

**SUWANNEE COUNTY
DEVELOPMENT AUTHORITY**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2012

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

AUTHORITY MEMBERS

September 30, 2012

<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 2014
Clifford Gwinn	April 2014
County Commissioner Representative Clyde Fleming	

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 1689
107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
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, 2012, 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, 2012, 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 6, 2013, 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 7 and 21 through 22 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 6, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2012

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, 2012. Please read it in conjunction with the Authority's financial statements, which begin on page 8.

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 10.

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 8 and 9 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 10 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 increased slightly. A detailed analysis of the changes follows Table 1 below.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 642	\$ 639
Capital assets	411	411
Total assets	<u>\$ 1,053</u>	<u>\$ 1,050</u>
Other liabilities	\$ 59	\$ 48
Long term liabilities	-	-
Total liabilities	<u>59</u>	<u>48</u>
Net assets:		
Invested in Cap Assets	411	411
Unrestricted	583	591
Total net assets	<u>994</u>	<u>1,002</u>
Total liabilities & net assets	<u>\$ 1,053</u>	<u>\$ 1,050</u>

Governmental Activities – Net Assets

The Authority received a grant from the United State Department of Commerce for off and on-site planning costs for the Suwannee County, Florida, Catalyst Site, an area of approximately five-hundred acres which is being developed for current and future industry use.

Changes in current and other assets as well as other liabilities can be attributed to the aforementioned grant. Amounts were owed to the Authority at year end for eligible expenditures incurred by Suwannee County. A liability was recorded to the County for the expenditures.

Net assets decreased due to the contribution of \$10,000 to Suwannee County towards the purchase of 157 acres at the Catalyst Site.

Governmental Activities - Changes in Net Assets

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental Activities</u>	
Statement of Activities	<u>2012</u>	<u>2011</u>
Program revenues		
Economic environment	\$ 116	\$ 11
General revenues		
Interest	13	13
Miscellaneous	<u>1</u>	<u>-</u>
Total revenues	<u>130</u>	<u>24</u>
Program expenses		
Economic environment	<u>138</u>	<u>113</u>
Change in net assets	(8)	(89)
Beginning net assets	<u>1,002</u>	<u>1,091</u>
Ending net assets	<u>\$ 994</u>	<u>\$ 1,002</u>

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

- Program revenues increased due amounts earned, in excess of \$100,000, under the Economic Development Grant for the Catalyst Site Development.
- Expenses increased due to the pass through of the grant amounts to Suwannee County, Florida, the entity that is administering and incurring the costs associated with the Economic Development Grant.

THE AUTHORITY’S FUNDS

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

<u>General Fund</u>	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>Percent Change</u>
Nonspendable	\$ 398	\$ 411	\$ (13)	-3.16%
Unassigned	<u>186</u>	<u>180</u>	<u>6</u>	3.33%
Total fund balances	<u>\$ 584</u>	<u>\$ 591</u>	<u>\$ (7)</u>	-1.18%

The Authority’s total fund balance decreased approximately \$7,300 – the result of funds donated to Suwannee County for the purchase of the Catalyst Site.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund’s Budgetary Comparison Schedule is on page 21.

Actual expenditures did not exceed the budgeted amounts. The Authority continues to budget for the ongoing support of the Industrial Park (East 90 Commerce Centre), the Catalyst Site mentioned above, 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)**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 407	\$ 407
Infrastructure/improvements	<u>5</u>	<u>5</u>
Total capital assets, gross	<u>\$ 412</u>	<u>\$ 412</u>

2011-12 BUDGET AND CURRENTLY KNOWN FACTS

2011-12 Budget

The Authority's 2012-13 budget projects revenues at approximately \$25,000. Expenditures for legal services and Industrial Park Maintenance are the primary uses of the funds.

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.



Tim Alcorn
Chairperson, Suwannee County Development Authority

**BASIC
FINANCIAL
STATEMENTS**

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS

September 30, 2012

Assets		
Cash	\$	233,392
Notes receivable		397,802
Due from other governmental units		11,143
Capital assets, net of depreciation		
Land		406,678
Other capital assets, net of depreciation		<u>4,149</u>
Total net capital assets		<u>410,827</u>
Total assets	\$	<u><u>1,053,164</u></u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$	2,115
Due to other governmental units		11,143
Deferred revenue		<u>45,454</u>
Total liabilities		<u>58,712</u>
Net assets		
Invested in capital assets		410,827
Unrestricted		<u>583,625</u>
Total net assets		<u>994,452</u>
Total liabilities and net assets	\$	<u><u>1,053,164</u></u>

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

<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>\$ 137,927</u>	<u>\$ 505</u>	<u>\$ 116,283</u>	<u>\$ -</u>	\$ (21,139)
General revenues					
Interest					12,858
Miscellaneous					<u>747</u>
Total general revenues					<u>13,605</u>
Change in net assets					(7,534)
Net assets - beginning					<u>1,001,986</u>
Net assets - ending					<u>\$ 994,452</u>

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2012

	<u>General Fund</u>
Assets	
Current assets	
Cash	\$ 233,392
Notes receivable	397,802
Due from other governmental units	<u>11,143</u>
Total assets	<u>\$ 642,337</u>
Liabilities and Fund Balances	
Liabilities	
Current liabilities	
Accounts payable	\$ 2,115
Due to other governmental units	11,143
Deferred revenue	<u>45,454</u>
Total liabilities	<u>58,712</u>
Fund Balances	
Nonspendable	
Notes receivable	397,802
Unassigned	<u>185,823</u>
Total fund balances	<u>583,625</u>
Total liabilities and fund balances	<u>\$ 642,337</u>

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

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

September 30, 2012

Total fund balances for governmental funds	\$ 583,625
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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>(1,351)</u>
Total capital assets (See note 5.)	<u>410,827</u>

Total net assets of governmental activities	<u>\$ 994,452</u>
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SUWANNEE COUNTY DEVELOPMENT AUTHORITY

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

For the Year Ended September 30, 2012

	General Fund
Revenues	
Intergovernmental revenues	
Federal grant	\$ 106,283
Grants from other local units	10,000
Miscellaneous revenues	
Interest	12,858
Rents	505
Miscellaneous	<u>747</u>
Total revenues	<u>130,393</u>
Expenditures	
Economic environment	
Industry development	
Current:	
Operating expenditures	
Legal services	17,239
Accounting and auditing	3,900
Office supplies	14
Dues and subscriptions	<u>271</u>
Total operating expenditures	<u>21,424</u>
Grants and aids	
Aids to local governments	<u>116,283</u>
Total current expenditures	<u>137,707</u>
Excess (deficiency) of revenues over expenditures	(7,314)
Fund balance at beginning of year	<u>590,939</u>
Fund balance at end of year	<u>\$ 583,625</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, 2012

Net change in fund balances - total governmental funds	\$	(7,314)
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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.

Depreciation	<u>(220)</u>
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Change in net assets of governmental activities	\$	<u><u>(7,534)</u></u>
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SUWANNEE COUNTY DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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, 2012, 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.

The 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.

The breakdown of the fund balance for governmental funds is presented at Note 6.

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, 2012, the Authority's cash held in bank demand deposits totaled \$233,392. 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, 2012, 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>
\$ 315,421	\$ 4,219	6.00%	28	\$ 79,137
31,640	400	4.00%	-	3,905
<u>50,741</u>	465	4.00%	-	<u>3,618</u>
<u>\$ 397,802</u>				<u>\$ 86,660</u>

Due to the arrearage on the above note indicated, the Authority has initiated foreclosure proceedings against the property that secures the note receivable.

Due to the property securing the notes, all are deemed collectible. The Authority has not recorded a provision for uncollectible notes receivable at September 30, 2012.

NOTE 4. Capital Assets

Capital asset activity for the year ending September 30, 2012, was as follows:

	<u>Balance</u> <u>10/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2012</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>(1,131)</u>	<u>(220)</u>	<u>-</u>	<u>(1,351)</u>
Total capital assets being depreciated, net	<u>4,369</u>	<u>(220)</u>	<u>-</u>	<u>4,149</u>
Governmental activities capital assets, net	<u>\$ 411,047</u>	<u>\$ (220)</u>	<u>\$ -</u>	<u>\$ 410,827</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, 2012, \$45,454 of the original payment remained deferred.

NOTE 6. 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 \$397,802 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 of 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, 2012, the unassigned general fund balance was \$185,823 or one hundred thirty-five percent of the General Fund's total expenditures.

NOTE 7. Economic Development Grant

On March 29, 2011, the Authority was awarded a grant from the United States Department of Commerce: Economic Adjustment Assistance CFDA #11.307. 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. At September 30, 2012, reimbursements of \$106,283 had been earned and passed through the Authority to Suwannee County.

NOTE 8. 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 9. Subsequent Events

On February 5, 2013, the Authority paid \$42,335 in back taxes owed on property securing a note receivable it held against property in the East 90 Commerce Centre. Foreclosure proceedings are ongoing.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

SUWANNEE COUNTY DEVELOPMENT AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
Budgetary fund balance	\$ 317,833	\$ 317,833	\$ 590,939
Estimated receipts			
Intergovernmental revenues			
Federal grant	100,000	100,000	106,283
Grants from other local units	10,000	10,000	10,000
Miscellaneous revenues			
Disposition of fixed assets	-	-	-
Interest	40,000	40,000	12,858
Rents	505	505	505
Miscellaneous	<u>-</u>	<u>-</u>	<u>747</u>
Total amounts available for appropriation	<u>468,338</u>	<u>468,338</u>	<u>721,332</u>
Appropriations and reserves			
Economic environment			
Industry development			
Operating expenditures			
Legal services	20,000	20,000	17,239
Accounting and auditing	10,000	10,000	3,900
Repair and maintenance	25,000	25,000	-
Office supplies	-	-	14
Dues and subscriptions	<u>-</u>	<u>-</u>	<u>271</u>
Total operating expenditures	55,000	55,000	21,424
Grants and aids	<u>413,338</u>	<u>413,338</u>	<u>116,283</u>
Total industry development	<u>468,338</u>	<u>468,338</u>	<u>137,707</u>
Reserves			
Contingency and reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>468,338</u>	<u>468,338</u>	<u>137,707</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,625</u>

SUWANNEE COUNTY DEVELOPMENT AUTHORITY
NOTES TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

September 30, 2012

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, 2012.

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	\$ 721,332
Adjustments	
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	<u>(590,939)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 130,393</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 137,707
Adjustments	<u>-</u>
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 137,707</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, 2012, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated June 6, 2013. 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

The Suwannee County Development Authority is responsible for establishing and maintaining effective 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 audit procedures for the purpose of expressing my opinion on the special purpose 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 6, 2013

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 1689
107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
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, 2012, and have issued my report thereon dated June 6, 2013.

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 6, 2013, 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. No recommendations were made in the prior year's audit.

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, fraud, illegal acts, 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 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, 2012, 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, 2012. 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's 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, 2012.

This 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, and the Suwannee County Development Authority 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 6, 2013