

**SUWANNEE COUNTY  
DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2011**



**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**AUTHORITY MEMBERS**

September 30, 2011

<u>MEMBERS</u>	<u>TERM EXPIRATION</u>
District 1 William D. Hale, Jr.	April 2013
District 2 Stefan Blue	April 2013
District 3 Ernest Sellers	April 2013
District 4 Don Wilson	April 2014
District 5 John Koch	April 2015
AT LARGE Tim Alcorn	April 2014
Joe Flanagan	April 2011
Clifford Gwinn	April 2014



# SUWANNEE COUNTY DEVELOPMENT AUTHORITY

## TABLE OF CONTENTS

September 30, 2011

	<u>Page No.</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1-2
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	3-6
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets	7
Statement of Activities	8
Balance Sheet – Governmental Funds	9
Reconciliation of the Governmental Fund’s Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13-19
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	20
Notes to Budgetary Comparison Schedule – General Fund	21
<b>COMPLIANCE SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing     Standards</i>	22-23
Management Letter	24-25



**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

P.O. Box 1689  
107 2<sup>nd</sup> Ave S.E.  
Jasper, FL 32052

Phone 386-792-1906  
Fax 386-792-1925  
[kmdcpa@windstream.net](mailto:kmdcpa@windstream.net)

**INDEPENDENT AUDITOR'S REPORT**

Board Members of the Suwannee County  
Development Authority  
Live Oak, Florida

I have audited the accompanying financial statements of the governmental activities and each major fund of the Suwannee County Development Authority, (the Authority) as of, and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Suwannee County Development Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated June 13, 2012, on my consideration of the Suwannee County Development Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Kenneth M. Daniels  
Certified Public Accountant  
June 13, 2012



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



# SUWANNEE COUNTY DEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2011

Our discussion and analysis of the Suwannee County Development Authority's (the Authority), financial performance provides an overview of Authority's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the Authority's financial statements, which begin on page 7.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### Reporting the Authority as a Whole

Our analysis of the Authority as a whole begins on page 4. The Statement of Net Assets and the Statement of Activities on pages 7 and 8 report information about the Authority as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements also report the Authority's net assets and changes in them. The Authority's net assets – the difference between assets and liabilities – are one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. Additional other nonfinancial factors such as changes in the area's economic conditions and the condition of the Authority's capital assets should be considered in assessing the Authority's overall health.

In the Statement of Net Assets and the Statement of Activities, all of the Authority's activities are reported as governmental: economic environment - industry development.

## Reporting the Authority's Funds

Our analysis of the Authority's funds (one major) begins on page 4. The fund financial statements begin on page 9 and provide detailed information about the Authority's governmental fund - General. A description of governmental funds follows:

*Governmental funds* – The Authority's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short –term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. The relationship or differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds is described in reconciliations accompanying the fund financial statements.

### The Authority as a Whole

The Authority's net assets as indicated in the table below as well as its current and other assets decreased. A detailed analysis of the changes follows Table 1 below.

**Table 1**  
**NET ASSETS**  
**(In Thousands)**

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 639	\$ 728
Capital assets	411	411
Total assets	<u>\$ 1,050</u>	<u>\$ 1,139</u>
Other liabilities	\$ 48	\$ 48
Long term liabilities	-	-
Total liabilities	<u>48</u>	<u>48</u>
Net assets:		
Invested in Cap Assets	411	411
Unrestricted	<u>591</u>	<u>680</u>
Total net assets	<u>1,002</u>	<u>1,091</u>
Total liabilities & net assets	<u>\$ 1,050</u>	<u>\$ 1,139</u>

**Governmental Activities – Net Assets**

The changes in the above mentioned categories can largely be attributed to the reduction in the notes receivable balances held by the Authority via monthly payments; the payment of \$100,000 to Suwannee County for right-of-way acquisition, planning and permitting the construction of a perimeter road from the intersection of 72<sup>nd</sup> Trace and US 129 southeasterly to CR 136; and a decrease in interest earnings - a drop in interest rates and an increase in delinquent payments on the Authority’s largest note receivable.

**Governmental Activities - Changes in Net Assets**

**Table 2  
CHANGES IN NET ASSETS  
(In Thousands)**

<b>Statement of Activities</b>	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Program revenues		
Economic environment	11	11
General revenues		
Interest	<u>13</u>	<u>28</u>
Total revenues	<u>24</u>	<u>39</u>
Program expenses		
Economic environment	<u>113</u>	<u>17</u>
Change in net assets	(89)	22
Beginning net assets	<u>1,091</u>	<u>1,069</u>
Ending net assets	<u>\$ 1,002</u>	<u>\$ 1,091</u>

Table 2’s significant variances between years are explained below:

- Revenues decreased due to lessor interest earnings – see above.
- Expenses increased due to the payment to Suwannee County as indicated above.

**THE AUTHORITY’S FUNDS**

**TABLE 3  
CHANGES IN GENERAL FUNDS' TOTAL  
FUND BALANCE  
(in Thousands)**

<u>General Fund</u>	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>Percent Change</u>
Total fund balance	<u>\$ 591</u>	<u>\$ 680</u>	<u>\$ (89)</u>	<u>-13.1%</u>

Total fund balance decreased approximately \$89,000 – a direct result of the expenditure to Suwannee County discussed above.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund’s Budgetary Comparison Schedule is on page 20.

Actual expenditures did not exceed the budgeted amounts. The Authority continues to budget for the ongoing support of the East 90 Commerce Centre and other potential projects.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As indicated in the table below, the Authority, in supporting economic development, continues to make lots available for sale to further economic development in Suwannee County.

**Table 4  
CAPITAL ASSETS (in Thousands)**

	Governmental Activities			
	<u>2011</u>		<u>2010</u>	
Land	\$	407	\$	407
Infrastructure/improvements		<u>5</u>		<u>5</u>
Total capital assets, gross	<u>\$</u>	<u>412</u>	<u>\$</u>	<u>412</u>

**2011-12 BUDGET AND CURRENTLY KNOWN FACTS**

**2011-12 Budget**


The Authority’s 2011-12 budget increased over the prior year by \$88,000. Reserves available for economic development are budgeted in the amount of \$413,338.

**Currently Known Facts**

The Authority continues in its attempts to maintain current properties and secure additional properties for economic development within Suwannee County, FL.

**CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, customers, and creditors, with a general overview of the Authority’s finances and to show the Authority’s accountability for the money that it receives. If you have questions about this report or need additional financial information, contact the Authority at PO Drawer C Live Oak, FL 32064.

A handwritten signature in black ink, appearing to read 'Tim Alcorn', written in a cursive style.

Tim Alcorn  
Chairperson, Suwannee County Development Authority





**BASIC  
FINANCIAL  
STATEMENTS**



**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**STATEMENT OF NET ASSETS**

September 30, 2011

Assets		
Cash	\$	227,297
Notes receivable		411,260
Capital assets		
Land		406,678
Other capital assets, net of depreciation		<u>4,369</u>
Total net capital assets		<u>411,047</u>
Total assets	\$	<u><u>1,049,604</u></u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$	1,658
Deferred revenue		<u>45,960</u>
Total liabilities		<u>47,618</u>
Net assets		
Invested in capital assets		411,047
Unrestricted		<u>590,939</u>
Total net assets		<u>1,001,986</u>
Total liabilities and net assets	\$	<u><u>1,049,604</u></u>

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
Economic environment					
Industry development	<u>\$ 113,446</u>	<u>\$ 505</u>	<u>\$ 10,000</u>	<u>\$ -</u>	\$ (102,941)
General revenues					
Interest					<u>13,265</u>
Change in net assets					(89,676)
Net assets - beginning					<u>1,091,662</u>
Net assets - ending					<u>\$ 1,001,986</u>

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2011

	<u>General Fund</u>
Assets	
Current assets	
Cash	\$ 227,297
Notes receivable	<u>411,260</u>
Total assets	<u>\$ 638,557</u>
Liabilities and Fund Balances	
Liabilities	
Current liabilities	
Accounts payable	\$ 1,658
Deferred revenue	<u>45,960</u>
Total liabilities	<u>47,618</u>
Fund Balances	
Nonspendable	
Notes receivable	411,260
Unassigned	<u>179,679</u>
Total fund balances	<u>590,939</u>
Total liabilities and fund balances	<u>\$ 638,557</u>

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

September 30, 2011

Total fund balances for governmental funds \$ 590,939

Total net assets reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of the following:

Land	406,678
Infrastructure	5,500
Accumulated depreciation - infrastructure	<u>(1,131)</u>
Total capital assets (See note 4.)	<u>411,047</u>

Total net assets of governmental activities \$ 1,001,986

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2011

	<u>General Fund</u>
<b>Revenues</b>	
Intergovernmental revenues	
Grants from other local units	\$ 10,000
Miscellaneous revenues	
Interest	13,265
Rents	<u>505</u>
Total revenues	<u>23,770</u>
 <b>Expenditures</b>	
Economic environment	
Industry development	
Current:	
Operating expenditures	
Legal services	7,083
Accounting and auditing	2,160
Repair and maintenance	2,500
Promotional activities	750
Other current charges	50
Advertising	508
Dues and subscriptions	<u>175</u>
Total operating expenditures	<u>13,226</u>
 Grants and aids	
Aids to local governments	<u>100,000</u>
Total current expenditures	<u>113,226</u>
Excess (deficiency) of revenues over expenditures	(89,456)
 Fund balance at beginning of year	<u>680,395</u>
Fund balance at end of year	<u>\$ 590,939</u>

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds	\$ (89,456)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Expenses are reduced by the capital outlay, if any, and increased by the current period's depreciation.</p>	
	Depreciation <u>(220)</u>
Change in net assets of governmental activities	<u>\$ (89,676)</u>



# SUWANNEE COUNTY DEVELOPMENT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2011

### **NOTE 1. – Organization and Summary of Significant Accounting Policies**

The Suwannee County Development Authority (the Authority) is an Independent Special District created by Special Act of the State of Florida Legislature, Chapter 59-1903, Special Acts of 1959 for the purpose of performing such acts as shall be necessary for the sound planning for, and development of Suwannee County. Accordingly, the Authority is subject to restrictions imposed by the Florida Constitution and Statutes, as well as the Authority's governing board.

The Authority is composed of eight members appointed by the Suwannee County Board of County Commissioners to serve four year terms, except appointments to fill vacancies which are for the unexpired term of the originally appointed member.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

#### A. Reporting Entity

These financial statements present only the Suwannee County Development Authority (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the Authority's reporting entity because of the significance of the operating or financial relationships with the Authority. At September 30, 2011, the Suwannee County Development Authority reporting entity consists only of those functions and activities administered directly by the Authority and include no component units.

The Authority's basic financial statements include both government-wide, which include the financial activities of the overall government, except for fiduciary activities – if applicable (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). The Authority's industry development activities are classified as governmental activities; therefore, both the government-wide and fund financial statements are considered governmental.

#### B. Basic Financial Statements – Government Wide Statements

In the government-wide Statement of Net Assets, governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets, if applicable.

The government-wide Statement of Activities reports both the gross and net cost of the Authority's single function, economic environment – industry development. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues (grants and aids) must be directly associated with the function (economic environment). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. If applicable, eliminations have been made in the government-wide Statement of Activities to minimize the double counting of internal activities. This government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

The net costs (by function) are normally covered by general revenues (intergovernmental revenues, interest income, miscellaneous, etc.).

The Authority does not allocate indirect costs.

### C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Authority's major governmental fund:

**General Fund -** The General Fund is the Authority's operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

### D. Measurement Focus, Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. **Accrual:** The government-wide financial statements are reported using the resources measurement focus and are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and contributions. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.
2. **Modified Accrual:** The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized when due. General capital

asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When applicable, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. When program expenses are incurred, both restricted and unrestricted net assets are available to finance the program. It is the Authority's policy to first apply cost-reimbursement grant proceeds (restricted) and then general revenues (unrestricted).

#### E. Assets, Liabilities, and Fund Equity

##### Cash and Cash Equivalents

The Authority has defined cash and cash equivalents to include cash on hand and demand deposits.

##### Inventories

It is the policy of the Authority to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any time is nominal in amount and is considered immaterial.

##### Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the asset's estimated useful lives.

Estimated useful lives and the asset category's capitalization threshold are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	50 years	\$500
Infrastructure	10-50 years	500
Equipment	5-25 years	500

GASBS No. 34 requires the Authority to report and depreciate new infrastructure assets. Infrastructure assets include roads, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the Authority's largest asset class. The Authority has retroactively reported all capital assets constructed or purchased in prior years.

##### Compensated Absences

The Authority has no employees and, therefore, has not adopted personnel policies providing annual vacation and sick leave benefits.

## Governmental Funds – Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Authority's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The Authority does not have a policy regarding the commitment or assignment of fund balances. As a result, the Authority does not report any committed fund balance. When applicable, in accordance with GASB 54, the Authority reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund.

The Authority's policy regarding whether restricted or unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available is that the restricted amounts should be expended prior to the unrestricted balances. In the unrestricted balances the order in which the expenditure is made, when applicable, is committed, assigned, and unassigned.

A schedule showing the breakdown of the fund balance for governmental funds is presented at Note 8.

### **NOTE 2. Deposits and Investments**

Pursuant to Section 218.415(17), *Florida Statutes*, the Authority, without deposit and investment policies, is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

At September 30, 2011, the Authority's cash held in bank demand deposits totaled \$227,297. The entire balance was covered by federal depository insurance. Any amounts not covered would be insured through the Bureau of Collateral Securities, Florida Department of Financial Services.

At September 30, 2011, the Authority held no investments.

### **NOTE 3. Notes Receivable**

The Authority's notes receivable consist of first mortgage notes secured by lots at the East 90 Commerce Centre in Live Oak, Florida. The notes held, balances, applicable interest, arrearages, and current portions are as follows:

<u>Balance</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Arrears in Months</u>	<u>Current</u>	
\$ 323,263	\$ 4,219	6.00%	16	\$ 77,962	
34,816	400	4.00%	-	3,470	
<u>53,181</u>	465	7.00%	-	<u>53,181</u>	*
<u>\$ 411,260</u>				<u>\$ 134,613</u>	

\* includes balloon payment in June 2012

All notes are deemed collectible. The Authority has not recorded a provision for uncollectible notes receivable at September 30, 2011.

#### **NOTE 4. Capital Assets**

Capital asset activity for the year ending September 30, 2011, was as follows:

	<u>Balance</u> <u>10/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2011</u>
Governmental Activities				
Capital assets not being depreciated				
Land	<u>\$ 406,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,678</u>
Capital assets being depreciated				
Infrastructure	5,500	-	-	5,500
Less accumulated depreciation for				
Infrastructure	<u>(911)</u>	<u>(220)</u>	<u>-</u>	<u>(1,131)</u>
Total capital assets being depreciated, net	<u>4,589</u>	<u>(220)</u>	<u>-</u>	<u>4,369</u>
Governmental activities capital assets, net	<u>\$ 411,267</u>	<u>\$ (220)</u>	<u>\$ -</u>	<u>\$ 411,047</u>

Depreciation was charged as follows:

Economic environment	
Industry development	<u>\$ 220</u>

#### **NOTE 5. Deferred Revenue**

In May 2004, the Authority entered into a Sign Site Lease with Anderson Outdoor for the purpose of erecting and maintaining thereon, advertising, billboard display, including necessary structures, devices, power poles and connections. The agreement's general terms call for prepayment of \$25,000 per structure (two) for an initial term of ninety-nine years. The prepayment was deferred and is being recognized over the ninety-nine year agreement period.

At September 30, 2011, \$45,960 of the original payment remained deferred.

#### **NOTE 6. Economic Dependence**

The Suwannee County Development Authority receives a significant portion of its revenues through annual appropriations from the Suwannee County Board of County Commissioners. If these annual appropriations ceased, the Authority could be adversely affected.

## **NOTE 7. Spirit of the Suwannee Park Sale**

On October 14, 1997, the Authority agreed to sell the Spirit of the Suwannee Park (the Park) to the Cornet Land Trust (the purchaser) for \$625,000. Significant provisions of the sale are as follows:

1. The purchaser agreed to expend an additional minimum of \$625,000 on new capital or similar improvements in the Park prior to August 30, 2001.
2. To the extent the purchaser failed to expend this \$625,000 for capital improvements, the purchaser agreed to pay the Authority as liquidated damages, a sum equal to the difference in the amount actually expended and the sum of \$625,000. Such fee was to be due to the Authority immediately at August 30, 2001.
3. The purchaser is required to keep the Park open to the general public until August 30, 2011. To the extent that the purchaser violates this provision of the agreement by not maintaining the Park open to the general public until August 30, 2011, the purchaser agrees to pay to the Authority damages based upon the unexpired portion of the present value of the Park benefit to the County which is assumed to be \$100,000 per year at a discount rate of 6%.

The Authority's opinion is that the purchaser has complied with the above provisions through applicable dates indicated above.

## **NOTE 8. Fund Balance Reporting**

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Authority's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances for governmental funds, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and the principal of permanent or endowment funds. The Authority does not report inventory in its governmental funds; however, it does record prepaid items when applicable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The Authority has classified its fund balances with the following hierarchy:

**Nonspendable**

The Authority has recorded a nonspendable fund balance in the amount of \$411,260 for long-term notes receivable.

**Spendable**

The Authority has classified the spendable fund balance as restricted, assigned, and unassigned, as applicable. The Authority does not have a policy regarding the commitment or assignment of fund balances. As such, the Authority does not report any committed fund balance. When restricted, assigned, and unassigned funds are available for use, the Authority's procedures are to use the restricted funds first, followed by the assigned funds, and then the unassigned funds.

At September 30, 2011, the unassigned general fund balance was \$179,679 or one hundred fifty-nine percent of the General Fund's total expenditures.

**NOTE 9. Interlocal Agreement**

In association with an interlocal agreement between Suwannee County and the City of Live Oak, the Authority agreed to aid Suwannee County in the amount of \$100,000. The aid is to be used to assist in the acquisition of right-of-way, planning, and permitting the construction of Eastside Perimeter Road from 72<sup>nd</sup> Trace and US 129 southeasterly to CR 136. The payment was made by the Authority on September 20, 2011.

**NOTE 10. Subsequent Events**

On March 29, 2011, the Authority was awarded a grant from the United States Department of Commerce. The grant amount is \$165,000 and is to be used to support the development of a master plan for the Suwannee County Catalyst Site.

Suwannee County is the above grant's subrecipient. On February 29, 2012, a reimbursement of \$95,140 passed through the Authority to Suwannee County.





**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended September 30, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
Budgetary fund balance	\$ 230,000	\$ 230,000	\$ 680,396
Estimated receipts			
Intergovernmental revenues			
Grants from other local units	10,000	10,000	10,000
Miscellaneous revenues			
Disposition of fixed assets	100,000	100,000	-
Interest	40,000	40,000	13,265
Rents	<u>505</u>	<u>505</u>	<u>505</u>
Total amounts available for appropriation	<u>380,505</u>	<u>380,505</u>	<u>704,166</u>
Appropriations and reserves			
Economic environment			
Industry development			
Operating expenditures			
Legal services	8,000	8,000	7,083
Accounting and auditing	4,000	4,000	2,160
Repair and maintenance	22,000	22,000	2,500
Promotional activities	40,000	40,000	750
Other current charges	2,000	2,000	50
Advertising	10,500	10,500	508
Dues and subscriptions	<u>500</u>	<u>500</u>	<u>175</u>
Total operating expenditures	<u>87,000</u>	<u>87,000</u>	<u>13,226</u>
Grants and aids	<u>293,505</u>	<u>293,505</u>	<u>100,000</u>
Total industry development	<u>380,505</u>	<u>380,505</u>	<u>113,226</u>
Reserves			
Contingency and reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>380,505</u>	<u>380,505</u>	<u>113,226</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,940</u>

**SUWANNEE COUNTY DEVELOPMENT AUTHORITY**

**NOTES TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

September 30, 2011

Note 1. Budget

Annual budgets, as required by state statutes, are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before July 3, the Authority's Treasurer prepares a proposed budget and submits it to the governing board. On or before September 30, the Authority's governing board adopts the budget by resolution.

The appropriated budget is prepared on a detailed line item basis by fund, function, and department. Revenues are budgeted by source. Expenditures are budgeted by department; object classification as follows: personal services, operating expenditures, capital outlay, and debt service; and line item detail within each object code. The legal level of budgetary control is the fund level. Budgetary information is integrated into the accounting system and appropriations are controlled at the line item level within each department for management control purposes. Budget amendments require the Authority's governing board's approval recorded in the Authority's minutes. The Authority made no supplemental budget amendment for the fiscal year ending September 30, 2011.

Note 2. Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
Sources/inflows of resources	
Financial statement major funds	
Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules	\$ 704,166
Adjustments	
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(680,396)
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 23,770</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 113,226
Adjustments	-
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 113,226</u>

**COMPLIANCE**

**SECTION**



**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 Members of the Suwannee County  
Development Authority  
Live Oak, Florida

I have audited the financial statements of the governmental activities and each major fund of the Suwannee County Development Authority, as of, and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 13, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Suwannee County Development Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, and Authority Members and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Kenneth M. Daniels". The signature is written in a cursive, flowing style.

Kenneth M. Daniels  
Certified Public Accountant  
June 13, 2012



**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

P.O. Box 1689  
107 2<sup>nd</sup> Ave S.E.  
Jasper, FL 32052

Phone 386-792-1906  
Fax 386-792-1925  
[kmdcpa@windstream.net](mailto:kmdcpa@windstream.net)

**MANAGEMENT LETTER**

To the Board Members of the Suwannee County  
Development Authority  
Live Oak, Florida

I have audited the financial statements of the Suwannee County Development Authority, as of and for the fiscal year ended September 30, 2011, and have issued my report thereon dated June 13, 2012.

I conducted my 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. I have issued my Report on Internal control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated, June 13, 2012, should be considered in conjunction with this letter.

Additionally, my audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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

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

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that I address violations of provisions of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse (2) control deficiencies that are not significant deficiencies. In connection with my audit, I did not have any such findings

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1. The Suwannee County Development Authority's financial statements included no component units.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity 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 my audit, I determined that the Suwannee County Development Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

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

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Suwannee County Development Authority financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was performed for the period ending September 30, 2011.

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



Kenneth M. Daniels  
Certified Public Accountant  
June 13, 2012