

HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL REPORTS**

YEAR ENDED SEPTEMBER 30, 2021



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**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hardee County Economic Development Authority (Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Education Fund, and Recreation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3–6 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 January 14, 2022, 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.



CliftonLarsonAllen LLP

Sebring, Florida
January 14, 2022

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the Hardee County Economic Development Authority (Authority), we offer the 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, 2021. The financial reporting model and the financial statements associated with it are described in the following narrative as well as in the Notes to the Financial Statements.

Overview of the Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements providing information about the activities of the Authority as a whole; 2) fund financial statements and, 3) notes to the financial statements.

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

These two statements report the Authority's net position and changes in net position. The net position – the difference between assets and liabilities – are an important measure of the Authority's financial health.

Fund Financial Statements – The fund financial statements provide a detailed look at the Authority's General Fund. The Authority, like all government entities, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance related legal requirements. The Authority uses three funds, a General Fund, an Education Fund, and a Recreation Fund, the latter two of which are special revenue funds.

Financial Analysis

As noted above, net position may serve, over time, as a useful indicator of a government's financial position. The assets of the Authority at September 30, 2021 total \$13,142,292 which was a decrease from the previous year by \$472,693. The liabilities of the Authority at September 30, 2021 are \$1,272,627, which is an increase over the previous year by \$893,187. The net position at September 30, 2021 was \$11,869,665.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The following schedules provide a summary of assets, liabilities, and net position and changes in net position of the Authority:

**Economic Development Authority
Net Position**

	<u>2021</u>	<u>2020</u>	Increase (Decrease)
Total Assets	\$ 13,142,292	\$ 13,614,985	\$ (472,693)
Total Liabilities	1,272,627	379,440	893,187
Total Net Position	<u>\$ 11,869,665</u>	<u>\$ 13,235,545</u>	<u>\$ (1,365,880)</u>

**Economic Development Authority
Changes in Net Position**

	<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>	Increase (Decrease)
EXPENSES			
Economic Environment	\$ 2,734,017	\$ 1,755,199	\$ 978,818
Education	562,994	2,000,000	(1,437,006)
Recreation	211,838	3,054	208,784
Total Expenses	<u>3,508,849</u>	<u>3,758,253</u>	<u>(249,404)</u>
GENERAL REVENUE			
Intergovernmental	2,126,600	2,030,853	95,747
Other Revenue:			
Mosaic Income	-	3,073,352	(3,073,352)
Interest	16,369	82,893	(66,524)
Total General Revenue	<u>2,142,969</u>	<u>5,187,098</u>	<u>(3,044,129)</u>
CHANGE IN NET POSITION	(1,365,880)	1,428,845	(2,794,725)
Net Position - Beginning of Year	<u>13,235,545</u>	<u>11,806,700</u>	<u>1,428,845</u>
NET POSITION - END OF YEAR	<u>\$ 11,869,665</u>	<u>\$ 13,235,545</u>	<u>\$ (1,365,880)</u>

Total revenue decreased from the prior year by \$3,044,129 and total expenses decreased by \$249,404. The key element contributing to the decrease in revenue was the end of two separate contract payments from Mosaic in the previous fiscal year. The overall decrease in expenses was comprised of a decrease in endowment contributions for education within Hardee County and an increase in grants for economic environment and education.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Budgetary Highlights

Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund, Education Fund, and Recreation Fund. The budget and actual comparison statements show the original adopted budget, the final revised budget, actual results, and variance between final budget and actual results. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances or unanticipated revenues. The General Fund budget was amended to reflect the grant agreements awarded. The Education Fund budget did not have any significant changes. And, the Recreation Fund budget was amended to reflect the grant agreements awarded.

Economic Factors and Next Year's Budgets and Rates

State, national, and international economic factors influence the Authority's revenues. The Authority's revenues are heavily dependent upon the volume of phosphate rock extractions in the State of Florida and a distribution formula that allocates the severance tax proceeds to the eligible counties according to each county's pro-rata share of phosphate rock extractions. The primary factors influencing the rate of mining are:

- **Competition:** The markets are intensely competitive and particularly sensitive to products sourced from regions of the world with low natural gas costs. Natural gas is the principal raw material, as well as the primary fuel source, used in the ammonia production process.
- **Seasonality:** Climatic conditions can cause weather related shifts in planting schedules and purchasing patterns. Typically, these patterns average out over a given year and primarily impact quarterly activities and do not materially impact the results of a particular year.
- **Reserves:** At least for this period and future reporting periods, reserves for Mosaic are not a limiting factor. The company's permitted, recoverable reserves are sufficient to meet their requirements, at current production rates. The South Pasture and South Pasture Extension are called South Pasture Mine, which consists of approximately 17,000 acres where the mining operations extended until approximately the year 2042. The Ona Mine consists of approximately 27,000 acres with approximately 17,000 acres where the mining operations extended until approximately the year 2042. Mosaic has recently completed the permitting on the South Fort Meade Mine, Hardee County, Eastern Reserves. The South Fort Meade Mine, Hardee County, Eastern Reserves, consists of approximately 4,200 acres with approximately 3,300 acres where the mining operations extended until approximately 2025.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Request for Information

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

Hardee County Economic Development Authority
c/o County Commissioners Office
Lawrence McNaul, County Manager
412 West Orange Street, Room 103
Wauchula, FL 33873

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

ASSETS

Cash \$ 13,142,292

LIABILITIES

Accounts Payable 126,839
Due to Other Government 1,145,788
Total Liabilities 1,272,627

NET POSITION

Restricted for:
Economic Development 8,683,743
Recreation 2,285,967
Unrestricted 899,955
Total Net Position \$ 11,869,665

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

EXPENSES

Economic Environment	\$ 2,734,017
Education	562,994
Recreation	211,838
Total Expenses	3,508,849

GENERAL REVENUES

Intergovernmental	2,126,600
Other Revenue:	
Interest	16,369
Total General Revenues	2,142,969

CHANGE IN NET POSITION

(1,365,880)

Net Position - Beginning of Year

13,235,545

NET POSITION - END OF YEAR

\$ 11,869,665

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Education Fund	Recreation Fund	Total Governmental Funds
ASSETS				
Cash	\$ 10,766,971	\$ -	\$ 2,375,321	\$ 13,142,292
LIABILITIES				
Accounts Payable	\$ 126,839	\$ -	\$ -	\$ 126,839
Due to Other Governments	1,111,940	-	33,848	1,145,788
Total Liabilities	1,238,779	-	33,848	1,272,627
FUND BALANCES				
Restricted for:				
Economic Development	8,683,743	-	-	8,683,743
Recreation	-	-	2,285,967	2,285,967
Assigned	-	-	55,506	55,506
Unassigned	844,449	-	-	844,449
Total Fund Balances	9,528,192	-	2,341,473	11,869,665
Total Liabilities and Fund Balances	\$ 10,766,971	\$ -	\$ 2,375,321	\$ 13,142,292

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Education Fund	Recreation Fund	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 2,126,600	\$ -	\$ -	\$ 2,126,600
Interest	13,059	183	3,127	16,369
Total Revenues	<u>2,139,659</u>	<u>183</u>	<u>3,127</u>	<u>2,142,969</u>
EXPENDITURES				
Economic Environment - Operating	39,843	-	-	39,843
Economic Environment - Grants	2,694,174	-	-	2,694,174
Education - Endowment Contribution	-	562,994	-	562,994
Recreation - Operating	-	-	859	859
Recreation - Grants	-	-	210,979	210,979
Total Expenditures	<u>2,734,017</u>	<u>562,994</u>	<u>211,838</u>	<u>3,508,849</u>
NET CHANGE IN FUND BALANCES	(594,358)	(562,811)	(208,711)	(1,365,880)
Fund Balances - Beginning of Year	<u>10,122,550</u>	<u>562,811</u>	<u>2,550,184</u>	<u>13,235,545</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 9,528,192</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,341,473</u></u>	<u><u>\$ 11,869,665</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,000,000	\$ 2,126,600	\$ 2,126,600	\$ -
Other Revenue:				
Mosaic Income	75,000	-	-	-
Interest	17,532	13,100	13,059	(41)
Total Revenues	<u>2,092,532</u>	<u>2,139,700</u>	<u>2,139,659</u>	<u>(41)</u>
EXPENDITURES				
Economic Environment - Operating	48,000	51,500	39,843	11,657
Economic Environment - Grants	7,951,428	10,214,617	2,694,174	7,520,443
Total Expenditures	<u>7,999,428</u>	<u>10,266,117</u>	<u>2,734,017</u>	<u>7,532,100</u>
NET CHANGE IN FUND BALANCE	(5,906,896)	(8,126,417)	(594,358)	7,532,059
Fund Balance - Beginning of Year	<u>8,724,726</u>	<u>8,724,726</u>	<u>10,122,550</u>	<u>1,397,824</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,817,830</u></u>	<u><u>\$ 598,309</u></u>	<u><u>\$ 9,528,192</u></u>	<u><u>\$ 8,929,883</u></u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – EDUCATION FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 857	\$ 183	\$ 183	\$ -
EXPENDITURES				
Education - Endowment Contribution	-	562,994	562,994	-
NET CHANGE IN FUND BALANCE	857	(562,811)	(562,811)	-
Fund Balance - Beginning of Year	562,808	562,811	562,811	-
FUND BALANCES - END OF YEAR	<u>\$ 563,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – RECREATION FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 3,800	\$ 3,150	\$ 3,127	\$ (23)
EXPENDITURES				
Recreation - Operating	1,600	2,600	859	1,741
Recreation - Grants	2,313,899	2,313,899	210,979	2,102,920
Total Expenditures	<u>2,315,499</u>	<u>2,316,499</u>	<u>211,838</u>	<u>2,104,661</u>
NET CHANGE IN FUND BALANCE	(2,311,699)	(2,313,349)	(208,711)	2,104,638
Fund Balance - Beginning of Year	<u>2,550,191</u>	<u>2,550,191</u>	<u>2,550,184</u>	<u>(7)</u>
FUND BALANCES - END OF YEAR	<u>\$ 238,492</u>	<u>\$ 236,842</u>	<u>\$ 2,341,473</u>	<u>\$ 2,104,631</u>

See accompanying Notes to Financial Statements.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hardee County Economic Development Authority (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 was established in 2004 in accordance with Section 211.3103 of the Florida Statutes. Florida legislation created the Authority through the adoption of Senate Bill 3110. The Authority's board membership was revised in 2018 with House Bill 1397. House Bill 1397 also increased term limits for appointed members and sets terms of county commission members to run concurrent with their commission seat terms.

The Authority, as authorized by Section 211.3103 of the Florida Statutes, was created to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County and to otherwise maximize the use of federal, local, and private resources as provided by Section 211.3103, Florida Statutes. The Authority's financial statements include only the funds of the Authority. There are no separate legal entities (component units) for which the Authority is considered financially accountable.

Basis of Presentation

The Authority complies with accounting standards established by the Governmental Accounting Standards Board (GASB).

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and a statement of activities and 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 largely by an excise tax upon the severance of phosphate rock.

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. Other items not properly included as program revenues are reported as general revenues.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. 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.

Fund financial statements for the governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually for the governmental funds. There are no proprietary or fiduciary funds.

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 current 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.

Governmental Major Funds

General Fund: The General Fund is the general operating fund of the Authority. It is used to account for all financial resources, primarily severance tax revenue and economic environment expenditures, except those accounted for in another fund.

Education Fund: The Education Fund, a special revenue fund, accounts for funds that are restricted for education.

Recreation Fund: The Recreation Fund, a special revenue fund, accounts for funds that are restricted for recreation.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for the General Fund in accordance with procedures and time intervals prescribed by law.
- Budgets are prepared for the General Fund, Education Fund, and Recreation Fund on a basis consistent with accounting principles generally accepted in the United States of America and based upon the final amended amounts.
- Appropriations lapse at year-end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis, which is the legal level of control.
- Final budget amounts reported are based upon the final amended budget.

Net Position

Net position represents the difference between assets and liabilities. The Authority may report three categories of net position, as follows: investment in capital assets, restricted net position, and unrestricted net position. Investment in capital assets consists of net capital assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position consists of all other net position that does 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policy

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 be spent 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. Includes amounts restricted by enabling legislation s. 211.3103, F.S. and Senate Bill 3110 that created the Authority for a specific purpose.
- 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 not formally adopted fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. As a result, accounting pronouncements require that when a fund 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, unless determined otherwise.

NOTE 2 CASH

At September 30, 2021, the Authority's carrying amount was \$13,146,875 and bank balance was \$13,142,292, consisting entirely of demand deposits. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 CASH (CONTINUED)

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Authority's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Authority's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Authority has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

NOTE 3 ECONOMIC DEPENDENCY

The Authority received 99.2% of its total revenue from the phosphate severance tax remitted by the state of Florida.

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 COMMITMENTS

As of September 30, 2021, the Authority has entered into various grant agreements with businesses and other entities within Hardee County to fund projects that provide economic development opportunities, job creation, infrastructure, and recreation opportunities within the geographic boundaries of the County. Commitments as of September 30, 2021 were:

<u>Entity - Project</u>	<u>Remaining Commitment</u>
Severance Tax Projects:	
Hardee County Board of County Commissioners - Old Bradenton Road	\$ 480,471
Hardee County Board of County Commissioners - Wauchula Hills Phase 5/6	235,806
Hardee County Board of County Commissioners - Wauchula Hills Phase 7	1,163,522
Hardee County Board of County Commissioners - Pioneer Park Lift Station	53,000
Hardee County Industrial Development Authority - Spec Building 9	992,875
Hardee County Industrial Development Authority - Spec Building 10	757,851
Hardee County Industrial Development Authority - Commerce Park Expansion	1,132,019
Hardee County Industrial Development Authority - R. Riverterers LLC	250,000
Hardee County Industrial Development Authority - Utilities Feasibility Study	300,000
City of Wauchula - Water Mainline Connect	355,421
City of Wauchula - Water Main Lines	732,478
City of Bowling Green - Hwy 17 Utilities Expansion	500,000
Town of Zolfo Springs - Water Line Expansion Hwy 17	551,000
Hardee Fresh	16,000
Recreation Projects:	
Hardee County Board of County Commissioners - Hardee Lakes Splash Pad	200,000
Hardee County School Board - Tennis Courts	362,000
Hardee County School Board - Recreation Complex	750,000
City of Bowling Green - Parks	182,849
City of Wauchula - Parks at Peace River	597,257
City of Wauchula - Farr Field	10,814
Total Commitments	<u><u>\$ 9,623,363</u></u>

NOTE 5 RELATED PARTIES

The Authority granted contracts to certain entities that have representation on its board. During the year ended September 30, 2021:

- The Authority expensed \$899,361 to the Hardee County Board of County Commissioners and committed funding for grants in the amount of \$2,132,800.
- The Authority expensed \$135,085 to the City of Wauchula and committed funding for grants in the amount of \$1,695,970.
- The Authority expensed \$63,151 to the City of Bowling Green and committed funding for grants in the amount of \$682,849

**HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 5 RELATED PARTIES (CONTINUED)

- The Authority expensed \$87,301 to the Town of Zolfo Springs and committed funding for grants in the amount of \$551,000.

The Authority's accounting function is provided by the Hardee County Clerk of Courts office. The Authority's operation function is provided by the BOCC. For the year ended September 30, 2021, the expense for services provided for accounting and operations totaled \$23,115.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Authority Board
Hardee County Economic 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 Economic Development Authority (Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated January 14, 2022.

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 may exist that have not been identified.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Sebring, Florida
January 14, 2022



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Hardee County Economic Development Authority (Authority), Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated January 14, 2022.

Auditors' 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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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 January 14, 2022, 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 findings or recommendations made in the preceding 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

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 the Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.566(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 review of financial information provided by same.

Section 10.544(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connections 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported (We do not express an opinion or provide any assurance on the following information):

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as: zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as: one.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as: \$15,499.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- 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, as: See pages 11-13 of the financial statements.

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 members of the Authority Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Sebring, Florida
January 14, 2022



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Hardee County Economic Development Authority (Authority)'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements 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 judgment, 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.

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
January 14, 2022