

**CLAY COUNTY DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**CLAY COUNTY DEVELOPMENT AUTHORITY  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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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, 2017, 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, 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

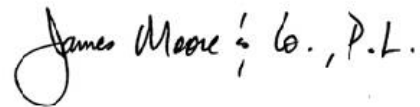
## ***Other Matters***

### ***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 March 5, 2018, 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  
March 5, 2018

**CLAY COUNTY DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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, 2017.

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, 2017, the Authority's statement of net position reported an ending net position balance of \$2,150,962, which is a change of (\$97,643) 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 assets exceeded its liabilities at September 30, 2017 by \$2,150,962. Of this amount, \$1,717,608 (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- Total revenues were \$566,873 and \$567,315 for the fiscal years ending September 30, 2017 and 2016, respectively. Of those amounts, the Authority earned and expended \$509,017 and \$494,528, respectively, in grant revenues, expenses and administrative costs. The Authority entered into grant agreements to purchase land for Camp Blanding and improve facilities and equipment at Camp Blanding, as well as for roadway resurfacing projects.
- Total expenses were \$664,516 and \$610,301 for September 30, 2017 and 2016, respectively. The reason for the increase in expenses is related to greater grant related purchases compared to the prior fiscal year.

The Authority's governmental fund balance was \$1,717,608 and \$1,807,069 as of September 30, 2017 and 2016, respectively. There was a decrease of \$89,461 in total fund balance compared to the prior fiscal year. This is due to the Authority's revenues not meeting the level of expenditures, as discussed in the preceding section.

**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, 2017**

**Government-wide financial statements – Analysis**

Statement of Net Position

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current and other assets	\$ 1,785,949	\$ 1,811,451
Capital assets	433,354	441,536
<b>Total assets</b>	<u>\$ 2,219,303</u>	<u>\$ 2,252,987</u>
<b>Liabilities</b>		
Accounts payable and other liabilities	\$ 68,341	\$ 4,382
<b>Total liabilities</b>	<u>\$ 68,341</u>	<u>\$ 4,382</u>
<b>Net Position</b>		
Investment in capital assets	\$ 433,354	\$ 441,536
Unrestricted	1,717,608	1,807,069
<b>Total Net Position</b>	<u>\$ 2,150,962</u>	<u>\$ 2,248,605</u>

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 2017 remained very similar and stable to the prior years.

Statement of Activities

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Program revenues:		
Grants	\$ 509,017	\$ 494,528
Rental income	44,556	22,519
General revenues:		
Investment income	10,442	11,828
Fees	1,000	38,400
Miscellaneous	1,858	40
<b>Total revenues</b>	<u>566,873</u>	<u>567,315</u>
<b>Expenses:</b>		
Operating costs	132,105	131,099
Facility costs	32,570	18,150
Capital grants	499,841	461,052
<b>Total expenses</b>	<u>664,516</u>	<u>610,301</u>
<b>Change in net position</b>	(97,643)	(42,986)
<b>Net Position – beginning</b>	<u>2,248,605</u>	<u>2,291,591</u>
<b>Net Position - ending</b>	<u>\$ 2,150,962</u>	<u>\$ 2,248,605</u>

**CLAY COUNTY DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

Governmental activities decreased the Authority's net position by \$97,643. 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. The Authority began earning additional rent monies from the owned building, but such proceeds were not enough to cover all of the additional administrative costs of the Authority beyond the direct building maintenance costs incurred on the rental property.

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 less than \$1,000 when compared to the prior fiscal year, primarily due a combination of increased rental revenues while seeing a significant decrease in bond fees due to no current year bond issuances.

The Authority's expenditures and other financing uses increased by approximately \$54,000 compared to the prior fiscal year. The increase in expenditures was mostly attributable and increase in grant expenditures of approximately \$39,000 and an increase in building maintenance expenditures of approximately \$32,000 after taking ownership of the building at 1734 Kingsley Avenue.

### **Capital Assets**

The Authority's investment in capital assets at September 30, 2017 totaled \$433,354, net of accumulated depreciation. This investment in capital assets includes buildings, land, office furniture, and equipment. The Authority's investment in capital assets decreased slightly from the current year as a result of recording depreciation expense on the building acquired in 2016.

### **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 exceeded the budget by \$64,397, mostly due to a single transaction that was not initially accrued in the Authority's financial statements and was therefore not incorporated into the final budget amendment when the Authority modified the budget to reflect actual expenditures.

### **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, 2017**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,521,212	\$ -	\$ 1,521,212
Investments	154,020	-	154,020
Grants and accounts receivable	110,717	-	110,717
Property and equipment, net	-	433,354	433,354
<b>Total Assets</b>	<b>\$ 1,785,949</b>	<b>\$ 433,354</b>	<b>\$ 2,219,303</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	\$ 66,868	\$ -	\$ 66,868
Unearned revenue	1,473	-	1,473
<b>Total Liabilities</b>	<b>\$ 68,341</b>	<b>\$ -</b>	<b>\$ 68,341</b>
<b><u>FUND BALANCE / NET POSITION</u></b>			
Fund balance:			
Unassigned	\$ 1,717,608	\$ (1,717,608)	\$ -
Net position:			
Investment in capital assets	-	433,354	433,354
Unrestricted	-	1,717,608	1,717,608
<b>Total Fund Balance / Net Position</b>	<b>\$ 1,717,608</b>	<b>\$ 433,354</b>	<b>\$ 2,150,962</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, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Rental income	\$ 44,556	\$ -	\$ 44,556
Interest income	10,442	-	10,442
Grants	509,017	-	509,017
Bond issue fees	1,000	-	1,000
Miscellaneous	1,858	-	1,858
Total revenues	<u>566,873</u>	<u>-</u>	<u>566,873</u>
<b>Expenditures / expenses</b>			
Legal and professional	92,586	-	92,586
Funding to CEDC	10,000	-	10,000
Funding to SBDC	10,000	-	10,000
Other grants	2,000	-	2,000
Grant disbursements	499,841	-	499,841
Miscellaneous	8,545	-	8,545
Building expense	32,570	-	32,570
Capital outlay	792	(792)	-
Depreciation	-	8,974	8,974
Total expenditures / expenses	<u>656,334</u>	<u>8,182</u>	<u>664,516</u>
<b>Excess (deficiency) of revenues over (under) expenditures / operating income (loss)</b>	<u>(89,461)</u>	<u>(8,182)</u>	<u>(97,643)</u>
<b>Net change in fund balance / net position</b>	<u>(89,461)</u>	<u>(8,182)</u>	<u>(97,643)</u>
<b>Fund balance / net position, beginning of year</b>	1,807,069	441,536	2,248,605
<b>Fund balance / net position, end of year</b>	<u>\$ 1,717,608</u>	<u>\$ 433,354</u>	<u>\$ 2,150,962</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Rental income	\$ 48,570	\$ 44,556	\$ 44,556	\$ -
Interest income	12,000	10,162	10,442	280
Grants	700,000	444,663	509,017	64,354
Bond issue fees	-	1,000	1,000	-
Miscellaneous	-	1,858	1,858	-
Total revenues	<u>760,570</u>	<u>502,239</u>	<u>566,873</u>	<u>64,634</u>
<b>Expenditures / expenses</b>				
Legal and professional	91,395	92,586	92,586	-
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	10,000	10,000	10,000	-
Other grants	-	2,000	2,000	-
Special promotion	400	-	-	-
Grant disbursements	675,000	435,487	499,841	(64,354)
Miscellaneous	13,800	8,544	8,545	(1)
Building expense	44,400	33,320	32,570	750
Capital outlay	-	-	792	(792)
Total expenditures / expenses	<u>844,995</u>	<u>591,937</u>	<u>656,334</u>	<u>(64,397)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(84,425)</u>	<u>(89,698)</u>	<u>(89,461)</u>	<u>237</u>
<b>Fund balance, beginning of year</b>	1,807,069	1,807,069	1,807,069	-
<b>Fund balance, end of year</b>	<u>\$ 1,722,644</u>	<u>\$ 1,717,371</u>	<u>\$ 1,717,608</u>	<u>\$ 237</u>

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

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

(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.

**CLAY COUNTY DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

(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

(h) **Fund balance**—The Authority had no fund balance other than unassigned fund balance at September 30, 2017. 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, 2017.

(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) **Deposits and Investments:**

At September 30, 2017, the carrying amount of the Authority’s deposits was \$1,521,212. 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 \$154,020 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, 2017, were 51 days.

**CLAY COUNTY DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

(3) **Capital Assets:**

Changes in the Authority's capital assets for the year ended September 30, 2017, were as follows:

	<u>Balance October 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 91,536	\$ 792	\$ -	\$ 92,328
Capital assets being depreciated:				
Leasehold improvements	28,842	-	-	28,842
Equipment	58,348	-	-	58,348
Buildings	350,000	-	-	350,000
Accumulated depreciation	(87,190)	(8,974)	-	(96,164)
Total capital assets being depreciated, net	<u>350,000</u>	<u>(8,974)</u>	<u>-</u>	<u>341,026</u>
<b>Capital Assets, net</b>	<u>\$ 441,536</u>	<u>\$ (8,182)</u>	<u>\$ -</u>	<u>\$ 433,354</u>

(4) **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, 2017, is not available.

(5) **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.

(6) **Operating Lease:**

The Authority has leased its property at 1734 Kingsley Ave. in Orange Park for fiscal year 2018 at a monthly rental rate of \$6,000. The lease contains an option to purchase at varying amounts in the succeeding 3 years.

**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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 5, 2018.

***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. We did identify a certain deficiency in internal control that we consider to be significant deficiency, as described on the following page as item 2017-001.

### **2017-001 Cutoff of Expenditures**

We noted an invoice totaling approximately \$64,000 for services provided in September 2017 but not paid until October 2017 had not been accrued as of year-end. This resulted in a significant adjustment to record the related payable and expense, as well as the corresponding grant revenue and receivable (no net impact on fund balance), at September 30, 2017. We recommend all cash disbursements also be reviewed for proper cutoff to ensure they are reported in the proper accounting period. This is especially important for grant-related items, as errors in the timing when such items are recorded could result in an erroneous determination as to the applicability, or lack thereof, of a single audit in a given fiscal year.

### ***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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **2017-002 Budgetary Compliance**

The Authority's general fund expenditures for the fiscal year exceeded the approved final budget by \$64,397, primarily due to the accrual of an expenditure that was not initially identified as a fiscal year 2017 expenditure prior to the Authority amending its final budget to equal actual expenditures. While all transactions were approved and the item in question was authorized in the 2018 budget, the Authority was not in compliance with its final budget. We recommend the Authority ensure all transactions have been properly reflected on an accrual basis prior to making the final budget amendment, or to consider potentially including a contingency factor in the final budget amendment, or to discontinue the practice of amending the budget to equal actual amounts at the end of the fiscal year.

### **Clay County Development Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described as listed in the table of contents. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

Daytona Beach, Florida  
March 5, 2018



**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, 2017, and have issued our report thereon dated March 5, 2018.

**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 March 5, 2018, 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. No such findings or recommendations were identified 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 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.

## **Annual Financial Report**

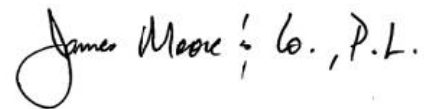
Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **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  
March 5, 2018

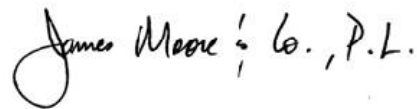
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2017. 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, 2017, 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, 2017.



Daytona Beach, Florida  
March 5, 2018

## MANAGEMENT'S RESPONSE TO CURRENT YEAR FINDINGS

2017-001 Cutoff of Expenditures – Management agrees with this finding. All payments and other outstanding work at year-end in future years will be evaluated as to proper cutoff to ensure all items are recorded in the appropriate accounting period.

2017-002 Budgetary Compliance – Management agrees with this finding. This matter occurred due to the Authority's final budget amendment being approved with the accrual of a one large grant expenditure not yet recorded due to the timing of the budget amendment versus when the invoice was received. All transactions were properly approved and this expenditure had also been included in the Authority's original budget. Management will evaluate such items in the future when considering any budgetary adjustments within 60 days of future fiscal year-ends.