

CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
FINANCIAL STATEMENTS

For the Year Ended September 30, 2016



CLAY COUNTY DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Members of
Clay County Development Authority

We have audited the accompanying financial statements of the governmental activities of Clay County Development Authority, (the "Authority") as of and for the year ended September 30, 2016, 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 an opinion 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 opinion.

To the Members of
Clay County Development Authority
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Clay County Development Authority and the respective changes in financial position 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 and budgetary comparison information on pages 4-7 and 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017 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 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.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
June 21, 2017

CLAY COUNTY DEVELOPMENT AUTHORITY
Management's Discussion And Analysis
For the Year Ended September 30, 2016

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, 2016.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year and prior year is required to be presented in the MD&A and is presented in the Financial Highlights.

Financial Highlights

Our financial statements provide these insights into the results of this year's operation:

- At September 30, 2016, the Authority's statement of net position reported an ending net position balance of \$2,248,605, which is a decrease of \$42,987 from the prior year. One of the reasons for this decrease is due to the fact that the revenue that the Authority receives does not cover the cost of providing ongoing services and operating grants. The Authority has been trying to increase its income through financing additional bond issues and charging grantors administrative fees for the grant services it provides.
- The Authority's net position exceeded its liabilities at September 30, 2016 by \$2,248,605. Of this amount, \$1,807,069 (unrestricted net assets) may be used to meet the Authority's ongoing obligations.
- Total revenues were \$567,316 and \$630,207 for the fiscal year ending September 30, 2016 and 2015, respectively. The Authority entered into grant agreements to purchase land for Camp Blanding and improve facilities and equipment at Camp Blanding. The Authority earned and expended \$494,528 in grant revenues, expenses and administrative costs.
- Total expenses were \$610,303 and \$653,183 for September 30, 2016 and 2015, respectively. The reason for the decrease in expenses is related to lower grant related purchases compared to the prior fiscal year.
- The Authority was reimbursed for grant administrative costs totaling \$33,476 during fiscal year 2015/2016 compared to \$54,522 for fiscal year 2014/2015.

The Authority's governmental fund balance was approximately \$1.80 and \$2.07 million as of September 30, 2016 and 2015, respectively. There was a decrease of \$259,641 in total fund balances compared to the prior fiscal year. The Authority acquired the Clay County Chamber of Commerce's interest in Devcom, LLP on September 30, 2016.

CLAY COUNTY DEVELOPMENT AUTHORITY
Management's Discussion And Analysis
For the Year Ended September 30, 2016

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's financial statements which include a combined governmental fund and a government-wide statement as well as notes to the financial statements. There is additional supplementary information following these financial statements which may be of interest to the reader.

The statement of Governmental Fund Balance Sheet/Statement of Net Assets is designed to provide you with the financial position of the Authority and is similar to private-sector financial statements. The statements include a Statement of Net Assets and a Statement of Activities.

The statement of Governmental Fund Balance Sheet/Statement of Net Assets, general fund column shows the Authority's near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Government-wide financial statements – Analysis
Statement of Net Position

	Governmental Activities	
	2016	2015
Assets:		
Current and other assets	\$ 1,811,451	\$ 2,027,910
Capital assets, including equity interest and deposit	441,536	269,770
Total assets	\$ 2,252,987	\$ 2,297,680
Liabilities:		
Other liabilities	\$ 4,382	\$ 6,088
Total liabilities	4,382	6,088
Net assets:		
Invested in capital assets, net of related debt	441,536	200,882
Restricted - Deferred Inflows	-	24,000
Unrestricted	1,807,069	2,066,710
Total net assets	2,248,605	2,291,592
Total liabilities and net assets	\$ 2,252,987	\$ 2,297,680

The Statement of Net Assets column shows the Authority's assets less its liabilities at September 30, 2016. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position. Approximately 80% of the Authority's net assets are unrestricted at September 30, 2016. For the

CLAY COUNTY DEVELOPMENT AUTHORITY
Management's Discussion And Analysis
For the Year Ended September 30, 2016

fiscal year ending September 30, 2016, the Authority's unrestricted net assets were 90% of total net assets.

Cash, investments and receivables as of September 30, 2016 decreased by approximately \$215,000 compared to the prior fiscal year. The main reason for the decrease in cash, investments and receivables was due to the purchase of the Clay County Chamber of Commerce's interest in Decom, LLP and a decrease in grant revenue.

Clay County Development Authority's Statement of Activities

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Federal and state operating grants	\$ 494,528	\$ 593,815
Rental income	22,520	28,522
General revenues:		
Investment income	11,828	7,409
Fees	38,400	-
Miscellaneous	40	461
	<u>567,316</u>	<u>630,207</u>
Total revenues		
Program Expenses:		
Operating costs and operating grants	131,101	92,367
Capital Outlay	-	-
Facility and joint venture costs	18,150	21,523
Capital grants - Camp Blanding	461,052	539,293
	<u>610,303</u>	<u>653,183</u>
Total expenses		
Excess of Expenditures over Revenue	(42,987)	(22,976)
Net assets - beginning	<u>2,291,592</u>	<u>2,314,568</u>
Net assets - ending	<u>\$ 2,248,605</u>	<u>\$ 2,291,592</u>

Governmental activities decreased the Authority's net assets by \$42,987. Key elements of this decrease are as follows:

The Authority acquired the Clay County Chamber of Commerce's interest in Devcom, LLP on September 30, 2016. Grant revenue and related disbursements also decreased in the 2015/2016 fiscal year.

CLAY COUNTY DEVELOPMENT AUTHORITY
Management's Discussion And Analysis
For the Year Ended September 30, 2016

Because the focus of governmental funds, general fund column, is narrower than that of the government-wide financial statement, net assets column, it is useful to compare the information presented for governmental activities in the general fund with governmental information presented for governmental activities in the government-wide column Statement of Net Assets.

The Statement of Activities column presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the combined governmental fund and government-wide statements .

Governmental Funds

The Authority's revenues and other financing sources decreased by approximately \$50,891 when compared to the prior fiscal year, primarily due to the Authority receiving less federal and state grant money.

The Authority's expenditures and other financing uses increased by approximately \$198,576 compared to the prior fiscal year. The increase in expenditures was mostly attributable to the purchase of Devcom, LLP and the Authority receiving and spending approximately \$78,241 less in grants and professional fees.

Capital Assets

The Authority's investment in capital assets at September 30, 2016 totaled \$441,536, net of accumulated depreciation. This investment in capital assets includes buildings, office furniture, and equipment. The Authority's investment in capital assets increased by \$171,766 compared with the prior fiscal year mainly due to the purchase of the Clay County Chamber of Commerce's interest in Devcom, LLP.

Budgetary Highlights

Budget to actual statements are provided in the financial statements. The budget to actual statement for the General Fund shows that the budget exceeded actual expenditures by \$1,449, mostly due to the terms of the Devcom buy-out agreement, which was under negotiation until September 30, 2016 and the payoff of the St. Johns Country Day School Bond.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the management of the financial resources of the Authority. If you have any questions about this report or need additional financial information, you may contact Infinity Global Solutions, Administrator for the Clay County Development Authority, at 1734 Kingsley Avenue, Orange Park, Florida 32073.

CLAY COUNTY DEVELOPMENT AUTHORITY
Governmental Fund Balance Sheet/Statement of Net Position
September 30, 2016

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 89,382	\$ -	\$ 89,382
Investments	1,236,307	-	1,236,307
Grant Receivables	484,328	-	484,328
Accounts Receivable	1,434	-	1,434
Fixed Assets, net of depreciation	-	441,536	441,536
Total Assets	<u>\$ 1,811,451</u>	<u>\$ 441,536</u>	<u>\$ 2,252,987</u>
LIABILITIES			
Accounts Payable	\$ 2,500	\$ -	\$ 2,500
Sales Tax Payable	94	-	94
Deposits Held	1,788	-	1,788
Total Liabilities	<u>4,382</u>	<u>-</u>	<u>4,382</u>
FUND BALANCE			
Fund Balance:			
Unassigned	1,807,069	(1,807,069)	-
Total Fund Balance	<u>1,807,069</u>	<u>(1,807,069)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 1,811,451</u>		
Net Position:			
Invested in Capital Assets		441,536	441,536
Unrestricted		1,807,069	1,807,069
Total Net Position		<u>\$ 2,248,605</u>	<u>\$ 2,248,605</u>

The accompanying notes are an integral part of these financial statements.

CLAY COUNTY DEVELOPMENT AUTHORITY
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities
For the year ended September 30, 2016

	General <u>Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Rental Income	\$ 22,520	\$ -	\$ 22,520
Interest - Investments	11,828	-	11,828
Grants	494,528	-	494,528
Bond Fees	38,400		38,400
Fees	24,000	(24,000)	-
Miscellaneous	<u>40</u>	<u>-</u>	<u>40</u>
TOTAL REVENUES	<u>591,316</u>	<u>(24,000)</u>	<u>567,316</u>
EXPENDITURES:			
Current Operating Expenses			
Capital Outlay	240,654	(240,654)	-
Funding to CEDC	10,000	-	10,000
Funding to SBDC	10,000	-	10,000
Economic Development Study	10,000	-	10,000
Grant Disbursements	461,052	-	461,052
Legal and Professional	92,532	-	92,532
Special Promotion	200	-	200
Miscellaneous	8,369	-	8,369
Joint Venture Operating Expenses	<u>18,150</u>	<u>-</u>	<u>18,150</u>
TOTAL EXPENDITURES	<u>850,957</u>	<u>(240,654)</u>	<u>610,303</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>(259,641)</u>	<u>216,654</u>	<u>(42,987)</u>
Net Change in Fund Balance	(259,641)	216,654	(42,987)
Fund Balance/Net Position:			
Beginning of Year	<u>2,066,710</u>	<u>224,882</u>	<u>2,291,592</u>
End of Year	<u>\$ 1,807,069</u>	<u>\$ 441,536</u>	<u>\$ 2,248,605</u>

The accompanying notes are an integral part of these financial statements.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clay County Development Authority (the "Authority") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The Authority is an independent special district created under special act by the Florida Legislature, Chapter 2001-317, House Bill 897, for the purpose of performing such acts as shall be necessary for the sound planning and development of Clay County, Florida. It is composed of ten members who are appointed by the Governor.

In evaluating the Authority as a reporting entity, potential component units (traditionally separate reporting entities) which may or may not fall within the Authority's oversight and control and, as such, may be included within the Authority's financial statements, have been addressed.

The basic criterion for including a component unit within the Authority's reporting entity is the exercise of oversight responsibility by the Authority board members. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to influence operations, and accountability for fiscal matters. Factors other than oversight, which may significantly influence the entity relationship, are the scope of public service and special financing relationships.

There were no entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the Authority's financial statements. Additionally, there were no entities that required inclusion as a component unit within the Authority's financial statements.

Fund and Government-Wide Financial Statements

The basic financial statements combine the fund financial statements and the government-wide financial statements.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The adjustment column converts governmental funds to government-wide financial statements.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Financial Statements

The government-wide portion of the financial statements includes a column titled Statement of Net Position and a column titled Statement of Activities.

The Statement of Net Position reports all financial and capital resources of the Authority. It is presented in a net position format (assets less liabilities equal net position) and is broken down into amounts invested in capital, restricted net position and unrestricted net position. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. Revenue sources not properly included with program revenues are reported as general revenues. All of the Authority's revenues are considered to be general revenues.

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 incurred, regardless of the timing of 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 current *financial resources*, *measurement focus*, and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within one year of the end of the fiscal year. Expenditures are recorded when the related fund liabilities are incurred.

Budget and Budgetary Accounting

The Authority prepares a budget on a consistent basis which does not differ materially from generally accepted accounting principles. The budget is approved and amended by Authority members. The Authority has one budgeted governmental fund, which is the General Fund. The legal level of control is the General Fund as a whole. The Authority will not allow the expenditures of funds unless those funds are budgeted or approved by the governing board. The governing board reserves its right to take action for any violations of these provisions.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets include leasehold improvements, furniture and fixtures, and building and land related to a previous joint venture with the Clay County Chamber of Commerce, Inc., (the "Chamber").

All fixed assets are recorded at historical cost. Depreciation has been provided using the straight-line method. The estimated useful lives are as follows:

	<u>Life - Years</u>
Leasehold improvements	20
Furniture and fixtures	7

Investments

The Authority's investment practices are governed by Chapter 218.415, Florida Statutes. The Authority is authorized to invest in the following:

- a) The Local Government Surplus Funds Trust Fund;
- b) Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Investments in the Local Government Surplus Funds Trust Fund are carried at the account balance, which is the fair value. Investments in the Fund B are accounted for as a fluctuating net asset value pool. Certificates of Deposit are carried at cost.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

All receivables are determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 2 CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows:

	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
Buildings	\$ -	\$ 441,536	\$ -	\$ 441,536
Leasehold Improvements	28,842	-	-	28,842
Office furniture and equipment	58,348	-	-	58,348
	<u>87,190</u>	<u>441,536</u>	<u>-</u>	<u>528,726</u>
Less: Accumulated Depreciation	<u>(87,190)</u>	<u>-</u>	<u>-</u>	<u>(87,190)</u>
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 441,536</u>	<u>\$ -</u>	<u>\$ 441,536</u>

NOTE 3 NONCOMMITMENTS

Chapter 159, Parts II and III, Florida Statutes, and other applicable provisions of law (the "Act") authorizes the Authority to make and execute agreements, contracts, deeds, and other instruments necessary or convenient for the construction of an industrial or manufacturing plant as defined in the Act. The Act also authorizes the purchase of machinery, equipment, land, rights in land, and other related appurtenances and facilities, to the end that the Authority may be able to promote the economic development of Clay County and of the State of Florida; to increase opportunities for gainful employment; and to aid in improving the prosperity and welfare of the State and its inhabitants. The Authority, as permitted by the Act, has issued Industrial Revenue Bonds, the various borrowers of which are solely responsible for debt repayment.

NOTE 4 LEASE REVENUE

The Authority leases commercial properties located on Kingsley Avenue in Orange Park. During fiscal year 2016, the property on Kingsley Avenue in Orange Park was leased for a portion of the year.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 5 CASH AND INVESTMENTS

Cash

At year-end, the carrying amount of the Authority's deposits was \$89,382 and the bank balance was \$89,382. Deposits in banks are collateralized as public funds in accordance with Chapter 280, Florida Statutes and Chapter 69C-2, Florida Administrative Code. Financial institutions qualifying as public depositories are required to deposit with or pledge to the State Chief Financial Officer eligible collateral equal to or in excess of its required collateral in accordance with each depository agreement. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

The Authority's investments were held as follows at September 30, 2016:

Money Market Funds	\$ 754,634
Local Government Surplus Funds Trust Fund, Florida PRIME	152,366
Certificates of Deposit	<u>329,307</u>
	<u>\$ 1,236,307</u>

The Local Government Surplus Funds Trust Fund is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. There are currently two funds managed by the State Board of Administration, the Florida PRIME and Fund B.

CLAY COUNTY DEVELOPMENT AUTHORITY
Notes to Financial Statements
September 30, 2016

NOTE 5 CASH AND INVESTMENTS (continued)

The Local Government Surplus Funds Trust Fund (Florida PRIME) is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements of the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held; restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio; requirements for portfolio diversification; requirements for divestiture considerations in the event of security downgrades and defaults; and required actions if the market value of the portfolio deviates from amortized cost by a specified amount. The Florida PRIME is considered a SEC 2a7-like fund, and the account balance is considered the fair value of the investment. The Florida PRIME is rated by Standard & Poor. The current rating is AAAm. The weighted average days to maturity of the Florida PRIME at September 30, 2016 were 70 days.

The Fund B is accounted for as a fluctuating net asset value pool. As of September 30, 2016, the Authority had no Fund B account balance.

NOTE 6 INVESTMENT IN DEVCOM

The Authority and the Chamber entered into a "joint venture agreement" to provide for the housing needs of each of the parties where the Authority and the Chamber each owned 50% of the joint venture and each entity contributed equally to the joint venture to cover costs of operating the facility. On September 30, 2016, the Authority purchased the Chamber's interest in Devcom, LLP for \$240,654.

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There have been no claims or reductions in coverage from the prior year.

NOTE 8 MANAGEMENT'S REVIEW

The Authority has evaluated subsequent events through June 21, 2017, the date in which the financial statements were available to be issued.

Required Supplementary Information

CLAY COUNTY DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended September 30, 2016

	Original <u>Budget</u>	Final Budget	Actual	Variance with <u>Final Budget</u>
REVENUES:				
Rental Income	\$ 28,811	\$ 22,520	\$ 22,520	\$ -
Interest - Investments	4,649	11,828	11,828	-
Grants	490,000	494,528	494,528	-
Bond Fees	-	38,400	38,400	-
Fees	-	-	24,000	24,000
Miscellaneous	-	40	40	-
TOTAL REVENUES	<u>523,460</u>	<u>567,316</u>	<u>591,316</u>	<u>24,000</u>
EXPENDITURES:				
Current Operating Expenses				
Capital Outlay	-	241,446	240,654	(792)
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	10,000	10,000	10,000	-
Economic Development Study	-	10,000	10,000	-
Grant Disbursements	441,000	461,052	461,052	-
Legal and Professional	87,500	92,532	92,532	-
Miscellaneous	23,315	9,226	8,569	(657)
Joint Venture Operating Expenses	19,800	18,150	18,150	-
TOTAL EXPENDITURES	<u>591,615</u>	<u>852,406</u>	<u>850,957</u>	<u>(1,449)</u>
EXCESS OF REVENUE OVER EXPENDITURES	(68,155)	(285,090)	(259,641)	25,449
NET CHANGE IN FUND BALANCE	(68,155)	(285,090)	(259,641)	25,449
FUND BALANCE - Beginning of Year	<u>2,066,710</u>	<u>2,066,710</u>	<u>2,066,710</u>	-
FUND BALANCE - End of Year	<u>\$ 1,998,555</u>	<u>\$ 1,781,620</u>	<u>\$ 1,807,069</u>	<u>\$ 25,449</u>



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To The Members of
Clay County Development Authority

Report on Financial Statements

We have audited the financial statements of Clay County Development Authority (the "Authority"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 21, 2017.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Report

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 21, 2017, 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. The Authority is a special district created by special act by the Florida Legislature, Chapter 2001-317, House Bill 897.

To The Members of
Clay County Development Authority
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Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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 identification of 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.c. and 10.556(8), 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 same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in our 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)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Magars & Associates, LLC
Magars & Associates, LLC
Orange Park, FL
June 21, 2017



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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

To the Members of
Clay County Development Authority

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 of Clay County Development Authority, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Clay County Development Authority's basic financial statements, and have issued our report thereon dated June 21, 2017.

Internal Control Over Financial Reporting

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

To the Members of
Clay County Development Authority
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay County Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, Florida
June 21, 2017



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INDEPENDENT ACCOUNTANTS' REPORT

To the Members of
Clay County Development Authority

We have examined the Clay County Development Authority's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

The 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.

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, FL
June 21, 2017