

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2014**

**HARDEE COUNTY**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)**  
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## INDEPENDENT AUDITORS' REPORT

Members of the Authority Board  
Hardee County Industrial Development Authority  
Hardee County, Florida

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

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Hardee County Industrial Development Authority (Authority), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Hardee County Industrial Development Authority as of September 30, 2014, and the respective changes in financial position and the budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.


**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the Hardee County Industrial Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County Industrial Development Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 19, 2014

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

As management of the Hardee County Industrial Development Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year end September 30, 2014. The information presented here should be considered in conjunction with the financial statements.

**Financial Highlights**

The Authority's net position is \$16,774,979, an increase of \$1,897,416 over the previous year.

During the year, total expenses were \$3,821,164 versus total revenue of \$5,718,580.

**Overview of the Financial Statements**

The basic financial statements consist of three components: 1) government-wide financial statements providing information about the activities of the Authority as a whole; 2) fund financial statements and, 3) notes to the financial statements. In addition to these basic statements, the report also contains other supplemental information in addition to the basic financial statements.

*Government-wide Financial Statements* – The government-wide financial statements are designed to provide a broad overview of the Authority's finances in a manner similar to a private-sector business. The government-wide statements provide information about the Authority's financial status as a whole. These statements include details of income during the year and a breakdown by category of expenses for activities and administration of the Authority. The statements include *all* assets and liabilities using the accrual basis of accounting. This means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in net position. Net position – the difference between assets, deferred outflows, liabilities and deferred inflows – is an important measure of the Authority's financial health.

*Fund Financial Statements* – These statements provide a detailed look at the Authority's general fund, special revenue funds for grant and EDC. The Authority, like all government entities, uses fund accounting to ensure and reflect compliance with finance related legal requirements. The Authority uses three governmental funds, a general fund and two special revenue funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the general fund and special revenue funds statements provide a detailed short-term view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Net Position**

At September 30, 2014, the Authority had total assets of \$17,038,340, total liabilities of \$263,361, and total net position of \$16,774,979.

**Industrial Development Authority  
Net Position**

	<u>Governmental Activities</u>		Increase (Decrease)
	<u>2014</u>	<u>2013</u>	
<b>ASSETS</b>			
Cash	\$ 6,229,818	\$ 5,275,751	\$ 954,067
Accounts Receivable	22,466	29,405	(6,939)
Due from Other Government	970,893	6,522	964,371
Inventories; Land Held for Resale	1,324,233	1,346,048	(21,815)
Capital Assets, Not Being Depreciated	2,285,502	2,803,660	(518,158)
Capital Assets, Net of Depreciation	<u>6,205,428</u>	<u>5,917,005</u>	<u>288,423</u>
Total Assets	<u>17,038,340</u>	<u>15,378,391</u>	<u>1,659,949</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenditures	140,624	500,828	(360,204)
Unearned Revenue	108,872	-	108,872
Noncurrent Liabilities:			
Due within One Year	4,856	-	4,856
Due in More than One Year	<u>9,009</u>	<u>-</u>	<u>9,009</u>
Total Liabilities	<u>263,361</u>	<u>500,828</u>	<u>(237,467)</u>
<b>NET POSITION</b>			
Invested in Capital Assets	8,477,065	8,720,665	(243,600)
Restricted for Economic Development Projects	6,120,200	3,634,399	2,485,801
Unrestricted	<u>2,177,714</u>	<u>2,522,499</u>	<u>(344,785)</u>
Total Net Position	<u>\$ 16,774,979</u>	<u>\$ 14,877,563</u>	<u>\$ 1,897,416</u>

**Changes in Net Position**

Revenues for the Authority's activities totaled \$5,718,580, an increase of \$346,096 from the previous year. The net increase was attributable to an increase in grant revenue received from the Hardee County Economic Development Authority.

Expenses of the Authority totaled \$3,821,164, a decrease of \$1,780,103 from the previous year. This decrease was due to the type of projects awarded.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Industrial Development Authority  
Changes in Net Position**

	<u>Governmental Activities</u>		Increase
	<u>2014</u>	<u>2013</u>	(Decrease)
<b>REVENUES</b>			
Program Revenues:			
Operating Grants and Contributions	\$ 541,012	\$ 250,000	\$ 291,012
Capital Grants and Contributions	1,394,630	1,327,873	66,757
Charges for Services	243,521	288,483	(44,962)
General Revenues:			
Mosaic Income	3,500,000	3,500,000	-
Interest Income	6,106	5,993	113
Miscellaneous	33,311	135	33,176
Total Revenues	<u>5,718,580</u>	<u>5,372,484</u>	<u>346,096</u>
<b>EXPENSES</b>			
General Government	<u>3,821,164</u>	<u>5,601,267</u>	<u>(1,780,103)</u>
Total Expenses	<u>3,821,164</u>	<u>5,601,267</u>	<u>(1,780,103)</u>
<b>CHANGE IN NET POSITION</b>	1,897,416	(228,783)	2,126,199
Net Position - Beginning of Year	14,877,563	15,106,346	(228,783)
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 16,774,979</u></u>	<u><u>\$ 14,877,563</u></u>	<u><u>\$ 1,897,416</u></u>

**Budgetary Highlights**

Budget and actual comparison schedules are provided in the Basic Financial Statements for the general fund and the grant special revenue fund. 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 grant awards, or other unanticipated revenues.

**Economic Factors**

The Hardee County Industrial Development Authority (IDA) is a dependent special district, created by Chapter 159 FS and activated by original citizen petition through resolution by the Hardee County Board of County Commissioners in 1984. Its purpose, as per Florida Statute and County resolution is to "foster and promote economic development" in Hardee County in concert and conjunction with other entities and agencies as may exist within the County and the State including the Hardee County Board of County Commissioners, Hardee County Economic Development Council, the Hardee County Chamber of Commerce and Enterprise Florida.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Economic Factors (Continued)**

The Hardee County Industrial Development Authority (IDA) continues to assert its legal authorization to “foster and promote economic development” outside the definition of “projects” established in Florida Statute Chapter 159.

The factors creating this circumstance are the following:

- The IDA has not (as of this date) ever utilized the issuance of bonds to finance or refinance a “project” as defined in FS 159. If it ever does finance or refinance a project it will certainly adhere to the guidelines established in FS 159.
- Additionally, the source of the IDA money for its initiatives is either grant money from the Hardee County Economic Development Authority (an independent special district created by local bill SB 3110), Chapter 163 Development Agreement with the Hardee County Board of County Commissioners for which the IDA is the recipient of \$42 million (over at least 10 years) expressly for the purpose of economic development as described in the “Economic Development Terms” section of the FS 163 agreement or income derived from its own operations.

At issue and the source of contentious, political, philosophical and possible legal dispute has been the latitude and parameters authorized by State law for which the IDA could operate. Recently completed operational audits performed by the Auditor General had challenged the statutory authority afforded by Chapter 159, Florida Statutes and resulted in the IDA seeking and obtaining a favorable opinion from the Attorney General of the State of Florida (13-12).

The IDA management and plurality of County elected leadership and appointed members, while concurring with the Attorney General opinion, remain uncomfortable with the Auditor General’s lack of acknowledgment, either in agreement or disagreement with the Attorney General opinion. This circumstance creates a tentativeness or operational restraint that continues to nourish political contentiousness and also has a chilling effect on the ability of the IDA to maximize the Chapter 159 purpose of “fostering the economic development of the County.”

Regardless, but with a consciousness and respect of these statutorily interpretive differences, the IDA expects to move forward with every intention of “fostering and promoting economic development” through contracts and outside the definition of projects in FS 159. The processes will be crafted through contracts to enable the furtherance of **capitalism and capitalistic ideas** in/for Hardee County.

Hardee County’s economic situation had not been impacted in the same manner as the other parts of the country by the general downturn in the National and State economy as those (situations/circumstances) recognized by the other local, State, National and international economic conditions. Neither is it expected to rebound similarly to regional or national recovery.



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Economic Factors (Continued)**

The County's traditional economy is vested in citrus, vegetable crops and cattle. Additionally, support industries for citrus and cattle, general commerce ancillary to an agricultural community, phosphate mining from the perspective of land acquisition prices and local payrolls and increasingly significant, government payrolls and subsidies contribute correspondingly. Its independence from subsidies and welfare payments through economic diversity along with entrepreneurial and job placement opportunity for recipients and residents justify the efforts of economic development.

**Diversity** of the County's economy has and remains the primary focus and the objective of the income streams.

Hardee County's political directives including State (Florida) leadership has been increasingly desirous to mitigate this dependency on subsidy from local, State and Federal sources for over a decade. While general conditions related to its local economy reveal cattle prices have been a significant contributor to the County's economy in recent months/years. However, the number of individual producers continues to decrease as the acreage of mine controlled land ownership increases. Regardless, the perpetual use of the majority of post-mined land is anticipated to be vested in grazing of cattle on short term leases. The ultimate significance of this, relative to the local economy is the reduction in capital investment and improvements that occur with "pride of ownership" owners as opposed to short term leaseholders.

The citrus growers, allied suppliers to citrus, caretakers of citrus, citrus harvesters, seasonal laborers that harvest citrus and all other aspects including financial institutions are facing seemingly insurmountable hurdles related to "citrus greening", also called Huanglongbing or "yellow dragon disease".

Hardee county citrus growers are generally smaller tracts of citrus acreage. The economies of scale related to citrus production seem too unfavorable to small citrus acreage caretaking and harvesting costs and this trend is expected to continue statewide. Innovative methodologies related to citrus cultural practices or identification of alternative crops suitable for "flatland" citrus production remains a priority for a viable agrarian economy in the County.

This innovation must be applied to reclaimed land also. Maximization of reclamation opportunities to diversify and fill voids in the County's economy must be considered in the permitting process for new mines and will hopefully result in viable opportunities that enhance and mitigate an otherwise precarious circumstance for long term land use and productivity.

**The IDA is active in the following projects for diversification:**

- It has completed the "Hardee Broadband Project" which provides ubiquitous broadband coverage, both middle mile and last mile to the entire 600 square miles of rural/urban areas in the county. This newest infrastructure project effectuates competitiveness by affording Hardee County citizens opportunities and convenience that would otherwise be unavailable in much of rural Florida.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Economic Factors (Continued)**

**The IDA is active in the following projects for diversification:**

•The Hardee Commerce Park continues to be developed by the IDA:

1. One new 20,000 sq. ft. spec building was completed in 2014 for the purpose of a robotic and CNC machinery technology manufacturing processes complemented with grant/loan assistance from Space Florida and private investment. They currently have approximately 15 employees.
2. Construction of a culvert/bridge replacement and surface water management systems necessary for the expansion of 30 additional acres of the Commerce Park serving as an infrastructure gateway to an additional 104 acres (Terrell Property) of Commerce Park development. The design of the entire 134 acre expansion began in the 1<sup>st</sup> quarter of 2014 including the construction of drainage and retention for part of the park expansion.
3. An approximate 80,000 square feet urea fertilizer "coating" and blending facility will be constructed during 2014 and 1<sup>st</sup> two quarters of 2015 for Florikan fertilizer. They have currently hired 10 Hardee County employees and will be adding at least 70 more jobs in Hardee County when they open in July of 2015.
4. With funding completed, site and building designs and approvals for an additional 20,000 sq. ft. warehouse facility in the commerce park is expected to begin in 2015.
5. A sewer pretreatment facility for park tenants continues in the planning process. This facility will allow increased versatility of effluent producing manufacturing processes in the Commerce Park.
6. The IDA is also leading the expansion of water and sewer construction in the growth corridor from Bowling Green to Zolfo Springs.

**The Industrial Development Authority has also initiated/sustained the following projects:**

1. Broadband communications, rapid advances in technology and globalization of the worlds' economies have created an intense need to focus and develop the technology sector of our local economy. The Industrial Development Authority has provided over \$7 Million of funding to **Continuum Labs** (<http://www.caresync.com/>) as a part of this initiative. While this project has received much criticism from the Auditor General, it continues to grow and expand. It is expected to employ approximately 30 employees in Hardee County by years end.
2. 2014 has been a bellwether year for Continuum Labs and the Industrial Development Authority's efforts to impact the creation of a technology sector in the local economy. This company is funded and operationally subsidized at the **Tech River Technology Park**, a vacant office building acquired and retrofitted by the IDA for this type of economic development. The space is shared by another technology company, Utilitech.

The Economic Development Office will continue to work with technology consultants and Continuum until sufficient economic successes have been attained at TechRiver, with the objective of establishing a technology park (Tech River) for recruitment and placement of appropriate companies related to such economic development.

3. The Mosaic Company continued mining operations throughout 2014, thus providing for the fourth economic terms disbursement to the Authority for distribution related to "fostering and promoting" economic development and increases in funding for the Economic Development Authority to "solicit, rank and fund grants for Economic Development purposes.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Economic Factors (Continued)**

The **Mosaic Company** has completed the acquisition of CF Industries. This acquisition will have direct and indirect impacts on Hardee County for decades to come. A little over a decade ago, Hardee County had five phosphate companies at various mining operational planning stages: Farmland, CF Industries, Cargill Fertilizer, IMC Phosphates and USS Agri-Chem. The creation of the Mosaic Company reduced phosphate ownership interests to these two remaining entities, CF Industries and the Mosaic Company. The consolidation of the industry into one remaining company has not impacted the volume or tonnage of phosphate rock being mined. In fact and mainly due to the industry moving southward, the rate and volume of mining has dramatically increased from two draglines in the county to seven, today. **Phosphate mining will play a critical role in the future Hardee County economy.**

The effect on the Mosaic Company's plans to initiate approvals of its Ona/Pioneer mine are uncertain at this time, but a delay in formal permitting seems imminent.

4. BioNitrogen, a startup company planned on 500 acres just north of the intersection of Vandolah Road and CR663 was "de-funded" by the Hardee County Economic Development Authority and the Hardee County Industrial Development Authority.
5. The Hardee County Economic Development Authority funded the Hardee County Industrial Development Authority in 2013 and 2014 to acquire the Mid-Florida Hardware/ Scotty's building on US Hwy 17 S. in the city of Wauchula. This facility has been renovated on the interior at this time and retrofitted for a production "fill line" and manufacturing facility for a startup paddleboard company (Peace River Paddleboards). This "fill line" capability will be used to accommodate and recruit new and existing food and cosmetic companies including Cantu Apiaries/Peace River Bees, and Stream to Sea.

The exterior will be refurbished and other portions of the building (which has approximately 38,000 square feet under roof), will be partitioned for "incubation or acceleration" of other businesses in 2015 and ensuing years to come.

6. Plans for a liquefied natural gas project (Ft. Green, LNG) continue to be developed. Its potential to significantly increase the County's tax base and to provide economic diversity for the County's economy has the greatest potential of providing significant economic impact for decades to come. This project has already created interest from various natural gas supplying entities in the region. As natural gas supply and distribution becomes available over a wider geographical area, regardless of supplier the general economic development potential is much greater.
7. This project (JDC Phosphates), located just west of Ft. Meade, as a pilot facility utilizes high magnesium phosphate ore, otherwise known as "reject rock" to produce phosphoric acid and a light weight construction aggregate. It may someday be built to scale in Hardee County both extending the amount of phosphate reserves and creating an aggregate supply industry for roads and construction.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Continuing forward**

The IDA continues to face some citizen opposition to deployment and infusion of its resources into the economy. Political philosophy and public attitudes that embrace the encouraging of innovative ideas and diversification of investment opportunities will define the outcome of economic development. We have failed in properly educating all interests in this economic development initiative. Development of proper education channels is imperative in order to develop a sufficient progressive attitude or urgency with the populous.

We repeat these following questions while accepting the positive economic impacts of the active mining economy:

- What is the empirical result of 40-50% of a small rural county's land mass acquired, permitted for mining, mined, reclaimed and inventoried for over a century?
- What is the economic impact of 40-50% of this land mass consequently resulting in perpetual clay settling areas or conservation/preservation easements for as long as "perpetuity in absence of new technological/economic applications for these areas?"
- What does the average citizen know and understand about reclamation definitions and final objectives?
- Does the interim (short term) mining economy offset the traditional land uses that would emerge from predictable development equations in rural areas adjacent to Manatee, Hillsborough and Polk Counties without artificial mitigation/intervention from economic development?
- What are the choices and opportunities readily available to Hardee County leadership to mitigate these circumstances of reclamation?
- Should all results or consequences be "market driven without formal "economic development" efforts creating alternatives in the post-mining scenario?"

State, national and international political and economic factors influence the Authority's revenues. It should be stated emphatically the sources of the IDA revenues are based in efforts to mitigate the circumstances created by the previously listed bullets and to produce compliance with the Hardee County "economic development element of its comprehensive plan."

**Request for Information**

This financial report is designed to provide a general overview of the Authority's finances and operating circumstances. Questions concerning budgets or questions related to management of the Authority's operations should be addressed to:

Hardee County Industrial Development Authority  
William R. Lambert, Director  
107 East Main Street  
Wauchula, FL 33873

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 6,229,818
Accounts Receivable	22,466
Due from Other Government	970,893
Inventories; Land Held for Resale	1,324,233
Capital Assets, Not Being Depreciated	2,285,502
Capital Assets, Being Depreciated, Net	6,205,428
Total Assets	17,038,340
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenditures	140,624
Unearned Revenue	108,872
Noncurrent Liabilities:	
Due within One Year	4,856
Due in More than One Year	9,009
Total Liabilities	263,361
<b>NET POSITION</b>	
Invested in Capital Assets	8,477,065
Restricted for Economic Development Projects	6,120,200
Unrestricted	2,177,714
Total Net Position	\$ 16,774,979

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2014**

	Program Revenues			Net (Expense)	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	
<u>Functions/Programs</u>					
Primary Government:					
Governmental Activities:					
General Government; Economic Development	\$ 3,821,164	\$ 243,521	\$ 541,012	\$ 1,394,630	\$ (1,642,001)
Total Governmental Activities	\$ 3,821,164	\$ 243,521	\$ 541,012	\$ 1,394,630	(1,642,001)
General Revenues:					
Mosaic Income					3,500,000
Interest Income					6,106
Miscellaneous					33,311
Total General Revenues					3,539,417
Change in Net Position					1,897,416
Net Position - Beginning of Year					14,877,563
Net Position - End of Year					\$ 16,774,979

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	General Fund	Special Revenue Grant Fund	EDC (Non-Major Fund)	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 64,295	\$ 6,071,508	\$ 94,015	\$ 6,229,818
Accounts Receivable	5,966	16,500	-	22,466
Due from Other Fund	-	51,419	18,792	70,211
Due from Other Government	969,893	-	1,000	970,893
Inventories; Land Held for Resale	1,324,233	-	-	1,324,233
Total Assets	<u>\$ 2,364,387</u>	<u>\$ 6,139,427</u>	<u>\$ 113,807</u>	<u>\$ 8,617,621</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenditures	\$ 134,898	\$ -	\$ 5,726	\$ 140,624
Unearned Revenue	108,872	-	-	108,872
Due to Other Fund	70,211	-	-	70,211
Total Liabilities	<u>313,981</u>	<u>-</u>	<u>5,726</u>	<u>319,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	<u>\$ 179,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,752</u>
<b>FUND BALANCE</b>				
Nonspendable	1,324,233	-	-	1,324,233
Restricted for Economic Development Projects	-	6,120,200	-	6,120,200
Assigned	-	19,227	108,081	127,308
Unassigned	546,421	-	-	546,421
Total Fund Balance	<u>1,870,654</u>	<u>6,139,427</u>	<u>108,081</u>	<u>8,118,162</u>
Total Liabilities and Fund Balance	<u>\$ 2,364,387</u>	<u>\$ 6,139,427</u>	<u>\$ 113,807</u>	<u>\$ 8,617,621</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
RECONCILIATION OF THE GOVERNMENTAL ACTIVITIES BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total Fund Balance - Total Governmental Funds	\$	8,118,162
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Amounts due from other governments which is not collected within 60 days of the year end. In the General fund unbilled revenue is recorded because payments were not received in the timeframe to be considered available.</p>		179,752
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds</p>		8,490,930
<p>Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		<u>(13,865)</u>
Total Net Position - Governmental Activities	\$	<u><u>16,774,979</u></u>

*See accompanying Notes to Financial Statements.*



**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2014**

<b>REVENUES</b>	<u>General Fund</u>	<u>Special Revenue Grant Fund</u>	<u>EDC (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
Intergovernmental	\$ 1,455,890	\$ -	\$ 300,000	\$ 1,755,890
Charges for Services	231,521	-	12,000	243,521
Other Revenue				
Mosaic Income	-	3,500,000	-	3,500,000
Interest Income	278	5,828	-	6,106
Miscellaneous	33,311	-	-	33,311
<b>Total revenues</b>	<u>1,721,000</u>	<u>3,505,828</u>	<u>312,000</u>	<u>5,538,828</u>
<b>EXPENDITURES</b>				
General Government	386,193	-	-	386,193
Economic Environment	208,901	774,985	310,544	1,294,430
Capital Outlay	1,846,380	65,661	-	1,912,041
<b>Total expenditures</b>	<u>2,441,474</u>	<u>840,646</u>	<u>310,544</u>	<u>3,592,664</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(720,474)</u>	<u>2,665,182</u>	<u>1,456</u>	<u>1,946,164</u>
<b>Other financing sources (uses)</b>				
Debt Proceeds from Capital Lease	15,100	-	-	15,100
Transfers In	137,953	-	54,392	192,345
Transfers Out	(18,792)	(173,553)	-	(192,345)
<b>Total other financing sources (uses)</b>	<u>134,261</u>	<u>(173,553)</u>	<u>54,392</u>	<u>15,100</u>
<b>Net change in fund balance</b>	(586,213)	2,491,629	55,848	1,961,264
Fund Balances - Beginning of Year	<u>2,456,867</u>	<u>3,647,798</u>	<u>52,233</u>	<u>6,156,898</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 1,870,654</u></u>	<u><u>\$ 6,139,427</u></u>	<u><u>\$ 108,081</u></u>	<u><u>\$ 8,118,162</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS IN THE BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
YEAR ENDED SEPTEMBER 30, 2014**

Net Change in Fund Balance - Total Governmental Funds		\$ 1,961,264
<p>Capital outlays are reported as expenditures in the Governmental Funds, however, in the statement of activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital Acquisitions	1,912,041	
Less: Depreciation	<u>(232,722)</u>	1,679,319
<p>The issuance of long-term debt for the capital lease provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
		(15,100)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		1,235
<p>In the Statement of Activities, sales of fixed assets are reported by calculating a gain or loss on sale based on historical cost and proceeds from the sales during the year. In the Governmental Funds, revenue is recorded for cash received from the sale.</p>		
Loss on Sale of Land and Building	<u>(1,909,054)</u>	(1,909,054)
<p>In the statement of activities, revenue is reported by the amounts earned during the year. In the Governmental Funds, revenue is recorded instead because payments were not received in the timeframe to be considered available.</p>		
		<u>179,752</u>
Change in Net Position of Governmental Activities		<u>\$ 1,897,416</u>

*See accompanying Notes to Financial Statements.*

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,089,564	\$ 4,189,564	\$ 1,455,890	\$ (2,733,674)
Charges for Services	205,950	231,521	231,521	-
Other Revenue				
Interest Income	800	278	278	-
Miscellaneous	-	33,250	33,311	61
<b>Total revenues</b>	<u>4,296,314</u>	<u>4,454,613</u>	<u>1,721,000</u>	<u>(2,733,613)</u>
<b>EXPENDITURES</b>				
General Government	2,373,304	975,044	386,193	588,851
Economic Environment	-	384,540	208,901	175,639
Capital Outlay	<u>2,256,000</u>	<u>3,703,181</u>	<u>1,846,380</u>	<u>1,856,801</u>
<b>Total expenditures</b>	<u>4,629,304</u>	<u>5,062,765</u>	<u>2,441,474</u>	<u>2,621,291</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(332,990)</u>	<u>(608,152)</u>	<u>(720,474)</u>	<u>(112,322)</u>
<b>Other financing sources (uses)</b>				
Debt Proceeds from Capital Lease	-	15,100	15,100	-
Transfers In	100,000	137,953	137,953	-
Transfers Out	-	(18,792)	(18,792)	-
<b>Total other financing sources (uses)</b>	<u>100,000</u>	<u>134,261</u>	<u>134,261</u>	<u>-</u>
<b>Net change in fund balances</b>	(232,990)	(473,891)	(586,213)	(112,322)
Fund Balances - Beginning of Year	<u>232,990</u>	<u>473,891</u>	<u>2,456,867</u>	<u>1,982,976</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,654</u>	<u>\$ 2,344,545</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL–  
GRANT FUND  
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other Revenue				
Mosaic Income	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ -
Interest Income	4,200	4,200	5,828	1,628
<b>Total revenues</b>	<u>3,504,200</u>	<u>3,504,200</u>	<u>3,505,828</u>	<u>1,628</u>
<b>EXPENDITURES</b>				
Economic Environment	4,360,926	3,934,748	774,985	3,159,763
Capital Outlay	-	82,128	65,661	16,467
<b>Total expenditures</b>	<u>4,360,926</u>	<u>4,016,876</u>	<u>840,646</u>	<u>3,176,230</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(856,726)</u>	<u>(512,676)</u>	<u>2,665,182</u>	<u>3,177,858</u>
<b>Other financing sources (uses)</b>				
Transfers Out	(100,000)	(137,953)	(173,553)	(35,600)
<b>Total other financing sources (uses)</b>	<u>(100,000)</u>	<u>(137,953)</u>	<u>(173,553)</u>	<u>(35,600)</u>
<b>Net change in fund balances</b>	(956,726)	(650,629)	2,491,629	3,142,258
Fund Balances - Beginning of Year	<u>956,726</u>	<u>650,629</u>	<u>3,647,798</u>	<u>2,997,169</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,139,427</u></u>	<u><u>\$ 6,139,427</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Authority, as authorized by Chapter 159.44-159.53 of the Florida Statutes, was created for the purpose of financing and refinancing projects for the public purposes in the manner provided by the Florida Industrial Development Financing Act and by Chapter 159.44-159.53 of the Florida Statutes and for the purpose of fostering economic development of Hardee County. The Authority studies the advantages, facilities, resources, products, attractions, and conditions concerning Hardee County with relation to the encouragement of economic development in the County and uses such means and media as the Authority deems advisable to publicize and/or to make known such facts and material to such persons, firms, corporations, agencies, and institutions which, in the discretion of the Authority, reasonably result in encouraging desirable economic development in the County. In carrying out this purpose, the Authority is encouraged to cooperate and work with industrial development agencies, chambers of commerce, and other local, state and federal agencies having responsibilities in the field of industrial development.

The Authority is composed of no less than 9 and no more than 13 members appointed by the Hardee County Board of County Commissioners (BOCC). After completion of the initial staggered terms, each appointed member serves a term of four years. The funds received from Mosaic are derived from an agreement between the BOCC and Mosaic. The agreement creates a component unit relationship because the BOCC appoints the Authority's board and the receipt of the Mosaic funds creates a burden on the BOCC; therefore, the Authority is considered a component unit of the BOCC.

Accounting principles generally accepted in the United States require that these financial statements include all entities for which the Authority is considered to be financially accountable (component units). The Authority 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 Authority. The Authority may be financially accountable if an organization is fiscally dependent on the Authority 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 Authority management determined that the Authority has one blended component unit and no discretely presented component units.

These financial statements present only the funds and blended component unit of the Authority and are not meant to represent Hardee County, Florida, as a whole.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**Blended Component Unit**

The Hardee County Economic Development Council, Inc. (EDC) is a separate legal entity that was created pursuant to the provisions of section 617.1006, Florida Statutes, *Florida Not for Profit Corporation*. The EDC's purpose is to provide for the orderly, progressive, economic diversification of Hardee County, which will insure a superior quality of life through public and private activities. The EDC provides services for the operations of the Authority. The financial information for this component unit is blended in these financial statements of the Authority statements because the Authority's board serves as the governing body of the EDC and approves the annual budget. The EDC is reported as a special revenue fund of the Authority.

**Basis of Presentation**

The Authority complies with accounting standards established by the Governmental Accounting Standards Board (GASB). The Authority has implemented GASB Statement No. 34 as amended, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Authority. The Authority reports only governmental activities; it does not have any business-type activities.

Governmental activities are supported by Mosaic income originating from a development contract between Hardee County Board of County Commissioners and Mosaic Fertilizer LLC, intergovernmental revenues and proceeds received from the sale of inventory and grants received by the Economic Development Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Payments of other items not properly included as program revenues are reported as general revenues.

**Fund Financial Statements**

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. 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 Authority's funds are as follows:

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**Fund Financial Statements (Continued)**

***Governmental Funds***

- **General Fund** – This fund is used to account for the accumulation and expenditure of resources that are not restricted in any manner but are used for general purposes of the Authority and do not require the establishment of any other type of fund.

***Special Revenue Funds***

- **Grant Fund** – This fund is used to account for the accumulation and expenditure of resources that are restricted and used for economic development purposes of the Authority.
- **EDC Fund** – This fund accounts for the activity of the Hardee County Economic Development Council, Inc. (EDC), which is a separate legal entity that is reported as a blended component unit. The activity of the EDC is comprised of receipts and disbursements of grant monies received from the Board of County Commissioners and the Economic Development Authority for operations of the EDC.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the 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 collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

**Budgetary Requirements**

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Authority is required to follow the procedures provided by Florida Statutes in establishing final budget balances reported on the financial statements:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for governmental fund types in accordance with procedures and time intervals prescribed by law.
- Budgets are prepared for the governmental funds on a basis consistent with accounting principles generally accepted in the United States of America.
- Final budget amounts reported are based upon the final amended budget.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**Budgetary Requirements (Continued)**

**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.

**Net Position**

Net position represents the difference between assets and liabilities. The Authority may report three categories of net position, as follows: invested in capital assets, restricted net position, and unrestricted net position. Invested in capital assets consist of net capital assets. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position consist of all other net position that do not meet the definition of the other two components and are available for general use by the Authority. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted as needed.

**Fund Balance and Spending Policy**

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.

- 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 can be spent for specific purposes because of constraints that are externally imposed by contributors, creditors, grantors, laws or regulations, or enabling legislation.
- 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 Authority'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 Authority'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.



**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

The Board 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 Board will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

**Due from/to Other Funds**

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

**Accounts and Note Receivables**

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

**Inventory, Land Held for Resale**

Land held for resale represents land acquired by the Primary Government for subsequent resale for redevelopment purposes. Land held for resale is reported at the lower of cost or estimated realizable value. These estimates have been based on estimated realizable sales proceeds net of selling expenses.

**New Adopted Accounting Pronouncements**

For the year ended September 30, 2014, the financial statements include the impact of adoption of Governmental Accounting Standards Board Statement (GASBS) number 65 Items Previously Reported as Assets and Liabilities.

GASBS 65, *Deferred Outflows of Resources*, the government would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year. *Deferred Inflows of Resources*, the governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The government will not recognize the related revenue until a future event occurs. The government has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the Government's year) under the modified accrual basis of accounting.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 2 DEPOSITS**

Custodial credit risk is defined as the risk that, in the event of bank failure, the Authority's deposits may not be returned to it. At September 30, 2014, the carrying amount of the Authority's deposits was \$6,229,818 and the balance per the bank was \$6,259,954.

The Authority's interest bearing bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**NOTE 3 NOTE RECEIVABLE**

The Authority entered into a promissory note receivable with a private company. The sole purpose of the promissory note was to provide the Authority a security interest in possible litigation proceeds that could be received by the private company from a successful lawsuit. The amounts paid by the Authority to the private company represented the reimbursement of excess costs that were incurred by the private company and were the basis of its litigation. The terms and conditions of the note were such that the Authority would have a receivable based on a contingency of a successful lawsuit. Management has determined the amount of the receivable to be uncollectible.

General Fund:

Promissory Note Receivable	\$ 127,878
Allowance for Uncollectible	<u>(127,878)</u>
Note Receivable, Net	<u><u>\$ -</u></u>

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 CAPITAL ASSETS**

Capital assets are carried at historical cost. Minimum capitalization costs are \$1,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life is not capitalized. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets. Capital asset activity for the fiscal year is as follows:

	Balance October 1, 2013	Additions	Disposals	Transfers	Balance September 30, 2014
Governmental Activities:					
Capital Assets Not					
Being Depreciated:					
Land	\$ 895,372	\$ 354,579	\$ -	\$ 139,511	\$ 1,389,462
Construction in Process	1,908,288	1,224,923	-	(2,237,171)	896,040
Total Capital Assets, Not Being Depreciated	2,803,660	1,579,502	-	(2,097,660)	2,285,502
Capital Assets Being Depreciated:					
Land Improvements	102,800	-	-	138,674	241,474
Buildings	3,451,083	317,439	-	1,958,986	5,727,508
Equipment	2,276,592	15,100	(1,999,009)	-	292,683
Roads and Bridges	776,474	-	-	-	776,474
Total Capital Assets, Being Depreciated	6,606,949	332,539	(1,999,009)	2,097,660	7,038,139
Less Accumulated					
Depreciation for:					
Land Improvements	(60,473)	(15,480)	-	-	(75,953)
Buildings	(171,390)	(129,842)	-	-	(301,232)
Equipment	(150,726)	(48,576)	89,955	-	(109,347)
Roads and Bridges	(307,355)	(38,824)	-	-	(346,179)
Total Accumulated Depreciation	(689,944)	(232,722)	89,955	-	(832,711)
Total Capital Assets, Being Depreciated, Net	5,917,005	99,817	(1,909,054)	2,097,660	6,205,428
Total Governmental Activities Capital Assets, Net	<u>\$ 8,720,665</u>	<u>\$ 1,679,319</u>	<u>\$ (1,909,054)</u>	<u>\$ -</u>	<u>\$ 8,490,930</u>

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Authority's Board of Directors includes representatives of the business community. During the year ended September 30, 2014, the Authority entered into several contracts with certain companies with which certain Board members and members of management are associated with either directly or members of his or her family are directly associated with, for the purpose of providing services or employment. Related party transactions for the year are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Continuum Labs, Inc.	\$ -	\$ 691,358
Other	<u>6,106</u>	<u>21,934</u>
 Total Related Party Transactions	 <u>\$ 6,106</u>	 <u>\$ 713,292</u>

The Hardee County Board of County Commissioners (BOCC) awarded and paid a grant for operations of the Hardee EDC in the amount of \$150,000. Under the terms of the Mosaic agreement between Hardee County Board of County Commissioners and Mosaic Fertilizer LLC, the Authority transferred \$500,000 to the Hardee BOCC. This payment was reported as a contra revenue when paid. The Hardee BOCC transferred back a lot valued at \$33,250 that was in the prior year transferred to the Hardee BOCC from the Authority.

One of the board members is employed at a financial institution where the Authority had \$6,229,818 cash held at September 30, 2014.

**NOTE 6 ECONOMIC DEPENDENCY**

The Hardee County Board of County Commissioners entered into a development agreement with Mosaic Fertilizer LLC (Mosaic) whereby Mosaic is to pay a minimum of \$42,000,000 over a ten year period as long as sufficient mining activity is occurring. The payment schedule has a minimum base amount which escalates, based on tonnage mined, during the contract and provides for \$500,000 per year to be allocated to the Hardee Board of County Commissioners' general fund. Payments are made directly to the Authority. During the year ended September 30, 2014, the Authority received \$4,000,000 from Mosaic and made a payment of \$500,000 to the Hardee County, Florida, Board of County Commissioners. According to the terms of the development agreement, amounts received from Mosaic are restricted for economic development, except for \$100,000 per year that can be used to pay administrative expenses.

The Authority is dependent upon annual contract payments from Mosaic Fertilizer LLC in order for the Authority to continue funding the economic development of Hardee County at current levels.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 6 ECONOMIC DEPENDENCY (CONTINUED)**

The Authority's future existence is not dependent upon future payments beyond the ten year period of the development agreement. For the year ended September 30, 2014, Mosaic provided approximately 59% of the Authority's total revenue.

For the year ended September 30, 2014, the Economic Development Authority provided approximately 28% of the Authority's total revenue.

**NOTE 7 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority purchases commercial insurance coverage related to these risks. There have been no decreases in coverage nor have there been any settlements in excess of coverage in any of the prior three years.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

The Authority has contracted with the vendors for the completion of two projects, one of which is funded by the general fund, one of which is funded by the grant fund. The contract amounts committed and outstanding at September 30, 2014 was \$909,580.

The Authority approved the budget for grants awarded for the year ended September 30, 2015. The budget includes additional revenues from Mosaic Fertilizer LLC in the amount of \$3,500,000, according to the Mosaic Agreement. The projects below were budgeted using the anticipated revenues received during 2015 and the \$6,120,200 fund balance included in Restricted for Economic Development Projects. The Authority approved the budget to fund the following projects:

Florikan	\$ 2,000,000
Commerce Park Expansion	750,000
IDA Marketing Program	<u>70,317</u>
Total Approved for Grants	<u><u>\$ 2,820,317</u></u>

The Auditor General conducted an operational audit for the period October 2010 through June 2012 and issued a report in February 2013 which contained certain findings. The Auditor General has returned to follow up on the findings and recommendations issued in their report, but as of December 19, 2014, the follow up report has not been issued.

The State Attorney is currently in process of a grand jury investigation and, as of December 19, 2014 the report has not been issued.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 9 TRANSFERS**

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

Transfers during the year ended September 30, 2014, consisted of the following:

Transfers to the General Fund from:

Grant Fund	<u>\$ 137,953</u>
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Transfers to the EDC Fund from:

General Fund	\$ 18,792
Grant Fund	<u>35,600</u>
Total Transfers	<u>\$ 54,392</u>

This transfer represents the payment of awarded grant funds to the EDC fund, a blended component unit.



**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***

Members of the Authority Board  
Hardee County Industrial Development Authority  
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, each major fund, and the aggregate remaining fund information of Hardee County Industrial Development Authority, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Hardee County Industrial Development Authority's basic financial statements, and have issued our report thereon dated December 19, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal controls as 2014-001 and 2014-002, described in the accompanying Schedule of Findings and Responses Current Year and Prior Years that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hardee County Industrial Development Authority'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 Industrial Development Authority's Response to Findings**

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

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 19, 2014



**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
SCHEDULE OF FINDINGS AND RESPONSES –  
CURRENT YEAR AND PRIOR YEARS  
YEAR ENDED SEPTEMBER 30, 2014**

**Current Year Findings**

**Significant Deficiencies**

**2014-001 – GRANT ADVANCES**

**Condition:** The Authority received a grant from the Economic Development Authority for the Incubator project and is responsible for establishing and maintaining internal controls over those grant funds. These funds are designated for the building, improvements, equipment and operations of companies in the Incubator. At times, when the Authority has advanced funds for operations, there have been delays in receiving supporting documentation for the actual expenditures. This has caused delays in submitting reimbursement requests to the EDA.

**Criteria:** Best practice and proper safeguarding of public funds.

**Effect:** Advancing funds to a subgrantee when the reimbursement from the grantor is based on actual expenses increases the risk that the Authority may not receive full reimbursement from the grantor or that the reimbursement may be delayed until proper supporting documentation can be obtained.

**Cause:** The Authority did not design the control process over the advancement of funds to ensure proper support is being received on a timely basis.

**Recommendation:** We recommend that if the Authority does advance funds, that there only be one advance. This should be made at the beginning of the contract period. All subsequent payments should be made on a reimbursement basis. The advance could be applied toward the next installment or could be settled at the end of the contract term. This would ease the Authority's administrative duties and provide for a more efficient process of requesting reimbursement from the Economic Development Authority.

**Response:** Management agrees and has and will structure future grants in this manner.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
SCHEDULE OF FINDINGS AND RESPONSES –  
CURRENT YEAR AND PRIOR YEARS  
YEAR ENDED SEPTEMBER 30, 2014**

**Current Year Findings (Continued)**

**2014-002 – RECORDING OF UNAVAILABLE REVENUE**

**Condition:** Our audit procedures disclosed an audit adjustment that was necessary in order for the financial statements to be in accordance with U.S. Generally Accepted Accounting Principles.

**Criteria:** The Authority submitted a grant reimbursement request more than 60 days after year end. The transaction was recorded as revenue received instead of unavailable revenue.

**Effect:** Both revenues and deferred inflows were improperly stated in the general fund of the fund financial statements.

**Cause:** Improper reporting of transactions.

**Recommendation:** We recommend internal controls be established and implemented to ensure proper reporting on the financial statements in accordance with U.S. Generally Accepted Accounting Principles.

**Response:** Management agrees with the auditor finding and will input internal controls to ensure timely submission of grant reimbursement requests.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)  
SCHEDULE OF FINDINGS AND RESPONSES –  
CURRENT YEAR AND PRIOR YEARS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2014**

**Prior Years Findings**

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2013-001 Lack of Written Policies Over Information Technology	Significant Deficiency	X			N/A
2013-002 Timely Repayment of Due To and Due From	Significant Deficiency	X			N/A
2012-001 Preparation of Financial Statements	Material Weakness	X			N/A
2012-002 Material Financial Statement Adjustments	Material Weakness	X			N/A
2012-003 Prior Period Restatement	Material Weakness	X			N/A



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## MANAGEMENT LETTER

Members of the Authority Board  
Hardee County Industrial Development Authority  
Hardee County, Florida

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

We have audited the financial statements of the Hardee County Industrial Development Authority (Authority), a component unit of Hardee County, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated December 19, 2014.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 19, 2014, 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 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.

**Financial Condition**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Hardee County Industrial Development Authority'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 the same.

**Special District Component Units**

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

**Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the Auditor General conducted an operational audit for the period October 2010 through June 2012 and issued a report in February 2013. The Auditor General has returned to follow up on the findings and, as of December 19, 2014 the follow up report has not been issued.

The State Attorney is currently in process of a grand jury investigation and, as of December 19, 2014 the report has not been issued.

**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.

Members of the Authority Board  
Hardee County Industrial Development Authority

We wish to take this opportunity to thank you 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*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 19, 2014



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**INDEPENDENT ACCOUNTANTS' REPORT**

Members of the Authority Board  
Hardee County Industrial Development Authority  
Hardee County, Florida

We have examined the Hardee County Industrial Development Authority, compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the Authority 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 19, 2014