

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

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

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

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hardee County Industrial Development Authority (the "Authority") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 9) 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 April 5, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 5, 2024

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Hardee County Industrial Development Authority (the “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 ended September 30, 2023. The information presented here should be considered in conjunction with the financial statements.

Financial Highlights

At the close of fiscal year 2023, the Authority's assets exceed its liabilities and deferred inflows, resulting in net position of \$49,136,034. The Authority's net position increased \$4,598,105 or 10.3% for the year, which was a \$2,978,745 decrease when compared to the prior year’s increase in net position. Total revenues decreased \$2,569,171 or 24.6%, in comparison to the prior year. This decrease in revenues is primarily due to less income received from Mosaic of \$1,671,547 and less capital grant revenue due to less activity from grant funded projects of \$1,529,336. Total expenses increased \$409,574 or 14.3%, in comparison to the prior year.

Overview of the Financial Statements

The basic financial statements consist of three components: (1) government-wide financial statements, providing information related to 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 full accrual basis of accounting. This means that all of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide statements report the Authority’s net position and changes in net position. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and 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 Grant Fund, Workforce Development Endowment Fund, Infrastructure Development Fund, General Economic Development Fund, and the Economic Development Council (EDC) Fund. The Authority, like all governmental entities, uses fund accounting to ensure and reflect compliance with finance related legal requirements. The Authority uses six governmental funds, a General Fund and five special revenue funds, which focus on: (1) how cash and other financial assets, that can readily be converted into cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the fund level financial 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.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

Notes to the Financial Statements – The notes to the financial statements explain in detail some of the data contained in the preceding statements. These notes are essential to a full understanding of data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements were designed so that the user could determine if the Authority is in a better or a worse financial condition from the prior year. The following is a condensed summary of net position for the Authority.

**Statement of Net Position
As of September 30, 2023 and 2022**

	2023	2022	Increase (Decrease)
Current and other assets	\$ 37,365,169	\$ 35,374,002	\$ 1,991,167
Capital assets	23,616,216	19,511,046	4,105,170
Total assets	<u>\$ 60,981,385</u>	<u>\$ 54,885,048</u>	<u>\$ 6,096,337</u>
Other liabilities	\$ 461,928	\$ 565,545	\$ (103,617)
Total liabilities	<u>461,928</u>	<u>565,545</u>	<u>(103,617)</u>
Deferred inflows	<u>11,383,423</u>	<u>9,781,574</u>	<u>1,601,849</u>
Net position			
Investment in capital assets	23,616,216	19,511,046	4,105,170
Restricted	22,832,342	22,308,359	523,983
Unrestricted	2,687,476	2,718,524	(31,048)
Total net position	<u>49,136,034</u>	<u>44,537,929</u>	<u>4,598,105</u>
Total liabilities, deferred inflows and net position	<u>\$ 60,981,385</u>	<u>\$ 54,885,048</u>	<u>\$ 6,096,337</u>

Current and other assets increased \$1,991,167 and represents 61.3% of total assets, which is a decrease of 3.2% compared to the prior year. The majority of the Authority’s current assets are comprised of cash and investments of \$23,384,233, accounts receivable of \$12,037,971, and inventory (property held for resale) of \$1,423,390. Most of the increase in current and other assets is comprised of the following changes: an increase in accounts receivable of \$1,771,468, an increase in inventory of \$890,314, and a decrease in cash and investments of \$604,263. The increase in accounts receivable is mostly from three new leases entered into during the year of \$2,393,416 that represents the net present value of future lease payments. The increase in inventory is from the acquisition of two new properties during the year that are available for sale.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets increased \$4,105,170 and represent 38.7% of total assets, which is an increase of 3.2% compared to the prior year. Most of this increase is from the Authority's purchase of two buildings that were rented during the year (\$3,039,238) and the construction costs for buildings for three confidential clients of (\$1,260,962).

Deferred inflows increased \$1,601,849 and represents 18.7% of total liabilities, deferred inflows and net position. This increase is comprised of three new leases that increased deferred inflows \$2,393,416 less a reduction of \$791,567 that was included in revenue. The remaining balance of deferred inflows represents future revenue that will be recognized over the term of the leases.

The following schedule reports the revenues, expenses and changes in net position for the Authority:

**Statement of Activities
As of September 30, 2023 and 2022**

	2023	2022	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 1,237,613	\$ 906,382	\$ 331,231
Operating grants and contributions	15,000	135,000	(120,000)
Capital grants and contributions	251,873	1,781,209	(1,529,336)
General revenues:			
Mosaic income	5,528,929	7,200,476	(1,671,547)
Interest income	827,628	411,327	416,301
Miscellaneous	6,240	2,060	4,180
Total revenues	7,867,283	10,436,454	(2,569,171)
Expenses:			
General government	959,569	804,867	154,702
Economic development	2,309,609	2,054,737	254,872
Total expenses	3,269,178	2,859,604	409,574
Change in net position	4,598,105	7,576,850	(2,978,745)
Net position, beginning	44,537,929	36,961,079	7,576,850
Net position, ending	\$ 49,136,034	\$ 44,537,929	\$ 4,598,105

Total revenues decreased \$2,569,171 or 24.6%, in comparison to the prior year. The decrease is comprised of a decreases in Mosaic income of \$1,671,547 and capital grant and contribution income of \$1,529,336. These decreases were offset by increases in charges for services of \$331,231 and interest income of \$416,301. The decrease in Mosaic income is because the last payment from the South Ft. Meade Mine agreement resulted in a decrease of \$2,510,000 when compared to the prior year. However, this decrease

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MANAGEMENT’S DISCUSSION AND ANALYSIS

was offset by an increase in revenue of \$838,453 from the Ona Mine agreement due to an increase in stripping margins received during the year. The decrease in capital grants and contributions was due to less activity in grant related projects. The increase in charges for services is primarily from three new lease agreements during the current year and a full year of revenue from a prior year lease agreement. The increase in interest income is from new leases (\$103,420) and increases in interest rates for invested cash (\$312,881).

Total expenses increased \$409,574 or 14.3%, in comparison to the prior year. The increase in expenses is primarily due to higher repair costs for rental properties (\$213,292), increase in salary and wage expenses (\$128,357) and depreciation expense (\$94,975).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Depreciable assets included land, construction in progress, land improvements, buildings, equipment and roads and bridges. The following is a schedule of the Authority's capital assets as of September 30, 2023:

**Capital Assets, Net of Accumulated Depreciation
As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	\$ 2,639,063	\$ 2,247,409
Construction in progress	7,521,736	6,102,403
Land improvements	153,087	176,058
Buildings	13,175,529	10,810,218
Equipment	45,918	55,252
Roads and bridges	80,883	119,706
Total capital assets	<u>\$ 23,616,216</u>	<u>\$ 19,511,046</u>

Capital assets net of depreciation increased \$4,105,170 compared to the prior year. The capital asset activity for the year was comprised of \$4,582,403 of new additions less \$477,233 for depreciation expense for the year. The majority of new additions (\$3,039,238) are from the purchase of two buildings that were then rented during the year and \$1,419,333 for construction in progress that includes the Commerce Park expansion of \$127,371, four buildings for confidential clients totaling \$1,260,962 and \$31,000 of deposits on four real estate contracts.

Additional information on the Authority's capital assets can be found in Note 4.

Budgetary Highlights

Budget and actual comparison schedules are provided in the basic financial statements for the General and Special Revenue Funds. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and the variance between the final budget and actual results for the General and 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.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

Economic Factors

The Authority is a dependent special district, created by Chapter 159, Florida Statutes, and activated by original citizen petition through resolution by the Hardee County Board of 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 Commissioners, Hardee County Economic Development Authority, Hardee County Economic Development Council (EDC), Hardee County Chamber of Commerce, Main Street Wauchula, Wauchula Community Redevelopment Authority, Florida’s Heartland Economic Region of Opportunity, and Enterprise Florida.

The Hardee County Industrial Development Authority (Authority) and the Hardee County Economic Development Council (EDC) operate as separate legal entities having dual membership of their respective Board members. The Authority is a dependent special district of the State of Florida.

The EDC dba The Development Group (TDG) is a 501(c)(3) 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 Authority is managed by the TDG staff. Additionally, the sources of the Authority’s funding for its initiatives are:

1. Grant money from the Hardee County Economic Development Authority (EDA) (an independent special district created by local bill SB 3110). Historically the EDA has contributed to the administrative costs of the Economic Development Office (EDO) because the EDA implements strategic projects thru the management of the EDO.
2. Chapter 163 Development Agreements between the Hardee County Board of County Commissioners and Mosaic Fertilizer are expressly for the purpose of economic development as described in the “Economic Development Terms” section of the Florida Statutes 163 agreement.
3. The Authority also utilizes income produced through operations of rental property and real estate divestitures.

Hardee County has generally relied upon citrus, cattle, and row crop vegetable farms. In the last several decades the economy has become more diversified from the traditional economic drivers. Manufacturing, health care, education, utilities, and government jobs are now a significant percentage of the county’s economy. As housing has been identified as a major limiting factor within the county for continued economic development, the Authority is incorporating strategies that address both housing and quality of life. The Authority has begun purchasing property in the Downtown Wauchula district to begin development for housing, specifically townhomes. The Authority was also deeded property in Bowling Green for a housing development. Funds specifically received from one of the Chapter 163 development orders will be used in the construction of this development. These will be single-family homes. We hope that by doing these developments, it will bring other developers to the area and increase our housing numbers.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 the Hardee County Industrial Development Authority, Denise Grimsley, CEO, 107 East Main Street, Wauchula, Florida 33873.

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

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 17,207,248
Investments	6,176,985
Accounts receivable	12,037,971
Note receivable	121,121
Due from other governments	183,059
Prepaid items	215,395
Inventory - property held for resale	1,423,390
Capital assets	
Non-depreciable	10,160,799
Depreciable, net	13,455,417
Total assets	<u>\$ 60,981,385</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 424,678
Unearned revenue	37,250
Total liabilities	<u>461,928</u>
Deferred inflow of resources	
Deferred inflows - leases	<u>11,383,423</u>
Net position	
Investment in capital assets	23,616,216
Restricted for economic development projects	22,832,342
Unrestricted	2,687,476
Total net position	<u>49,136,034</u>
Total liabilities, deferred inflows and net position	<u>\$ 60,981,385</u>

The accompanying notes to financial statements are an integral part of this statement.

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Functions/programs					
Governmental activities					
General government	\$ 959,569	\$ 1,237,613	\$ -	\$ -	\$ 278,044
Economic development	2,309,609	-	15,000	251,873	(2,042,736)
Total governmental activities	<u>\$ 3,269,178</u>	<u>\$ 1,237,613</u>	<u>\$ 15,000</u>	<u>\$ 251,873</u>	<u>(1,764,692)</u>
		General revenues			
		Mosaic income			5,528,929
		Investment earnings			827,628
		Miscellaneous			6,240
					<u>6,362,797</u>
		Change in net position			4,598,105
		Net position, beginning of year			44,537,929
		Net position, end of year			<u>\$ 49,136,034</u>

The accompanying notes to financial statements are an integral part of this statement.

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Special Revenue Grant Fund	Workforce Development Endowment Fund	Infrastructure Development Fund	General Economic Development Fund	EDC Fund	Total Governmental Funds
Assets							
Cash	\$ 2,018,819	\$ 6,290,517	\$ 468,479	\$ 3,164,670	\$ 5,023,693	\$ 241,070	\$ 17,207,248
Investments	-	6,176,985	-	-	-	-	6,176,985
Accounts receivable	5,359,294	-	-	-	6,678,677	-	12,037,971
Note receivable	-	121,121	-	-	-	-	121,121
Due from other funds	-	689,187	-	-	-	5,500	694,687
Due from other governments	179,059	-	-	-	-	4,000	183,059
Prepaid items	215,395	-	-	-	-	-	215,395
Inventory - property held for resale	480,522	807,836	-	-	135,032	-	1,423,390
Total assets	<u>\$ 8,253,089</u>	<u>\$ 14,085,646</u>	<u>\$ 468,479</u>	<u>\$ 3,164,670</u>	<u>\$ 11,837,402</u>	<u>\$ 250,570</u>	<u>\$ 38,059,856</u>
Liabilities, deferred inflows of resources and fund balances (deficit)							
Liabilities							
Accounts payable and accrued expenditures	\$ 140,651	\$ 138,344	\$ 80,964	\$ -	\$ 40,481	\$ 24,238	\$ 424,678
Unearned revenue	37,250	-	-	-	-	-	37,250
Due to other funds	689,187	5,500	-	-	-	-	694,687
Total liabilities	<u>867,088</u>	<u>143,844</u>	<u>80,964</u>	<u>-</u>	<u>40,481</u>	<u>24,238</u>	<u>1,156,615</u>
Deferred inflows of resources							
Leases	5,102,492	-	-	-	6,280,931	-	11,383,423
Unavailable revenue	179,059	-	-	-	42,603	-	221,662
Total deferred inflows	<u>5,281,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,323,534</u>	<u>-</u>	<u>11,605,085</u>
Fund balances							
Nonspendable	695,917	-	-	-	135,032	-	830,949
Restricted for economic development projects	-	13,941,802	387,515	3,164,670	5,338,355	-	22,832,342
Unassigned	1,408,533	-	-	-	-	226,332	1,634,865
Total fund balances	<u>2,104,450</u>	<u>13,941,802</u>	<u>387,515</u>	<u>3,164,670</u>	<u>5,473,387</u>	<u>226,332</u>	<u>25,298,156</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,253,089</u>	<u>\$ 14,085,646</u>	<u>\$ 468,479</u>	<u>\$ 3,164,670</u>	<u>\$ 11,837,402</u>	<u>\$ 250,570</u>	<u>\$ 38,059,856</u>

The accompanying notes to financial statements are an integral part of this statement.

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, 2023

Fund balances, total governmental funds	\$ 25,298,156
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Governmental capital assets	27,424,833
Accumulated depreciation	(3,808,617)
Some revenues are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	<u>221,662</u>
Net position of governmental activities	<u><u>\$ 49,136,034</u></u>

The accompanying notes to financial statements are an integral part of this statement.

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Special Revenue Grant Fund	Workforce Development Endowment Fund	Infrastructure Development Fund	General Economic Development Fund	EDC Fund	Total Governmental Funds
Revenues							
Intergovernmental	\$ 325,916	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 340,916
Charges for services	787,961	-	-	-	437,652	12,000	1,237,613
Mosaic income	-	-	100,000	1,400,000	4,028,929	-	5,528,929
Interest income	240,203	177,603	9,448	56,925	343,449	-	827,628
Miscellaneous	-	6,000	-	-	240	-	6,240
Total revenues	<u>1,354,080</u>	<u>183,603</u>	<u>109,448</u>	<u>1,456,925</u>	<u>4,810,270</u>	<u>27,000</u>	<u>7,941,326</u>
Expenditures							
Current							
General government	959,569	-	-	-	-	-	959,569
Economic development	140,287	102,106	189,536	-	108,469	892,188	1,432,586
Capital outlay	339,647	1,168,358	-	399,790	3,070,238	4,160	4,982,193
Total expenditures	<u>1,439,503</u>	<u>1,270,464</u>	<u>189,536</u>	<u>399,790</u>	<u>3,178,707</u>	<u>896,348</u>	<u>7,374,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,423)</u>	<u>(1,086,861)</u>	<u>(80,088)</u>	<u>1,057,135</u>	<u>1,631,563</u>	<u>(869,348)</u>	<u>566,978</u>
Other financing sources (uses)							
Transfers in	331,250	-	-	-	-	968,984	1,300,234
Transfers out	(437,500)	(112,250)	-	(75,000)	(675,484)	-	(1,300,234)
Total other financing sources (uses)	<u>(106,250)</u>	<u>(112,250)</u>	<u>-</u>	<u>(75,000)</u>	<u>(675,484)</u>	<u>968,984</u>	<u>-</u>
Change in fund balances	(191,673)	(1,199,111)	(80,088)	982,135	956,079	99,636	566,978
Fund balances, beginning of year	<u>2,296,123</u>	<u>15,140,913</u>	<u>467,603</u>	<u>2,182,535</u>	<u>4,517,308</u>	<u>126,696</u>	<u>24,731,178</u>
Fund balances, end of year	<u>\$ 2,104,450</u>	<u>\$ 13,941,802</u>	<u>\$ 387,515</u>	<u>\$ 3,164,670</u>	<u>\$ 5,473,387</u>	<u>\$ 226,332</u>	<u>\$ 25,298,156</u>

The accompanying notes to financial statements are an integral part of this statement.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances – total governmental funds \$ 566,978

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these assets are depreciated over their estimated useful lives.

Capital outlay	\$ 4,582,403	
Less current year depreciation	<u>(477,233)</u>	4,105,170

Governmental funds report unavailable revenues for those amounts not received within 60 days of year-end, however, in the statement of activities, these amounts are recognized as revenue.

(74,043)

Change in net position of governmental activities \$ 4,598,105

The accompanying notes to financial statements are an integral part of this statement.

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 2,219,150	\$ 2,219,150	\$ 325,916	\$ (1,893,234)
Charges for services	596,000	596,000	787,961	191,961
Interest income	2,000	2,000	240,203	238,203
Total revenues	<u>2,817,150</u>	<u>2,817,150</u>	<u>1,354,080</u>	<u>(1,463,070)</u>
Expenditures				
Current				
General government	805,000	1,171,000	959,569	211,431
Economic development	441,300	441,300	140,287	301,013
Capital outlay	1,777,850	1,830,850	339,647	1,491,203
Total expenditures	<u>3,024,150</u>	<u>3,443,150</u>	<u>1,439,503</u>	<u>2,003,647</u>
Deficiency of revenues under expenditures	<u>(207,000)</u>	<u>(626,000)</u>	<u>(85,423)</u>	<u>540,577</u>
Other financing sources (uses)				
Transfers in	437,500	437,500	331,250	(106,250)
Transfers out	(650,000)	(650,000)	(437,500)	212,500
Total other financing sources (uses), net	<u>(212,500)</u>	<u>(212,500)</u>	<u>(106,250)</u>	<u>106,250</u>
Change in fund balance	(419,500)	(838,500)	(191,673)	646,827
Fund balance, beginning of year	2,296,123	2,296,123	2,296,123	-
Fund balance, end of year	<u>\$ 1,876,623</u>	<u>\$ 1,457,623</u>	<u>\$ 2,104,450</u>	<u>\$ 646,827</u>

The accompanying notes to financial statements are an integral part of this statement.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-SPECIAL REVENUE GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Interest income	\$ 25,000	\$ 25,000	\$ 177,603	\$ 152,603
Miscellaneous	-	-	6,000	6,000
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>183,603</u>	<u>158,603</u>
Expenditures				
Current				
Economic development	450,000	450,000	102,106	347,894
Capital outlay	12,975,000	13,159,000	1,168,358	11,990,642
Total expenditures	<u>13,425,000</u>	<u>13,609,000</u>	<u>1,270,464</u>	<u>12,338,536</u>
Deficiency of revenues under expenditures	<u>(13,400,000)</u>	<u>(13,584,000)</u>	<u>(1,086,861)</u>	<u>12,497,139</u>
Other financing uses				
Transfers out	(212,500)	(212,500)	(112,250)	100,250
Total other financing uses	<u>(212,500)</u>	<u>(212,500)</u>	<u>(112,250)</u>	<u>100,250</u>
Change in fund balance	(13,612,500)	(13,796,500)	(1,199,111)	12,597,389
Fund balance, beginning of year	15,140,913	15,140,913	15,140,913	-
Fund balance, end of year	<u>\$ 1,528,413</u>	<u>\$ 1,344,413</u>	<u>\$ 13,941,802</u>	<u>\$ 12,597,389</u>

The accompanying notes to financial statements are an integral part of this statement.

**HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—WORKFORCE DEVELOPMENT ENDOWMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Mosaic income	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest income	-	-	9,448	9,448
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>109,448</u>	<u>9,448</u>
Expenditures				
Current				
Economic development	100,000	200,000	189,536	10,464
Total expenditures	<u>100,000</u>	<u>200,000</u>	<u>189,536</u>	<u>10,464</u>
Change in fund balance	-	(100,000)	(80,088)	19,912
Fund balance, beginning of year	467,603	467,603	467,603	-
Fund balance, end of year	<u>\$ 467,603</u>	<u>\$ 367,603</u>	<u>\$ 387,515</u>	<u>\$ 19,912</u>

The accompanying notes to financial statements are an integral part of this statement.

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-INFRASTRUCTURE DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Mosaic income	\$ 400,000	\$ 1,400,000	\$ 1,400,000	\$ -
Interest income	100	100	56,925	56,825
Total revenues	<u>400,100</u>	<u>1,400,100</u>	<u>1,456,925</u>	<u>56,825</u>
Expenditures				
Current				
Economic development	559,355	559,355	-	559,355
Capital outlay	<u>1,865,745</u>	<u>1,865,745</u>	<u>399,790</u>	<u>1,465,955</u>
Total expenditures	<u>2,425,100</u>	<u>2,425,100</u>	<u>399,790</u>	<u>2,025,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,025,000)</u>	<u>(1,025,000)</u>	<u>1,057,135</u>	<u>2,082,135</u>
Other financing uses				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Change in fund balance	(2,100,000)	(1,100,000)	982,135	2,082,135
Fund balance, beginning of year	2,182,535	2,182,535	2,182,535	-
Fund balance, end of year	<u>\$ 82,535</u>	<u>\$ 1,082,535</u>	<u>\$ 3,164,670</u>	<u>\$ 2,082,135</u>

The accompanying notes to financial statements are an integral part of this statement.

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF HARDEE COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL ECONOMIC DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for services	\$ 259,000	\$ 294,200	\$ 437,652	\$ 143,452
Mosaic income	1,500,000	4,028,929	4,028,929	-
Interest income	400	258,200	343,449	85,249
Miscellaneous	-	-	240	240
Total revenues	<u>1,759,400</u>	<u>4,581,329</u>	<u>4,810,270</u>	<u>228,941</u>
Expenditures				
Current				
Economic development	335,400	335,400	108,469	226,931
Capital outlay	4,840,400	7,369,329	3,070,238	4,299,091
Total expenditures	<u>5,175,800</u>	<u>7,704,729</u>	<u>3,178,707</u>	<u>4,526,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,416,400)</u>	<u>(3,123,400)</u>	<u>1,631,563</u>	<u>4,754,963</u>
Other financing uses				
Transfers out	(383,600)	(676,600)	(675,484)	1,116
Total other financing uses	<u>(383,600)</u>	<u>(676,600)</u>	<u>(675,484)</u>	<u>1,116</u>
Change in fund balance	(3,800,000)	(3,800,000)	956,079	4,756,079
Fund balance, beginning of year	4,517,308	4,517,308	4,517,308	-
Fund balance, end of year	<u>\$ 717,308</u>	<u>\$ 717,308</u>	<u>\$ 5,473,387</u>	<u>\$ 4,756,079</u>

The accompanying notes to financial statements are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hardee County Industrial Development Authority (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 “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 five members with an ideal number of seven 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 Fertilizer, LLC (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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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, 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.

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 the financial statements of the Authority 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).

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 BOCC and Mosaic, intergovernmental revenues and proceeds received from the sale of inventory and grants received from 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred inflows of resources, 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:

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.

Workforce Development Endowment Fund – This fund is used to account for the accumulation and expenditure of resources that are restricted and used to create an endowment to provide County residents with an affordable path to advanced education in fields that drive economic growth.

Infrastructure Development Fund – This fund is used to account for the accumulation and expenditure of resources that are restricted and to upgrade infrastructure within the County to serve commercial and industrial development.

General Economic Development Fund – This fund is used to account for the accumulation and expenditure of resources that are restricted and used for general 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority had no items that qualified for reporting in this category.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements and in the fund level financial statements, the Authority reports deferred amounts related to leases. Unavailable revenue, which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The General Fund reports unavailable revenue from grants and the General Economic Development Fund reports unavailable revenue from lease agreements, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Net Position

Net position represents the difference between assets and liabilities. The Authority may report three categories of net position, as follows: (1) invested in capital assets, (2) restricted net position, and (3) 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, granters, 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Cash and Investments

The Authority defines cash and cash equivalents as instruments with an original maturity date of three months or less when purchased. Investments are recorded at fair value.

State statutes authorize the Authority to invest in direct obligations of the U.S. Treasury, the Local Government Surplus Trust Fund, SEC registered money market funds with the highest credit quality rating and savings, the State Treasurer's Investment Pool and certificate of deposit accounts in state certified public depositories.

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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Note Receivables

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

Inventory, Property Held for Resale

Property held for resale represents property acquired by the Authority for subsequent resale for redevelopment purposes. Property 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.

Capital Assets

Capital assets, which include infrastructure, construction in progress, equipment, and machinery, are reported in the government-wide statement of net position at cost. Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of one year. Expenditures for maintenance, repairs and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized.

Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and gain or loss is recognized.

Depreciation commences when a project is ready for its intended use or when equipment is placed in service, and is computed using the straight-line method over the following estimated useful lives of assets:

Land improvements	10 to 20 years
Buildings	10 to 40 years
Infrastructure	7 to 30 years
Equipment	3 to 10 years

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Authority adopted GASB statement No. 87, *Leases* as of October 1, 2021. Significant accounting policies associated with this standard are as follows:

Lessor: The Authority is a lessor for a noncancellable lease of various buildings and property. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. During the year ended September 30, 2023, the Authority recognized \$791,567 as lease revenue which was reflected within charges for services.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

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, 2023, the carrying amount of the Authority's deposits was \$23,384,233 and the balance per the bank was \$23,433,741. 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.

The Authority reported investments in a certificate of deposit in the amount of \$6,176,985 as of September 30, 2023. The CD matures in January 2024. The Authority does not have a written investment policy and as such, its practice is to follow Florida Statute 218.415.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2023 were as follows:

	General Fund	General Economic Development Fund	Total
Accounts receivable	\$ 43,204	\$ 42,603	\$ 85,807
Leases receivable	5,316,090	6,636,074	11,952,164
Total	\$ 5,359,294	\$ 6,678,677	\$ 12,037,971

All amounts are deemed collectible and thus an allowance for doubtful accounts has not been recorded.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 is as follows:

	Balance October 1	Increases	Decreases	Balance September 30
Capital assets, not being depreciated:				
Land	\$ 2,247,409	\$ 391,654	\$ -	\$ 2,639,063
Construction in progress	6,102,403	1,419,333	-	7,521,736
Total capital assets, not being depreciated	<u>8,349,812</u>	<u>1,810,987</u>	<u>-</u>	<u>10,160,799</u>
Capital assets, being depreciated:				
Land improvements	445,780	-	-	445,780
Buildings	12,898,863	2,767,256	-	15,666,119
Equipment	371,501	4,160	-	375,661
Roads and bridges	776,474	-	-	776,474
Total capital assets, being depreciated	<u>14,492,618</u>	<u>2,771,416</u>	<u>-</u>	<u>17,264,034</u>
Less accumulated depreciation for:				
Land improvements	(269,722)	(22,971)	-	(292,693)
Buildings	(2,088,645)	(401,945)	-	(2,490,590)
Equipment	(316,249)	(13,494)	-	(329,743)
Roads and bridges	(656,768)	(38,823)	-	(695,591)
Total accumulated depreciation	<u>(3,331,384)</u>	<u>(477,233)</u>	<u>-</u>	<u>(3,808,617)</u>
Total capital assets, being depreciated, net	<u>11,161,234</u>	<u>2,294,183</u>	<u>-</u>	<u>13,455,417</u>
Total capital assets, net	<u>\$ 19,511,046</u>	<u>\$ 4,105,170</u>	<u>\$ -</u>	<u>\$ 23,616,216</u>

Depreciation expense for the year ended September 30, 2023 was \$477,233 and was charged to economic development expense.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. ECONOMIC DEPENDENCY

The Hardee County BOCC entered into a development agreement with Mosaic whereby Mosaic is to pay a minimum of \$50,000,000 over a 25-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 year ended September 30, 2023, the Authority, which is in its fifth year of the 25-year contract, received \$5,528,929 from Mosaic.

The Authority is dependent upon annual contract payments from Mosaic 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, 2023, Mosaic provided approximately 70% of the Authority's total revenue.

For the year ended September 30, 2023, the Economic Development Authority provided approximately 4% of the Authority's total revenue.

NOTE 6. 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMMITMENTS AND CONTINGENCIES

During the year ended September 30, 2023, the Authority entered into two purchase agreements, that were outstanding as of year-end, for plots of land to be used for future development. The total amount of agreements outstanding were \$1,275,000.

During the year ended September 30, 2023, the Authority entered into one sale agreement, that was outstanding as of year-end, for the sale of a plot of land. The total amount of agreements outstanding were \$800,000.

The Authority approved the budget for grants awarded for the year ended September 30, 2023. The budget includes additional revenues from Mosaic in the amount of \$5,528,929, according to the Mosaic Agreement. The projects below were budgeted using the revenues anticipated to be received during 2024, and the \$20,990,000 fund balance included in Restricted for Economic Development Projects. The Authority approved the budget to fund the following projects:

Administrative Supplement	\$ 450,000
Ag Test Plot	50,000
Alpha/Omega	75,000
Bowling Alley	500,000
City Water & Wastewater	900,000
CRA Palmetto 8	200,000
County Water & Wastewater	800,000
Hardee Education Foundation	140,000
Hardee County Fair Association	325,000
Hogan Street	1,000,000
IDA Marketing	450,000
Parking Facilities	500,000
Spec Bulding 8	500,000
Spec Building 9	1,000,000
Spec Building 12	3,000,000
Spec Building 13	2,500,000
Spec Building 14	2,500,000
Spec Building 15	5,000,000
107 E Main	1,100,000
Total approved for grants	<u>\$ 20,990,000</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables as of September 30, 2023 is as follows:

Due to:	Due from:	
Special Revenue Grant Fund	General Fund	\$ 689,187
EDC Fund	Special Revenue Grant Fund	5,500
		\$ 694,687

The outstanding balance between funds resulted mainly from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All outstanding interfund balances are scheduled to be collected in the subsequent year.

Transfers during the year ended September 30, 2023 consisted of the following:

Transfers in:	Transfers out:	
General Fund	Special Revenue Grant Fund	\$ 106,250
General Fund	Infrastructure Development Fund	75,000
General Fund	General Economic Development Fund	150,000
EDC Fund	General Economic Development Fund	525,484
EDC Fund	Special Revenue Grant Fund	6,000
EDC Fund	General Fund	437,500
		\$ 1,300,234

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.

The transfer from the General Fund represents the payment of awarded grant funds to the EDC Fund, a blended component unit. The payment from the Special Revenue Grant Fund represents a reimbursement to the General Fund for administrative and other expenditures paid.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. NOTE RECEIVABLE

During the year ended September 30, 2020, the Authority entered into a loan agreement with a local business for the Authority to provide funding for equipment in an amount not to exceed \$250,000. The loan is to be repaid over 60 months beginning in January 2021 and includes interest at 5%. The outstanding balance as of September 30, 2023 was \$121,121. Note payments and interest to be received by the Authority until maturity in 2026 are as follows:

Fiscal Year	Principal	Interest	Total
2024	52,273	4,879	57,152
2025	54,962	2,191	57,153
2026	13,886	114	14,000
	<u>\$ 121,121</u>	<u>\$ 7,184</u>	<u>\$ 128,305</u>

NOTE 10. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through April 5, 2024 the date which the financial statements were available to be issued and has determined that there are no additional material transactions have occurred that would warrant additional disclosure in the financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S 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
Wauchula, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hardee County Industrial Development Authority (the "Authority"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 5, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County Industrial Development Authority (the "Authority") as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated April 5, 2024.

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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 5, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. 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 management and the review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority and EDC reported:

- a. There were seven compensated employees in the last pay period of the fiscal year.
- b. There were seven independent contractors to whom nonemployee compensation was paid in the last month of the fiscal year.
- c. Total compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$479,629 for the year ended September 30, 2023.
- d. Total other compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for the year ended September 30, 2023 was \$253,681.
- e. There were three construction projects with a total cost of at least \$65,000 approved which were scheduled to begin on or after October 1 of the fiscal year being reported. Total expenditures of the projects were \$1,168,358.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, has been presented on page 16. A separate budget is not prepared for the EDC.

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
April 5, 2024

Mauldin & Jenkins, LLC



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Hardee County Industrial Development Authority's (the "Authority") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the Authority 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 5, 2024