

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

Members of the Authority Board  
Polk County Industrial Development Authority  
Lakeland, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of the Polk County Industrial Development Authority (Authority), as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.

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

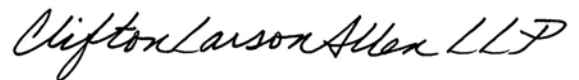
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of and for the year ended September 30, 2011. Adoption of the provisions of this statement results in changes to the classification of the components of the fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the Authority Board  
Polk County Industrial Development Authority

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

**CliftonLarsonAllen LLP**

Lakeland, Florida  
July 16, 2012

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
GOVERNMENTAL FUND BALANCE SHEET AND  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>\$ 29,091</u>	<u>\$ -</u>	<u>\$ 29,091</u>
<b>FUND BALANCE</b>			
Unassigned	<u>\$ 29,091</u>	<u>(29,091)</u>	
<b>NET ASSETS</b>			
Unrestricted		<u>\$ 29,091</u>	<u>\$ 29,091</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES AND  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Economic Development:			
Operating Expenses	\$ 52,010	\$ -	\$ 52,010
Total Expenditures	<u>52,010</u>	<u>-</u>	<u>52,010</u>
<b>PROGRAM REVENUES</b>			
Charges for Services	49,750	-	49,750
Total Program Revenue	<u>49,750</u>	<u>-</u>	<u>49,750</u>
<b>GENERAL REVENUES</b>			
Investment Earnings	181	-	181
Total General Revenues	<u>181</u>	<u>-</u>	<u>181</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,079)	2,079	
<b>CHANGE IN NET ASSETS</b>	-	(2,079)	(2,079)
<b>FUND BALANCE/NET ASSETS</b>			
Fund Balance/Net Assets - Beginning of Year	<u>31,170</u>	<u>-</u>	<u>31,170</u>
<b>FUND BALANCE/NET ASSETS - END OF YEAR</b>	<u>\$ 29,091</u>	<u>\$ -</u>	<u>\$ 29,091</u>

See accompanying Notes to Financial Statements.

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**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 Polk County Industrial Development Authority (Authority) was established in 1969 in accordance with Chapter 159.45 of the Florida Statutes. The Authority is comprised of nine members appointed by the Board of County Commissioners. Each member serves a term of three years. These financial statements present the financial statements of the Authority and are not meant to represent Polk County, Florida, as a whole.

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 the economic development of Polk County. The Authority studies the advantages, facilities, resources, products, attractions, and conditions concerning the 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, or agencies having responsibilities in the field of industrial development.

**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 and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Authority. The Authority reports only governmental activities; it does not have any business-type activities, and fiduciary funds are excluded. Governmental activities are supported largely by issuance and application fees. Fees are reported as program revenues and investment earnings are reported as general revenues.

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.

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**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 a providing 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:

***Governmental Fund***

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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.

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.

The Authority is a single program government, devoted to economic development. It is comprised of a General Fund only and has no other governmental, proprietary or fiduciary funds. The General Fund is the general operating fund and accounts for all the resources of the Authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**Budgetary Requirements**

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



**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

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

**Budgetary Requirements (Continued)**

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

For the year ended September 30, 2011, the Authority did not adopt a budget.

**Net Assets**

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

**New Pronouncements for Financial Reporting**

In accordance with GASB Statement No. 54 – Fund Balance reporting and Governmental Fund Type Definitions, which was implemented by the Authority for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The fund balance in the general fund is appropriately classified as unassigned fund balance. When an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Authority will first use restricted amounts, then committed amounts, then assigned amounts and finally unassigned amounts.

**NOTE 2 DEPOSITS**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it.

At September 30, 2011, the carrying amount of the Authority's deposits was \$29,091 and the balance per the bank was \$29,091. 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.

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 3 FUND BALANCE AND SPENDING POLICY**

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Board for the year ended September 30, 2011, 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 that can only be spent only for specific purposes because of charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to grant funds awarded and passed by the Board, the 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.

The fund balance of the General Fund is classified as unassigned.

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.

**NOTE 4 SUBSEQUENT EVENTS**

The Authority approved the following resolutions for bond issuances subsequent to September 30, 2011:

- Resolution 2012-01 authorizing an interlocal agreement between the Authority and Orange County Industrial Development Authority. Development Revenue Bonds issued not to exceed \$3,000,000 for the Christian Prison Ministry, Inc. Project.
- Resolution 2012-02 approved the issuance of Orange County Industrial Development Authority Refunding Revenue Bond for The Catholic Diocese of Orlando, Florida Project and Catholic Charities Project, not to exceed \$95,000,000.



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**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  
Polk County Industrial Development Authority  
Lakeland, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of Polk County Industrial Development Authority (Authority), as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements and we have issued our report thereon dated July 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*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.

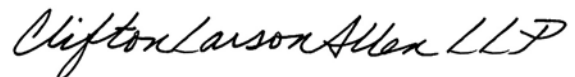
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and response as item 2011-01.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of finding and response. We did not audit Polk County Industrial Development Authority's responses and, accordingly, we express no opinion on them.

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
July 16, 2012

**POLK COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
SCHEDULE OF FINDING AND RESPONSE  
SEPTEMBER 30, 2011**

**Compliance Finding**

**2011-01 – COMPLY WITH FLORIDA STATUTE FILING REQUIREMENTS**

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

**Criteria:** The Authority is responsible for the following:

- Filing an annual financial report within nine months following the fiscal year end, in accordance with Section 218.32 of the Florida State Statutes.
- Adopting a budget by resolution before the beginning of the fiscal year, in accordance with Section 189.418(3) of the Florida State Statutes.
- Arranging for an annual financial audit to be completed within nine months of the fiscal year end, in accordance with Section 218.39 of the Florida State Statutes.

**Effect:** The Authority was not in compliance with Florida Statutes and will receive a letter from the Florida Legislature Joint Legislative Auditing Committee requiring these reports be filed.

**Cause:** The Authority only recently became aware it had surpassed the threshold for requiring an annual audit.

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

**Response:** The Authority concurs. The audit is now complete and will be properly filed along with the annual financial report. The Authority will retroactively adopt budgets for the fiscal years ended September 30, 2011 and 2012.

## MANAGEMENT LETTER

Members of the Authority Board  
Polk County Industrial Development Authority  
Lakeland, Florida

We have audited the financial statements of the Polk County Industrial Development Authority (Authority) as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated July 16, 2012.

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. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated July 16, 2012, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Authority complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address any violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Members of the Authority Board  
Polk County Industrial Development Authority

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we identified the finding 2011-01 in the Schedule of Finding and Response.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name of official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to financial statements. See Note 1 in the Notes to Financial Statements.

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

Section 10.554(1)(i)7b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

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

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

We wish to take this opportunity to thank you for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
July 16, 2012