

**CLAY COUNTY DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

**CLAY COUNTY DEVELOPMENT AUTHORITY  
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SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Clay County Development Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Clay County Development Authority (the Authority), as of and for the year ended September 30, 2018, 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***

The Authority's 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 audits 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 Authority'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.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2018, and the respective changes in financial position thereof and budgetary comparison statement for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

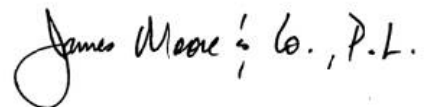
## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table contents, 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 audits 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 February 8, 2019, 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* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
February 8, 2019

**CLAY COUNTY DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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, 2018.

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, 2018, the Authority's statement of net position reported an ending net position balance of \$2,212,475, which is a change of \$61,513 from the prior fiscal year. One of the reasons for this increase is due to the fact that the Authority had limited grant expenditures in the current year, and the revenue the Authority received was enough to cover the cost of providing ongoing services and operating grants. The Authority has been attempting to increase its income in recent years through financing additional bond issues and charging grantors administrative fees for the grant services it provides.
- The Authority's assets exceeded its liabilities at September 30, 2018 by \$2,212,475. Of this amount, \$2,212,475 (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- Total revenues were \$388,392 and \$566,873 for the fiscal years ending September 30, 2018 and 2017, respectively. Of those amounts, the Authority earned and expended \$188,064 and \$509,017, respectively, in grant revenues, expenses, and administrative costs.
- Total expenses were \$326,879 and \$659,933 for September 30, 2018 and 2017, respectively. The reason for the decrease in expenses is related to less grant related purchases compared to the prior fiscal year.

The Authority's governmental fund balance was \$2,212,475 and \$1,717,608 as of September 30, 2018 and 2017, respectively. There was an increase of \$494,867 in total fund balance compared to the prior fiscal year. This was due to the Authority's sale of the property at 1734 Kingsley Avenue.

**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 governmental activities statements include a Statement of Net Position and a Statement of Activities, and are designed to provide you with the financial position of the Authority and are similar to private-sector financial statements.

The Governmental Fund Balance Sheet/Statement of Revenues, Expenditures, and Changes in Fund Balance (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.

**CLAY COUNTY DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018  
(Continued)**

**Government-wide financial statements – Analysis**

Statement of Net Position

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current and other assets	\$ 2,212,925	\$ 1,785,949
Capital assets	-	433,354
<b>Total assets</b>	<b>\$ 2,212,925</b>	<b>\$ 2,219,303</b>
<b>Liabilities</b>		
Accounts payable and other liabilities	\$ 450	\$ 68,341
<b>Total liabilities</b>	<b>\$ 450</b>	<b>\$ 68,341</b>
<b>Net Position</b>		
Investment in capital assets	\$ -	\$ 433,354
Unrestricted	2,212,475	1,717,608
<b>Total Net Position</b>	<b>\$ 2,212,475</b>	<b>\$ 2,150,962</b>

The Statement of Net Position column shows the Authority's assets less its liabilities. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position. The Authority's net position in 2018 remained very similar and stable to the prior years.

Statement of Activities

	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Program revenues:		
Grants	\$ 188,064	\$ 509,017
Rental income	41,970	44,556
General revenues:		
Investment income	16,052	10,442
Fees	67,776	1,000
Miscellaneous	6,105	1,858
Gain/loss on disposal of capital assets	68,425	-
<b>Total revenues</b>	<b>388,392</b>	<b>566,873</b>
<b>Expenses:</b>		
Operating costs	140,953	132,105
Facility costs	16,162	32,570
Capital grants	169,764	499,841
<b>Total expenses</b>	<b>326,879</b>	<b>664,516</b>
<b>Change in net position</b>	<b>61,513</b>	<b>(97,643)</b>
<b>Net Position – beginning</b>	<b>2,150,962</b>	<b>2,248,605</b>
<b>Net Position - ending</b>	<b>\$ 2,212,475</b>	<b>\$ 2,150,962</b>

**CLAY COUNTY DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018  
(Continued)**

Governmental activities increased the Authority's net position by \$61,513. Key elements of this increase are as follows:

- \$68,425 gain on disposal of capital assets related to the sale of the Authority's building.

Because the focus of governmental funds, general fund column, is narrower than that of the government-wide financial statement, net position 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 Position.

The Statement of Activities column presents information showing how the net position 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 \$178,000 when compared to the prior fiscal year, primarily due to no new significant grant projects being undertaken in the current fiscal year.

The Authority's expenditures and other financing uses decreased by approximately \$338,000 compared to the prior fiscal year. The decrease in expenditures was mostly attributable to the decrease in grant expenditures of approximately \$330,000. In the prior fiscal year, the Authority made a land purchase as well as significant improvements at Camp Blanding. The Camp Blanding project was completed and such expenditures were not required in the current fiscal year.

### **Capital Assets**

The Authority's investment in capital assets at September 30, 2018 totaled \$0, net of accumulated depreciation. The Authority's investment in capital assets decreased significantly from the prior fiscal year as a result of the sale of the property at 1734 Kingsley Avenue.

### **Budgetary Highlights**

Budget to actual statements are provided in the financial statements. The budget to actual statement for the General Fund shows that actual expenditures were less than budgeted expenditures by \$742,900, mostly due to significantly less than anticipated grant disbursements.

### **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 the Clay County Development Authority by mail at 1845 Town Center Blvd, Suite 410, Fleming Island, FL 32003.

**CLAY COUNTY DEVELOPMENT AUTHORITY  
BALANCE SHEET / STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,055,951	\$ -	\$ 2,055,951
Investments	156,974	-	156,974
<b>Total Assets</b>	<b>\$ 2,212,925</b>	<b>\$ -</b>	<b>\$ 2,212,925</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	\$ 450	\$ -	\$ 450
<b><u>FUND BALANCE / NET POSITION</u></b>			
Fund balance:			
Unassigned	\$ 2,212,475	\$ (2,212,475)	\$ -
Net position:			
Unrestricted	-	2,212,475	2,212,475
<b>Total Fund Balance / Net Position</b>	<b>\$ 2,212,475</b>	<b>\$ -</b>	<b>\$ 2,212,475</b>

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



**CLAY COUNTY DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE / STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Rental income	\$ 41,970	\$ -	\$ 41,970
Interest income	16,052	-	16,052
Grants	188,064	-	188,064
Bond issue fees	67,776	-	67,776
Miscellaneous	6,105	-	6,105
Gain on disposal of capital assets	-	68,425	68,425
Total revenues	<u>319,967</u>	<u>68,425</u>	<u>388,392</u>
<b>Expenditures / expenses</b>			
Legal and professional	99,793	-	99,793
Funding to CEDC	10,000	-	10,000
Funding to SBDC	10,000	-	10,000
Other grants	1,000	-	1,000
Grant disbursements	169,764	-	169,764
Miscellaneous	12,681	-	12,681
Building expense	16,162	-	16,162
Depreciation	-	7,479	7,479
Total expenditures / expenses	<u>319,400</u>	<u>7,479</u>	<u>326,879</u>
<b>Excess (deficiency) of revenues over expenditures / operating income (loss)</b>	<u>567</u>	<u>60,946</u>	<u>61,513</u>
<b>Other financing sources</b>			
Proceeds from sale of capital assets	494,300	(494,300)	-
<b>Net change in fund balance / net position</b>	<u>494,867</u>	<u>(433,354)</u>	<u>61,513</u>
<b>Fund balance / net position, beginning of year</b>	1,717,608	433,354	2,150,962
<b>Fund balance / net position, end of year</b>	<u><u>\$ 2,212,475</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,212,475</u></u>

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

**CLAY COUNTY DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Rental income	\$ 71,970	\$ 71,970	\$ 41,970	\$ (30,000)
Interest income	10,200	10,200	16,052	5,852
Grants	941,500	941,500	188,064	(753,436)
Bond issue fees	71,000	71,000	67,776	(3,224)
Miscellaneous	120	120	6,105	5,985
Total revenues	1,094,790	1,094,790	319,967	(774,823)
<b>Expenditures / expenses</b>				
Legal and professional	100,270	100,270	99,793	477
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	10,000	10,000	10,000	-
Other grants	1,000	1,000	1,000	-
Grant disbursements	909,500	909,500	169,764	739,736
Miscellaneous	21,360	21,360	12,681	8,679
Building expense	10,170	10,170	16,162	(5,992)
Capital outlay	-	-	-	-
Total expenditures / expenses	1,062,300	1,062,300	319,400	742,900
<b>Excess (deficiency) of revenues over expenditures</b>	32,490	32,490	567	(31,923)
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	-	494,300	494,300
<b>Fund balance, beginning of year</b>	1,717,608	1,717,608	1,717,608	-
<b>Fund balance, end of year</b>	\$ 1,750,098	\$ 1,750,098	\$ 2,212,475	\$ 462,377

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

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies:**

The accounting policies of the Clay County Development Authority (the Authority) conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant policies.

(a) **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. The Authority has adopted Governmental Accounting Standards Board (GASB) Codification and has determined that there are no component units that meet the criteria for inclusion in the Authority's financial statements.

(b) **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.

(c) **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.

(d) **Cash and cash equivalents**—Cash and cash equivalents consists of cash on hand and on deposit in banks and money market accounts.

(e) **Investments**—The Authority's investment practices are governed by Chapter 218.415, Florida Statutes. The Authority is authorized to invest in the following:

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

(f) **Grants and accounts receivable**—All receivables are determined to be fully collectable. Accordingly, no allowance for doubtful accounts has been provided.

(g) **Capital assets**—Capital assets include leasehold improvements, furniture and fixtures and building, and land. All fixed assets recorded at historical cost. Depreciation has been provided using the straight-line method. The estimated useful lives are as follows:

Buildings	39 years
Leasehold Improvements	20 years
Furniture and fixtures	7 years

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Fund balance**—The Authority had no fund balance other than unassigned fund balance at September 30, 2018. Should the Authority hold any fund balance that classifies as either restricted or committed, it is the Authority to first apply restricted resources, and then committed resources, before using any unrestricted resources.

(i) **Revenues and expenditures**—Other than grant revenues, the Authority’s primary revenue streams consist of rental revenues from a building owned by the Authority, and bond fees, earned by the Authority both upon the issuance of conduit debt and on an ongoing basis from conduit debt issuance. Non-grant expenditures generally are for administrative and building maintenance items. The Authority had no conduit debt issuances for the year ended September 30, 2018.

(j) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Included with the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. These differences, including various equity reclassifications, are outlined in the “Adjustments” column on the balance sheet / statement of net position.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Included with the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are included in the “Adjustments” column on the statement of revenues, expenditures, and changes in fund balance / statement of activities and consist of depreciation expense for the year and gain/loss activity related to the sale of a building.

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(3) **Deposits and Investments:**

At September 30, 2018, the carrying amount of the Authority's deposits was \$2,055,951. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year end are considered insured for custodial credit risk purposes.

Investments of \$156,974 consist of monies held in the Florida PRIME fund, as managed by the State Board of Administration. 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, 2018, were 72 days.

(4) **Capital Assets:**

Changes in the Authority's capital assets for the year ended September 30, 2018, were as follows:

	<b>Balance October 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2018</b>
Capital assets not being depreciated:				
Land	\$ 92,328	\$ -	\$ (92,328)	\$ -
Capital assets being depreciated:				
Leasehold improvements	28,842	-	(28,842)	-
Equipment	58,348	-	(58,348)	-
Buildings	350,000	-	(350,000)	-
Accumulated depreciation	(96,164)	(7,479)	103,643	-
Total capital assets being depreciated, net	341,026	(7,479)	(333,547)	-
<b>Capital Assets, net</b>	<b>\$ 433,354</b>	<b>\$ (7,479)</b>	<b>\$ (425,875)</b>	<b>\$ -</b>

The Authority disposed of all capital assets in the current period due to the sale of the property at 1734 Kingsley Avenue. The sale of the property resulted in a \$68,425 net gain.

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(5) **Noncommitments and Conduit Debt:**

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. A schedule of outstanding conduit debt as of September 30, 2018, is not available.

(6) **Risk Management:**

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

(7) **New Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

**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**

To the Board of Directors,  
Clay County Development Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Clay County Development Authority (the Authority) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 8, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

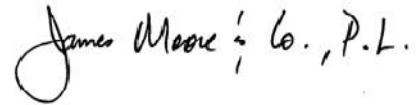
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting 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 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 audits 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 black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
February 8, 2019



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,  
Clay County Development Authority:

**Report on the Financial Statements**

We have audited the basic financial statements of the Clay County Development Authority (the Authority), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 8, 2019.

**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 Florida Auditor General.

**Other Reports and Schedule**

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 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 February 8, 2019, 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. Both recommendations from the preceding annual report, 2017-001 Cutoff of Expenditures and 2017-002 Budgetary Compliance, were corrected during the current year.

**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 Clay County Development Authority was established by special act by the Florida Legislature, Chapter 2001-317, HB 897. There are no component units related to the Authority.

## **Financial Condition and Management**

Sections 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 audits, 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.

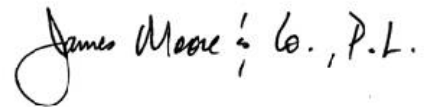
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
February 8, 2019

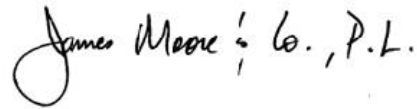
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Directors,  
Clay County Development Authority:

We have examined the Clay County Development Authority's (the Authority) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. The Authority's 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Clay County Development Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.



Daytona Beach, Florida  
February 8, 2019