

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

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
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YEAR ENDED SEPTEMBER 30, 2015**

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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, 2015, 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, 2015, 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 June 14, 2016 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
June 14, 2016

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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, 2015. The information presented here should be considered in conjunction with the financial statements.

Financial Highlights

The Authority's net position is \$22,479,183, an increase of \$5,704,204 over the previous year.

During the year, total expenses were \$1,759,232 versus total revenue of \$7,463,436.

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, 2015**

Net Position

At September 30, 2015, the Authority had total assets of \$22,874,353, total liabilities of \$395,170, and total net position of \$22,479,183.

**Industrial Development Authority
Net Position**

	Governmental Activities		Increase (Decrease)
	2015	2014	
ASSETS			
Cash	\$ 7,262,727	\$ 6,229,818	\$ 1,032,909
Accounts Receivable	127,661	22,466	105,195
Due from Other Government	1,023,090	970,893	52,197
Prepaid Expense	44,878	-	44,878
Inventories; Land Held for Resale	1,325,508	1,324,233	1,275
Capital Assets, Not Being Depreciated	1,720,200	2,285,502	(565,302)
Capital Assets, Net of Depreciation	11,370,289	6,205,428	5,164,861
Total Assets	<u>22,874,353</u>	<u>17,038,340</u>	<u>5,836,013</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	277,215	140,624	136,591
Unearned Revenue	108,946	108,872	74
Noncurrent Liabilities:			
Due within One Year	5,066	4,856	210
Due in More than One Year	3,943	9,009	(5,066)
Total Liabilities	<u>395,170</u>	<u>263,361</u>	<u>131,809</u>
NET POSITION			
Invested in Capital Assets	13,081,480	8,477,065	4,604,415
Restricted for Economic Development Projects	7,331,806	6,120,200	1,211,606
Unrestricted	2,065,897	2,177,714	(111,817)
Total Net Position	<u>\$ 22,479,183</u>	<u>\$ 16,774,979</u>	<u>\$ 5,704,204</u>

Changes in Net Position

Revenues for the Authority's activities totaled \$7,463,436, an increase of \$1,744,856 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 \$1,759,232, a decrease of \$2,061,932 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, 2015**

**Industrial Development Authority
Changes in Net Position**

	Governmental Activities		Increase (Decrease)
	2015	2014	
REVENUES			
Program Revenues:			
Operating Grants and Contributions	\$ 1,074,479	\$ 541,012	\$ 533,467
Capital Grants and Contributions	2,674,069	1,394,630	1,279,439
Charges for Services	204,805	243,521	(38,716)
General Revenues:			
Mosaic Income	3,500,000	3,500,000	-
Interest Income	8,743	6,106	2,637
Miscellaneous	1,340	33,311	(31,971)
Total Revenues	<u>7,463,436</u>	<u>5,718,580</u>	<u>1,744,856</u>
EXPENSES			
General Government	1,759,232	3,821,164	(2,061,932)
Total Expenses	<u>1,759,232</u>	<u>3,821,164</u>	<u>(2,061,932)</u>
CHANGE IN NET POSITION	5,704,204	1,897,416	3,806,788
Net Position - Beginning of Year	16,774,979	14,877,563	1,897,416
NET POSITION - END OF YEAR	<u><u>\$ 22,479,183</u></u>	<u><u>\$ 16,774,979</u></u>	<u><u>\$ 5,704,204</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
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Economic Factors (Continued)

The Hardee County Industrial Development Authority (IDA) and the Hardee County Economic Development Council (EDC) operate as separate legal entities having dual membership of their respective board members. The IDA is a dependent special district of the State of Florida. The EDC is a 501c3 non-profit but operates as to its membership as a public "sunshine law" governed body with certain operational latitudes exempt or operational procedures performed by staff. Both entities are charged with the directive to "foster and promote economic development" within and outside the definition of "projects" established in Florida Statute Chapter 159.

The IDA is managed by the Economic Development Council staff. Additionally, the source of the IDA money for its initiatives is:

1. Grant money from the Hardee County Economic Development Authority (EDA) (an independent special district created by local bill SB 3110)
2. A Chapter 163 Development Agreement with the Hardee County Board of County Commissioners for which the IDA is receiving \$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
3. Income derived or produced from its own operations.

Hardee County's economic situation is increasingly more precarious. Traditional economic drivers derived from citrus industry segments of growing, harvesting and caretaking, have been severely weakened by Huanglongbing, HLB otherwise more commonly referred to as citrus greening. The disease is generally thought to be caused by the bacterium, *Candidatus Liberibacter asiaticus*.

Unfortunately, efforts to halt the spread of the greening bacterium (generally transmitted by an insect, the Asian Citrus Psyllid) or to provide treatment for infected groves has been ineffective thus far. Citrus greening may radically change the demographic and economic infrastructure of much of "inland" south central Florida and the respective communities' dependent upon the Citrus economy.

The IDA expects to continue management and deployment of income from the Mosaic Agreement, grants from the Hardee EDA or revenues produced from its operation.

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.

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, 2015**

	Governmental Activities
ASSETS	
Cash	\$ 7,262,727
Accounts Receivable	127,661
Due from Other Government	1,023,090
Prepaid Expenses	44,878
Inventories; Land Held for Resale	1,325,508
Capital Assets, Not Being Depreciated	1,720,200
Capital Assets, Being Depreciated, Net	11,370,289
Total Assets	22,874,353
LIABILITIES	
Accounts Payable and Accrued Liabilities	277,215
Unearned Revenue	108,946
Noncurrent Liabilities:	
Due within One Year	5,066
Due in More than One Year	3,943
Total Liabilities	395,170
NET POSITION	
Invested in Capital Assets	13,081,480
Restricted for Economic Development Projects	7,331,806
Unrestricted	2,065,897
Total Net Position	\$ 22,479,183

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, 2015**

	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	\$ 1,759,232	\$ 204,805	\$ 1,074,479	\$ 2,674,069
Total Governmental Activities	\$ 1,759,232	\$ 204,805	\$ 1,074,479	\$ 2,674,069
General Revenues:				
Mosaic Income				3,500,000
Interest Income				8,743
Miscellaneous				1,340
Total General Revenues				3,510,083
Change in Net Position				5,704,204
Net Position - Beginning of Year				16,774,979
Net Position - End of Year				\$ 22,479,183

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

ASSETS	General Fund	Special Revenue Grant Fund	EDC (Non-Major Fund)	Total Governmental Funds
Cash	\$ 139	\$ 7,195,782	\$ 66,806	\$ 7,262,727
Accounts Receivable	127,661	-	-	127,661
Due from Other Fund	-	182,722	-	182,722
Due from Other Government	984,590	-	38,500	1,023,090
Prepaid Expense	44,878	-	-	44,878
Inventories; Land Held for Resale	1,325,508	-	-	1,325,508
Total Assets	<u>\$ 2,482,776</u>	<u>\$ 7,378,504</u>	<u>\$ 105,306</u>	<u>\$ 9,966,586</u>
 LIABILITIES				
Accounts Payable and Accrued Expenditures	\$ 253,154	\$ 18,765	\$ 5,296	\$ 277,215
Unearned Revenue	108,946	-	-	108,946
Due to Other Fund	182,722	-	-	182,722
Total Liabilities	<u>544,822</u>	<u>18,765</u>	<u>5,296</u>	<u>568,883</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	887,013	-	-	887,013
 FUND BALANCE				
Nonspendable	1,370,386	-	-	1,370,386
Restricted for Economic Development Projects	-	7,331,806	-	7,331,806
Assigned	-	27,933	100,010	127,943
Unassigned	(319,445)	-	-	(319,445)
Total Fund Balance	<u>1,050,941</u>	<u>7,359,739</u>	<u>100,010</u>	<u>8,510,690</u>
Total Liabilities and Fund Balance	<u>\$ 2,482,776</u>	<u>\$ 7,378,504</u>	<u>\$ 105,306</u>	<u>\$ 9,966,586</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total Fund Balance - Total Governmental Funds	\$ 8,510,690
Amounts reported for governmental activities in the statement of net position are different because:	
Amounts due from other governments which is not collected within 60 days of the year end. In the General fund deferred inflows of resources are recorded because payments were not received in the timeframe to be considered available.	887,013
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	13,090,489
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,009)</u>
Total Net Position - Governmental Activities	<u><u>\$ 22,479,183</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, 2015**

REVENUES	<u>General Fund</u>	<u>Special Revenue Grant Fund</u>	<u>EDC (Non-Major Fund)</u>	<u>Total Governmental Funds</u>
Intergovernmental	\$ 2,848,540	\$ -	\$ 250,000	\$ 3,098,540
Charges for Services	192,805	-	12,000	204,805
Other Revenue				
Mosaic Income	-	3,500,000	-	3,500,000
Interest Income	37	8,706	-	8,743
Miscellaneous	158	1,182	-	1,340
Total revenues	<u>3,041,540</u>	<u>3,509,888</u>	<u>262,000</u>	<u>6,813,428</u>
EXPENDITURES				
General Government	515,745	-	-	515,745
Economic Environment	702,040	16,272	312,992	1,031,304
Capital Outlay	2,809,127	2,064,724	-	4,873,851
Total expenditures	<u>4,026,912</u>	<u>2,080,996</u>	<u>312,992</u>	<u>6,420,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(985,372)</u>	<u>1,428,892</u>	<u>(50,992)</u>	<u>392,528</u>
Other financing sources (uses)				
Transfers In	208,580	-	42,921	251,501
Transfers Out	(42,921)	(208,580)	-	(251,501)
Total other financing sources (uses)	<u>165,659</u>	<u>(208,580)</u>	<u>42,921</u>	<u>-</u>
Net change in fund balance	(819,713)	1,220,312	(8,071)	392,528
Fund Balances - Beginning of Year	<u>1,870,654</u>	<u>6,139,427</u>	<u>108,081</u>	<u>8,118,162</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,050,941</u>	<u>\$ 7,359,739</u>	<u>\$ 100,010</u>	<u>\$ 8,510,690</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 - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Net Change in Fund Balance - Total Governmental Funds	\$	392,528
<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	\$	4,873,851
Less: Depreciation		<u>(274,292)</u>
		4,599,559
<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>		
		4,856
<p>In the statement of activities, revenue is reported by the amounts earned during the year. In the Governmental Funds, deferred inflows of resources are recorded instead because payments were not received in the timeframe to be considered available.</p>		
		<u>707,261</u>
Change in Net Position of Governmental Activities	\$	<u><u>5,704,204</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 – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,490,038	\$ 6,053,922	\$ 2,848,540	\$ (3,205,382)
Charges for Services	187,950	187,950	192,805	4,855
Other Revenue				
Interest Income	400	400	37	(363)
Miscellaneous	-	-	158	158
Total revenues	<u>6,678,388</u>	<u>6,242,272</u>	<u>3,041,540</u>	<u>(3,200,732)</u>
EXPENDITURES				
General Government	334,960	527,240	515,745	11,495
Economic Environment	2,857,870	2,413,804	702,040	1,711,764
Capital Outlay	<u>3,577,168</u>	<u>3,527,868</u>	<u>2,809,127</u>	<u>718,741</u>
Total expenditures	<u>6,769,998</u>	<u>6,468,912</u>	<u>4,026,912</u>	<u>2,442,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91,610)</u>	<u>(226,640)</u>	<u>(985,372)</u>	<u>(758,732)</u>
Other financing sources (uses)				
Transfers In	200,000	209,000	208,580	(420)
Transfers Out	<u>(130,000)</u>	<u>(55,000)</u>	<u>(42,921)</u>	<u>12,079</u>
Total other financing sources (uses)	<u>70,000</u>	<u>154,000</u>	<u>165,659</u>	<u>11,659</u>
Net change in fund balances	(21,610)	(72,640)	(819,713)	(747,073)
Fund Balances - Beginning of Year	<u>1,870,654</u>	<u>1,870,654</u>	<u>1,870,654</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,849,044</u>	<u>\$ 1,798,014</u>	<u>\$ 1,050,941</u>	<u>\$ (747,073)</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–
SPECIAL REVENUE GRANT FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue				
Mosaic Income	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ -
Interest Income	4,200	4,200	8,706	4,506
Miscellaneous	127,828	127,828	1,182	(126,646)
Total revenues	<u>3,632,028</u>	<u>3,632,028</u>	<u>3,509,888</u>	<u>(122,140)</u>
EXPENDITURES				
Economic Environment	2,036,800	236,800	16,272	220,528
Capital Outlay	750,000	2,768,200	2,064,724	703,476
Total expenditures	<u>2,786,800</u>	<u>3,005,000</u>	<u>2,080,996</u>	<u>924,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>845,228</u>	<u>627,028</u>	<u>1,428,892</u>	<u>801,864</u>
Other financing sources (uses)				
Transfers Out	(233,517)	(242,517)	(208,580)	33,937
Total other financing sources (uses)	<u>(233,517)</u>	<u>(242,517)</u>	<u>(208,580)</u>	<u>33,937</u>
Net change in fund balances	611,711	384,511	1,220,312	835,801
Fund Balances - Beginning of Year	<u>6,139,427</u>	<u>6,139,427</u>	<u>6,139,427</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,751,138</u>	<u>\$ 6,523,938</u>	<u>\$ 7,359,739</u>	<u>\$ 835,801</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, 2015**

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 5 members with an ideal number of 7 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, 2015**

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 balance, 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, 2015**

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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 less any related debt. 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, 2015**

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.

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, 2015, the carrying amount of the Authority's deposits was \$7,262,727 and the balance per the bank was \$7,481,170.

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.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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.

General Fund:

Promissory Note Receivable	\$ 127,878
Allowance for Doubtful Account	<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, 2015**

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 asset's 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, 2014	Additions	Disposals	Transfers	Balance September 30, 2015
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 1,389,462	\$ -	\$ -	\$ -	\$ 1,389,462
Construction in Process	896,040	4,867,628	-	(5,432,930)	330,738
Total Capital Assets, Not Being Depreciated	2,285,502	4,867,628	-	(5,432,930)	1,720,200
Capital Assets Being Depreciated:					
Land Improvements	241,474	-	-	-	241,474
Buildings	5,727,508	6,223	-	5,432,930	11,166,661
Equipment	292,683	-	-	-	292,683
Roads and Bridges	776,474	-	-	-	776,474
Total Capital Assets, Being Depreciated	7,038,139	6,223	-	5,432,930	12,477,292
Less Accumulated Depreciation for:					
Land Improvements	(75,953)	(17,214)	-	-	(93,167)
Buildings	(301,232)	(167,160)	-	-	(468,392)
Equipment	(109,347)	(51,094)	-	-	(160,441)
Roads and Bridges	(346,179)	(38,824)	-	-	(385,003)
Total Accumulated Depreciation	(832,711)	(274,292)	-	-	(1,107,003)
Total Capital Assets, Being Depreciated, Net	6,205,428	(268,069)	-	5,432,930	11,370,289
Total Governmental Activities Capital Assets, Net	<u>\$ 8,490,930</u>	<u>\$ 4,599,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,090,489</u>

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 RELATED PARTY TRANSACTIONS

The Authority's Board of Directors includes representatives of the business community. During the year ended September 30, 2015, 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 consisted of \$8,743 in revenues and \$3,020 in expenditures.

The Hardee County Board of County Commissioners (BOCC) awarded and paid a grant for operations of the Hardee EDC in the amount of \$100,000. 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.

One of the board members is employed at a financial institution where the Authority had \$7,262,727 cash held at September 30, 2015.

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, 2015, 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.

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, 2015, Mosaic provided approximately 51% of the Authority's total revenue.

For the year ended September 30, 2015, the Economic Development Authority provided approximately 42% of the Authority's total revenue.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 a vendor for the completion of one project funded by the general fund. The contract amount committed at September 30, 2015 was \$391,733.

The Authority approved the budget for grants awarded for the year ended September 30, 2016. 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 2016 and the \$7,281,806 fund balance included in Restricted for Economic Development Projects. The Authority approved the budget to fund the following projects:

Florida Hospital Relocation	\$ 2,000,000
Project Malinda	1,000,000
Project Julius Caesar	1,000,000
Commerce Park Expansion	750,000
Project Housing	400,000
Incubator	300,000
JDC Phosphates	200,000
City of Wauchula CRA	200,000
IDA Marketing Program	<u>150,000</u>
 Total Approved for Grants	 <u><u>\$ 6,000,000</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 returned to follow up on the findings and issued a report in December 2015.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015, consisted of the following:

Transfers to the General Fund from:	
Grant Fund	<u>\$ 208,580</u>
Transfers to the EDC Fund from:	
General Fund	<u>\$ 42,921</u>

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

NOTE 10 SUBSEQUENT EVENTS

The Authority entered into an interlocal grant agreement in order to assist in the development of a new hospital facility whereas an economic incentive was provided from special revenue funds by the Authority in the amount of \$2,000,000.

The Authority entered into multiple grant award agreements with the Hardee County Economic Development Authority and different companies to provide a maximum amount of \$2,021,145.



**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, 2015, 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 June 14, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a 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 deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness. 2015-001.

Compliance and Other Matters

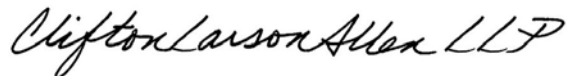
As part of obtaining reasonable assurance about whether Hardee County Industrial Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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
June 14, 2016

**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, 2015**

Current Year Findings

Material Weakness

2015-001 – MATERIAL FINANCIAL STATEMENT ADJUSTMENTS

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

- The Authority entered into a grant expense reimbursement contract with the Economic Development Authority (EDA) for the Incubator project. The Authority received reimbursement requests from the tenants at the Incubator and paid the invoices submitted. However, certain items submitted for reimbursement were either not operating expenses, which needed to be repaid by the sub-grantee, or were transactions that occurred subsequent to September 30, 2015. An adjustment was necessary to reclassify these reimbursement requests from amounts due from other government to accounts receivable from sub-grantees in the amount of \$87,257. There was a related reclassification reducing revenue (amount due from EDA) and reducing of expenses (amount paid to sub-grantees) for a like amount.

The \$87,257 adjustment, \$53,542 related to sub-grantee activity that occurred subsequent to September 30, 2015 but will be reimbursable in the fiscal year ended September 30, 2016. In addition, a substantial amount of the remaining balance was refunded to IDA by sub-grantees prior to the issuance of the financial statements.

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

Effect: Account balances were materially misstated.

Cause: Advances paid to sub-grantees were initially recorded as expenditures instead of being recorded as accounts receivable from sub-grantees. In addition, the system did not detect certain expenses that should not have been reimbursed.

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 concurs.

**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, 2015**

Prior Years Findings

Prior Years Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2014-001 Grant Advances	Significant Deficiency		X		2015-001
2014-002 Recording of Unavailable Revenue	Significant Deficiency	X			N/A
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

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, 2015, and have issued our report thereon dated June 14, 2016.

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 June 14, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and 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 made recommendations in the Schedule of Findings and Responses.

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 issued a report in December 2015.

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
June 14, 2016



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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 (Authority), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. 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, 2015.

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.

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