

FINANCIAL STATEMENTS

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT  
AUTHORITY**

September 30, 2013

--- o o O o o ---

C O N T E N T S

	<u>P A G E</u>
Independent Auditor's Report -----	1-2
Management's Discussion and Analysis (Unaudited) -----	3-5
Financial Statements:	
Statement of Net Position -----	6
Statement of Activities -----	7
Balance Sheet - General Fund -----	8
Reconciliation of the Balance Sheet - General Fund to the Statement of Net Position -----	9
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund - -	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund to the Statement of Activities -----	11
Notes to Financial Statements -----	12-15
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	16-17
Schedule of Findings and Responses -----	18
Management Letter -----	19-21



3838 Tamiami Trail North, Suite 200  
Naples, Florida 34103  
(239) 263-2111 PHONE  
(239) 263-0496 FAX  
www.hbkcpa.com

November 25, 2014

To the Chairman and Board Members  
Martin County Industrial Development Authority  
Stuart, Florida

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Martin County Industrial Development Authority (the Authority), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Martin County Industrial Development Authority as of September 30, 2013, and the respective changes in financial position for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Hill, Barth & King LLC  
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

As management of the Martin County Industrial Development Authority (Authority), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2013. It should be considered in conjunction with the Authority's basic financial statements and required supplementary information.

**Overview of the Financial Statements**

Required financial statements for the Authority are described below:

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial condition of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of the related cash flows.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements present financial information for the general fund and provide information on the current assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and current available resources. The general fund is used to account for the same functions reported in the Statement of Net Position and Statement of Activities. However, unlike the Statement of Net Position and Statement of Activities, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. There are no material differences between the fund level statements and the government-wide statements.

**Financial Analysis**

As noted above, net position may serve over time as a useful indicator of a government's financial position. The assets of the Authority exceeded its liabilities at September 30, 2013 by \$36,803. This amount represents the Authority's net position at September 30, 2013. Of the total net position, all is unrestricted and may be used to meet the Authority's obligations. At September 30, 2013, the Authority had no net position classified as invested in capital assets or restricted. The increase in assets was due to an increase in cash at September 30, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

**Martin County Industrial Development Authority's Net Position**

	<u>2013</u>	<u>2012</u>	<b>Increase (Decrease)</b>
Current assets	\$ 36,803	\$ 19,070	\$ 17,733
Total assets	<u>\$ 36,803</u>	<u>\$ 19,070</u>	<u>\$ 17,733</u>
Net position:			
Unrestricted	\$ 36,803	\$ 19,070	\$ 17,733
Total net position	<u>\$ 36,803</u>	<u>\$ 19,070</u>	<u>\$ 17,733</u>

**Martin County Industrial Development Authority's Changes in Net Position**

	<b>2013</b>	<b>2012</b>	<b>Increase (Decrease)</b>
<b>Program Revenues:</b>			
Bond application fees	\$ 60,000	\$ -	\$ 60,000
<b>General Revenues:</b>			
Interest income	9	10	(1)
Miscellaneous income	<u>38</u>	<u>-</u>	<u>38</u>
Total revenues	<u>60,047</u>	<u>10</u>	<u>60,037</u>
<b>Expenses:</b>			
Advertisements/legal ad posting	686	432	254
Annual special district fee	175	175	-
Clerk of Court	60	50	10
Meeting expenses	405	147	258
Miscellaneous expense	155	19	136
BDBMC fees	40,000	-	40,000
BOCC legal fees	<u>833</u>	<u>-</u>	<u>833</u>
Total expenses	<u>42,314</u>	<u>823</u>	<u>41,491</u>
Change in net position	17,733	(813)	18,546
<b>Net position - beginning of year</b>	<u>19,070</u>	<u>19,883</u>	<u>(813)</u>
<b>Net position - end of year</b>	<u>\$ 36,803</u>	<u>\$ 19,070</u>	<u>\$ 17,733</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

Total revenues increased from the prior year by \$60,037. Total expenses increased from prior year by \$41,491. Key elements of these increases are as follows:

The increase in revenue was generated from a bond refinancing project for Indiantown Cogeneration. The increase in expense is due primarily to meeting expenses associated with the bond refinancing project and expenses relating to bond service fee allocation to the Business Development Board of Martin County.

**Capital Assets and Debt Administration**

**Capital Assets** – The Authority's capitalization threshold is \$500 and there was no capital asset activity during the year.

**Debt Administration** – The Authority has no outstanding long-term debt or activity during the year.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Development & Finance Manager of the Business Development Board of Martin County, at 1002 SE Monterey Commons Blvd., Suite 203, Stuart, FL 34996.

STATEMENT OF NET POSITION

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

ASSETS

Cash and cash equivalents		\$ 36,803
	TOTAL ASSETS	<u>\$ 36,803</u>

NET POSITION

Unrestricted		\$ 36,803
	TOTAL NET POSITION	<u>\$ 36,803</u>

See accompanying notes to financial statements

STATEMENT OF ACTIVITIES

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

Year ended September 30, 2013

EXPENSES

Economic Development:

Operating expenses

\$ 40,833

Other

1,481

TOTAL EXPENSES

42,314

PROGRAM REVENUES

Charges for services

60,000

NET PROGRAM REVENUES

60,000

GENERAL REVENUES

Interest income

9

Other

38

TOTAL GENERAL REVENUES

47

CHANGE IN NET POSITION

17,733

Net position, October 1, 2012

19,070

Net position, September 30, 2013

\$ 36,803

See accompanying notes to financial statements



BALANCE SHEET  
GENERAL FUND

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

A S S E T S

Cash and cash equivalents

\$ 36,803

TOTAL ASSETS

\$ 36,803

FUND BALANCE

Unassigned

\$ 36,803

TOTAL FUND BALANCE

\$ 36,803

See accompanying notes to financial statements

RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND  
TO THE STATEMENT OF NET POSITION

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

<b>Fund Balance - Total General Fund</b>	\$ 36,803
There are no reconciling items	-
<b>Net Position of Governmental Activities</b>	<u>\$ 36,803</u>

See accompanying notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

Year ended September 30, 2013

REVENUES		
Fee income	\$	60,000
Interest income		9
Other income		38
	TOTAL REVENUES	<u>60,047</u>
EXPENDITURES		
Application fees		40,833
Other		1,481
	TOTAL EXPENDITURES	<u>42,314</u>
	EXCESS OF REVENUES OVER EXPENDITURES	<u>17,733</u>
	NET CHANGE IN FUND BALANCE	17,733
Fund balance - October 1, 2012		<u>19,070</u>
Fund balance, September 30, 2013	\$	<u><u>36,803</u></u>

See accompanying notes to financial statements

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GENERAL FUND  
TO THE STATEMENT OF ACTIVITIES

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

Year ended September 30, 2013

<b>Net Change in Fund Balance - General Fund</b>	\$ 17,733
There are no reconciling items	-
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 17,733</u>

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS

### **MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of the financial report of the Martin County Industrial Development Authority (Authority) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

The following summary of the Authority's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

#### **Reporting Entity:**

The Authority was established in 1981 in accordance with Chapter 159.45 of the Florida Statutes. The Martin County Board of County Commissioners, on June 9, 1981, resolved to create and activate the Authority. The Authority is composed of five members appointed by the Board of County Commissioners. Each member serves a term of four years. These financial statements present the financial statements of the Authority and are not meant to represent Martin County, Florida, as a whole.

The Authority, as authorized by Chapter 159.44-159.53 of the Florida Statutes, was created for the purpose of financing and refinancing projects for the public purposes in the manner provided by the Florida Industrial Development Financing Act and by Chapter 159.44-159.53 of the Florida Statutes and for the purpose of fostering the economic development of Martin County. The Authority studies the advantages, facilities, resources, products, attractions and conditions concerning the County with relation to the encouragement of economic development in the County and uses such means and media as the Authority deems advisable to publicize and/or to make known such facts and material to such persons, firms, corporations or agencies having responsibilities in the field of industrial development.

#### **Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of the net position and the statement of activities) report information on all activities of the Authority. The Authority reports only governmental activities; it does not have any business-type activities. Governmental activities are supported largely by payments received from application fees derived from the issuance of industrial development revenue bonds.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenue consists of charges for services that are used to meet operational requirements of a particular function. Payments received from interest and other items not included as program revenue are reported as general revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The financial transactions of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The emphasis in fund financial statements is on major funds. GASB Statement No. 34, as amended, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The Authority has used GASB Statement No. 34 minimum criteria for major fund determination and its only fund is its General Fund, which is considered a major fund.

The Authority is a single program government, devoted to economic development. It is comprised of a General Fund only and has no other governmental, proprietary or fiduciary funds. The General Fund is the general operating fund and accounts for all the resources of the Authority.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The focus of the governmental funds' measurements (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, and is presented on the modified accrual basis of accounting. Under the modified accrual basis accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period or within 60 days after year end. Expenditures are recognized when the related liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority's Board has provided otherwise in its commitment or assignment actions.

**Budgets and Budgetary Data:**

Under current governmental standards, budgetary to actual comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for its general fund. Therefore, budget to actual comparison information is not included in the Authority's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents:**

For financial reporting purposes, the Authority considers cash and cash equivalents to be cash on hand, cash in banks, and short term investments with maturities less than three months when acquired, including restricted assets.

**Capital Assets:**

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The Authority had no capital asset activity for the fiscal year ended September 30, 2013.

**Government-wide Net Position:**

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – consist of net position that is restricted by the Authority's creditors, by the state enabling legislation, by grantors, and by other contributors.
- Unrestricted – all other net position is reported in this category.

At September 30, 2013, the Authority only had net position classified as unrestricted.

**Government Fund Balances:**

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e. Board members) and its highest level of action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level of action to remove or change the constraint.
- Assigned – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board members.
- Unassigned – amounts that are available for any purpose.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2013

**NOTE B - CASH**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2013, the Authority's bank balance was \$36,803 in one financial institution under one account. The Authority has not adopted a deposit policy for custodial credit risk; however, the Authority is required by Florida Statutes to utilize qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes, and therefore all deposits were entirely covered by federal depository insurance and guaranteed by qualified public depositories.

**NOTE C - RELATED PARTY TRANSACTIONS**

The Martin County Board of County Commissioners appoints five members to serve on the Authority's Board of Directors. Directors serve a four-year term and are eligible for reappointment. The executive director of the Business Development Board of Martin County serves as secretary, and the Business Development Board of Martin County operates as staff to the Authority. Programs implemented are consistent with the Authority's legal status and compatible with the economic development goals established by the Martin County Board of County Commissioners and the Business Development Board of Martin County. For fiscal year ended September 30, 2013, payments made to the Business Development Board of Martin County totaled \$40,000 which represents 2/3 of the bond application fee income approved by the Authority.

**NOTE D - SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through November 25, 2014, the date which the financial statements were available to be issued. As required by Section 218.32(1)(a),(d), and (f), *Florida Statutes*, the Authority failed to file a Fiscal Year 2012-2013 *Annual Financial Report* with the Auditor General within 45 days after the certified public accountant delivers the completed report to the Authority's governing body, but no later than nine months after the end of the fiscal year (September 30, 2013). The Authority was given an extension to file the *Annual Financial Report* by December 3, 2014. No other events have occurred subsequent to the balance sheet date and through November 25, 2014 that would require any additional adjustment to, or disclosure in, the financial statements.





3838 Tamiami Trail North, Suite 200  
Naples, Florida 34103  
(239) 263-2111 PHONE  
(239) 263-0496 FAX  
www.hbkcpa.com

November 25, 2014

To the Chairman and Board Members  
Martin County Industrial Development Authority  
Stuart, Florida

Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the General Fund of the Martin County Industrial Development Authority (Authority), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 25, 2014.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as 2013-01.

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

  
Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

**MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

Year ended September 30, 2013

**Finding: 2013-01 Failure to file audited financial report within 9 months of fiscal year end**

**Criteria:**

The Martin County Industrial Development Authority (Authority) is responsible for submitting an audited financial report to the Auditor General within 45 days after delivery of the audit report to the Authority but no later than 9 months after the Authority's fiscal year-end.

**Condition:**

The Authority was given an extension to file the audited financial report by December 3, 2014.

**Cause:**

In the past, an audit has not been required of the Authority due to low revenues. The Authority was not accustomed to the lead times required for the audit and started the request for proposal process late.

**Effect:**

The Authority was found in noncompliance with Section 218.39, Florida Statutes. If a special district created by special act does not file the report by December 3, 2014, the Joint Legislative Auditing Committee (Committee) may convene (1) a public hearing on the issue of noncompliance, and (2) general oversight of the special district at the discretion of the President of the Senate and the Speaker of the House of Representatives. For a special district created by local ordinance or resolution, the Committee may notify the county that enacted the local ordinance or resolution, which may convene (1) a public hearing on the issue of noncompliance, and (2) general oversight of the special district. The Committee may direct the Department of Economic Opportunity to file a petition for enforcement in the circuit court in Leon County or declare the special district inactive for dissolution.

**Recommendation:**

We recommend that the Authority file the audited financial report for fiscal year end September 30, 2013 by December 3, 2014. We also recommend that future audits be conducted earlier in order to meet the required deadline.

**Response - View of Responsible Officials and Planned Corrective Action:**

The Authority is in agreement with this finding and will submit the audited financial report by December 3, 2014. If the Authority is unable to meet that deadline they will meet the alternative requirement by responding to the three questions for Joint Legislative Auditing Committee consideration by December 31, 2014. In the future, the Authority will begin the RFP process 6 months earlier in order to meet the required deadline.



3838 Tamiami Trail North, Suite 200  
Naples, Florida 34103  
(239) 263-2111 PHONE  
(239) 263-0496 FAX  
www.hbkcpa.com

November 25, 2014

MANAGEMENT LETTER

To the Chairman and Board Members  
Martin County Industrial Development Authority  
Stuart, Florida

We have audited the financial statements of the governmental activities and the General Fund of the Martin County Industrial Development Authority (Authority), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated November 25, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated November 25, 2014, should be considered in conjunction with this management letter.

Additionally, our 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 report.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings in the preceding annual financial report that required the attention of management.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Authority has complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we made the following recommendations:

- We suggest that the unopened bank statement received in the mail be forwarded to the Chairman. We further recommend that arrangements be made to also receive copies of the cancelled checks, because the Authority's current operating cash account does not provide the canceled checks with the monthly bank statement. The Chairman should open and review the bank statements and copies of the canceled checks and investigate strange or unusual items should any be found. Documentation of the review of the items should be made on the face of the bank statement. We believe that this process will further enhance the checks and balances necessary for strong controls over cash.
- We recommend that the Authority formally adopt a capitalization policy to ensure that any acquisitions and dispositions of property are consistently treated and recorded year to year.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note A in the Notes to Financial Statements.

Section 10.554(1)(i)6.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 our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Authority's Board, and management, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to have been of service to you. Should you have any questions about our recommendations, this letter, or other matters, please contact us at your convenience.

Very truly yours,

Hill, Barth & King LLC  
Certified Public Accountants