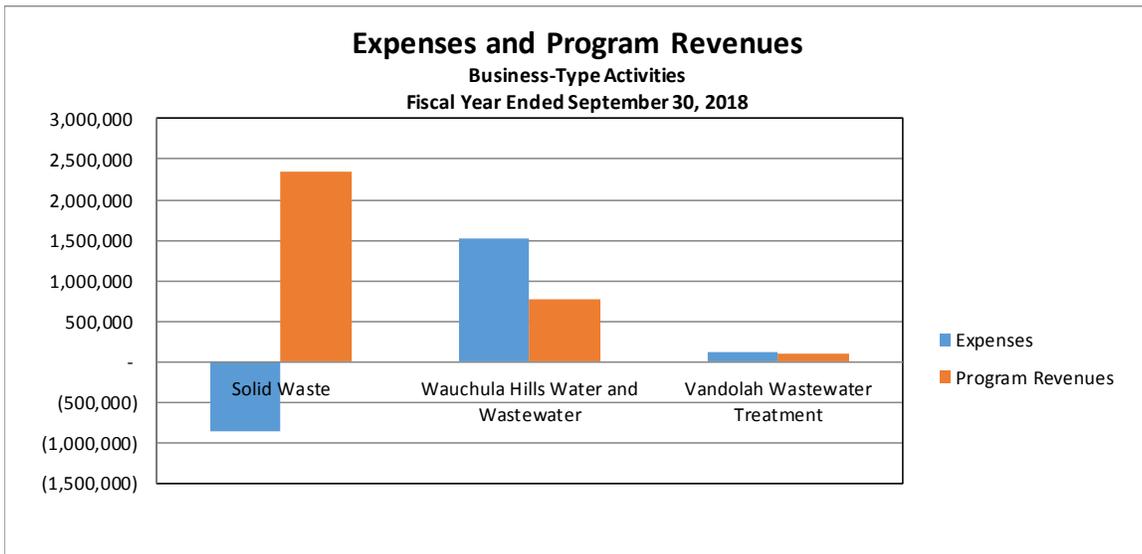


**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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



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



**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

An analysis of the County's "Changes in Net Position" reflects that the overall revenues have increased by \$7.28 million. Further analysis shows that the overall increase is attributed to a \$7.76 million thousand increase in governmental type activities and an \$476 thousand decrease in business-type activities. Major factors contributing to the decreased revenues in the government type activities are as follows:

- A \$4.63 million increase in Other Taxes
- A \$3.19 million increase in Mosaic Income

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

- A \$595.58 thousand decrease in Capital Grants and Contributions
- A \$322.30 thousand increase in Charges for Services

County expenses illustrate an overall increase of \$162.55 thousand. The overall increase was due to an increase in government type activities of \$3.59 million and a decrease in the business-type activities of \$3.43 million. The decrease of the government type activities expenses are due to the following activities below:

- A \$2.29 million decrease in General Government
- A \$2.05 million increase in Public Safety
- A \$1.81 million increase in Physical Environment
- A \$1.73 million increase in Economic Environment

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

- A \$3.19 million decrease in Solid Waste
- A \$214.28 thousand decrease in Wauchula Hills Wastewater Utilities

**Financial Analysis of the Government's Funds**

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

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**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 \$25.93 million. Approximately \$5.14 million of the fund balance is restricted to the Transportation Fund, \$579 thousand to the Grants Fund, \$11.15 million to the Economic Development Authority, and \$1.38 million is restricted to the nonmajor governmental funds. Committed fund balances were \$1.29 million in the Fire Control Fund and \$42 thousand in the nonmajor governmental funds. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4.78 million, which represents 18% 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 21% 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 \$302 thousand. Net position of the solid waste department increased by \$2.83 million. The water/wastewater operating revenues were a combined total increase of \$19.86 thousand and the net position decreased by \$578.41 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:

- The most significant impact to the changes in the budget were related to Hurricane Irma and the need to increase the funding for the project. Recovery from the Hurricane also had the largest effect on the final budget compared to actual because the County did not receive funding from FEMA or the state during the fiscal year that expenses were incurred.
- Another impact that required changes to the budget was the increase in grant funding within the County.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Capital Assets**

The County's investments in capital assets for its governmental and business-type activities as of September 30, 2018 were \$61.89 million (net of accumulated depreciation).

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

CAPITAL ASSETS	Governmental Activities		Business-Type Activities		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Land	\$ 3,691,552	\$ 3,691,552	\$ 962,625	\$ 962,625	\$ 4,654,177	\$ 4,654,177
Construction in Progress	671,335	584,822	-	-	671,335	584,822
Buildings and Improvements	13,353,116	14,024,742	7,749,198	7,668,667	21,102,314	21,693,409
Machinery and Equipment	5,856,207	6,020,454	1,534,065	1,504,332	7,390,272	7,524,786
Infrastructure	20,713,610	18,937,665	9,331,953	8,493,999	30,045,563	27,431,664
Total Capital Assets	<u>\$ 44,285,820</u>	<u>\$ 43,259,235</u>	<u>\$ 19,577,841</u>	<u>\$ 18,629,623</u>	<u>\$ 63,863,661</u>	<u>\$ 61,888,858</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, 2018, the County had total long-term liabilities outstanding of \$36.95 million. Of this amount, \$3.85 million is notes payable, \$577.53 thousand is capital leases, \$1.01 million is compensated absences, \$24.59 million is net pension liability, \$4.61 million is landfill closure and post closure obligations, and postemployment health care consisted of \$2.31 million.

**Hardee County's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Notes Payable	\$ 60,000	\$ 20,000	\$ 4,180,000	\$ 3,830,000	\$ 4,240,000	\$ 3,850,000
Capital Leases	242,754	577,529	-	-	242,754	577,529
Postemployment Healthcare	1,569,483	2,215,419	72,518	90,864	1,642,001	2,306,283
Net Pension Liability	24,282,949	23,977,983	621,792	612,552	24,904,741	24,590,535
Compensated Absences	865,054	1,004,342	11,011	4,648	876,065	1,008,990
Landfill Closure/Post Closure	-	-	7,306,155	4,613,175	7,306,155	4,613,175
Total	<u>\$ 27,020,240</u>	<u>\$ 27,795,273</u>	<u>\$ 12,191,476</u>	<u>\$ 9,151,239</u>	<u>\$ 39,211,716</u>	<u>\$ 36,946,512</u>

Additional information on Hardee County's long-term debt can be found in Note 5, 6, 9 and 11 of this report.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**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 2017 is 27,411. As a comparison, the estimated population for Hardee County for 2010 was 27,731. This is a decrease of -1.2%.
- As referenced by the State of Florida Labor Force Summary, the unemployment rate for Hardee County for 2018 is 4.3% and reflects a decrease from the previous year's 4.6%. The County's rate is lower than the long term average of 9.28%.
- The final taxable value for fiscal year 09/30/18 increased by 1% 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 so the current millage necessary to generate the same revenues as prior year would have been 8.7522 or 1.68% lower than the adopted millage rate.

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 nonhomestead property, Amendment 1 limits (caps) the annual increase in assessed value for nonhomestead 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 nonhomestead 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 \$78.8 million which equates to approximately \$701 thousand decrease in revenues. At present, there is no accurate way to determine the impact of the portability and assessment cap on nonhomestead property provisions in terms of potential loss of property tax revenues.

**HARDEE COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Requests for Information**

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

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

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

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

**HARDEE COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 25,484,986	\$ 3,287,316	\$ 28,772,302	\$ 5,369,969
Investments	-	-	-	6,024,134
Deposit	10,068	3,596	13,664	-
Accounts Receivable, Net	681,128	366,737	1,047,865	15,135
Internal Balances	(2,209)	2,209	-	-
Note Receivable	-	-	-	499,119
Due from Other Governmental Agencies	1,651,668	118,987	1,770,655	1,224,912
Prepaid Items	669,835	-	669,835	14,904
Inventory	307,577	-	307,577	1,707,424
Restricted Assets:				
Cash and Cash Equivalents	-	1,281,327	1,281,327	-
Capital Assets not Being Depreciated	4,276,374	962,625	5,238,999	1,963,877
Capital Assets, Net of Accumulated Depreciation	38,982,861	17,666,998	56,649,859	8,487,144
Total Assets	72,062,288	23,689,795	95,752,083	25,306,618
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Items	9,962,245	238,731	10,200,976	-
Total Deferred Outflows of Resources	9,962,245	238,731	10,200,976	-
<b>LIABILITIES AND NET PENSION</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	1,039,943	462,894	1,502,837	280,254
Unearned Revenue	2,312	9,411	11,723	11,872
Due to Other Governmental Agencies	1,333,296	122	1,333,418	-
Deposits	-	48,407	48,407	-
Noncurrent Liabilities:				
Net Pension Liability	23,977,983	612,552	24,590,535	-
Other Postemployment Benefits	2,215,419	90,864	2,306,283	-
Other Noncurrent Liabilities:				
Due within One Year	1,269,664	541,222	1,810,886	-
Due in More than One Year	332,207	7,906,601	8,238,808	-
Total Liabilities	30,170,824	9,672,073	39,842,897	292,126
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Items	2,731,196	76,637	2,807,833	-
OPEB Related Items	82,651	-	82,651	-
Total Deferred Inflows of Resources	2,813,847	76,637	2,890,484	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	42,661,706	14,799,623	57,461,329	10,451,021
Restricted for:				
Jail Drainage Improvements	-	-	-	-
Transportation	5,141,498	-	5,141,498	-
Grants	579,004	-	579,004	-
Court Innovations	405,166	-	405,166	-
Law Enforcement Trust	113,800	-	113,800	-
E-911	380,159	-	380,159	-
Tourist Development	73,787	-	73,787	-
Court Technology	6,087	-	6,087	-
Official Records	150,977	-	150,977	-
Clerk Operational Needs	105,843	-	105,843	-
Inmate Welfare	87,413	-	87,413	-
Economic Development Projects	7,149,260	-	7,149,260	10,839,228
Recreation	1,000,000	-	1,000,000	-
Education	3,088,368	-	3,088,368	-
Total Restricted Net Position	18,281,362	-	18,281,362	10,839,228
Unrestricted	(11,903,206)	(619,807)	(12,523,013)	3,724,243
Total Net Position	\$ 49,039,862	\$ 14,179,816	\$ 63,219,678	\$ 25,014,492

See accompanying Notes to Financial Statements.



**HARDEE COUNTY, FLORIDA  
BALANCE SHEET — GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Major					Nonmajor	Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Economic Development Authority Fund	Other Governmental Funds	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 4,172,713	\$ 4,970,926	\$ 1,328,645	\$ 248,303	\$ 13,018,957	\$ 1,745,442	\$ 25,484,986
Deposits	5,753	4,315	-	-	-	-	10,068
Accounts Receivable, Net	652,763	1,000	-	8,760	-	18,605	681,128
Due from Other Funds	311,973	102	2,140	-	-	67,735	381,950
Due from Other Governments	723,284	432,048	3,392	410,280	-	82,664	1,651,668
Prepaid Items	654,331	14,374	-	-	-	1,130	669,835
Inventory of Supplies, at Cost	307,577	-	-	-	-	-	307,577
<b>Total Assets</b>	<b>\$ 6,828,394</b>	<b>\$ 5,422,765</b>	<b>\$ 1,334,177</b>	<b>\$ 667,343</b>	<b>\$ 13,018,957</b>	<b>\$ 1,915,576</b>	<b>\$ 29,187,212</b>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
BALANCE SHEET — GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Transportation Trust Fund	Major Fire Control Fund	Grants Fund	Economic Development Authority Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 581,019	\$ 172,082	\$ 44,919	\$ 14,337	\$ 825	\$ 226,761	\$ 1,039,943
Due to Other Funds	37,401	80,456	-	71,689	-	194,613	384,159
Due to Other Governments	50,170	2,190	1,392	1	1,161,993	117,550	1,333,296
Unearned Revenue	-	-	-	2,312	-	-	2,312
Total Liabilities	<u>668,590</u>	<u>254,728</u>	<u>46,311</u>	<u>88,339</u>	<u>1,162,818</u>	<u>538,924</u>	<u>2,759,710</u>
Deferred Inflows of Resources:							
Unavailable Revenue	413,249	12,165	-	-	-	67,962	493,376
<b>FUND BALANCES</b>							
Nonspendable	961,908	14,374	-	-	-	1,130	977,412
Restricted	-	5,141,498	-	579,004	11,149,260	1,380,954	18,250,716
Committed	-	-	1,287,866	-	-	42,137	1,330,003
Assigned	-	-	-	-	36,691	-	36,691
Unassigned	4,784,647	-	-	-	670,188	(115,531)	5,339,304
Total Fund Balances	<u>5,746,555</u>	<u>5,155,872</u>	<u>1,287,866</u>	<u>579,004</u>	<u>11,856,139</u>	<u>1,308,690</u>	<u>25,934,126</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,828,394</u>	<u>\$ 5,422,765</u>	<u>\$ 1,334,177</u>	<u>\$ 667,343</u>	<u>\$ 13,018,957</u>	<u>\$ 1,915,576</u>	

**Amounts reported for governmental activities in the statement of net position**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,259,235
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	493,376
Long-term liabilities, including notes payable, other postemployment benefits, and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(1,601,871)
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.	(16,746,934)
Total other postemployment benefits liability and related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(2,298,070)
Net Position of Governmental Activities	<u>\$ 49,039,862</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, 2018**

	Major				Non-Major		Total Governmental Funds
	General Fund	Transportation Trust Fund	Fire Control Fund	Grants Fund	Economic Development Authority Fund	Other Governmental Funds	
<b>REVENUES</b>							
Taxes	\$ 15,011,511	\$ 1,413,623	\$ -	\$ -	\$ -	\$ 44,821	\$ 16,469,955
Licenses and Permits	531,224	-	-	-	-	-	531,224
Intergovernmental	4,256,622	4,761,179	-	670,773	2,416,887	516,960	12,622,421
Charges for Services	2,202,793	157,704	17,187	-	-	814,208	3,191,892
Fines and Forfeitures	4,350	-	-	-	-	181,413	185,763
Assessments	-	-	1,828,654	-	-	-	1,828,654
Interest	63,493	46,998	18,341	3,015	114,155	11,616	257,618
Mosaic Income	-	-	-	-	3,187,022	-	3,187,022
Miscellaneous	709,455	59,809	63,224	37,974	-	536,516	1,406,978
Total Revenues	<u>22,779,448</u>	<u>6,439,313</u>	<u>1,927,406</u>	<u>711,762</u>	<u>5,718,064</u>	<u>2,105,534</u>	<u>39,681,527</u>
<b>EXPENDITURES</b>							
Current							
General Government	6,691,694	-	-	-	-	1,378,406	8,070,100
Public Safety	12,684,321	-	2,421,256	10,517	-	152,338	15,268,432
Physical Environment	38,096	-	-	43,335	-	2,127,231	2,208,662
Transportation	-	3,775,183	-	-	-	-	3,775,183
Economic Environment	-	-	-	511,951	1,779,824	-	2,291,775
Human Services	814,819	-	-	167,178	-	-	981,997
Culture and Recreation	1,119,884	-	-	-	-	44,927	1,164,811
Capital Outlay	1,420,744	1,253,232	309,267	-	-	73,339	3,056,582
Debt Service:							
Principal Retirement	242,664	40,000	-	-	-	-	282,664
Interest	10,076	-	-	-	-	-	10,076
Total Expenditures	<u>23,022,298</u>	<u>5,068,415</u>	<u>2,730,523</u>	<u>732,981</u>	<u>1,779,824</u>	<u>3,776,241</u>	<u>37,110,282</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(242,850)	1,370,898	(803,117)	(21,219)	3,938,240	(1,670,707)	2,571,245
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	340,185	39,851	230,473	5,385	-	215,277	831,171
Transfers Out	(236,889)	-	(100,939)	(1,279)	-	(348,711)	(687,818)
Issuance of Debt	452,484	-	124,955	-	-	-	577,439
Total Other Financing Sources (Uses)	<u>555,780</u>	<u>39,851</u>	<u>254,489</u>	<u>4,106</u>	<u>-</u>	<u>(133,434)</u>	<u>720,792</u>
<b>NET CHANGE IN FUND BALANCES</b>	312,930	1,410,749	(548,628)	(17,113)	3,938,240	(1,804,141)	3,292,037
Fund Balances - Beginning of Year	5,433,625	3,745,123	1,836,494	596,117	7,917,899	3,112,831	22,642,089
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,746,555</u>	<u>\$ 5,155,872</u>	<u>\$ 1,287,866</u>	<u>\$ 579,004</u>	<u>\$ 11,856,139</u>	<u>\$ 1,308,690</u>	<u>\$ 25,934,126</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, 2018**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 3,292,037</b>
 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.	(1,026,585)
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.	(294,775)
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.	(262,776)
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.	<u>(1,926,568)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (218,667)</u></u></b>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,075,110	\$ 15,075,110	\$ 15,011,511	\$ (63,599)
Licenses and Permits	436,250	436,250	531,224	94,974
Intergovernmental	3,504,778	3,642,918	4,256,622	613,704
Charges for Services	1,097,986	1,170,424	2,202,793	1,032,369
Fines and Forfeitures	4,650	4,650	4,350	(300)
Interest	16,220	16,220	63,493	47,273
Miscellaneous	553,244	824,303	709,455	(114,848)
Other Income	2,560,753	2,910,753	-	(2,910,753)
Total Revenues	<u>23,248,991</u>	<u>24,080,628</u>	<u>22,779,448</u>	<u>(1,301,180)</u>
<b>EXPENDITURES</b>				
Current				
General Government	7,356,552	7,482,246	6,691,694	790,552
Public Safety	13,247,108	13,291,411	12,684,321	607,090
Physical Environment	39,365	39,365	38,096	1,269
Human Services	842,686	839,138	814,819	24,319
Culture and Recreation	1,176,451	1,189,121	1,119,884	69,237
Capital Outlay	510,299	1,014,614	1,420,744	(406,130)
Debt Service:				
Principal Retirement	143,602	143,602	242,664	(99,062)
Interest	6,798	6,798	10,076	(3,278)
Other Expense	-	268,309	-	268,309
Total Expenditures	<u>23,322,861</u>	<u>24,274,604</u>	<u>23,022,298</u>	<u>983,997</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(73,870)	(193,976)	(242,850)	(48,874)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	319,510	314,660	340,185	25,525
Transfers Out	(245,640)	(245,640)	(236,889)	8,751
Proceeds from Issuance of Debt	-	124,956	452,484	327,528
Total Other Financing Sources (Uses)	<u>73,870</u>	<u>193,976</u>	<u>555,780</u>	<u>361,804</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	312,930	312,930
Fund Balances - Beginning of Year	-	-	5,433,625	5,433,625
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,746,555</u>	<u>\$ 5,746,555</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, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,256,312	\$ 1,256,312	\$ 1,413,623	\$ 157,311
Intergovernmental	12,099,685	12,099,685	4,761,179	(7,338,506)
Charges for Services	116,650	116,650	157,704	41,054
Interest	3,000	3,000	46,998	43,998
Miscellaneous	26,239	35,595	59,809	24,214
Total Revenues	<u>13,501,886</u>	<u>13,511,242</u>	<u>6,439,313</u>	<u>(7,071,929)</u>
<b>EXPENDITURES</b>				
Current				
Transportation	4,649,773	4,607,723	3,775,183	832,540
Capital Outlay	9,964,985	10,001,391	1,253,232	8,748,159
Debt Service				
Principal Retirement	20,000	40,000	40,000	-
Other Expense	1,095,575	1,098,303	-	1,098,303
Total Expenditures	<u>15,730,333</u>	<u>15,747,417</u>	<u>5,068,415</u>	<u>10,679,002</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,228,447)	(2,236,175)	1,370,898	3,607,073
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>66,200</u>	<u>73,928</u>	<u>39,851</u>	<u>(34,077)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,162,247)	(2,162,247)	1,410,749	3,572,996
Fund Balances - Beginning of Year	<u>2,162,247</u>	<u>2,162,247</u>	<u>3,745,123</u>	<u>1,582,876</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,155,872</u>	<u>\$ 5,155,872</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 22,800	\$ 22,800	\$ 17,187	\$ (5,613)
Assessments	2,000,000	2,000,000	1,828,654	(171,346)
Interest	5,200	5,200	18,341	13,141
Miscellaneous	-	64,758	63,224	(1,534)
Total Revenues	<u>2,028,000</u>	<u>2,092,758</u>	<u>1,927,406</u>	<u>(165,352)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,507,150	2,726,054	2,421,256	304,798
Capital Outlay	196,610	283,012	309,267	(26,255)
Debt Service:				
Principal Retirement	30,255	30,255	-	30,255
Interest	3,858	3,858	-	3,858
Other Expense	845,601	1,101,024	-	1,101,024
Total Expenditures	<u>3,583,474</u>	<u>4,144,203</u>	<u>2,730,523</u>	<u>1,413,680</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,555,474)	(2,051,445)	(803,117)	1,248,328
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	231,755	231,755	230,473	(1,282)
Transfers Out	(130,055)	(132,783)	(100,939)	31,844
Debt proceeds	-	98,699	124,955	26,256
Total Other Financing Sources (Uses)	<u>101,700</u>	<u>197,671</u>	<u>254,489</u>	<u>56,818</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,453,774)	(1,853,774)	(548,628)	1,305,146
Fund Balances - Beginning of Year	<u>1,453,774</u>	<u>1,853,774</u>	<u>1,836,494</u>	<u>(17,280)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,287,866</u></u>	<u><u>\$ 1,287,866</u></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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 583,132	\$ 318,215	\$ 670,773	\$ 352,558
Interest	1,010	3,725	3,015	(710)
Miscellaneous	10,000	24,185	37,974	13,789
Total Revenues	<u>594,142</u>	<u>346,125</u>	<u>711,762</u>	<u>365,637</u>
<b>EXPENDITURES</b>				
Current				
Economic Environment	371,000	693,941	511,951	181,990
Physical Environment	68,322	68,322	43,335	24,987
Public Safety	-	10,517	10,517	-
Human Services	164,425	176,203	167,178	9,025
Total Expenditures	<u>603,747</u>	<u>948,983</u>	<u>732,981</u>	<u>216,002</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,605)	(602,858)	(21,219)	581,639
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,385	5,385	5,385	-
Transfers Out	(5,780)	(2,263)	(1,279)	984
Total Other Financing Sources (Uses)	<u>(395)</u>	<u>3,122</u>	<u>4,106</u>	<u>984</u>
<b>NET CHANGE IN FUND BALANCES</b>	(10,000)	(599,736)	(17,113)	582,623
Fund Balances - Beginning of Year	<u>10,000</u>	<u>599,736</u>	<u>596,117</u>	<u>(3,619)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,004</u>	<u>\$ 579,004</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT AUTHORITY FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,200,000	\$ 2,200,000	\$ 2,416,887	\$ 216,887
Other Revenue:				
Education	1,100,000	-	-	-
Mosaic Income	-	3,100,000	3,187,022	87,022
Interest	47,000	74,000	114,155	40,155
Total Revenues	<u>3,347,000</u>	<u>5,374,000</u>	<u>5,718,064</u>	<u>344,064</u>
<b>EXPENDITURES</b>				
Current				
Economic Environment	4,552,799	4,522,345	1,779,824	2,742,521
Total Expenditures	<u>4,552,799</u>	<u>4,522,345</u>	<u>1,779,824</u>	<u>2,742,521</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,205,799)	851,655	3,938,240	3,086,585
Fund Balances - Beginning of Year	<u>5,895,835</u>	<u>5,895,835</u>	<u>7,917,899</u>	<u>2,022,064</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,690,036</u>	<u>\$ 6,747,490</u>	<u>\$ 11,856,139</u>	<u>\$ 5,108,649</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Wauchula			Total Enterprise Funds
	Solid Waste Fund	Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 2,239,900	\$ 932,132	\$ 115,284	\$ 3,287,316
Deposits	-	3,596	-	3,596
Accounts Receivable, Net	277,048	89,611	78	366,737
Due from Other Funds	2,209	-	-	2,209
Due from Other Governmental Agencies	-	118,987	-	118,987
Total Current Assets	<u>2,519,157</u>	<u>1,144,326</u>	<u>115,362</u>	<u>3,778,845</u>
<b>NONCURRENT ASSETS</b>				
Restricted Cash and Cash Equivalents	1,281,327	-	-	1,281,327
Capital Assets				
Land	372,775	424,850	165,000	962,625
Construction in Progress	-	-	-	-
Buildings and Improvements	2,902,881	5,797,258	1,184,598	9,884,737
Equipment	3,056,225	590,679	8,961	3,655,865
Infrastructure	7,218,397	12,266,989	-	19,485,386
Less: Accumulated Depreciation	<u>(7,849,673)</u>	<u>(7,136,546)</u>	<u>(372,771)</u>	<u>(15,358,990)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,700,605</u>	<u>11,943,230</u>	<u>985,788</u>	<u>18,629,623</u>
Total Noncurrent Assets	<u>6,981,932</u>	<u>11,943,230</u>	<u>985,788</u>	<u>19,910,950</u>
Total Assets	9,501,089	13,087,556	1,101,150	23,689,795
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>115,053</u>	<u>106,134</u>	<u>17,544</u>	<u>238,731</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES, PAYABLE FROM CURRENT ASSETS</b>				
Accounts Payable and Accrued Liabilities	\$ 412,805	\$ 47,737	\$ 2,352	\$ 462,894
Due to Other Governmental Agencies	-	-	122	122
Deposits	21,204	27,203	-	48,407
Unearned Revenue	-	9,411	-	9,411
Accrued Compensated Absences, Current Portion	1,962	-	-	1,962
Notes Payable, Current Portion	350,000	-	-	350,000
Landfill Closure and Postclosure Costs, Current Portion	189,260	-	-	189,260
Total Current Liabilities, Payable from Current Assets	975,231	84,351	2,474	1,062,056
<b>NONCURRENT LIABILITIES</b>				
Accrued Compensated Absences	2,686	-	-	2,686
Other Postemployment Benefits	40,384	43,413	7,067	90,864
Net Pension Liability	285,609	277,904	49,039	612,552
Notes Payable, Less Current Portion	3,480,000	-	-	3,480,000
Landfill Closure and Postclosure Costs	4,423,915	-	-	4,423,915
Total Noncurrent Liabilities	8,232,594	321,317	56,106	8,610,017
Total Liabilities	9,207,825	405,668	58,580	9,672,073
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	36,488	34,462	5,687	76,637
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,870,605	11,943,230	985,788	14,799,623
Unrestricted	(1,498,776)	810,330	68,639	(619,807)
Total Net Position	\$ 371,829	\$ 12,753,560	\$ 1,054,427	\$ 14,179,816

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION —**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
<b>OPERATING REVENUES</b>				
Sales and Charges for Services	\$ 1,328,520	\$ 663,563	\$ 99,944	\$ 2,092,027
Special Assessments	912,202	-	-	912,202
Total Operating Revenues	<u>2,240,722</u>	<u>663,563</u>	<u>99,944</u>	<u>3,004,229</u>
<b>OPERATING EXPENSES</b>				
Personal Services	402,399	421,099	69,240	892,738
General and Administrative	(1,710,394)	262,451	30,398	(1,417,545)
Depreciation	345,165	825,561	23,614	1,194,340
Total Operating Expenses	<u>(962,830)</u>	<u>1,509,111</u>	<u>123,252</u>	<u>669,533</u>
<b>OPERATING INCOME (LOSS)</b>	3,203,552	(845,548)	(23,308)	2,334,696
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	105,988	364,464	-	470,452
Interest Income	34,888	9,251	1,215	45,354
Interest Expense	(100,726)	-	-	(100,726)
Loss on Disposal of Capital Assets	-	(8,727)	-	(8,727)
Miscellaneous Revenue	14,272	4,993	-	19,265
Total Nonoperating Revenues (Expenses), Net	<u>54,422</u>	<u>369,981</u>	<u>1,215</u>	<u>425,618</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	3,257,974	(475,567)	(22,093)	2,760,314
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Transfers In	102,139	-	-	102,139
Transfers Out	(177,329)	(56,745)	(11,418)	(245,492)
Total Contributions and Transfers	<u>(75,190)</u>	<u>(56,745)</u>	<u>(11,418)</u>	<u>(143,353)</u>
<b>CHANGE IN NET POSITION</b>	3,182,784	(532,312)	(33,511)	2,616,961
Net Position - Beginning of Year	<u>(2,457,310)</u>	<u>13,296,697</u>	<u>1,089,700</u>	<u>11,929,087</u>
Prior Period Restatement - Hardee Disposal	(343,575)	-	-	(343,575)
Prior Period Restatement - OPEB	(10,070)	(10,825)	(1,762)	(22,657)
Net Position - Beginning of Year, as Restated	<u>(2,810,955)</u>	<u>13,285,872</u>	<u>1,087,938</u>	<u>11,562,855</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 371,829</u>	<u>\$ 12,753,560</u>	<u>\$ 1,054,427</u>	<u>\$ 14,179,816</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 2,070,712	\$ 660,231	\$ 99,949	\$ 2,830,892
Cash Paid to Employees for Services	(386,251)	(395,809)	(64,439)	(846,499)
Cash Paid to Suppliers for Goods and Services	(1,050,543)	(383,639)	(31,228)	(1,465,410)
Net Cash Provided (Used) by Operating Activities	<u>633,918</u>	<u>(119,217)</u>	<u>4,282</u>	<u>518,983</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Other Nonoperating Revenue	146,492	4,993	-	151,485
Transfers In (Out)	(75,517)	(46,417)	(11,418)	(133,352)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>70,975</u>	<u>(41,424)</u>	<u>(11,418)</u>	<u>18,133</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from State Shared Revenues	-	333,003	-	333,003
Purchases of Capital Assets	(86,310)	(169,143)	-	(255,453)
Proceeds from Sale of Capital Assets	-	(8,727)	-	(8,727)
Principal Payments on Long-Term Debt	(350,000)	-	-	(350,000)
Interest Paid	(100,726)	-	-	(100,726)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(537,036)</u>	<u>155,133</u>	<u>-</u>	<u>(381,903)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest from Investments	<u>34,888</u>	<u>9,251</u>	<u>1,215</u>	<u>45,354</u>
Net Cash Provided by Investing Activities	<u>34,888</u>	<u>9,251</u>	<u>1,215</u>	<u>45,354</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	202,745	3,743	(5,921)	200,567
Cash and Cash Equivalents - Beginning of Year	<u>3,318,482</u>	<u>928,389</u>	<u>121,205</u>	<u>4,368,076</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,521,227</u>	<u>\$ 932,132</u>	<u>\$ 115,284</u>	<u>\$ 4,568,643</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)	Total Enterprise Funds
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 3,203,552	\$ (845,548)	\$ (23,308)	\$ 2,334,696
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation	345,165	825,561	23,614	1,194,340
Amortization of Pension Related Items	22,511	25,290	4,801	52,602
Increase in Assets:				
Accounts Receivable	(170,760)	(5,467)	5	(176,222)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	(67,957)	(121,188)	(952)	(190,097)
Due to Other Government Agencies	-	-	122	122
Deposits	750	1,475	-	2,225
Unearned Revenue	-	660	-	660
Accrued Compensated Absences	(6,363)	-	-	(6,363)
Landfill Closure and Postclosure Costs	(2,692,980)	-	-	(2,692,980)
Net Cash Provided (Used) by Operating Activities	<u>\$ 633,918</u>	<u>\$ (119,217)</u>	<u>\$ 4,282</u>	<u>\$ 518,983</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Current Assets				
Cash	\$ 2,239,900	\$ 932,132	\$ 115,284	\$ 3,287,316
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	1,281,327	-	-	1,281,327
Total Cash and Cash Equivalents	<u>\$ 3,521,227</u>	<u>\$ 932,132</u>	<u>\$ 115,284</u>	<u>\$ 4,568,643</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION — AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 645,552</u>
<b>LIABILITIES</b>	
Due to Individuals	\$ 256,896
Due to Other Governments	171,883
Due to Indigent Health Care Special District Deposit - Installment Taxes	675
	<u>216,098</u>
Total Liabilities	<u>\$ 645,552</u>

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Hardee County (County) is a Noncharter 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 (Clerk). The Clerk maintains the accounting system for the Board's operations. The 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discretely Presented Component Unit (Continued)**

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.

**Blended Component Unit**

The Hardee County Economic Development Authority (EDA), established in accordance with Section 211.3103 of the Florida Statutes, was created to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County and to otherwise maximize the use of federal, local, and private resources. The Board represents the majority of the voting members on the EDA. The Clerk maintains the accounting system for the EDA. The EDA is reported as a special revenue fund and as a major fund of the Board.

**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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide Financial Statements**

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, 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.

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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds**

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

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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds (Continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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.

**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, a special revenue fund, was established to account for all community development enhancement projects that are funded through various State, Federal, and Volunteer funding agencies.

**Economic Development Authority Fund** – The Economic Development Authority Fund, a special revenue fund, was established to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Major Funds**

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

**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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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. The cost of improvements and replacements which extend the useful lives are capitalized. Repairs and maintenance costs which do not improve or extend the useful life of the respective assets are charged to expense when incurred.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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. Land, buildings, improvements, and equipment are valued at historical cost or at estimated acquisition value for those assets contributed.

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

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

Depreciation on capital assets is charged as an expense against operations which is closed to net position. Accumulated depreciation is reported on the proprietary funds statement of new 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 to 50 Years
Equipment	5 to 15 Years
Infrastructure	10 to 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, 2018 was 8.8991 mills.

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

All property is assessed according to its fair market value 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

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, 2018, 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.

**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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Landfill Closure and Post-Closure Costs**

The Board has obtained engineering estimates of future costs to close and monitor the current sanitary landfill site in accordance with state and federal guidelines. U.S. Environmental Protection Agency regulations and related Governmental Accounting Standards Board Statement No. 18 require that all municipal solid waste landfill owners account for closure and post-closure costs. A long-term liability of accrued landfill closure and post-closure costs at September 30, 2018 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, 2018, estimated capacity used was 51.3%. 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, 2018, the Solid Waste Landfill Fund had unrestricted net position of (\$1,498,776) due to the partial closure to the landfill and because of a \$4,613,175 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, certain governmental entities are required to record actuarial accrued liabilities related to other postemployment benefit plans. Employees who retire from employment with the County under the County-sponsored pension plan are also entitled to participate in the County Group Health Plan on the same basis (i.e., single or family coverage) that they were covered immediately before their retirement, provided they make a satisfactory agreement for payment and pay 100% of the premium before the beginning of each month of coverage. The OPEB Plan currently covers certain eligible retirees of the County. The liabilities and expenses associated with the OPEB Plan have been recorded in the accompanying financial statements.

**Unearned Revenues**

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

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions**

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

**Fund Balance and Spending Policy**

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

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

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, \$25,934,126, differs from net position of governmental activities, \$49,039,862, 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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**

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

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

Cost of Capital Assets	\$ 133,089,961
Accumulated Depreciation	<u>(89,830,726)</u>
Total	<u><u>\$ 43,259,235</u></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, 2018 were:

Unavailable Revenue	<u><u>\$ 493,376</u></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, 2018 were:

Note Payable	\$ (20,000)
Capital Lease Payable	(577,529)
Compensated Absences	<u>(1,004,342)</u>
Total	<u><u>\$ (1,601,871)</u></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, 2018 were:

Net Pension Liability	\$ (23,977,983)
Deferred Outflows of Resources - Pension Related Items	9,962,245
Deferred Inflows of Resources - Pension Related Items	<u>(2,731,196)</u>
Total	<u><u>\$ (16,746,934)</u></u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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)**

**Other Postemployment Benefits Related Items**

Total OPEB liability and related deferred inflows of resources are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Balances as of September 30, 2018 were:

Total OPEB Liability	\$ (2,215,419)
Deferred Inflows of Resources - OPEB Related	(82,651)
Total	<u>\$ (2,298,070)</u>

**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**

**Elimination of Interfund Receivables/Payables**

Interfund receivables and payables in the amount of \$384,159 between governmental funds have been eliminated for the statement of net position.

The net change in fund balances for governmental funds, \$3,292,037 differs from the change in net position for governmental activities, (\$215,412) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effects of the differences are illustrated below.

**Capital Related Items**

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

Capital Outlay	\$ 2,996,173
Depreciation Expense	(4,022,758)
Difference	<u>\$ (1,026,585)</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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)**

**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	\$ 282,664
Proceeds from the Issuance of Debt	(577,439)
Difference	<u>\$ (294,775)</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	\$ (23,202)
Intergovernmental Revenues	(282,030)
Total	<u>\$ (262,776)</u>

**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.

OPEB Expense	\$ (176,143)
Net Change in Compensated Absences	(139,288)
Pension Expense	(1,611,137)
Net Adjustment	<u>\$ (1,926,568)</u>

**Reclassification and Eliminations**

Transfers in and transfers out in the amount of \$687,818 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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Cash Deposits and Cash Equivalents (Continued)**

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, 2018, the carrying amount of the County's deposits was \$30,695,309 and the bank balances were \$31,270,737. 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.

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	\$ 30,695,309
Petty Cash and Change Funds	3,872
Total	\$ 30,699,181
Statement of Net Position:	
Cash and Cash Equivalents	\$ 28,772,302
Cash and Cash Equivalents - Restricted	1,281,327
Statement of Fiduciary Net Position - Agency Funds:	
Cash	645,552
Total	\$ 30,699,181

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at September 30, 2018 for the governmental funds individual major funds and nonmajor funds:

	General Fund	Transportation Trust Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
Emergency Medical Services	\$ 943,858	\$ -	\$ -	\$ -	\$ 943,858
Trade Accounts	26,419	1,000	8,760	18,605	54,784
Accounts Receivable, Gross	970,277	1,000	8,760	18,605	998,642
Allowance for Uncollectible Accounts	(317,514)	-	-	-	(317,514)
Accounts Receivable, Net	\$ 652,763	\$ 1,000	\$ 8,760	\$ 18,605	\$ 681,128

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)**

Accounts receivable consist of the following at September 30, 2018 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	\$ 277,048	\$ -	\$ -	\$ 277,048
Utility Charges	-	89,611	78	89,689
Accounts Receivable, Net	<u>\$ 277,048</u>	<u>\$ 89,611</u>	<u>\$ 78</u>	<u>\$ 366,737</u>

**NOTE 5 DETAIL OF CAPITAL ASSETS**

A summary of changes in capital assets for the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Additions	(Deletions)	Transfers	Balance September 30, 2018
<b>GOVERNMENT ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,691,552	\$ -	\$ -	\$ -	\$ 3,691,552
Construction in Progress	671,335	584,823	-	(671,336)	584,822
Total Capital Assets, Not Being Depreciated	4,362,887	584,823	-	(671,336)	4,276,374
Capital Assets, Being Depreciated:					
Buildings and Improvements	24,554,352	577,188	(15,408)	671,336	25,787,468
Equipment	19,821,963	1,394,625	(708,772)	(10,444)	20,497,372
Infrastructure	82,028,801	499,946	-	-	82,528,747
Total Capital Assets, Being Depreciated	126,405,116	2,471,759	(724,180)	660,892	128,813,587
Less Accumulated Depreciation for:					
Buildings and Improvements	(11,201,236)	(575,930)	14,440	-	(11,762,726)
Equipment	(13,965,756)	(1,170,937)	648,987	10,788	(14,476,918)
Infrastructure	(61,315,191)	(2,275,891)	-	-	(63,591,082)
Total Accumulated Depreciation	<u>(86,482,183)</u>	<u>(4,022,758)</u>	<u>663,427</u>	<u>10,788</u>	<u>(89,830,726)</u>
Total Capital Assets, Being Depreciated, Net	39,922,933	(1,550,999)	(60,753)	671,680	38,982,861
Governmental Activities Capital Assets, Net	<u>\$ 44,285,820</u>	<u>\$ (966,176)</u>	<u>\$ (60,753)</u>	<u>\$ 344</u>	<u>\$ 43,259,235</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 DETAIL OF CAPITAL ASSETS (CONTINUED)**

	Balance October 1, 2017	Additions	(Deletions)	Transfers	Balance September 30, 2018
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 962,625	\$ -	\$ -	\$ -	\$ 962,625
Total Capital Assets, Not Being Depreciated	962,625	-	-	-	962,625
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,884,737	-	-	-	9,884,737
Equipment	3,519,395	143,237	(17,211)	10,444	3,655,865
Infrastructure	19,373,170	112,216	-	-	19,485,386
Total Capital Assets, Being Depreciated	32,777,302	255,453	(17,211)	10,444	33,025,988
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,135,539)	(80,531)	-	-	(2,216,070)
Equipment	(1,985,330)	(163,639)	8,224	(10,788)	(2,151,533)
Infrastructure	(10,041,217)	(950,170)	-	-	(10,991,387)
Total Accumulated Depreciation	(14,162,086)	(1,194,340)	8,224	(10,788)	(15,358,990)
Total Capital Assets, Being Depreciated, Net	18,615,216	(938,887)	(8,987)	(344)	17,666,998
Business-Type Activities Capital Assets, Net	<u>\$ 19,577,841</u>	<u>\$ (938,887)</u>	<u>\$ (8,987)</u>	<u>\$ (344)</u>	<u>\$ 18,629,623</u>

Depreciation expense for the year ended September 30, 2018 was charged to functions/programs of the primary government as follows:

**GOVERNMENTAL ACTIVITIES**

General Government	\$ 808,342
Public Safety	770,040
Physical Environment	5,986
Transportation	2,407,722
Human Services	9,939
Culture/Recreation	20,729
Total Depreciation Expense - Governmental Activities	<u>\$ 4,022,758</u>

**BUSINESS-TYPE ACTIVITIES**

Solid Waste	\$ 345,165
Wauchula Hills Water/Wastewater Treatment	825,561
Vandolah Wastewater Treatment	23,614
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,194,340</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 LONG-TERM LIABILITIES**

A summary of the changes in long-term liabilities for the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Additions	(Reductions)	Balance September 30, 2018	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes Payable	\$ 60,000	\$ -	\$ (40,000)	\$ 20,000	\$ 20,000
Capital Lease	242,754	577,440	(242,665)	577,529	321,306
Compensated Absences	865,054	139,288	-	1,004,342	928,358
Total Governmental Activities	<u>\$ 2,737,291</u>	<u>\$ 716,728</u>	<u>\$ (282,665)</u>	<u>\$ 1,601,871</u>	<u>\$ 1,269,664</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Notes Payable	\$ 4,180,000	\$ -	\$ (350,000)	\$ 3,830,000	\$ 350,000
Compensated Absences	11,011	-	(6,363)	4,648	1,962
Landfill Closure and Post-Closure Costs	7,306,155	-	(2,692,980)	4,613,175	189,260
Total Business-Type Activities	<u>\$ 11,569,684</u>	<u>\$ -</u>	<u>\$ (3,049,343)</u>	<u>\$ 8,447,823</u>	<u>\$ 541,222</u>

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.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

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>
2019	\$ 20,000	\$ -	\$ 350,000	\$ -
2020	-	-	350,000	-
2021	-	-	3,130,000	-
2022	-	-	-	-
Total	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 3,830,000</u>	<u>\$ -</u>

**Capital Lease – Ambulance**

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:

	<u>Governmental</u>
<u>Asset</u>	<u>Activities</u>
Equipment	\$ 359,876
Less: Accumulated Depreciation	(27,990)
Total	<u>\$ 331,886</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2018 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 126,498
Total Minimum Lease Payments	126,498
Less: Amount Representing Interest	(3,445)
Present Value of Minimum Lease Payments	<u>\$ 123,053</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

**Capital Lease – Motorola Radios**

On December 15, 2017, the board entered into a capital lease for the purchase of Motorola Radios with a total cost of \$577,439. Principal and interest is payable in annual installments of \$206,046. The interest rate is 3.43% and has a three-year term with the final payment due on December 15, 2020. 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	<u>Activities</u>
Equipment	\$ 577,439
Less: Accumulated Depreciation	-
Total	<u>\$ 577,439</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2018 were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 206,046
2020	206,046
2021	<u>79,806</u>
Total Minimum Lease Payments	491,898
Less: Amount Representing Interest	<u>(37,422)</u>
Present Value of Minimum Lease Payments	<u>\$ 454,476</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, 2018:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 311,973	\$ 37,401
Transportation Trust	102	80,456
Fire Control Fund	2,140	-
Grants Fund	-	71,689
Solid Waste Fund	2,209	-
Nonmajor Governmental Funds	<u>67,735</u>	<u>194,613</u>
Total	<u>\$ 384,159</u>	<u>\$ 384,159</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  
SEPTEMBER 30, 2018**

**NOTE 8 FUND BALANCE AND SPENDING POLICY**

The governmental funds are classified as follows:

Nonspendable					\$ 977,412
Restricted:					
Transportation	\$	5,141,498			
Grants		579,004			
Economic Development Authority		11,149,260			
Court Innovations and Fines and Forfeitures		405,166			
Law Enforcement Trust		113,800			
E-911		380,159			
Tourist Development		73,787			
Court Technology		6,087			
Official Records		150,977			
Clerk Operational Needs		105,843			
Inmate Welfare		87,413			
Education		57,722			
Total Restricted					18,250,716
Committed:					
Fire Control		1,287,866			
Pioneer Park Days		42,137			
Total Committed					1,330,003
Assigned					36,691
Unassigned					5,339,304
Total Fund Balances					\$ 25,934,126

**Fund Balance Deficit**

The following nonmajor governmental funds had deficit fund balances at September 30, 2018:

**Clerk’s Fine and Forfeiture Fund (\$42,456)** – The deficit is due to lower than expected revenues because of late payments from the State. The payment was received subsequent to September 30, 2018, which will resolved this deficit.

**Mining Fund (\$9,671)** – The deficit is due to lower than expected mining revenues because of late invoicing by the County. It is anticipated that the deficit will be resolved during the year ended September 30, 2019.

**Emergency Disaster Fund (\$62,274)** – The deficit is due to Hurricane Irma related expenditures which have not been reimbursed by FEMA. The deficit is being funded by a loan from the General Fund. Once the FEMA reimbursement is received, the deficit should be resolved.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 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.

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](http://www.dms.myflorida.com)).

The County's pension expense totaled \$1,664,793 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2018.

**Florida Retirement System Pension Plan**

**Plan Description**

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

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

**Benefits Provided**

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Elected County Officers</b>	3.00
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Regular</b>	
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, 2017, were applied to employee salaries as follows: regular employees 7.92%, special risk 23.27%, county elected officials 45.50%, senior management 22.71%, and DROP participants 13.26%. 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 \$1,914,706 for the year ended September 30, 2018.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs**

At September 30, 2018, the County reported a liability of \$19,963,112 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the County's proportion was 0.066277420%, which was a decrease of 0.001865087% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$1,551,578 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	\$ 1,691,175	\$ (61,382)
Changes in Actuarial Assumptions	6,522,971	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,542,393)
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	688,612	(594,293)
County Contributions Subsequent to the Measurement Date	542,437	-
Total	<u>\$ 9,445,195</u>	<u>\$ (2,198,068)</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Pension Costs (Continued)**

\$542,437 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>
2019	\$ 2,596,812
2020	1,822,171
2021	297,932
2022	1,159,262
2023	733,708
Thereafter	94,805

**Actuarial Assumptions**

The total pension liability in the July 1, 2018, 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	7.00%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0 %	2.9 %	2.9 %	1.8 %
Fixed Income	18.0	4.4	4.3	4.0
Global Equity	54.0	7.6	6.3	17.0
Real Estate	11.0	6.6	6.0	11.3
Private Equity	10.0	10.7	7.8	26.5
Strategic Investments	6.0	6.0	5.7	8.6
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 7.0% 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:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	6.000%	7.00%	8.000%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 36,433,499	\$ 19,963,112	\$ 6,283,464

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, 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, 2018, 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 \$235,677 for the year ended September 30, 2018.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Pension Costs**

At September 30, 2018, the County reported a liability of \$4,627,423 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the County's proportion was .043720469%, which was a decrease of 0.000690596% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$113,215 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	\$ 70,844	\$ (7,862)
Changes in Actuarial Assumptions	514,627	(492,540)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,793	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	103,759	(109,363)
County Contributions Subsequent to the Measurement Date	63,758	-
Total	<u>\$ 755,781</u>	<u>\$ (609,765)</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

**Pension Costs (Continued)**

\$63,758 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>
2019	\$ 68,240
2020	68,004
2021	47,264
2022	6,973
2023	(66,017)
Thereafter	(42,206)

**Actuarial Assumptions**

The total pension liability in the July 1, 2018, 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	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, 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 3.87% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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	2.8700%	3.87%	4.8700%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 5,270,364	\$ 4,627,423	\$ 4,091,495

**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  
SEPTEMBER 30, 2018**

**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, 2018, 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 \$264,828 for the year ended September 30, 2018. Employee contributions to the Investment Plan totaled \$50,861 for the year ended September 30, 2018.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, eight retirees and dependents received healthcare benefits. The County provided contributions of \$71,042 toward the annual OPEB cost comprised of premium contributions. There were no claim benefit payments made on behalf of retirees net of retiree contributions.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Terms**

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Active plan members	329
Total	<u>337</u>

**Total OPEB Liability**

The County's Total OPEB liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of October 1, 2017. The following table shows the County's total OPEB liability for the year ended September 30, 2018.

	<u>Total OPEB Liability</u>
Balances - October 1, 2017	\$ 2,217,102
Changes for the Year:	
Service Cost	167,907
Interest	85,298
Differences Between Expected and Actual Experience	(92,982)
Benefit Payments	(71,042)
Net Changes	<u>89,181</u>
Balances - September 30, 2018	<u>\$ 2,306,283</u>

**Discount Rate Sensitivity**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Plan Discount Rate	3.15 %	4.15 %	5.15 %
Total OPEB Liability	\$ 2,485,849	\$ 2,306,283	\$ 2,131,532

**Healthcare Trend Rate Sensitivity**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Description</u>	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB Plan Healthcare Cost Rate	4.00 %	5.00 %	6.00 %
Total OPEB Liability	\$ 2,009,226	\$ 2,306,283	\$ 2,662,204

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the County recognized OPEB expense of \$171,833. In addition, the County reported deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 82,651

Amounts reported as deferred inflows of resources related to OPEB will be amortized over five years and will be recognized as follows:

Year Ended September 30,	Amount
2019	\$ (10,331)
2020	(10,331)
2021	(10,331)
2022	(10,331)
2023	(10,331)
Thereafter	(30,996)

**Actuarial Assumptions**

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25% (2.6% general inflation and .65% real wage inflation)
Healthcare Cost Trend Rates	8.0%

The actuarial cost method has been updated from Project Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. In conjunction with this change, the payroll growth assumption has been updated based on the most recent Florida Retirement System actuarial valuation as of July 1, 2018.

Mortality table has been updated from RP-2000 fully generational Combined Mortality Table to a RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

The discount rate used to measure the total OPEB liability was 4.15%, based on yield for 20-year tax exempt general obligation bonds with an average rating of AA/Aa. The prior full valuation used a discount rate of 3.5%

Healthcare trends have been updated to an initial rate of 8% decreasing by .5% annually to an ultimate rate of 5.0%. The trend for retirement contributions for the Sheriff's employees receiving the County's explicit subsidy has been updated to 1% per year.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 12 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County is a member of Public Risk Management of Florida (PRM), a local government risk management pool.

The PRM program is structured under a self-insured retention insurance program, whereby PRM pays claims up to a specified amount annually for property and general liability, public officials' liability, automobile liability and workers' compensation. PRM purchases excess insurance or stop loss insurance from commercial carriers to cover losses above the self-insured retention amounts.

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

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

**Landfill Closure Commitments**

Hardee County has completed two 6-acre expansions of their original 12 acre Class I Landfill. This brings the total footprint up to 24.8 acres. The original 12 acres was at capacity in 2010 and received a partial final closure in January of 2012. The expansion – separated into two sections (Sections I and II). Section I became operational in 2010 and Section II will remain on hold until it is needed. In total the expanded areas increase the life capacity of the Class I Landfill approximately 22 years.

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

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Landfill Closure Commitments (Continued)**

Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County reports as a liability a portion of closure and post-closure care costs based on landfill capacity used as of the balance sheet date. The landfill closure and post-closure care liability was \$4,613,175 at September 30, 2018; represents the cumulative amount reported to date based on an average use of 51.33% of the total estimated capacity available as of September 30, 2018. 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 \$2,692,980 as of September 30, 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulation to make annual contributions to a landfill management escrow account to finance only the closure portion of the estimates. That portion was \$100,000 at September 30, 2018. The County is in compliance with these requirements at September 30, 2018. At September 30, 2018, \$1,281,327 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, 2018 have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018 consisted of the following:

Transfers to the General Fund from:

Fire Control Fund	\$ 98,211
Grants Fund	1,279
Nonmajor Governmental Funds	116,229
Solid Waste Fund	60,812
Wauchula Hills Water/Wastewater Treatment Fund	52,236
Nonmajor Enterprise Fund	11,418
Total	<u>\$ 340,185</u>

Transfers to the Transportation Trust Fund from:

Fire Control Fund	\$ 2,728
Nonmajor Governmental Funds	16,097
Solid Waste Fund	16,517
Wauchula Hills Water/Wastewater Treatment Fund	4,509
Total	<u>\$ 39,851</u>

Transfers to the Fire Control Fund from:

General Fund	\$ 227,225
Nonmajor Governmental Funds	1,108
General Fund	2,140
Total	<u>\$ 230,473</u>

Transfers to the Grants Fund from:

General Fund	\$ 5,385
Total	<u>\$ 5,385</u>

Transfers to the Nonmajor Governmental Funds from:

Nonmajor Governmental Funds	\$ 215,277
Total	<u>\$ 215,277</u>

Transfers to the Solid Waste Fund from:

General Fund	\$ 2,139
Solid Waste Fund	100,000
Total	<u>\$ 102,139</u>

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018**

<b>ASSETS</b>	
Cash	\$ 197,979
Accounts Receivable	358,760
	Total Assets
	\$ 556,739
 <b>LIABILITIES</b>	
Accounts Payable	\$ 11,510
	<b>FUND BALANCE</b>
Total Liabilities and Fund Balance	545,229
	\$ 556,739

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended September 30, 2018**

<b>REVENUES</b>	
Intergovernmental	\$ 350,000
Interest	3,014
Miscellaneous	37,975
Total Revenues	390,989
 <b>EXPENDITURES</b>	
Economic Environment	441,877
Total Expenditures	441,877
 <b>NET CHANGE IN FUND BALANCE</b>	 (50,888)
Fund Balances - Beginning of Year	596,117
 <b>FUND BALANCES - END OF YEAR</b>	 \$ 545,229

**HARDEE COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 16 PRIOR PERIOD ADJUSTMENTS**

**Change in Accounting Principle**

During the year ended September 30, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This change requires the restatement of the September 30, 2017 net position as follows:

	Governmental Activities	Business- Type Activities	Solid Waste	Wauchula Hills Water/ Wastewater Treatment Fund	Vandolah Wastewater Treatment (Nonmajor Fund)
Net Position - September 30, 2017, as Previously Reported	\$ 49,810,973	\$ 11,929,087	\$ (2,457,310)	\$ 13,296,697	\$ 1,089,700
Cumulative Affect of Application of GASB 75, Cumulative Effect of Application of GASB 75	(552,444)	(22,657)	(10,070)	(10,825)	(1,762)
Net Position - September 30, 2017, as Restated	<u>\$ 49,258,529</u>	<u>\$ 11,906,430</u>	<u>\$ (2,467,380)</u>	<u>\$ 13,285,872</u>	<u>\$ 1,087,938</u>

**Change Due to Error**

During the year the County became aware of an expense that was underpaid to a trash hauler per the terms of the agreed upon contract. The error that resulted requires a restatement of the September 30, 2017 net position as follows:

	Business- Type Activities	Solid Waste
Net Position - September 30, 2017, as Restated	\$ 11,906,430	\$ (2,467,380)
Cumulative Effect of Hardee Disposal Error	(343,575)	(343,575)
Net Position - September 30, 2017, as Restated	<u>\$ 11,562,855</u>	<u>\$ (2,810,955)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**HARDEE COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE COUNTY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
YEAR ENDED SEPTEMBER 30, 2018**

Total OPEB Liability	
Service Cost	\$ 167,907
Interest	85,298
Difference Between Projected and Actual Investment Income	(92,982)
Changes of Assumptions	-
Benefit Payments	<u>(71,042)</u>
Net Change in Total OPEB Liability	89,181
Total OPEB Liability - Beginning	<u>2,217,102</u>
Total OPEB Liability - Ending	<u><u>\$ 2,306,283</u></u>

Notes to Schedule:

Covered Employee Payroll: The OPEB plan is not administered through a trust and contributions to the OPEB plan are not based on a measure of pay. Therefore, no measure of payroll is presented.

Benefit changes: There have been no substantive plan provision changes since the last full valuation.

Changes of assumptions: The following assumptions have been updated in accordance with GASB 75.

- The trend table was updated to The latest model released by The Society of Actuaries
- The funding method was changed to Entry Age Normal as required by GASB 75
- The mortality and disability increments were updated to the latest assumptions used for the FRS valuation

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 —  
FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension Liability	0.066277420%	0.068142507%	0.067373223%	0.064108020%	0.061994926%
County's Proportionate Share of the Net Pension Liability	\$ 19,963,112	\$ 20,156,103	\$ 17,011,793	\$ 8,280,411	\$ 3,782,602
County's Covered Payroll	\$ 12,439,075	\$ 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	160.49 %	159.65 %	142.55 %	69.98 %	30.11 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

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

<sup>1</sup> 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<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2018**

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,914,809	\$ 1,790,358	\$ 1,764,185	\$ 1,575,522	\$ 1,695,399
Contributions in Relation to the Contractually Required Contribution	(1,914,809)	(1,790,358)	(1,764,185)	(1,575,522)	(1,695,399)
Contribution Deficiency (Excess)	<u>\$ -</u>				
County's Covered Payroll	\$ 12,402,136	\$ 12,514,179	\$ 12,151,269	\$ 11,831,746	\$ 12,561,056
Contributions as a Percentage of Covered Payroll	15.44 %	14.31 %	14.52 %	13.32 %	13.50 %

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

<sup>1</sup> 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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY —  
HEALTH INSURANCE SUBSIDIARY PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2018**

	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.043720469%	0.044410650%	0.043992580%	0.044020471%	0.043481289%
County's Proportionate Share of the Net Pension Liability	\$ 4,627,423	\$ 4,748,636	\$ 5,127,153	\$ 4,489,399	\$ 4,065,607
County's Covered Payroll	\$ 14,194,202	\$ 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	32.60 %	33.38 %	38.05 %	31.49 %	30.33 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

<sup>1</sup> 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 SUBSIDIARY PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2018**

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 235,677	\$ 238,909	\$ 234,651	\$ 180,890	\$ 182,277
Contributions in Relation to the Contractually Required Contribution	<u>(235,677)</u>	<u>(238,909)</u>	<u>(234,651)</u>	<u>(180,890)</u>	<u>(182,277)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
County's Covered Payroll	\$ 14,097,511	\$ 14,288,767	\$ 14,029,458	\$ 14,257,015	\$ 13,402,755
Contributions as a Percentage of Covered Payroll	1.67%	1.67%	1.67%	1.27%	1.36%

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

<sup>1</sup> 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 DESCRIPTION  
YEAR ENDED SEPTEMBER 30, 2018**

**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 DESCRIPTION (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**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, 2018**

Special Revenue Funds

<b>ASSETS</b>	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining	Emergency Disaster
Cash and Cash Equivalents	\$ 448,541	\$ 42,350	\$ 113,800	\$ 246,437	\$ 333,058	\$ 59,036	\$ 32,651
Accounts Receivable, Net	-	3,407	-	10	-	15,188	-
Due from Other Funds	-	-	-	-	30,646	-	-
Due from Other Governmental Agencies	-	-	-	40,943	11,053	-	-
Prepaid Items	-	-	-	1,130	-	-	-
Total Assets	<u>\$ 448,541</u>	<u>\$ 45,757</u>	<u>\$ 113,800</u>	<u>\$ 288,520</u>	<u>\$ 374,757</u>	<u>\$ 74,224</u>	<u>\$ 32,651</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 24,265	\$ 213	\$ -	\$ 180,914	\$ -	\$ 3,698	\$ 14,925
Due to Other Funds	-	-	-	3,961	-	80,000	80,000
Due to Other Governmental Agencies	13,708	-	-	103,645	-	197	-
Total Liabilities	<u>37,973</u>	<u>213</u>	<u>-</u>	<u>288,520</u>	<u>-</u>	<u>83,895</u>	<u>94,925</u>
Deferred Inflows of Resources							
Unavailable Revenue	-	3,407	-	42,456	-	-	-
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	1,130	-	-	-
Restricted	405,166	-	113,800	-	380,159	-	-
Committed	-	42,137	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	5,402	-	-	(43,586)	(5,402)	(9,671)	(62,274)
Total Fund Balances	<u>410,568</u>	<u>42,137</u>	<u>113,800</u>	<u>(42,456)</u>	<u>374,757</u>	<u>(9,671)</u>	<u>(62,274)</u>
Total Liabilities and Fund Balances	<u>\$ 448,541</u>	<u>\$ 45,757</u>	<u>\$ 113,800</u>	<u>\$ 288,520</u>	<u>\$ 374,757</u>	<u>\$ 74,224</u>	<u>\$ 32,651</u>

**HARDEE COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds						Total Other Nonmajor Governmental 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	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 69,448	\$ 138,451	\$ 85,134	\$ 88,168	\$ 57,722	\$ 30,646	\$ 1,745,442
Accounts Receivable, Net	-	-	-	-	-	-	18,605
Due from Other Funds	-	19,439	17,650	-	-	-	67,735
Due from Other Governmental Agencies	4,339	-	26,329	-	-	-	82,664
Prepaid Items	-	-	-	-	-	-	1,130
Total Assets	<u>\$ 73,787</u>	<u>\$ 157,890</u>	<u>\$ 129,113</u>	<u>\$ 88,168</u>	<u>\$ 57,722</u>	<u>\$ 30,646</u>	<u>\$ 1,915,576</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ -	\$ 820	\$ 1,171	\$ 755	\$ -	\$ -	\$ 226,761
Due to Other Funds	-	6	-	-	-	30,646	194,613
Due to Other Governmental Agencies	-	-	-	-	-	-	117,550
Total Liabilities	-	826	1,171	755	-	30,646	538,924
Deferred Inflows of Resources							
Unavailable Revenue	-	-	22,099	-	-	-	67,962
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	1,130
Restricted	73,787	157,064	105,843	87,413	57,722	-	1,380,954
Committed	-	-	-	-	-	-	42,137
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(115,531)
Total Fund Balances	<u>73,787</u>	<u>157,064</u>	<u>105,843</u>	<u>87,413</u>	<u>57,722</u>	<u>-</u>	<u>1,308,690</u>
Total Liabilities and Fund Balances	<u>\$ 73,787</u>	<u>\$ 157,890</u>	<u>\$ 129,113</u>	<u>\$ 88,168</u>	<u>\$ 57,722</u>	<u>\$ 30,646</u>	<u>\$ 1,915,576</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds						
	Fines and Forfeitures	Pioneer Park Days	Law Enforcement Trust	Clerk's Fine and Forfeiture	E-911	Mining	Emergency Disaster
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ 259,526	\$ 200,113	\$ -	\$ -
Charges for Services	24,602	83,946	-	475,250	-	198,385	-
Fines and Forfeitures	178,660	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Interest	5,854	419	1,305	-	2,985	566	-
Miscellaneous	272	5,673	30,033	4,789	-	-	467,548
Total Revenues	<u>209,388</u>	<u>90,038</u>	<u>31,338</u>	<u>739,565</u>	<u>203,098</u>	<u>198,951</u>	<u>467,548</u>
<b>EXPENDITURES</b>							
Current:							
General Government	492,288	-	-	782,021	-	-	-
Public Safety	-	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	292,140	1,835,091
Culture and Recreation	-	44,927	-	-	-	-	-
Capital Outlay	17,618	-	-	-	-	27,227	-
Total Expenditures	<u>509,906</u>	<u>44,927</u>	<u>-</u>	<u>782,021</u>	<u>-</u>	<u>319,367</u>	<u>1,835,091</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(300,518)	45,111	31,338	(42,456)	203,098	(120,416)	(1,367,543)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	30,646	-	-
Transfers Out	-	(27,328)	(67,208)	-	(184,631)	(38,898)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(27,328)</u>	<u>(67,208)</u>	<u>-</u>	<u>(153,985)</u>	<u>(38,898)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(300,518)	17,783	(35,870)	(42,456)	49,113	(159,314)	(1,367,543)
Fund Balances - Beginning of Year	<u>711,086</u>	<u>24,354</u>	<u>149,670</u>	<u>-</u>	<u>325,644</u>	<u>149,643</u>	<u>1,305,269</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 410,568</u>	<u>\$ 42,137</u>	<u>\$ 113,800</u>	<u>\$ (42,456)</u>	<u>\$ 374,757</u>	<u>\$ (9,671)</u>	<u>\$ (62,274)</u>

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2018**

	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
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ 57,321	\$ -	\$ -	\$ -	\$ 516,960
Charges for Services	-	32,025	-	-	-	-	814,208
Fines and Forfeitures	-	-	-	-	2,753	-	181,413
Taxes	44,821	-	-	-	-	-	44,821
Interest	487	\$ -	-	-	-	-	11,616
Miscellaneous	-	1,407	868	25,926	-	-	536,516
Total Revenues	<u>45,308</u>	<u>33,432</u>	<u>58,189</u>	<u>25,926</u>	<u>2,753</u>	<u>-</u>	<u>2,105,534</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	29,678	74,419	-	-	-	1,378,406
Public Safety	-	-	-	16,458	2,963	132,917	152,338
Physical Environment	-	-	-	-	-	-	2,127,231
Culture and Recreation	-	-	-	-	-	-	44,927
Capital Outlay	-	7,426	-	-	-	21,068	73,339
Total Expenditures	<u>-</u>	<u>37,104</u>	<u>74,419</u>	<u>16,458</u>	<u>2,963</u>	<u>153,985</u>	<u>3,776,241</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	45,308	(3,672)	(16,230)	9,468	(210)	(153,985)	(1,670,707)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	184,631	215,277
Transfers Out	-	-	-	-	-	(30,646)	(348,711)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,985</u>	<u>(133,434)</u>
<b>NET CHANGE IN FUND BALANCES</b>	45,308	(3,672)	(16,230)	9,468	(210)	-	(1,804,141)
Fund Balances - Beginning of Year	<u>28,479</u>	<u>160,736</u>	<u>122,073</u>	<u>77,945</u>	<u>57,932</u>	<u>-</u>	<u>3,112,831</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 73,787</u>	<u>\$ 157,064</u>	<u>\$ 105,843</u>	<u>\$ 87,413</u>	<u>\$ 57,722</u>	<u>\$ -</u>	<u>\$ 1,308,690</u>

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — BUDGET AND ACTUAL  
FINES AND FORFEITURES FUND  
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 22,000	\$ 22,000	\$ 24,602	\$ 2,602
Fines and Forfeitures	225,100	225,100	178,660	(46,440)
Interest	700	700	5,854	5,154
Miscellaneous	-	-	272	272
Total Revenues	<u>247,800</u>	<u>247,800</u>	<u>209,388</u>	<u>(38,412)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	884,593	886,988	492,288	394,700
Public Safety	10,000	10,000	-	10,000
Capital Outlay	42,055	39,660	17,618	22,042
Other Expense	99,796	99,796	-	99,796
Total Expenditures	<u>1,036,444</u>	<u>1,036,444</u>	<u>509,906</u>	<u>526,538</u>
<b>NET CHANGE IN FUND BALANCES</b>	(788,644)	(788,644)	(300,518)	488,126
Fund Balances - Beginning of Year	<u>788,644</u>	<u>788,644</u>	<u>711,086</u>	<u>(77,558)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 410,568</u></u>	<u><u>\$ 410,568</u></u>

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — BUDGET AND ACTUAL  
PIONEER PARK DAYS FUND  
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 89,000	\$ 89,000	\$ 83,946	\$ (5,054)
Interest	100	100	419	319
Miscellaneous	-	-	5,673	5,673
Total Revenues	<u>89,100</u>	<u>89,100</u>	<u>90,038</u>	<u>938</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	46,681	57,681	44,927	12,754
Other Expense	40,895	34,895	-	34,895
Total Expenditures	<u>87,576</u>	<u>92,576</u>	<u>44,927</u>	<u>47,649</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,524	(3,476)	45,111	48,587
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	13,000	13,000	-	(13,000)
Transfers Out	(56,990)	(51,990)	(27,328)	24,662
Total Other Financing Sources (Uses)	<u>(43,990)</u>	<u>(38,990)</u>	<u>(27,328)</u>	<u>11,662</u>
<b>NET CHANGE IN FUND BALANCES</b>	(42,466)	(42,466)	17,783	60,249
Fund Balances - Beginning of Year	<u>42,466</u>	<u>42,466</u>	<u>24,354</u>	<u>(18,112)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,137</u>	<u>\$ 42,137</u>

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — BUDGET AND ACTUAL  
LAW ENFORCEMENT TRUST FUND  
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 400	\$ 400	\$ 1,305	\$ 905
Miscellaneous	50,000	50,000	30,033	(19,967)
Total Revenues	<u>50,400</u>	<u>50,400</u>	<u>31,338</u>	<u>(19,062)</u>
<b>EXPENDITURES</b>				
Current:				
Other Expense	194,019	126,811	-	126,811
Total Expenditures	<u>194,019</u>	<u>126,811</u>	<u>-</u>	<u>126,811</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(143,619)	(76,411)	31,338	107,749
<b>OTHER FINANCING USES</b>				
Transfers Out	-	(67,208)	(67,208)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(67,208)</u>	<u>(67,208)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(143,619)	(143,619)	(35,870)	107,749
Fund Balances - Beginning of Year	<u>143,619</u>	<u>143,619</u>	<u>149,670</u>	<u>6,051</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,800</u>	<u>\$ 113,800</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, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 260,590	\$ 260,590	\$ 259,526	\$ (1,064)
Charges for Services	522,493	522,493	475,250	(47,243)
Miscellaneous	-	-	4,789	4,789
Total Revenues	<u>783,083</u>	<u>783,083</u>	<u>739,565</u>	<u>(43,518)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	746,700	755,361	755,314	47
Operating Expenditures	36,383	27,722	26,707	1,015
Total Expenditures	<u>783,083</u>	<u>783,083</u>	<u>782,021</u>	<u>1,062</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(42,456)	(42,456)
Fund Balances - Beginning of Year	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,456)</u>	<u>\$ (42,456)</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — BUDGET AND ACTUAL**  
**E-911 FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 109,600	\$ 174,615	\$ 200,113	\$ 25,498
Interest	140	140	2,985	2,845
Total Revenues	<u>109,740</u>	<u>174,755</u>	<u>203,098</u>	<u>28,343</u>
<b>EXPENDITURES</b>				
Current:				
Other Expense	83,197	83,197	-	83,197
Total Expenditures	<u>83,197</u>	<u>83,197</u>	<u>-</u>	<u>83,197</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	26,543	91,558	203,098	111,540
<b>OTHER FINANCING SOURCES</b>				
Transfers In	100	100	30,646	30,546
Transfers Out	<u>(162,363)</u>	<u>(227,378)</u>	<u>(184,631)</u>	<u>(42,747)</u>
Total Other Financing Sources (Uses)	<u>(162,263)</u>	<u>(227,278)</u>	<u>(153,985)</u>	<u>(12,201)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(135,720)	(135,720)	49,113	184,833
Fund Balances - Beginning of Year	<u>135,720</u>	<u>135,720</u>	<u>325,644</u>	<u>189,924</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,757</u>	<u>\$ 374,757</u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — BUDGET AND ACTUAL**  
**MINING FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 528,543	\$ 528,543	\$ 198,385	\$ (330,158)
Interest	200	200	566	366
Total Revenues	<u>528,743</u>	<u>528,743</u>	<u>198,951</u>	<u>(329,792)</u>
<b>EXPENDITURES</b>				
Current:				
Physical Environment	487,306	487,079	292,140	194,939
Capital Outlay	27,000	27,227	27,227	-
Other Expense	87,306	87,306	-	87,306
Total Expenditures	<u>601,612</u>	<u>601,612</u>	<u>319,367</u>	<u>282,245</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(72,869)	(72,869)	(120,416)	(47,547)
<b>OTHER FINANCING USES</b>				
Transfers Out	<u>(40,390)</u>	<u>(40,390)</u>	<u>(38,898)</u>	<u>1,492</u>
<b>NET CHANGE IN FUND BALANCES</b>	(113,259)	(113,259)	(159,314)	(46,055)
Fund Balances - Beginning of Year	<u>113,259</u>	<u>113,259</u>	<u>149,643</u>	<u>36,384</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (9,671)</u></u>	<u><u>\$ (9,671)</u></u>

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES — BUDGET AND ACTUAL**  
**EMERGENCY DISASTER FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 875,000	\$ 2,500,000	\$ -	\$ (2,500,000)
Miscellaneous Revenues	55,000	243,110	467,548	224,438
Total Revenues	<u>930,000</u>	<u>2,743,110</u>	<u>467,548</u>	<u>(2,275,562)</u>
<b>EXPENDITURES</b>				
Current:				
Physical Environment	500,004	2,940,514	1,835,091	1,105,423
Debt Service:				
Principal Retirement	2,000,000	2,000,000	-	2,000,000
Interest	65,000	-	-	-
Total Expenditures	<u>2,565,004</u>	<u>4,940,514</u>	<u>1,835,091</u>	<u>1,105,423</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(1,635,004)	(2,197,404)	(1,367,543)	829,861
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	(1,235,214)	(1,172,814)	-	1,172,814
Issuance of Debt	2,000,000	2,000,000	-	(2,000,000)
Total Other Financing Uses	<u>764,786</u>	<u>827,186</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(870,218)	(1,370,218)	(1,367,543)	2,675
Fund Balances - Beginning of Year	<u>870,218</u>	<u>1,370,218</u>	<u>1,305,269</u>	<u>(64,949)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,274)</u>	<u>\$ (62,274)</u>

**HARDEE COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — BUDGET AND ACTUAL  
TOURIST DEVELOPMENT FUND  
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 36,000	\$ 36,000	\$ 44,821	\$ 8,821
Interest	200	200	487	287
Total Revenues	<u>36,200</u>	<u>36,200</u>	<u>45,308</u>	<u>9,108</u>
<b>EXPENDITURES</b>				
Other Expense	57,196	57,196	-	57,196
Total Expenditures	<u>57,196</u>	<u>57,196</u>	<u>-</u>	<u>57,196</u>
<b>NET CHANGE IN FUND BALANCES</b>	(20,996)	(20,996)	45,308	(66,304)
Fund Balances - Beginning of Year	<u>20,996</u>	<u>20,996</u>	<u>28,479</u>	<u>7,483</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,787</u>	<u>\$ 73,787</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, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 143,730	\$ 190,735	\$ 32,025	\$ (158,710)
Miscellaneous	-	11	1,407	1,396
Total Revenues	<u>143,730</u>	<u>190,746</u>	<u>33,432</u>	<u>(157,314)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	38,320	34,061	29,367	4,694
Operating Expenditures	95,410	146,685	311	146,374
Capital Outlay	10,000	10,000	7,426	2,574
Total Expenditures	<u>143,730</u>	<u>190,746</u>	<u>37,104</u>	<u>153,642</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(3,672)	(3,672)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>160,736</u>	<u>160,736</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,064</u>	<u>\$ 157,064</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 77,050	\$ 172,073	\$ 57,321	\$ (114,752)
Miscellaneous	-	-	868	868
<b>Total Revenues</b>	<u>77,050</u>	<u>172,073</u>	<u>58,189</u>	<u>(113,884)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	69,550	52,437	52,437	-
Operating Expenditures	6,000	119,636	21,982	97,654
Capital Outlay	1,500	-	-	-
<b>Total Expenditures</b>	<u>77,050</u>	<u>172,073</u>	<u>74,419</u>	<u>97,654</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(16,230)	(16,230)
Fund Balances - Beginning of Year	-	-	122,073	122,073
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,843</u>	<u>\$ 105,843</u>

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION —  
ALL AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	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
<b>ASSETS</b>								
Cash	\$ 70,994	\$ 875	\$ 125,968	\$ 268	\$ 32,018	\$ 4,362	\$ 259,317	\$ 98,590
<b>LIABILITIES</b>								
Due to Individuals	\$ 25,435	\$ -	\$ 125,968	\$ 15	\$ 32,018	\$ 4,362	\$ 15,938	\$ -
Due to Other Governments	45,559	875	-	253	-	-	26,606	98,590
Due to Indigent Health Care Special District	-	-	-	-	-	-	675	-
Deposit - Installment Taxes	-	-	-	-	-	-	216,098	-
Total Liabilities	\$ 70,994	\$ 875	\$ 125,968	\$ 268	\$ 32,018	\$ 4,362	\$ 259,317	\$ 98,590

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION —  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

	Sheriff's Suspense	Sheriff's Collections	Sheriff's Inmate	Sheriff's Youth	Sheriff's Flower	Sheriff's Evidence	Total
<b>ASSETS</b>							
Cash	\$ 1,642	\$ 10	\$ 19,933	\$ 6,560	\$ 796	\$ 24,219	\$ 645,552
<b>LIABILITIES</b>							
Due to Individuals	\$ 1,642	\$ 10	\$ 19,933	\$ 6,560	\$ 796	\$ 24,219	\$ 256,896
Due to Other Governments	-	-	-	-	-	-	171,883
Due to Indigent Health Care Special District	-	-	-	-	-	-	675
Deposit - Installment Taxes	-	-	-	-	-	-	216,098
Total Liabilities	\$ 1,642	\$ 10	\$ 19,933	\$ 6,560	\$ 796	\$ 24,219	\$ 645,552

**HARDEE COUNTY, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION —**  
**ALL AGENCY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b><u>CLERK'S SPECIAL TRUST</u></b>				
<b>ASSETS</b>				
Cash	\$ 133,224	\$ 1,780,697	\$ (1,842,927)	\$ 70,994
<b>LIABILITIES</b>				
Due to Individuals	\$ 30,397	\$ 41,678	\$ (46,640)	\$ 25,435
Due to Other Governments	102,827	1,739,019	(1,796,287)	45,559
Total Liabilities	<u>\$ 133,224</u>	<u>\$ 1,780,697</u>	<u>\$ (1,842,927)</u>	<u>\$ 70,994</u>
<b><u>CLERK'S SUPPORT</u></b>				
<b>ASSETS</b>				
Cash	\$ 1,019	\$ 21,396	\$ (21,540)	\$ 875
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 5,931	\$ (5,931)	\$ -
Vouchers Payable	1,019	10,245	(11,264)	-
Due to Other Governments	-	4,768	(3,893)	875
Total Liabilities	<u>\$ 1,019</u>	<u>\$ 20,944</u>	<u>\$ (21,088)</u>	<u>\$ 875</u>
<b><u>CLERK'S COURT REGISTRY</u></b>				
<b>ASSETS</b>				
Cash	\$ 119,627	\$ 168,981	\$ (162,640)	\$ 125,968
<b>LIABILITIES</b>				
Due to Individuals	\$ 119,627	\$ 168,981	\$ (162,640)	\$ 125,968
<b><u>CLERK'S COUNTY WITNESS</u></b>				
<b>ASSETS</b>				
Cash	\$ 287	\$ -	\$ (19)	\$ 268
<b>LIABILITIES</b>				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	272	-	(19)	253
Total Liabilities	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ (19)</u>	<u>\$ 268</u>

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF CHANGES IN NET POSITION —  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b><u>CLERK'S CASH BOND</u></b>				
<b>ASSETS</b>				
Cash	\$ 23,978	\$ 117,284	\$ (109,244)	\$ 32,018
<b>LIABILITIES</b>				
Due to Individuals	\$ 23,978	\$ 117,284	\$ (109,244)	\$ 32,018
<b><u>CLERK'S CONDEMNATION RIGHT-OF-WAY</u></b>				
<b>ASSETS</b>				
Cash	\$ 4,362	\$ -	\$ -	\$ 4,362
<b>LIABILITIES</b>				
Due to Individuals	\$ 4,362	\$ -	\$ -	\$ 4,362
<b><u>TAX COLLECTOR FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 355,797	\$ 12,866,536	\$ (12,963,016)	\$ 259,317
Due from Individuals	-	872,819	(872,819)	-
	<u>\$ 355,797</u>	<u>\$ 13,739,355</u>	<u>\$ (13,835,835)</u>	<u>\$ 259,317</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 124,818	\$ 1,027,534	\$ (1,136,414)	\$ 15,938
Due to Other Governments	13,250	11,937,903	(11,924,547)	26,606
Due to Indigent Health Care Special District	126	557,820	(557,271)	675
Deposit - Installment Taxes	217,603	216,098	(217,603)	216,098
Total Liabilities	<u>\$ 355,797</u>	<u>\$ 13,739,355</u>	<u>\$ (13,835,835)</u>	<u>\$ 259,317</u>
<b><u>TAX COLLECTOR MOTOR VEHICLE FUND</u></b>				
<b>ASSETS</b>				
Cash	\$ 110,387	\$ 3,649,505	\$ (3,661,302)	\$ 98,590
<b>LIABILITIES</b>				
Due to Other Governments	\$ 110,387	\$ 3,649,505	\$ (3,661,302)	\$ 98,590

**HARDEE COUNTY, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION —  
 ALL AGENCY FUNDS (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b><u>SHERIFF'S SUSPENSE</u></b>				
<b>ASSETS</b>				
Cash	\$ 4,005	\$ 68,065	\$ (70,428)	\$ 1,642
<b>LIABILITIES</b>				
Due to Individuals	\$ 4,005	\$ 68,065	\$ (70,428)	\$ 1,642
<b><u>SHERIFF'S COLLECTIONS</u></b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 23,533	\$ (23,523)	\$ 10
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 23,533	\$ (23,523)	\$ 10
<b><u>SHERIFF'S INMATE</u></b>				
<b>ASSETS</b>				
Cash	\$ 9,540	\$ 1,760,052	\$ (1,749,659)	\$ 19,933
<b>LIABILITIES</b>				
Due to Individuals	\$ 9,540	\$ 1,760,052	\$ (1,749,659)	\$ 19,933
<b><u>SHERIFF'S YOUTH</u></b>				
<b>ASSETS</b>				
Cash	\$ 6,927	\$ -	\$ (367)	\$ 6,560
<b>LIABILITIES</b>				
Due to Individuals	\$ 6,927	\$ -	\$ (367)	\$ 6,560
<b><u>SHERIFF'S FLOWER</u></b>				
<b>ASSETS</b>				
Cash	\$ 944	\$ 1,442	\$ (1,590)	\$ 796
<b>LIABILITIES</b>				
Due to Individuals	\$ 944	\$ 1,442	\$ (1,590)	\$ 796

**HARDEE COUNTY, FLORIDA  
COMBINING STATEMENT OF CHANGES IN NET POSITION —  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b><u>SHERIFF'S EVIDENCE</u></b>				
<b>ASSETS</b>				
Cash	\$ 26,218	\$ 14,207	\$ (16,206)	\$ 24,219
<b>LIABILITIES</b>				
Due to Individuals	\$ 26,218	\$ 14,207	\$ (16,206)	\$ 24,219
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 796,315	\$ 20,471,698	\$ (20,622,461)	\$ 645,552
Due from Individuals	-	872,819	(872,819)	-
Total Assets	<u>\$ 796,315</u>	<u>\$ 21,344,517</u>	<u>\$ (21,495,280)</u>	<u>\$ 645,552</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 350,831	\$ 3,228,707	\$ (3,322,642)	\$ 256,896
Vouchers Payable	1,019	10,245	(11,264)	-
Due to Other Governments	226,736	17,331,195	(17,386,048)	171,883
Due to Indigent Health Care Special District	126	557,820	(557,271)	675
Deposit - Installment Taxes	217,603	216,098	(217,603)	216,098
Total Liabilities	<u>\$ 796,315</u>	<u>\$ 21,344,065</u>	<u>\$ (21,494,828)</u>	<u>\$ 645,552</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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 2, 2019. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-001, that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2018-01.

**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  
May 2, 2019



**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, 2018. 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, 2018.

***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  
May 2, 2019

**HARDEE COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2018**

State Grantor/Program Title	State CSFA Number	Identifying Number	State Expenditures	Passed Through to Subrecipients
<b><u>STATE PROJECTS</u></b>				
<b>State of Florida, Division of Emergency Management</b>				
Emergency Management Programs	31.063	18-BG-W9-07-35-01-053	\$ 73,205	\$ -
Emergency Management Programs	31.063	19-BG-21-07-35-01-020	<u>25,560</u>	<u>-</u>
Total Emergency Management Programs/ Total CSFA			<u>98,765</u>	<u>-</u>
<b>State of Florida, Department of Environmental Protection</b>				
Small County Consolidated Grants	37.012	SC814	<u>90,909</u>	<u>-</u>
Cooperative Collection Center Grant	37.007	HHW802	<u>15,078</u>	<u>-</u>
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP25022	28,763	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP25027	<u>14,167</u>	<u>-</u>
Projects / Total CSFA			<u>42,930</u>	<u>-</u>
Total State of Florida, Department of Environmental Protection			<u>148,917</u>	<u>-</u>
<b>State of Florida, Department of State</b>				
State Aid to Libraries Grant	45.030	18-ST-15	<u>38,651</u>	<u>-</u>
<b>State of Florida, Department of Agriculture and Consumer Services</b>				
Mosquito Control	42.003	24841	40,439	-
Mosquito Control	42.003	AF973B	<u>2,604</u>	<u>-</u>
Total Department of Agriculture/ Total CSFA			<u>43,043</u>	<u>-</u>
<b>Florida Housing Finance Corporation</b>				
State Housing Initiative Partnership (SHIP) Program	40.901	N/A	<u>441,879</u>	<u>-</u>
<b>State of Florida, Department of Transportation</b>				
Small County Road Assistance Program (SCRAP)	55.016	G0082	<u>597,120</u>	<u>-</u>
<b>State of Florida, Department of Health</b>				
County Grant Awards	64.005	C6025	<u>10,721</u>	<u>-</u>
<b>State of Florida, Department of Management Services</b>				
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	17-11-10 / S10-17-12-04	61,175	-
Wireless 911 Emergency Telephone System Rural County Special Distribution	72.001	N/A	<u>2,200</u>	<u>-</u>
Total State of Florida, Department of Management Services/Total CSFA			<u>63,375</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,442,471</u>	<u>\$ -</u>

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, 2018**

**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, 2018. 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 May 2, 2019, 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, 2018**

***Section I – Summary of Auditors’ Results***

***Financial Statements***

- |   |                                   |
|---|-----------------------------------|
| 1. Type of auditor’s report issued:   | Unmodified                        |
| 2. Internal control over financial reporting:   |                                   |
| • Material weakness(es) identified?   | _____ <u>X</u> _____ Yes _____ No |
| • Were significant deficiency(ies) identified not considered to be a material weakness(es)? | _____ Yes _____ <u>X</u> _____ No |
| 3. Noncompliance material to basic financial statements noted?                              | _____ <u>X</u> _____ Yes _____ No |

***State Financial Assistance***

- |  |                                   |
|--|-----------------------------------|
| 1. Internal control over compliance:   |                                   |
| • Material weakness(es) identified?  | _____ Yes _____ <u>X</u> _____ No |
| • Were significant deficiency(ies) identified not considered to be a material weakness(es)?          | _____ Yes _____ <u>X</u> _____ No |
| 2. Type of auditor’s report issued on compliance for major programs:                                 | Unmodified                        |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | _____ Yes _____ <u>X</u> _____ No |

***Identification of major state projects:***

<b>CFSA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
40.901	State Housing Initiative Partnership Program (SHIP)
55.016	Small County Road Assistance Program (SCRAP)

Dollar threshold used to distinguish between Type A and Type B State Projects	\$ <u>300,000</u>
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**HARDEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS —  
STATE FINANCIAL ASSISTANCE (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

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***Section II – Financial Statement Findings***

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**2018-001      PRIOR PERIOD ADJUSTMENTS**

**Type of Finding:** Material Weakness

**Condition:** During our audit, we were informed that a garbage collection hauler had been underpaid for solid waste fees for the prior years due to a miscalculation of a CPI increase for solid waste fees.

**Criteria or specific requirement:** The County is responsible for the proper accounting of contractual payments to vendors.

**Effect:** Prior year expenditures were not recorded and as such, the prior year's net position is overstated.

**Cause:** Error in calculation of CPI increase.

**Recommendation:** Auditor recommends monitoring of contract requirements to ensure compliance.

**Views of responsible officials and planned corrective actions:** We concur.

---

***Section III – Findings and Questioned Costs – Major State Projects***

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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, 2018, and have issued our report thereon dated May 2, 2019.

### ***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, May 2, 2019, 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.

***Special District Component Units***

Section 10.554(1)(i)5.c., 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.

***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**

Lakeland, Florida  
May 2, 2019



## 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, 2018. 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, 2018.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
May 2, 2019

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2018**

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
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YEAR ENDED SEPTEMBER 30, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the Clerk'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 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, 2018, and the respective changes in financial position and budgetary comparison for the General Fund, Fine and Forfeiture Fund, Public Records Modernization Trust Fund, and Child Support IV – D 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 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 Clerk. They do not purport to, and do not, present fairly the financial position of Hardee County as of September 30, 2018, 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 Clerk’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 basic 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 our report dated February 12, 2019 on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Clerk's internal control over financial reporting and compliance



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 12, 2019

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
<b>ASSETS</b>					
Cash	\$ 76,216	\$ 230,637	\$ 138,451	\$ 85,134	\$ 530,438
Due from Individuals	-	10	-	-	10
Due from Other Funds	-	-	19,439	17,650	37,089
Due from Other Governments	6,996	56,743	-	26,329	90,068
Prepaid Expense	1,753	1,130	-	-	2,883
Total Assets	<u>\$ 84,965</u>	<u>\$ 288,520</u>	<u>\$ 157,890</u>	<u>\$ 129,113</u>	<u>\$ 660,488</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 34,583	\$ 180,914	\$ 820	\$ 1,171	\$ 217,488
Due to Board of County Commissioners	-	15,800	-	-	15,800
Due to Other Funds	33,122	3,961	6	-	37,089
Due to Other Governments	17,260	87,845	-	-	105,105
Total Liabilities	<u>84,965</u>	<u>288,520</u>	<u>826</u>	<u>1,171</u>	<u>375,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue:					
Intergovernmental	-	42,456	-	22,099	64,555
<b>FUND BALANCES</b>					
Nonspendable	1,753	1,130	-	-	2,883
Restricted - Clerk Operational Needs	-	-	-	105,843	105,843
Restricted - Official Records	-	-	150,977	-	150,977
Restricted - Court Technology	-	-	6,087	-	6,087
Unassigned	(1,753)	(43,586)	-	-	(45,339)
Total Fund Balances	<u>-</u>	<u>(42,456)</u>	<u>157,064</u>	<u>105,843</u>	<u>220,451</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 84,965</u>	<u>\$ 288,520</u>	<u>\$ 157,890</u>	<u>\$ 129,113</u>	<u>\$ 660,488</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, 2018**

	Major Funds				Total Governmental Funds
	General	Fine and Forfeiture	Public Records Modernization Trust	Child Support IV-D	
<b>REVENUES</b>					
Appropriations from Board of County Commissioners	\$ 551,890	\$ -	\$ -	\$ -	\$ 551,890
Intergovernmental	-	259,526	-	57,321	316,847
Charges for Services	102,047	475,250	32,025	-	609,322
Miscellaneous	4,759	4,789	1,407	868	11,823
Total Revenues	<u>658,696</u>	<u>739,565</u>	<u>33,432</u>	<u>58,189</u>	<u>1,489,882</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
Salaries and Benefits	563,402	755,314	29,367	52,437	1,400,520
Operating Expenditures	86,702	26,707	311	21,982	135,702
Capital Outlay	8,592	-	7,426	-	16,018
Total Expenditures	<u>658,696</u>	<u>782,021</u>	<u>37,104</u>	<u>74,419</u>	<u>1,552,240</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(42,456)	(3,672)	(16,230)	(62,358)
Fund Balances - Beginning of Year	-	-	160,736	122,073	282,809
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (42,456)</u>	<u>\$ 157,064</u>	<u>\$ 105,843</u>	<u>\$ 220,451</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ 551,890	\$ 551,890	\$ 551,890	\$ -
Charges for Services	88,280	102,047	102,047	-
Miscellaneous	220	4,759	4,759	-
Total Revenues	<u>640,390</u>	<u>658,696</u>	<u>658,696</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	570,060	563,402	563,402	-
Operating Expenditures	70,330	86,702	86,702	-
Capital Outlay	-	8,592	8,592	-
Total Expenditures	<u>640,390</u>	<u>658,696</u>	<u>658,696</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<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  
FINE AND FORFEITURE FUND  
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 260,590	\$ 260,590	\$ 259,526	\$ (1,064)
Charges for Services	522,493	522,493	475,250	(47,243)
Miscellaneous	-	-	4,789	4,789
Total Revenues	<u>783,083</u>	<u>783,083</u>	<u>739,565</u>	<u>(43,518)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	746,700	755,361	755,314	47
Operating Expenditures	36,383	27,722	26,707	1,015
Capital Outlay	-	-	-	-
Total Expenditures	<u>783,083</u>	<u>783,083</u>	<u>782,021</u>	<u>1,062</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(42,456)	(42,456)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,456)</u>	<u>\$ (42,456)</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 143,730	\$ 190,735	\$ 32,025	\$ (158,710)
Miscellaneous	-	11	1,407	1,396
Total Revenues	<u>143,730</u>	<u>190,746</u>	<u>33,432</u>	<u>(157,314)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	38,320	34,061	29,367	4,694
Operating Expenditures	95,410	146,685	311	146,374
Capital Outlay	10,000	10,000	7,426	2,574
Total Expenditures	<u>143,730</u>	<u>190,746</u>	<u>37,104</u>	<u>153,642</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(3,672)	(3,672)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>160,736</u>	<u>160,736</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,064</u>	<u>\$ 157,064</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 77,050	\$ 172,073	\$ 57,321	\$ (114,752)
Miscellaneous	-	-	868	868
Total Revenues	<u>77,050</u>	<u>172,073</u>	<u>58,189</u>	<u>(113,884)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	69,550	52,437	52,437	-
Operating Expenditures	6,000	119,636	21,982	97,654
Capital Outlay	1,500	-	-	-
Total Expenditures	<u>77,050</u>	<u>172,073</u>	<u>74,419</u>	<u>97,654</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(16,230)	(16,230)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>122,073</u>	<u>122,073</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 105,843</u></u>	<u><u>\$ 105,843</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
STATEMENT OF FIDUCIARY  
NET POSITION – ALL AGENCY FUNDS  
SEPTEMBER 30, 2018**

**ASSETS**

Cash	<u>\$ 234,485</u>
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**LIABILITIES**

Due to Individuals	\$ 187,798
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Due to Other Governments	<u>46,687</u>
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Total Liabilities	<u>\$ 234,485</u>
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*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Hardee County Clerk of Circuit Court (the Clerk) conform to accounting principles generally accepted in the United States of America (GAAP) 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 (the County) 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 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 duties are used to fund the court functions of the Clerk.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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. These financial statements present only the portion of the funds of the Hardee County, Florida that are attributable to the Clerk. They are not intended to present fairly the financial position and results of operations of the Hardee County, Florida in conformity with accounting principles generally accepted in the United States of America.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available as net current assets. 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 Clerk considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency funds are accounted for using the accrual basis of accounting. Under the accrual method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

*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 Fund, Fine and Forfeiture Fund, Public Records Modernization Trust Fund, and Child Support IV-D Fund. 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

The purposes of the Clerk's funds are as follows:

**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 Section 28.35, Florida Statutes. It is used to account for court fines, fees, service charges, liabilities, and costs.
- **Public Records Modernization Trust Fund** – The Public Records Modernization Trust Fund is established in accordance with Florida Statutes. It is used to account for court technology and public records modernization pursuant to Section 28.24, Florida Statutes.
- **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 Funds - 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, 2018, there was no total fund balance in the General Fund, the fund balance in the Fine and Forfeitures Fund was a deficit \$42,456 due to revenues not received within the period of availability, and the remaining fund balances in the Public Records Modernization Trust Fund and Child Support IV-D Fund 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.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance and Spending Policies (Continued)**

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.

**Capital Assets**

Tangible personal property used in the Clerk's operations is recorded as expenditure in the governmental funds 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 acquisition value at the time received. The Clerk maintains record keeping and custodial responsibility for the capital assets.

**Accumulated Unpaid Vacation and Sick Pay**

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

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

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

The maximum permissible accumulation of annual leave is as follows:

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

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

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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 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.

**Other Postemployment Benefit Obligation**

In accordance with Section 112.0801, Florida Statutes, the Clerk participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

**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 Clerk will not be able to recover the value of its securities that are in the possession of an outside party.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 CUSTODIAL CREDIT RISK (CONTINUED)**

At September 30, 2018, the Clerk's deposits were \$764,923, consisting of demand deposits of \$764,398 and petty cash of \$525, and the bank balance was \$790,812. The Federal Deposit Insurance Corporation (FDIC) insures the Clerk's bank balances for \$250,000 for each banking relationship and the balances are collateralized pursuant to Chapter 280, Florida Statutes. The Clerk'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.

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets for which the Clerk is custodian for the year ended September 30, 2018.

	Balance October 1, 2017	Additions	Disposals	Transfers	Balance September 30, 2018
Machinery and Equipment	\$ 507,542	\$ 16,015	\$ -	\$ (10,028)	\$ 513,529
Less: Accumulated Depreciation	(451,653)	(22,615)	-	9,524	(464,744)
Total Capital Assets, Net	<u>\$ 55,889</u>	<u>\$ (6,600)</u>	<u>\$ -</u>	<u>\$ (504)</u>	<u>\$ 48,785</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 CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (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](http://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, 2018**

**NOTE 4 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 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% 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 CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

Benefits Provided

For the fiscal year ended June 30, 2018, 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% of payroll and by forfeited benefits of plan members.

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (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. 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, 2018, 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, 2018, 2017, and 2016 were \$116,907, \$106,372, and \$106,328 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, 2018:

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 33,122
Fine and Forfeiture Fund	-	3,961
Public Records Modernization Trust Fund	19,439	6
Child Support IV-D Fund	17,650	-
Total	\$ 37,089	\$ 37,089

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2018:

	Balance October 1, 2017	Net Deletions	Balance September 30, 2018
Accrued Compensated Absences	\$ 66,022	\$ (2,292)	\$ 63,730

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, 2018 were as follows:

Budget Appropriation – The General Fund of the Clerk received payments from the Board of County Commissioners for noncourt related and accounting services in the amount of \$551,890 for the year ended September 30, 2018.

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, 2018 amounted to \$246,310.

**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, 2018**

	Special Trust	Support	Court Registry	County Witness	Cash Bond	Condemnation Right-of-Way	Total Agency Funds
<b>ASSETS</b>							
Cash	\$ 70,994	875	\$ 125,968	\$ 268	\$ 32,018	\$ 4,362	\$ 234,485
<b>LIABILITIES</b>							
Due to Individuals	\$ 25,435	\$ -	\$ 125,968	\$ 15	\$ 32,018	\$ 4,362	\$ 187,798
Due to Other Governments	45,559	875	-	253	-	-	46,687
Total Liabilities	\$ 70,994	\$ 875	\$ 125,968	\$ 268	\$ 32,018	\$ 4,362	\$ 234,485

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
 COMBINING SCHEDULE OF CHANGES IN  
 FIDUCIARY NET POSITION – ALL AGENCY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Increases	(Decreases)	Balance September 30, 2018
<b>SPECIAL TRUST</b>				
<b>ASSETS</b>				
Cash	<u>\$ 133,224</u>	<u>\$ 1,894,690</u>	<u>\$ (1,956,920)</u>	<u>\$ 70,994</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 30,397	\$ 41,678	\$ (46,640)	\$ 25,435
Due to Other Governments	102,827	1,739,019	(1,796,287)	45,559
Due to Board of County Commissioners	-	113,993	(113,993)	-
Total Liabilities	<u>\$ 133,224</u>	<u>\$ 1,894,690</u>	<u>\$ (1,956,920)</u>	<u>\$ 70,994</u>
<b>SUPPORT</b>				
<b>ASSETS</b>				
Cash	<u>\$ 1,019</u>	<u>\$ 21,396</u>	<u>\$ (21,540)</u>	<u>\$ 875</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 5,931	\$ (5,931)	\$ -
Vouchers Payable	1,019	10,245	(11,264)	-
Due to Other Governments	-	4,768	(3,893)	875
Total Liabilities	<u>\$ 1,019</u>	<u>\$ 20,944</u>	<u>\$ (21,088)</u>	<u>\$ 875</u>
<b>COURT REGISTRY</b>				
<b>ASSETS</b>				
Cash	<u>\$ 119,627</u>	<u>\$ 168,981</u>	<u>\$ (162,640)</u>	<u>\$ 125,968</u>
<b>LIABILITIES</b>				
Due to Individuals	<u>\$ 119,627</u>	<u>\$ 168,981</u>	<u>\$ (162,640)</u>	<u>\$ 125,968</u>

**HARDEE COUNTY CLERK OF THE CIRCUIT COURT  
 COMBINING SCHEDULE OF CHANGES IN  
 FIDUCIARY NET POSITION – ALL AGENCY FUNDS (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Increases	(Decreases)	Balance September 30, 2018
<b>COUNTY WITNESS</b>				
<b>ASSETS</b>				
Cash	\$ 287	\$ -	\$ (19)	\$ 268
<b>LIABILITIES</b>				
Due to Individuals	\$ 15	\$ -	\$ -	\$ 15
Due to Other Governments	272	-	(19)	253
Total Liabilities	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ (19)</u>	<u>\$ 268</u>
<b>CASH BOND</b>				
<b>ASSETS</b>				
Cash	\$ 23,978	\$ 117,284	\$ (109,244)	\$ 32,018
<b>LIABILITIES</b>				
Due to Individuals	<u>\$ 23,978</u>	<u>\$ 117,062</u>	<u>\$ (109,022)</u>	<u>\$ 32,018</u>
<b>CONDEMNATION RIGHT-OF-WAY</b>				
<b>ASSETS</b>				
Cash	<u>\$ 4,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,362</u>
<b>LIABILITIES</b>				
Due to Individuals	<u>\$ 4,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,362</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	<u>\$ 282,497</u>	<u>\$ 2,202,351</u>	<u>\$ (2,250,363)</u>	<u>\$ 234,485</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 178,379	\$ 333,652	\$ (324,233)	\$ 187,798
Vouchers Payable	1,019	10,245	(11,264)	-
Due to Other Governments	103,099	1,743,787	(1,800,199)	46,687
Due to Board of County Commissioners	-	113,993	(113,993)	-
Total Liabilities	<u>\$ 282,497</u>	<u>\$ 2,201,677</u>	<u>\$ (2,249,689)</u>	<u>\$ 234,485</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 (the Clerk), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated February 12, 2019.

**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 results 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  
February 12, 2019



## 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 (the Clerk) as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated February 12, 2019.

### Auditors' 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 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* 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 February 12, 2019, 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.

**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.

**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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 12, 2019



## 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 (the Clerk) 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, 2018. Management of the Clerk is responsible for the Clerk's compliance with the specified requirements. Our responsibility is to express an opinion on the Clerk'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 Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk 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 the Clerk's compliance with specified requirements.

In our opinion, the Clerk 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, 2018.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 12, 2019

**HARDEE COUNTY SHERIFF**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2018**

**HARDEE COUNTY SHERIFF  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Arnold Lanier  
Hardee County Sheriff  
Hardee County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hardee County Sheriff, Hardee County, Florida (the Sheriff) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff'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 Sheriff, as of September 30, 2018, 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, Florida that is attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Hardee County, Florida as of September 30, 2018, 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 Sheriff's basic financial statements. The combining statements, 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 statements 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 statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Arnold Lanier  
Hardee County Sheriff

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Sheriff's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
March 6, 2019

**HARDEE COUNTY SHERIFF  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	General Fund	Other Governmental Funds (Nonmajor Funds)	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 426,286	\$ 176,536	\$ 602,822
Due from the Board of County Commissioners	-	-	-
Due from Other Governments	-	-	-
Prepaid Items	647,216	-	647,216
Total Assets	<u>\$ 1,073,502</u>	<u>\$ 176,536</u>	<u>\$ 1,250,038</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 53,916	\$ 755	\$ 54,671
Accrued Liabilities	228,333	-	228,333
Due to the Board of County Commissioners	791,253	30,646	821,899
Total Liabilities	1,073,502	31,401	1,104,903
 <b>FUND BALANCES</b>			
Nonspendable	647,216	-	647,216
Restricted	-	145,135	145,135
Unassigned	(647,216)	-	(647,216)
Total Fund Balances	-	145,135	145,135
Total Liabilities and Fund Balances	<u>\$ 1,073,502</u>	<u>\$ 176,536</u>	<u>\$ 1,250,038</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, 2018**

	<u>General Fund</u>	<u>Other Governmental Funds (Nonmajor Funds)</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Appropriations from Board of County Commissioners	\$ 9,767,154	\$ 184,631	\$ 9,951,785
Intergovernmental	24,888	-	24,888
Charges for Services	329,122	-	329,122
Fines and Forfeitures	-	2,753	2,753
Interest and Miscellaneous	99,321	25,926	125,247
Total Revenues	10,220,485	213,310	10,433,795
<b>EXPENDITURES</b>			
Current:			
Public Safety:			
Salaries and Benefits	8,114,309	-	8,114,309
Operating Expenditures	1,293,184	152,338	1,445,522
Capital Outlay	691,219	21,068	712,287
Debt Service:			
Principal Retirement	122,963	-	122,963
Interest and Fiscal Charges	3,279	-	3,279
Total Expenditures	10,224,954	173,406	10,398,360
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,469)	39,904	35,435
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt	353,786	-	353,786
Transfers to Board of County Commissioners	(349,317)	(30,646)	(379,963)
Total Other Financing Sources (Uses)	4,469	(30,646)	(26,177)
<b>NET CHANGE IN FUND BALANCES</b>	-	9,258	9,258
Fund Balances - Beginning of Year	-	135,877	135,877
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ 145,135	\$ 145,135

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ 9,699,946	\$ 9,699,946	\$ 9,767,154	\$ 67,208
Intergovernmental	-	-	24,888	24,888
Charges for Services	-	-	329,122	329,122
Interest and Miscellaneous	-	-	99,321	99,321
Total Revenues	<u>9,699,946</u>	<u>9,699,946</u>	<u>10,220,485</u>	<u>520,539</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Salaries and Benefits	7,961,654	7,961,654	8,114,309	(152,655)
Operating Expenditures	1,507,725	1,507,725	1,293,184	214,541
Capital Outlay	230,567	230,567	691,219	(460,652)
Debt Service:				
Principal Retirement	-	-	122,963	(122,963)
Interest and Fiscal Charges	-	-	3,279	(3,279)
Total Expenditures	<u>9,699,946</u>	<u>9,699,946</u>	<u>10,224,954</u>	<u>(525,008)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(4,469)	(4,469)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	-	-	353,786	353,786
Transfer to the Board of County Commissioners	-	-	(349,317)	(349,317)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4,469</u>	<u>4,469</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<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, 2018**

**ASSETS**

Cash

\$ 53,160

**LIABILITIES**

Due to Individuals

\$ 53,160

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018**

**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.

**Nonmajor 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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

**Nonmajor 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, 2018, 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, 2018**

**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>
10 – 14 Years	25%
15 – 19 Years	35%
20 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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Postemployment Benefit Obligations**

In accordance with Section 112.0801, Florida Statutes, the Sheriff participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay 100% of the premium cost applicable to an active employee. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

**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, 2018, the carrying amount of the Sheriff's deposits was \$656,873 and the bank balance was \$715,881. 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, 2018**

**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, 2018:

	Balance October 1, 2017	Additions	Disposals	Balance September 30, 2018
Machinery and Equipment	\$ 4,395,073	\$ 716,839	\$ (504,918)	\$ 4,606,994
Less: Accumulated Depreciation	(3,033,162)	(422,025)	446,174	(3,009,013)
Total Capital Assets, Net	<u>\$ 1,361,911</u>	<u>\$ 294,814</u>	<u>\$ (58,744)</u>	<u>\$ 1,597,981</u>

**NOTE 4 CAPITAL LEASE**

**Capital Lease – Motorola Radios**

On December 15, 2017, the Sheriff entered into a capital lease for the purchase of Motorola Radios with a total cost of \$353,786. Principal and interest is payable in annual installments of \$126,240. During 2018 principal payments were made in the amount of \$122,963, leaving a balance of \$230,823 at year-end. The interest rate is 3.43% and has a three-year term with the final payment due on December 15, 2020. 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	\$ 353,786
Less: Accumulated Depreciation	-
Total	<u>\$ 353,786</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2018 were as follows:

<u>Year Ending September 30,</u>	Amount
2019	\$ 126,240
2020	114,295
Total Minimum Lease Payments	240,535
Less: Amount Representing Interest	(9,712)
Present Value of Minimum Lease Payments	<u>\$ 230,823</u>

**HARDEE COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 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](http://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.

**HARDEE COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 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 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.

**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 SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

**Benefits Provided (Continued)**

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, 2018, 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, 2018**

**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. 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, 2018, 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, 2018**

**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, 2018, 2017, and 2016 were \$1,003,284, \$921,248, and \$873,919, 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 6 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended September 30, 2018:

	Balance October 1, 2017	Net Increase	Balance September 30, 2018	Due Within One Year
Accrued Compensated Absences	\$ 324,526	\$ 167,234	\$ 491,760	\$ -

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 7 RELATED PARTY TRANSACTION**

Transactions with the Hardee County Board of County Commissioners for the year ended September 30, 2018 were as follows:

*Budget Appropriation* – The General Fund received revenue from the Board of County Commissioners in the amount of \$9,767,154 for the year ended September 30, 2018. At September 30, 2018, \$791,253 was due to the Board of County Commissioners from the General Fund. The E-911 fund received revenue from the Board of County Commissioners in the amount of \$184,631. At September 30, 2018 \$30,646 was due to the Board of County Commissioners from the E-911 Fund.

**HARDEE COUNTY SHERIFF  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 RISK MANAGEMENT**

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

- Professional Liability
- Public Officials' Liability
- Automobile Physical Damage and Liability
- Money and Securities Coverage
- 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 9 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  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
SEPTEMBER 30, 2018**

**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, 2018**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Non-Major Governmental Funds
<b>ASSETS</b>				
Cash	\$ 88,168	\$ 57,722	\$ 30,646	\$ 176,536
Total Assets	<u>\$ 88,168</u>	<u>\$ 57,722</u>	<u>\$ 30,646</u>	<u>\$ 176,536</u>
<b>LIABILITIES</b>				
Accounts Payable Due to the Board of County Commissioners	\$ 755	\$ -	\$ -	\$ 755
Total Liabilities	<u>755</u>	<u>-</u>	<u>30,646</u>	<u>31,401</u>
<b>FUND BALANCES</b>				
Restricted for Education	-	57,722	-	57,722
Restricted for Inmate Welfare	87,413	-	-	87,413
Total Fund Balances	<u>87,413</u>	<u>57,722</u>	<u>-</u>	<u>145,135</u>
Total Liabilities and Fund Balances	<u>\$ 88,168</u>	<u>\$ 57,722</u>	<u>\$ 30,646</u>	<u>\$ 176,536</u>

**HARDEE COUNTY SHERIFF  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2018**

	Commissary Fund	Law Enforcement Trust Fund	E-911 Fund	Total All Nonmajor Governmental Funds
<b>REVENUES</b>				
Appropriations from Board of County Commissioners	\$ -	\$ -	\$ 184,631	\$ 184,631
Fines and Forfeitures	-	2,753	-	2,753
Miscellaneous	25,926	-	-	25,926
Total Revenues	<u>25,926</u>	<u>2,753</u>	<u>184,631</u>	<u>213,310</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Operating Expenditures	16,458	2,963	132,917	152,338
Capital Outlay	-	-	21,068	21,068
Total Expenditures	<u>16,458</u>	<u>2,963</u>	<u>153,985</u>	<u>173,406</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	9,468	(210)	30,646	39,904
<b>OTHER FINANCING USES</b>				
Transfer to the Board of County Commissioners	-	-	(30,646)	(30,646)
<b>NET CHANGE IN FUND BALANCES</b>	9,468	(210)	-	9,258
Fund Balances - Beginning of Year	<u>77,945</u>	<u>57,932</u>	<u>-</u>	<u>135,877</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 87,413</u>	<u>\$ 57,722</u>	<u>\$ -</u>	<u>\$ 145,135</u>

**HARDEE COUNTY SHERIFF  
 COMBINING SCHEDULE OF FIDUCIARY  
 NET POSITION IN – AGENCY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2018**

	<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>Total</u>
<b>ASSETS</b>							
Cash	<u>\$ 1,642</u>	<u>\$ 10</u>	<u>\$ 24,219</u>	<u>\$ 19,933</u>	<u>\$ 6,560</u>	<u>\$ 796</u>	<u>\$ 53,160</u>
<b>LIABILITIES</b>							
Due to Individuals	<u>\$ 1,642</u>	<u>\$ 10</u>	<u>\$ 24,219</u>	<u>\$ 19,933</u>	<u>\$ 6,560</u>	<u>\$ 796</u>	<u>\$ 53,160</u>

**HARDEE COUNTY SHERIFF  
COMBINING SCHEDULE OF CHANGES IN  
FIDUCIARY NET POSITION – AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Increases	(Decreases)	Balance September 30, 2018
<b>SUSPENSE</b>				
<b>ASSETS</b>				
Cash	\$ 4,005	\$ 68,065	\$ (70,428)	\$ 1,642
<b>LIABILITIES</b>				
Due to Individuals	\$ 4,005	\$ 68,065	\$ (70,428)	\$ 1,642
<b>COLLECTIONS</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 23,533	\$ (23,523)	\$ 10
<b>LIABILITIES</b>				
Due to Individuals	\$ -	\$ 23,533	\$ (23,523)	\$ 10
<b>EVIDENCE</b>				
<b>ASSETS</b>				
Cash	\$ 26,218	\$ 14,207	\$ (16,206)	\$ 24,219
<b>LIABILITIES</b>				
Due to Individuals	\$ 26,218	\$ 14,207	\$ (16,206)	\$ 24,219
<b>INMATE</b>				
<b>ASSETS</b>				
Cash	\$ 9,540	\$ 1,760,052	\$ (1,749,659)	\$ 19,933
<b>LIABILITIES</b>				
Due to Others	\$ 9,540	\$ 1,760,052	\$ (1,749,659)	\$ 19,933
<b>YOUTH</b>				
<b>ASSETS</b>				
Cash	\$ 6,927	\$ -	\$ (367)	\$ 6,560
<b>LIABILITIES</b>				
Due to Individuals	\$ 6,927	\$ -	\$ (367)	\$ 6,560
<b>FLOWER</b>				
<b>ASSETS</b>				
Cash	\$ 944	\$ 1,442	\$ (1,590)	\$ 796
<b>LIABILITIES</b>				
Due to Individuals	\$ 944	\$ 1,442	\$ (1,590)	\$ 796
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 47,634	\$ 1,867,299	\$ (1,861,773)	\$ 53,160
<b>LIABILITIES</b>				
Due to Individuals	\$ 47,634	\$ 1,867,299	\$ (1,861,773)	\$ 53,160



**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, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements, and have issued our report thereon dated March 6, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be material weaknesses.

The Honorable Arnold Lanier  
Hardee County Sheriff

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 Sheriff's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
March 6, 2019



## 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, 2018, and we have issued our report thereon dated March 6, 2019.

### 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 responses; 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 March 6, 2019, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### 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. See item 2018-002 in the accompanying schedule of findings and responses.

**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  
March 6, 2019

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018**

**Current Year Findings**

**2018-001:**           **MATERIAL FINANCIAL STATEMENT ADJUSTMENTS (Previously Identified as Finding 2017-001)**

**Type of Finding:**   Material Weakness

**Criteria:**           The Sheriff's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**         Our audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with GAAP.

- Excess Fees were improperly netted against revenues resulting in an understatement of revenues during the current year.
- Excess Fees were improperly calculated resulting in a fund balance in the general fund during the current year.
- Prior year entries were not properly booked resulting in a material fund balance in the current year.
- Prepaid expenses were not properly closed out during year-end procedures resulting in an overstatement of prepaid expenditures and an understatement of expenditures.
- Several backdated checks were identified resulting in an understatement of cash and payables.

**Cause:**             Unfamiliarity with how to handle certain transactions and lack of proper closing procedures.

**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.

**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 GAAP.

**Response:**         We concur.

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018**

**2018-002: EXPENDITURES IN EXCESS OF BUDGETED AMOUNTS (Previously Identified as Finding 2017-003)**

**Type of finding:** Compliance

**Criteria:** Section 129.07, Florida Statutes, states the Sheriff may not expend in any fiscal year more than the amount of appropriates in each fund's budget.

**Condition:** Expenditures in the General Fund exceeded the final budgeted amount by \$525,008.

**Cause:** Expenditures in the General fund exceeded the adopted budget and monitoring controls were not in place to detect the over expenditure during the period when budget amendments were allowed.

**Effect:** The General fund reported expenditures in excess of the final budget.

**Recommendation:** Budgets should be monitored and amended when needed, within the time period allowed to ensure that the Sheriff does not incur expenditures or transfers in excess of budgeted amounts.

**Response:** We concur.

**HARDEE COUNTY SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018**

**Prior 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 GAAP.

**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. GAAP.

**Status:** See 2018-001.

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2017-001 - Material Financial Statement Adjustments	Material Weakness			X	2018-001
2016-001 - Preparation of Financial Statements	Material Weakness			X	2018-001
2017-002 - Journal Entries	Significant Deficiencies	X			
2017-003 - Actual Expenditures Greater than Budget	Significant Deficiencies			X	2018-004



## 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, 2018. Management of the Sheriff is responsible for the Sheriff's compliance with the specified requirements. Our responsibility is to express an opinion on the Sheriff'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 Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff 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 Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
March 6, 2019

**HARDEE COUNTY TAX COLLECTOR**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2018**

**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 Statements**

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, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector'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 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 the General Fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2018, 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 General Fund, and the aggregate remaining fund information, only for that portion of the General Fund, and the aggregate remaining fund information, of Hardee County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Hardee County, Florida as of September 30, 2018, 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 matter.

***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 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 28, 2018, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 the Tax Collector's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 28, 2018

**HARDEE COUNTY TAX COLLECTOR  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018**

**ASSETS**

Cash	\$ 103,816
Accounts Receivable	<u>26,501</u>
Total Assets	<u><u>\$ 130,317</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 646
Due to the Board of County Commissioners	125,081
Due to Other Governments	<u>4,590</u>
Total Liabilities	130,317

**FUND BALANCE**

	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 130,317</u></u>

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 839,390	\$ 839,390	\$ 908,551	\$ 69,161
Interest and Miscellaneous Revenue	950	950	941	(9)
Total Revenues	<u>840,340</u>	<u>840,340</u>	<u>909,492</u>	<u>69,152</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	705,853	705,853	673,929	31,924
Operating Expenditures	117,911	120,911	105,892	15,019
Capital Outlay	3,000	-	-	-
Total Expenditures	<u>826,764</u>	<u>826,764</u>	<u>779,821</u>	<u>46,943</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	13,576	13,576	129,671	116,095
<b>OTHER FINANCING USES</b>				
Transfer to Other Governments	(339)	(339)	(3,073)	(2,734)
Transfer to Indigent Health Care Special District	(162)	(162)	(1,517)	(1,355)
Transfer to the Board of County Commissioners	<u>(13,075)</u>	<u>(13,075)</u>	<u>(125,081)</u>	<u>(112,006)</u>
Total Other Financing Uses	<u>(13,576)</u>	<u>(13,576)</u>	<u>(129,671)</u>	<u>(116,095)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><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, 2018**

**ASSETS**

Cash	<u>\$ 378,611</u>
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**LIABILITIES**

Due to Individuals	\$ 15,938
Due to Board of County Commissioners	20,704
Due to Other Governments	125,196
Due to Indigent Health Care Special District	675
Deposit - Installment Taxes	<u>216,098</u>

Total Liabilities	<u>\$ 378,611</u>
-------------------	-------------------

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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.

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.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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. Those fees are earned pursuant to Florida Statute Chapter 192.091(2) as a Fee Officer. 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.

*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.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*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.

**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, 2018, 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.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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

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 GAAP, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Postemployment Benefit Obligations**

In accordance with Section 112.0801, Florida Statutes, the Tax Collector participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay a certain portion of the premium cost applicable to an active employee based on years of service and other factors. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, are reported in the financial statements of the County.

**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.

**NOTE 2 CUSTODIAL CREDIT RISK**

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

At September 30, 2018, the Tax Collector's deposits were \$482,427, consisting of demand deposits of \$480,977 and petty cash of \$1,450; and the bank balance was \$463,436. The Federal Deposit Insurance Corporation (FDIC) insures the Tax Collector's bank balances for \$250,000 for each banking relationship and the balances are collateralized pursuant to Chapter 280, Florida Statutes. The Tax Collector'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 TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2017	Additions	Disposals	Balance September 30, 2018
Machinery and Equipment	\$ 119,568	\$ -	\$ (8,000)	\$ 111,568
Less: Accumulated Depreciation	(101,237)	(7,695)	8,000	(100,932)
Total Capital Assets, Net	<u>\$ 18,331</u>	<u>\$ (7,695)</u>	<u>\$ -</u>	<u>\$ 10,636</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.

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](http://www.dms.myflorida.com)).

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 DEFINED BENEFIT 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 TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 DEFINED BENEFIT 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, 2018, 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 TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 DEFINED BENEFIT 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. 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.

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, 2018, 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.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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, 2018, 2017, and 2016 were \$70,743, \$65,423, and \$63,107, 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, 2018:

	Balance October 1, 2017	Net Change	Balance September 30, 2018
Accrued Compensated Absences	\$ 25,016	\$ 1,413	\$ 26,429

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, 2018 were as follows:

*Budget Appropriation* – The General Fund of the Tax Collector received revenue from the Board of County Commissioners in the amount of \$519,948 for the year ended September 30, 2018. The General Fund of the Tax Collector paid \$105,326 to the Board of County Commissioners for Health Insurance. In addition, \$125,081 and \$20,704 was due to the Board of County Commissioners at September 30, 2018 from the General Fund and Agency Funds, respectively.

**HARDEE COUNTY TAX COLLECTOR  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018**

	Tax Collector Fund	Motor Vehicle Fund	Total
<b>ASSETS</b>			
Cash	\$ 279,546	\$ 99,065	\$ 378,611
<b>LIABILITIES</b>			
Due to Individuals	\$ 15,938	\$ -	\$ 15,938
Due to Board of County Commissioners	20,229	475	20,704
Due to Other Governments	26,606	98,590	125,196
Due to Indigent Health Care Special District	675	-	675
Deposit - Installment Taxes	216,098	-	216,098
Total Liabilities	\$ 279,546	\$ 99,065	\$ 378,611

**HARDEE COUNTY TAX COLLECTOR  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY  
NET POSITION – ALL AGENCY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
<b>TAX COLLECTOR FUND</b>				
<b>ASSETS</b>				
Cash	\$ 365,078	\$ 29,008,439	\$ 29,093,971	\$ 279,546
Due from Individuals	-	872,819	872,819	-
Total Assets	<u>\$ 365,078</u>	<u>\$ 29,881,258</u>	<u>\$ 29,966,790</u>	<u>\$ 279,546</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 124,818	\$ 1,027,534	\$ 1,136,414	\$ 15,938
Due to Board of County Commissioners	9,281	16,141,903	16,130,955	20,229
Due to Other Governments	13,250	11,937,903	11,924,547	26,606
Due to Indigent Health Care Special District	126	557,820	557,271	675
Deposit - Installment Taxes	217,603	216,098	217,603	216,098
Total Liabilities	<u>\$ 365,078</u>	<u>\$ 29,881,258</u>	<u>\$ 29,966,790</u>	<u>\$ 279,546</u>
<b>MOTOR VEHICLE FUND</b>				
<b>ASSETS</b>				
Cash	<u>\$ 110,809</u>	<u>\$ 3,656,463</u>	<u>\$ 3,668,207</u>	<u>\$ 99,065</u>
<b>LIABILITIES</b>				
Due to Board of County Commissioners	\$ 422	\$ 6,958	\$ 6,905	\$ 475
Due to Other Governments	110,387	3,637,761	3,649,558	98,590
Total Liabilities	<u>\$ 110,809</u>	<u>\$ 3,644,719</u>	<u>\$ 3,656,463</u>	<u>\$ 99,065</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 475,887	\$ 32,664,902	\$ 32,762,178	\$ 378,611
Due from Individuals	-	872,819	872,819	-
Total Assets	<u>\$ 475,887</u>	<u>\$ 33,537,721</u>	<u>\$ 33,634,997</u>	<u>\$ 378,611</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 124,818	\$ 1,027,534	\$ 1,136,414	\$ 15,938
Due to Board of County Commissioners	9,703	16,148,861	16,137,860	20,704
Due to Other Governments	123,637	15,575,664	15,574,105	125,196
Due to Indigent Health Care Special District	126	557,820	557,271	675
Deposit - Installment Taxes	217,603	216,098	217,603	216,098
Total Liabilities	<u>\$ 475,887</u>	<u>\$ 33,525,977</u>	<u>\$ 33,623,253</u>	<u>\$ 378,611</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 (Tax Collector), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, and have issued our report thereon dated December 28, 2018.

**Internal Controls Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 results 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 28, 2018

## 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, (Tax Collector) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated December 28, 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 on Compliance and Other Matters Based on an Audit of 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 December 28, 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 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 note 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 Tax Collector and applicable management, and is not intended to be and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 28, 2018

## 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, 2018. 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, 2018.

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 28, 2018

**HARDEE COUNTY PROPERTY APPRAISER**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2018**

**HARDEE COUNTY PROPERTY APPRAISER  
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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, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser'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 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 Property Appraiser as of September 30, 2018, 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, only for that portion of the major funds, of Hardee County, Florida that is attributable to the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Hardee County, Florida as of September 30, 2018, 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 18, 2018, on our consideration of the 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 the Property Appraiser’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 Property Appraiser’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 18, 2018

**HARDEE COUNTY PROPERTY APPRAISER  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018**

<b>ASSETS</b>		
Cash		<u>\$ 97,814</u>
Total Assets		<u><u>\$ 97,814</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable		\$ 3,171
Due to Board of County Commissioners		90,791
Due to Special Taxing Districts		<u>3,852</u>
Total Liabilities		97,814
<b>FUND BALANCE</b>		
Total Liabilities and Fund Balance		<u><u>-</u></u>
		<u><u>\$ 97,814</u></u>

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services:				
Board of County Commissioners	\$ 748,269	\$ 753,042	\$ 753,042	\$ -
Other Governments	30,401	31,949	31,949	-
Interest Income	-	-	301	301
Miscellaneous	-	-	598	598
Total Revenues	<u>778,670</u>	<u>784,991</u>	<u>785,890</u>	<u>899</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Personal Services	562,740	559,398	511,540	47,858
Operating Expenditures	212,930	219,816	173,930	45,886
Capital Outlay	3,000	5,777	5,777	-
Total Expenditures	<u>778,670</u>	<u>784,991</u>	<u>691,247</u>	<u>93,744</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	94,643	(94,643)
<b>OTHER FINANCING USES</b>				
Distribution of Excess Revenues:				
Board of County Commissioners	-	-	(90,791)	90,791
Special Taxing Districts	-	-	(3,852)	3,852
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(94,643)</u>	<u>94,643</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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 (County) 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.

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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

**Fund Accounting**

The accounts of the Property Appraiser 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 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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, 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.

**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

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accumulated Unpaid Vacation and Sick Pay (Continued)**

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 GAAP, 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**

In accordance with Section 112.0801, Florida Statutes, the Property Appraiser participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay a portion of the premium cost applicable to an active employee based on years of service and other factors. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are reported in the financial statements of the County.

**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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, the Property Appraiser's book balance was \$97,774, consisting entirely of demand deposits, and petty cash was \$40; and the bank balance was \$112,442. 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.

**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, 2017	Additions	Disposals	Balance September 30, 2018
Machinery and Equipment	\$ 180,277	\$ 5,027	\$ (21,755)	\$ 163,549
Less: Accumulated Depreciation	(124,908)	(14,970)	21,755	(118,123)
Total Capital Assets, Net	<u>\$ 55,369</u>	<u>\$ (9,943)</u>	<u>\$ -</u>	<u>\$ 45,426</u>

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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](http://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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLAN (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 PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLAN (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

Benefits Provided (Continued)

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, 2018, 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.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLAN (CONTINUED)**

**FRS Investment Plan (Continued)**

Plan Description (Continued)

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, 2018, 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.

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 PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLAN (CONTINUED)**

**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, 2018, 2017, and 2016 were \$67,516, \$64,309, and \$61,462, 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, 2018:

	Balance October 1, 2017	Net Deletions	Balance September 30, 2018
Accrued Compensated Absences	\$ 8,905	\$ 3,599	\$ 5,306

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 Property Appraiser 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, 2018 were as follows:

*Budget Appropriation* – The General Fund of the Property Appraiser received revenue from the Board of County Commissioners in the amount of \$753,042 for the year ended September 30, 2018. At September 30, 2018, \$90,791 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, 2018 amounted to \$86,579.

**HARDEE COUNTY PROPERTY APPRAISER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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.

**NOTE 9 SUBSEQUENT EVENT**

Subsequent to the year ended September 30, 2018 the Property Appraiser received \$100,000 upon default by a vendor to provide a software system by the October 1, 2018 deliverable date. The Property Appraiser originally made the payments in fiscal years 2017 and 2018. Since the due date was after the fiscal year-end, the Property Appraiser considers it a fiscal year 2019 transaction.



**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 (Property Appraiser), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, and have issued our report thereon dated December 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 results 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.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 18, 2018

## 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, 2018, and have issued our report thereon dated December 18, 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 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* 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, which are dated December 18, 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 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. 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 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 that we 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.

**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 Property Appraiser and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 18, 2018

## 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, 2018. 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, 2018.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 18, 2018

**HARDEE COUNTY SUPERVISOR OF ELECTIONS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL REPORTS**

**YEAR ENDED SEPTEMBER 30, 2018**

**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 of Elections), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' 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 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.

The Honorable Diane Smith  
Hardee County Supervisor of Elections

**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 of Elections as of September 30, 2018, 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 General Fund, only for that portion of the General Fund, of Hardee County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Hardee County, Florida as of September 30, 2018, 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 7, 2019 on our consideration of the Supervisor of Elections’ 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 Supervisor of Elections’ 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 of Elections’ internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 7, 2019

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2018**

**ASSETS**

Cash	\$ 13,110
Prepaid Items	<u>5,362</u>
Total Assets	<u><u>\$ 18,472</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 15,903
Due to Board of County Commissioners	<u>2,569</u>
Total Liabilities	18,472

**FUND BALANCE**

Nonspendable	5,362
Unassigned	<u>(5,362)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 18,472</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Appropriation from Board of County Commissioners	\$ 417,429	\$ 417,429	\$ 417,429	\$ -
Interest Income	-	-	36	36
Miscellaneous	-	-	1,156	1,156
Total Revenues	<u>417,429</u>	<u>417,429</u>	<u>418,621</u>	<u>1,192</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries and Benefits	271,289	271,289	273,301	(2,012)
Operating Expenditures	134,640	134,640	138,032	(3,392)
Capital Outlay	11,500	11,500	4,719	6,781
Total Expenditures	<u>417,429</u>	<u>417,429</u>	<u>416,052</u>	<u>1,377</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	2,569	2,569
<b>OTHER FINANCING USES</b>				
Transfer to the Board of County Commissioners	-	-	(2,569)	(2,569)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(2,569)</u>	<u>(2,569)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Hardee County Supervisor of Elections (the Supervisor of Elections) conform to accounting principles generally accepted in the United States of America (U.S. 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 (the County) 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 U.S. GAAP.

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

The Board funds the operations of the Supervisor of Elections. The receipts from the Board are recorded as revenue on the Supervisor of Elections' 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 U.S. GAAP.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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 of Elections. 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 of Elections. The payments by the County to fund the operations of the Supervisor of Elections 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 of Elections.

*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 U.S. 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 of Elections. The budgeted revenues and expenditures in the accompanying financial statements reflect all approved amendments.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level.

*Refund of "Excess Fees"* – Florida Statutes provide that the excess of the Supervisor of Elections' 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.

**Fund Accounting**

The accounts of the Supervisor of Elections 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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

The purpose of the Supervisor of Elections' fund is as follows:

**Governmental Fund**

*General Fund* – The General Fund is the general operating fund of the Supervisor of Elections. 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 of Elections is an elected official responsible for the activities of the Supervisor of Elections' office, the Supervisor of Elections is the highest level of decision-making authority and any official order from the Supervisor of Elections would be required to authorize commitment of fund balance.

The Supervisor of Elections 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 of Elections will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Capital Assets**

Capital assets purchased by the Supervisor of Elections are recorded as expenditures. Tangible personal property whose purchase cost is greater than \$1,000 that is used in the Supervisor of Elections' operations is reflected in the records of the County as a whole, because ownership is vested in the Board 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	12 Days
6th – 10th Year	15 Days
11 Years Plus	22.5 Days

The maximum permissible accumulation of annual leave is 200 hours. Any accumulation in excess of 200 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 200 hours.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of the fund financial statements is in conformity with U.S. GAAP, 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**

In accordance with Section 112.0801, Florida Statutes, the Tax Collector participates with the County in offering retiring employees the opportunity to continue in the County's health insurance plan. The participating retirees pay a certain portion of the premium cost applicable to an active employee based on years of service and other factors. The liability and expense for other postemployment benefits, calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, are reported in the financial statements of the County.

**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 U.S. 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 of Elections will not be able to recover the full value of its securities that are in possession of an outside party.

At September 30, 2018, the Supervisor of Elections' book balance was \$13,110, consisting entirely of demand deposits, and the bank balance was \$27,538. 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 SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3 CAPITAL ASSETS**

Tangible personal property used in the Supervisor of Elections' operations is recorded as an expenditure in the Supervisor of Elections' 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 of Elections maintains custodial responsibility for these capital assets.

Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2017	Additions	Disposals	Balance September 30, 2018
Machinery and Equipment	\$ 189,821	\$ 4,719	\$ -	\$ 194,540
Less: Accumulated Depreciation	(147,354)	(27,803)	-	(175,157)
Total Capital Assets, Net	<u>\$ 42,467</u>	<u>\$ (23,084)</u>	<u>\$ -</u>	<u>\$ 19,383</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 Supervisor of Elections 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](http://www.dms.myflorida.com)).

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Florida Retirement System Pension Plan**

Plan Description

The Florida Retirement System Pension Plan (the 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 SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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, 2018, 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 SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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 (the 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 of Elections 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. 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, 2018, 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 of Elections.

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 SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Contributions**

Participating employer contributions are based upon statewide rates established by the state of Florida. The Supervisor of Elections' contributions made during the years ended September 30, 2018, 2017, and 2016 were \$52,821, and \$43,822, and \$38,928, respectively, equal to the actuarially determined required contribution requirements for each year.

Additional information about pension plans can be found in the County comprehensive annual financial report.

**NOTE 5 COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences obligations for the year ended September 30, 2018:

	Balance October 1, 2017	Net Change	Balance September 30, 2018
Accrued Compensated Absences	\$ 878	\$ 81	\$ 959

Accrued compensated absences represent the vested portion of accrued annual leave. See Note 1 for a summary of the Supervisor of Elections' compensated absences policy. Long-term liabilities are not reported in the financial statements of the Supervisor of Elections since they are not payable from spendable resources. Such liabilities and expenses are included in the government-wide financial statements of the County.

**NOTE 6 RELATED PARTY TRANSACTIONS**

Transactions with the Board for the year ended September 30, 2018 were as follows:

*Budget Appropriation* – The General Fund of the Supervisor of Elections received revenue from the Board in the amount of \$417,429 for the fiscal year ended September 30, 2018, including \$2,569 that was due to the Board at September 30, 2018. Furthermore, \$26,064 was paid to the Board for Health Insurance.

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 RISK MANAGEMENT**

The Supervisor of Elections 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

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 of Elections), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Supervisor's basic financial statements, and have issued our report thereon dated January 7, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' 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 of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' 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 Diane Smith  
Hardee County Supervisor of Elections

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Supervisor of Elections' 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 results 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 7, 2019

## 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 of Elections), Florida as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 7, 2019.

### 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 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* 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 which are dated January 7, 2019 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 findings and recommendations made in the preceding 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.

The Honorable Diane Smith  
Hardee County Supervisor of Elections

**Financial Management**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that communicate any any recommendations to improve financial management. See item 2018-001 in the accompanying schedule of findings and responses.

**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.

**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 Supervisor of Elections and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
January 7, 2019

**HARDEE COUNTY SUPERVISOR OF ELECTIONS  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018**

**2018-001 – Security for Public Deposits**

**Type of Finding:**

- Compliance

**Condition:** The current Public Deposit Identification and Acknowledgement Form could not be located for inspection.

**Criteria or specific requirement:** Chapter 280.17(2)(c), Florida Statutes, requires public depositors to maintain a current Public Deposit Identification and Acknowledgement Form, DFS-J1-1295 as a valuable record. This form is mandatory for filing a claim with the Florida Chief Financial Officer upon default of insolvency of a qualified public depository.

**Context:** Testing of compliance with Chapter 280 identified the deficiency.

**Effect:** The Supervisor of Elections is not in compliance with Chapter 280.17(2)(c), Florida Statutes. Without the required documentation, the Supervisor of Elections allows itself to be susceptible to financial loss upon default or insolvency of a qualified public depository.

**Cause:** Management was unfamiliar with some of the requirements of Chapter 280, Florida Statutes.

**Recommendation:** We recommend that management review the provisions of Chapter 280, Florida Statutes, and establish procedures to ensure that the required forms are completed and maintained, and submitted to the DFS, as applicable.

**Views of responsible officials and planned corrective actions:** Our Office has obtained an updated Acknowledgment Form. This form is now filed in our safe for future use.

## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Diane Smith  
Hardee County Supervisor of Elections  
Hardee County, Florida

We have examined the Hardee County Supervisor of Elections (Supervisor of Elections), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. Our responsibility is to express an opinion on the Supervisor of Elections' 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 Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections 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 of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

This report is intended solely for the information and use of the Supervisor of Elections 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  
January 7, 2019