

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2009**

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2009**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hardee County Industrial Development Authority, Hardee County, Florida (Authority) as of and for the year ended September 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Authority as of September 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the Authority Board
Hardee County Industrial Development Authority

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.

LarsonAllen LLP
LarsonAllen LLP

Lakeland, Florida
December 22, 2011

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

ASSETS

Cash	\$	529,699
Accounts Receivable		4,754
Capital Assets, Not Being Depreciated		647,172
Capital Assets, Net of Depreciation		1,066,479
Inventories; Land Held for Resale		1,663,947
Restricted Cash		235,836
Total Assets		4,147,887

LIABILITIES

-

NET ASSETS

Invested in Capital Assets		1,713,651
Restricted		235,836
Unrestricted		2,198,400
Total Net Assets	\$	4,147,887

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Primary Government:			
Governmental Activities:			
General Government; Economic Development	\$ 615,036	\$ -	\$ (615,036)
Total Governmental Activities	<u>\$ 615,036</u>	<u>\$ -</u>	<u>(615,036)</u>
General Revenues:			
			33,273
			11,653
			7,986
			1,923
			<u>54,835</u>
			(560,201)
			<u>4,708,088</u>
			<u>\$ 4,147,887</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2009**

ASSETS

Cash	\$ 529,699
Accounts Receivable	4,754
Inventories; Land Held for Resale	1,663,947
Restricted Cash	235,836
Total Assets	<u>\$ 2,434,236</u>

LIABILITIES

Deferred Revenue	\$ 4,754
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FUND BALANCE

Reserved for Inventories	1,663,947
Reserved for Board of County Commissioners	235,836
Unreserved	529,699
Total Fund Balance	<u>2,429,482</u>
Total Liabilities and Fund Balance	<u>\$ 2,434,236</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Total Fund Balance - General Fund	\$ 2,429,482
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,713,651
In the statement of net assets, revenue has been reported by the amounts earned during the year and, therefore, no liabilities are presented. In the General Fund deferred revenue is recorded because payments were not received in the timeframe to be considered available.	<u>4,754</u>
Total Net Assets - Governmental Activities	<u>\$ 4,147,887</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2009**

REVENUES

Other Revenue:

Fruit Income	\$ 33,273
Rental Income	6,899
Interest Income	7,986
Miscellaneous	1,923
Total Revenues	50,081

EXPENDITURES

General Government

557,404

NET CHANGE IN FUND BALANCE

(507,323)

Fund Balances - Beginning of Year

2,936,805

FUND BALANCES - END OF YEAR

\$ 2,429,482

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009**

Net Change in Fund Balance - Total General Fund	\$ (507,323)
The cost of assets is allocated over their estimated useful lives and reported as depreciation expense:	(57,632)
In the statement of activities, revenue is reported by the amounts earned during the year, in the General Fund deferred revenue is recorded for the receivable at year-end.	<u>4,754</u>
Change in Net Assets of Governmental Activities	<u>\$ (560,201)</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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 9 members appointed by the Hardee County Board of County Commissioners. After completion of the initial staggered terms, each appointed member serves a term of four years.

These financial statements present only the funds of the Authority and are not meant to represent Hardee County, Florida, as a whole. There are no separate legal entities (component units) for which the Authority is considered financially accountable.

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 assets 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, and fiduciary funds are excluded. Governmental activities are supported largely by proceeds received in the prior year from the sale of inventory.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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 a providing 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:

Governmental Fund

- **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.

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.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

For the year ended September 30, 2009, the Authority did not adopt a budget.

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 Assets

Net assets represent the difference between assets and liabilities. The Authority may report three categories of net assets, as follows: invested in capital assets, restricted net assets, and unrestricted net assets. Invested in capital assets consist of net capital assets. Restricted net assets 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 assets consist of all other net assets 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 Balances

In the general fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Fund balance in the general fund is classified as follows:

- **Unreserved** – portion of total fund balance available for appropriation that is uncommitted at year-end.
- **Reserved for Inventories** – portion of total fund balance which is held in inventory and which does not constitute a spendable resource.
- **Reserved for Board of County Commissioners** – portion of total fund balance which the Board of County Commissioners has reserved funding for only approved expenditures.

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. Fair value estimates have been based on estimated realizable sales proceeds net of selling expenses.

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, 2009, the carrying amount of the Authority's deposits was \$765,535 and the balance per the bank was \$765,917. 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. However, for September 30, 2009, the Authority did not file the proper documentation and therefore was not covered by these provisions. The Authority's bank balance is only insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

At September 30, 2009, cash was restricted for the Hardee County Board of County Commissioners in the amount of \$235,836. This restricted cash is reported as restricted net assets and reserved fund balance.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 3 CAPITAL ASSETS

Capital assets are carried at historical costs. 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, 2008	Additions	Disposals	Balance September 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 647,172	\$ -	\$ -	\$ 647,172
Capital Assets Being Depreciated:				
Land Improvements	91,838	-	-	91,838
Buildings	385,000	-	-	385,000
Roads and Bridges	776,474	-	-	776,474
Total Capital Assets Being Depreciated	1,253,312	-	-	1,253,312
Less Accumulated Depreciation for:				
Land Improvements	(10,351)	(9,184)	-	(19,535)
Buildings	(5,614)	(9,625)	-	(15,239)
Roads and Bridges	(113,236)	(38,823)	-	(152,059)
Total Accumulated Depreciation	(129,201)	(57,632)	-	(186,833)
Total Capital Assets Being Depreciated, Net	1,124,111	(57,632)	-	1,066,479
Total Governmental Activities Capital Assets, Net	<u>\$ 1,771,283</u>	<u>\$ (57,632)</u>	<u>\$ -</u>	<u>\$ 1,713,651</u>

NOTE 4 NOTE RECEIVABLE

In 2005, the Authority executed a performance based real estate mortgage on Lot 21 of the Hardee County Commerce Park. Under the terms of the agreement, the \$102,000 no interest loan, is payable on demand only in the event of a breach of performance covenants. This balance is not deemed collectible and therefore has not been recorded.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 5 INVENTORIES

Inventories are valued at cost of land and land improvements, and, for donated property, fair market value at the date of donation. Governmental fund inventories are offset by a reserve of fund balance which indicates that the fund balance does not constitute available spendable resources.

NOTE 6 RELATED PARTY TRANSACTIONS

The Authority's Board of Directors includes representatives of the business community. During the year ended September 30, 2009, the Authority entered into several contracts with certain companies, with which certain Board members are associated, for the purpose of providing services. Total payments to these organizations during the year were \$12,505. Total revenues from these organizations received during the year were \$13,585. Total receivables from these organizations at year-end are \$4,754.

Two of the board members are employed at a financial institution where the Authority had \$715,225 cash held at September 30, 2009.

NOTE 7 ISSUED BUT NOT EFFECTIVE PROFESSIONAL STANDARD

The Government Accounting Standards Board ("GASB") has issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which will be effective for the Authority for the fiscal year beginning October 1, 2010. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in governmental funds.

Management has not yet completed its assessment of the above statement but does not believe that the statement will have a material effect on the financial statements of the Authority.

**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 the financial statements of the governmental activities and the major fund of the Hardee County Industrial Development Authority (Authority) as of and for the year ended September 30, 2009, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, 2009-1, 2009-2, 2009-3, 2009-4, 2009-5 and 2009-6 described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and 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 disclose 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 responses as item 2009-4.

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

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

Larson Allen LLP
LarsonAllen LLP

Lakeland, Florida
December 22, 2011

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2009**

Material Weaknesses

2009-01 – PREPARATION OF FINANCIAL STATEMENTS

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

Criteria: The Authority's 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.

Effect: The design of the controls over the financial reporting process would affect the ability of the Authority to report their financial data consistently with the assertions of management in the financial statements.

Cause: The Authority has no employees and limited resources.

Recommendation: We recommend that Authority management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

Response: The Hardee County Industrial Development Authority has taken action to contract the services of a CPA firm with GASB competency to address 2009-01.

2009-02 – INADEQUATE SEGREGATION OF DUTIES

Condition: The duties within the accounting function are not adequately segregated. The same individual opens the mail, initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. There is also a lack of audit trail, as monthly bank reconciliations are not printed.

Criteria: The Authority is required to have a system of internal control over accounting and financial reporting in place that will allow management in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Such controls should be designed to segregate duties. Individuals with responsibility for recording QuickBooks transactions should not also have access to assets.

Effect: Cash accounts are subject to irregularities.

Cause: Management has not adopted formal processes and has limited staffing resources.

Recommendation: Segregate the accounting duties among management.

Response: We concur and have instituted office procedure/accounting procedure changes to segregate the duties.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2009**

Material Weaknesses (Continued)

2009-03 – FORMAL DOCUMENTED POLICIES

Condition: The Authority does not have formally documented accounting policies or procedures. This includes the following:

- Procedures for review processes, including journal entries
- Documentation of year end closing procedures to adjust for accrual based accounting
- Procedures for fraud risk assessment or monitoring process
- Utilization of the Uniform Accounting Code for Governments
- Investment of funds
- Capitalization Policy

Criteria: Management is responsible for maintaining adequate internal control over accounting and financial reporting.

Effect: The financial statements are susceptible to material misstatement.

Cause: Management has limited staffing resources.

Recommendation: We recommend that management adopt and implement formal accounting policies and procedures.

Response: The contracted CPA will immediately complete formally documented accounting policies and procedures for approval by the IDA and implementation by the management.

2009-04 – COMPLY WITH FLORIDA STATUTE FILING REQUIREMENTS

Condition: Annual reporting requirements were not completed on a timely basis.

Criteria: Management is responsible for filing the following:

- An annual financial report in accordance with Section 218.32 of the Florida State Statutes
- An annual financial audit report in accordance with Section 218.39 of the Florida State Statutes
- An adopted budget by resolution in accordance with Section 189.418(3) of the Florida State Statutes.
- Preparation of Qualified Public Depository Forms
- Oath or Affirmation

Effect: The Authority has received correspondence from the Florida Legislature Joint Legislative Auditing Committee requiring these reports be filed no later than December 31, 2011.

Cause: Management only recently became aware of these requirements.

Recommendation: We recommend implementing procedures and policies to ensure the annual reporting requirements are met.

Response: We concur.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2009**

Material Weaknesses (Continued)

2009-05 – MATERIAL FINANCIAL STATEMENT ADJUSTMENTS

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

Criteria: The following audit adjustments were noted:

- It was necessary to reclassify several items on the inventory listing provided due to the nature of the assets. Adjustments reclassified to capital assets included the following: park improvements, property rental homes, and common areas of the industrial park. It was necessary to remove inventory assets expensed to the Hardee County Board of County Commissioners for the paving of Gebhart Road
- Prior year accumulated depreciation and current year depreciation expense was recorded on capital assets.
- Reduction of inventory balance by the water and sewer construction improvements which are an asset of Hardee County.
- Activity for the Property Owners Association cash accounts that were not recorded properly.
- Expenses relating to the rental properties rental management agreement which were not properly recorded.

Effect: Fund balance, capital asset, inventory, and expense balances were materially misstated.

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: We Concur.

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2009**

Material Weaknesses (Continued)

2009-06 – LACK OF SUPPORTING DOCUMENTATION

Condition: Our audit procedures disclosed areas where supporting documentation was not able to be located causing a deficiency in the audit trail.

Criteria: The following items were noted:

- Monthly bank reconciliations are not printed.
- Monthly bank reconciliations were not performed on all bank accounts held.
- Several minutes did not include a listing of attendees.
- Lack of documentation to support expenses incurred on the park improvements prior to the year under audit.

Effect: The financial statements are vulnerable to a scope limitation when information is unable to be located.

Cause: Management has limited staffing resources and has seen recent turnover.

Recommendation: We recommend the Authority maintain and file all documentation which supports any and all activity within the entity.

Response: Accounting and policy procedures have been instituted to remedy this situation.

MANAGEMENT LETTER

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

We have audited the basic financial statements of the Hardee County Industrial Development Authority (Authority), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated December 22, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*. Disclosures in that report, which is dated December 22, 2011, should be considered in conjunction with this Management Letter.

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following:

Timely Deposits

During our audit, we noted cash receipts which were held at the office for more than a few days before being deposited in the bank. We recommend that deposits be made timelier in order to avoid checks from being misplaced.

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

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

Properly Record Transfers

During our audit, we noted that cash is borrowed from bank accounts and later replenished when cash is available. Since these were not properly recorded as transfers, this causes revenues and expenses to be inflated. We recommend the Authority implement a pooled cash system to maintain cash balances within the general ledger.

Property Owner's Association

During our audit, we noted the general ledger contained property owner's association accounts which were created with the idea that there is a property owner's association in place. However, there have been no filings with the IRS to properly establish an association. These accounts are merely additional bank accounts with the Authority at this time. We recommend the appropriate reports be filed to create a property owner's association, when it is deemed necessary.

Transactions with the Economic Development Council

During our audit, we noted instances where there was a lack of clear direction as to which entity was fulfilling specific duties regarding economic development projects. We recommend clarifying duties between the organization and the Authority if and when necessary in the future.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as part of Note 1, to the basic financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b, Rules of the Auditor General, require that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2009 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by

Members of the Authority Board
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management and the review of financial information provided by management. We completed the financial condition assessment procedures as of the fiscal year-end.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP
LarsonAllen LLP

Lakeland, Florida
December 22, 2011