

FINANCIAL STATEMENTS

**MARTIN COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

September 30, 2015

C O N T E N T S

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May 2, 2016

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, 2015, 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, 2015, 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 May 2, 2016, 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, 2015

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, 2015. 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. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the 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, 2015 by \$31,398. This amount represents the Authority's net position at September 30, 2015. Of the total net position, all is unrestricted and may be used to meet the Authority's obligations. At September 30, 2015, 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, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

September 30, 2015

Martin County Industrial Development Authority's Net Position

	<u>2015</u>	<u>2014</u>	<u>Increase</u>
Current assets	\$ 31,398	\$ 28,156	\$ 3,242
Total assets	<u>\$ 31,398</u>	<u>\$ 28,156</u>	<u>\$ 3,242</u>
Net position:			
Unrestricted	\$ 31,398	\$ 28,156	\$ 3,242
Total net position	<u>\$ 31,398</u>	<u>\$ 28,156</u>	<u>\$ 3,242</u>

Martin County Industrial Development Authority's Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Program Revenues:			
Bond application fees	\$ 7,439	\$ 5,000	\$ 2,439
Bond service fees	54,291	0	54,291
General Revenues:			
Interest income	13	9	4
Total revenues	<u>61,743</u>	<u>5,009</u>	<u>56,734</u>
Expenses:			
Advertisements/legal ad posting	419	754	(335)
Annual special district fee	175	175	0
Clerk of Court	60	50	10
Meeting expenses	533	238	295
BDBMC fees	36,194	5,000	31,194
BDBMC marketing	5,000	0	5,000
IDA legal fees	0	7,439	(7,439)
Professional fees	16,045	0	16,045
Miscellaneous	75	0	75
Total expenses	<u>58,501</u>	<u>13,656</u>	<u>44,845</u>
Change in net position	3,242	(8,647)	11,889
Net position - beginning of year	<u>28,156</u>	<u>36,803</u>	<u>(8,647)</u>
Net position - end of year	<u>\$ 31,398</u>	<u>\$ 28,156</u>	<u>\$ 3,242</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

September 30, 2015

Total revenues increased from the prior year by \$56,734. Total expenses increased from prior year by \$44,845. Key elements of these increases are as follows:

The increase in revenue was due to the timing of the bond closing for Jensen Dunes at the beginning of the fiscal year. The increase in expense is due to the bond service fee allocation to the Business Development Board of Martin County as well as the payment of professional fees and marketing.

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.

Budgetary Highlights

Differences between the original budget and the final budget and actual amounts to the final budget of the General Fund are illustrated on page 12 of this document. The actual charges for services were less than the final budget due to the fact that no new bonds were financed or refinanced in fiscal year 2015 resulting in revenue at the fund level.

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, 2015

ASSETS

Cash and cash equivalents		\$ 31,398
	TOTAL ASSETS	<u>\$ 31,398</u>

NET POSITION

Unrestricted		\$ 31,398
	TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,398</u>

See accompanying notes to financial statements

STATEMENT OF ACTIVITIES

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Year ended September 30, 2015

EXPENSES	
Economic Development:	
Operating expenses	\$ 58,501
TOTAL EXPENSES	<u>58,501</u>
PROGRAM REVENUES	
Charges for services	61,730
NET PROGRAM REVENUES	<u>61,730</u>
GENERAL REVENUES	
Interest income	13
TOTAL GENERAL REVENUES	<u>13</u>
	CHANGE IN NET POSITION
Net position, October 1, 2014	28,156
Net position, September 30, 2015	<u>\$ 31,398</u>

See accompanying notes to financial statements

BALANCE SHEET
GENERAL FUND

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Year ended September 30, 2015

ASSETS

Cash and cash equivalents		\$ 31,398
	TOTAL ASSETS	<u>\$ 31,398</u>

FUND BALANCE

Assigned		\$ 14,003
Unassigned		17,395
	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 31,398</u>

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, 2015

Fund Balance - Total General Fund	\$ 31,398
There are no reconciling items	0
Net Position of Governmental Activities	<u>\$ 31,398</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, 2015

REVENUES		
Interest income		\$ 13
	TOTAL REVENUES	<u>13</u>
EXPENDITURES		
General government		58,501
	TOTAL EXPENDITURES	<u>58,501</u>
	DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(58,488)</u>
	NET CHANGE IN FUND BALANCE	(58,488)
Fund balance, October 1, 2014		89,886
Fund balance, September 30, 2015		<u>\$ 31,398</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, 2015

Net Change in Fund Balance - General Fund	\$ (58,488)
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Amounts reported for governmental activities in the statement of activities are different because:

Revenue in governmental activities is not recorded until it is earned; however, revenue in governmental funds is recorded when it is measurable and available.

61,730

Change in Net Position of Governmental Activities	<u>\$ 3,242</u>
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See accompanying notes to financial statements

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

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Year ended September 30, 2015

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 63,500	\$ 63,500	\$ 0	\$ (63,500)
Interest income	12	12	13	1
TOTAL REVENUES	63,512	63,512	13	(63,499)
EXPENDITURES				
General government	63,512	63,512	58,501	5,011
TOTAL EXPENDITURES	63,512	63,512	58,501	5,011
CHANGE IN NET POSITION	0	0	(58,488)	(58,488)
Net position, October 1, 2014	89,886	89,886	89,886	0
Net position, September 30, 2015	\$ 89,886	\$ 89,886	\$ 31,398	\$ (58,488)

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

September 30, 2015

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 U.S. 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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (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 of 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. Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund. The budget and actual comparison schedule shows the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results of the General Fund. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new grant awards, or other unanticipated revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

September 30, 2015

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.

Accounts Receivable:

Accounts receivable comprise of bond application fees and are recorded at the invoiced amount, less any amounts deemed to be uncollectible. The Authority utilizes the specific write off method of estimating the allowance for doubtful accounts, since receivables have historically been fully collectable. There is no allowance for doubtful accounts as of September 30, 2015.

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, 2015.

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 – consists 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, 2015, 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. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.
- Unassigned – amounts that are available for any purpose.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

September 30, 2015

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, 2015, the Authority's bank balance was \$31,398 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, 2015, payments made to the Business Development Board of Martin County totaled \$41,194; \$36,194 of which represents two-thirds of bond service fees, \$5,000 of which represents a contribution for marketing and which were both approved by the Authority.

NOTE D - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through May 2, 2016, the date that the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through May 2, 2016 that would require any additional adjustment to, or disclosure in, the financial statements or notes.



May 2, 2016

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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 2, 2016.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,

A handwritten signature in black ink that reads "Hill, Barth & King LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES - CURRENT YEAR AND PRIOR YEARS

MARTIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Year ended September 30, 2015

Current Year Findings

No current year findings noted.

Prior Year's Findings

No prior year findings noted.



May 2, 2016

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities and the General Fund of the Martin County Industrial Development Authority, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 2, 2016.

Auditor's Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 2, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the following was noted:

- 2014-01 Recommendation: The email documentation of the bank reconciliation approval is still lacking; however, the Chairman and the Treasurer have access to the Authority's bank statement and financial statements which are reviewed monthly.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the 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.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we made the following recommendations:

- 2015-01 Recommendation: We recommend that checks over a certain threshold include dual signatures. Management Response: Checks over \$2,500 will require approval by two members in written format, which includes by email.
- 2015-02 Recommendation: We recommend that the budget be prepared using the modified accrual basis of accounting. We recommend that the budget versus actual be reviewed near year end and if a budget amendment is required, the tentative budget should be posted on the Authority's website at least 2 days before the budget hearing and approved within 60 days following the end of the fiscal year and the approved budget should be posted on the Authority's website within 30 days after adoption. Management Response: Management is in agreement with this recommendation and will implement this process.
- 2015-03 Recommendation: We recommend that the Authority purchase check stock that includes a remittance so that the organization can attach the remittance to the invoice when paid and so that checks are printed from the system and entered in real time to mitigate date inconsistencies. Management Response: Management is in agreement with this recommendation and will purchase check stock for bookkeeping purposes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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,

A handwritten signature in black ink that reads "Hill, Barth & King LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants



May 2, 2016

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

Independent Accountant's Report

We have examined the Martin County Industrial Development Authority (the Authority), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Authority and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Barth & King LLC

Certified Public Accountants