

**St. Johns County  
Industrial Development Authority**

**Audit Report**

**September 30, 2016**



**CRI** CARR  
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## St. Johns County Industrial Development Authority

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members  
St. Johns County Industrial  
Development Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the St. Johns County Industrial Development Authority (the "Authority"), a component unit of St. Johns County, Florida, as of and for the year ended September 30, 2016, 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 opinions 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 of 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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority as of September 30, 2016, and the respective changes in financial position thereof 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 and the budgetary comparison schedule 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 March 3, 2017 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.

*Carly Riggs & Ingram, L.L.C.*

St. Augustine, Florida  
March 3, 2017



## St. Johns County Industrial Development Authority

### Management's Discussion and Analysis

#### General

The St. Johns County Industrial Development Authority ("IDA") is a public corporation formed in 1980 to stimulate industrial development through the use of public financing.

Proposed or existing development projects that are seeking public funding in the form of bonds are reviewed by IDA to determine if they comply with the State of Florida Industrial Development Statutes, offer a benefit to the County and the proposed project is financially responsible. Once the IDA determines that these criteria have been met, the project and the related bond issue are recommended to the Board of County Commissioners for approval.

In addition, the IDA promotes industrial and economic development in the County, as allowed by Florida State Statute, by sponsoring various activities and providing support to other development-centered organizations such as the St. Johns County Chamber of Commerce.

#### Basic Financial Statements

The Authority is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statement of Net Position and Governmental Funds Balance Sheet reports the Authority's financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances reports changes in financial position of the General Fund and the governmental activities, and the degree to which the functional expenses are offset by program revenues for the governmental activities.

## St. Johns County Industrial Development Authority

### Management's Discussion and Analysis

#### Net Position

<i>As of September 30,</i>	<b>2016</b>	2015
<b>Assets</b>		
Non-capital assets	\$ 144,478	\$ 178,109
Capital assets	-	-
<b>Total assets</b>	<b>144,478</b>	178,109
<b>Liabilities</b>		
Current liabilities	500	325
Long-term liabilities	-	-
<b>Total liabilities</b>	<b>500</b>	325
<b>Net position</b>		
Restricted	-	-
Unrestricted	143,978	177,784
<b>Total net position</b>	<b>\$ 143,978</b>	\$ 177,784

#### Changes in Net Position

<i>Year ended September 30,</i>	<b>2016</b>	2015
<b>Program revenues</b>		
Charges for services	\$ 2,750	\$ -
<b>General revenues</b>		
Investment earnings	56	140
<b>Total revenues</b>	<b>2,806</b>	140
<b>Program expenses</b>		
Economic environment	36,612	16,148
<b>Change in net position</b>	<b>(33,806)</b>	(16,008)
<b>Beginning net position</b>	<b>177,784</b>	193,792
<b>Ending net position</b>	<b>\$ 143,978</b>	\$ 177,784

As of September 30, 2016, the IDA had assets of \$144,478. These assets consisted of cash deposited in interest-bearing accounts. This represents a \$33,631 decrease in total assets over the prior year. Liabilities for the same period totaled \$500 of accounts payable. This represents an increase of \$175 in liabilities. Net position of the IDA at September 30, 2016 was \$143,978. This is a decrease in net position from the prior year of \$33,806.

The primary source of revenue for the IDA is bond issuance fees, with additional revenues earned from interest on cash deposits. For the year ended September 30, 2016, the IDA approved one bond for issuance for \$1,000 in fees, and miscellaneous charges of \$1,750 for services. During the prior year, the IDA did not approve any bonds for issuance. Interest earnings for the year were \$56, which represents a decrease of \$84 from the prior year's interest earned.



## St. Johns County Industrial Development Authority

### Management's Discussion and Analysis

#### **Budgetary Information**

The original budget for the IDA anticipated revenues of \$15,130 and expenditures of \$53,075 and an overall anticipated decrease in fund balance of \$37,945. Over the course of the fiscal year, budget amendments were adopted to decrease anticipated revenues by \$12,328 and to decrease proposed expenditures by \$15,500. These amendments were processed to reflect the reduction in expected number of bond issuances and changes in interest rates and administrative costs.

The final budget for the fiscal year anticipated a net decrease in fund balance of \$34,773. The actual operating results exhibited a decrease in fund balance of \$33,806.

#### **Economic Factors**

We are not currently aware of any conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

#### **Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 2825 Lewis Speedway, Suite 104, St. Augustine, Florida.

**St. Johns County Industrial Development Authority**

**Statement of Net Position and Governmental Funds Balance Sheet  
September 30, 2016**

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 144,331	\$ -	\$ 144,331
Accounts receivable	147	-	147
<b>Total assets</b>	<b>\$ 144,478</b>	<b>-</b>	<b>144,478</b>
<b>Liabilities</b>			
Accounts payable	\$ 500	-	500
<b>Fund balance</b>			
Unassigned	143,978	(143,978)	-
<b>Total liabilities and fund balance</b>	<b>\$ 144,478</b>		
<b>Net position</b>			
Unrestricted		<u>\$ 143,978</u>	<u>\$ 143,978</u>

*See accompanying notes.*



St. Johns County Industrial Development Authority

Statement of Activities and Governmental Fund Revenues,  
Expenditures and Changes in Fund Balance  
Year ended September 30, 2016

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/expenses</b>			
Economic environment:			
Operations	\$ 36,612	\$ -	\$ 36,612
<b>Program revenues</b>			
Charges for services	2,750	-	2,750
<b>Net program revenues</b>			(33,862)
<b>General revenues</b>			
Investment income	56	-	56
<b>Excess of revenues over (under)     expenditures</b>	(33,806)	33,806	-
<b>Change in net position</b>	-	(33,806)	(33,806)
<b>Fund balance/net position, beginning of year</b>	177,784	-	177,784
<b>Fund balance/net position, end of year</b>	\$ 143,978	\$ -	\$ 143,978

See accompanying notes.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The St. Johns County Industrial Development Authority (the “Authority”) was created as a Florida public corporation in accordance with the Florida Authority Law, Part III of Chapter 159, Florida Statutes, following the adoption of an approving ordinance (No. 80-9, dated January 22, 1980) by the Board of County Commissioners of St. Johns County, Florida (the “Board”). The purpose of the Authority is to stimulate industrial development through the use of public financing. The Authority is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the Board.

The Board appoints the Authority Members, who serve a term of four years. The Board has the power to remove a Member of the Authority from office without cause. For financial reporting purposes the Authority is considered a component unit of St. Johns County.

The Authority uses the criteria established in Governmental Accounting Standards Board (“GASB”) Statement No. 14, as amended, to identify component units. The Authority’s financial statements do not contain any component units.

At September 30, 2016, the Authority had not entered into any joint ventures.

***Reporting Model***

As a dependent special district, the Authority accounts for its activities using the governmental financial reporting model and follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended.

The Authority is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statement of Net Position and Governmental Funds Balance Sheet reports the Authority’s financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances reports changes in financial position of the General Fund and the governmental activities, and the degree to which the functional expenses are offset by program revenues for the governmental activities.

***Measurement Focus/Basis of Accounting***

The General Fund’s financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred.

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 related cash flows.

***Fund Balance/Net Position***

Net position represents the difference between assets and liabilities reported for the governmental activities. Net position is reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net position is net position that does not meet the definition of the classification previously described. 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. The Authority has no restricted net position.

The Authority follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance classifications are described below:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Authority's highest level of decision-making authority, which is a resolution of the Board of Directors. Committed amounts cannot be used for any other purpose unless the Authority removes those constraints by taking the same type of action.

Notes to Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Authority’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Authority’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

All of the cash deposits of the Authority are placed with qualified public depositories and are entirely insured by Federal depository insurance and/or collateralized pursuant to Chapter 280, Florida Statutes.

Section 218.415, Florida Statutes, authorizes the Authority to invest in the Local Government Surplus Funds Trust Fund investment pool, Security and Exchange Commission (“SEC”) registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury. The Authority had no investments during the year.

**NOTE 3 – CONDUIT DEBT OBLIGATIONS**

From time to time, the Authority has issued bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

Neither the Authority, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2016, there were several bonds outstanding. The aggregate principal amount payable and aggregate original issue amount could not be determined.

## **Required Supplementary Information**

**St. Johns County Industrial Development Authority**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual – General Fund  
Year ended September 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	
<b>Revenues</b>			
Charges for services	\$ 15,000	\$ 2,750	\$ 2,750
Investment income	130	52	56
<b>Total revenues</b>	<b>15,130</b>	<b>2,802</b>	<b>2,806</b>
<b>Expenditures</b>			
Economic environment:			
Operations	53,075	37,575	36,612
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (37,945)</b>	<b>\$ (34,773)</b>	<b>(33,806)</b>
<b>Fund balance, beginning of year</b>			<b>177,784</b>
<b>Fund balance, end of year</b>			<b>\$ 143,978</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by the Authority Members pursuant to Florida Statutes. The fund is the legal level of control.

**Additional Elements Required by the  
Rules of the Auditor General**

## MANAGEMENT LETTER

To the Members  
St. Johns County Industrial  
Development Authority

We have audited the financial statements of the St. Johns County Industrial Development Authority (the "Authority"), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 3, 2017. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Authority has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Authority has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.



## **Annual Financial Report**

As a dependent special district, the Authority's activity is included in the annual financial report of St. John's County. As required by the Rules of the Auditor General, we determined that the annual financial report for the fiscal year ended September 30, 2016, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2016.

## **Other Matters**

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

*Carly Riggs & Ingram, L.L.C.*

St. Augustine, Florida  
March 3, 2017

**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***

To the Members  
St. Johns County Industrial  
Development Authority

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 St. Johns County Industrial Development Authority (the "Authority"), a component unit of St. Johns County, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 3, 2017.

**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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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.

*Carr, Riggs & Ingram, L.L.C.*

St. Augustine, Florida  
March 3, 2017

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Members  
St. Johns County Industrial Development Authority

We have examined the St. Johns County Industrial Development Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. 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, 2016.

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

*Carr, Riggs & Ingram, L.L.C.*

St. Augustine, Florida  
March 3, 2017