

BAKER COUNTY DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2019

BAKER COUNTY DEVELOPMENT COMMISSION
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2019

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BAKER COUNTY DEVELOPMENT COMMISSION
BOARD OF DIRECTORS
SERVING AS OF SEPTEMBER 30, 2019

BOARD OF DIRECTORS

Ronald Mann, Chair

Daniel Masterson, Treasurer

Polly Gore

Christopher Gazes

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
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INDEPENDENT AUDITORS' REPORT

The Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We have audited the accompanying financial statements of the governmental activities and its major fund of the Baker County Development Commission (the "Commission") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission'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. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and its major fund of the Baker County Development Commission, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

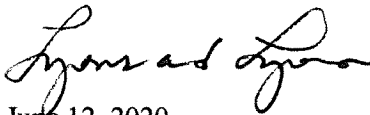
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 June 12, 2020, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.



June 12, 2020
Macclenny, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Baker County Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the Commission's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2018-19.

- The Commission's overall net position decreased by approximately \$13,508.
- Total ending unrestricted net position was approximately \$117,928.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Commission's activities as a whole and fund financial statements that report on the Commission's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Commission's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Commission's financial health.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Commission's financial health is improving or deteriorating.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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. Such information may be used in evaluating a government's near term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$1,224,989 at the close of the fiscal year ended September 30, 2019.

	<u>Governmental Activities</u>	
	<u>FY 2019</u>	<u>FY 2018</u>
Current and Other Assets	\$ 117,928	\$ 131,436
Capital Assets	<u>1,107,061</u>	<u>1,107,061</u>
Total Assets	1,224,989	1,238,497
Current and Other Liabilities	-----	-----
Total Liabilities	-----	-----
Net Position:		
Invested in Capital Assets	1,107,061	1,107,061
Unrestricted	<u>117,928</u>	<u>131,436</u>
Total Net Position	<u>\$1,224,989</u>	<u>\$1,238,497</u>

Changes in Net Position

The following schedule provides a summary of the changes in net position.

	<u>FY 2019</u>	<u>FY 2018</u>
Revenues:		
General Revenues:		
Other Taxes	\$ 10,000	\$ 10,000
Interest Income	<u>1,123</u>	<u>1,143</u>
Total Revenues	<u>11,123</u>	<u>11,143</u>
Expenses:		
Economic Development	<u>24,631</u>	<u>23,559</u>
Total Expenses	<u>24,631</u>	<u>23,559</u>
Changes In Net Position	(13,508)	(12,416)
Net Position-Beginning of Year	<u>1,238,497</u>	<u>1,250,913</u>
Net Position-End of Year	<u>\$1,224,989</u>	<u>\$1,238,497</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$11,123 of general revenues, and incurred \$24,631 of program expenses. This resulted in a \$13,508 decrease in net position.

THE COMMISSION'S GENERAL FUND

The General Fund's fund balance decreased by \$13,508.

BUDGETARY HIGHLIGHTS

General Fund revenues were more than budgeted amounts by \$1,023 and expenditures were less than budgeted amounts by \$944.

CAPITAL ASSETS

The Commission's capital asset of land did not increase or decrease during the year. Please refer to the note to the accompanying financial statements entitled *Changes in Capital Assets* for more detailed information about the Commission's capital asset activity.

ECONOMIC FACTORS

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

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Baker County Development Commission at 20 East Macclenny Avenue, Macclenny, FL 32063.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government	
	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	\$ 117,928	\$ 117,928
Capital Assets:		
Non Depreciable	<u>1,107,061</u>	<u>1,107,061</u>
TOTAL ASSETS	<u>1,224,989</u>	<u>1,224,989</u>
<u>LIABILITIES</u>		
Due to Other Agencies	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in Capital Assets	1,107,061	1,107,061
Unrestricted	<u>117,928</u>	<u>117,928</u>
TOTAL NET POSITION	<u>\$ 1,224,989</u>	<u>\$ 1,224,989</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	
Governmental Activities:					
Economic Development	\$ 24,631	\$ -	\$ -	\$ -	\$ (24,631)
Total Governmental Activities	<u>\$ 24,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(24,631)</u>
General Revenues:					
					10,000
					1,123
Total General Revenues					<u>11,123</u>
Change in Net Position					(13,508)
Net Position-October 1, 2018					<u>1,238,497</u>
Net Position-September 30, 2019					<u>\$ 1,224,989</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 117,928	\$ 117,928
TOTAL ASSETS	<u>\$ 117,928</u>	<u>\$ 117,928</u>
<u>LIABILITIES</u>		
Due to Other Agencies	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>		
Fund Balance: Unassigned	117,928	117,928
TOTAL FUND BALANCES	<u>117,928</u>	<u>117,928</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 117,928</u>	<u>\$ 117,928</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 117,928

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets 1,107,061

NET POSITION OF GOVERNMENTAL ACTIVITIES \$1,224,989

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL</u>
<u>REVENUES</u>		
Other Taxes	\$ 10,000	\$ 10,000
Interest Income	1,123	1,123
TOTAL REVENUES	<u>11,123</u>	<u>11,123</u>
 <u>EXPENDITURES</u>		
Current:		
Economic Development	24,631	24,631
TOTAL EXPENDITURES	<u>24,631</u>	<u>24,631</u>
 NET CHANGE IN FUND BALANCES	(13,508)	(13,508)
 FUND BALANCES - October 1, 2018	131,436	131,436
FUND BALANCES - September 30, 2019	<u>\$ 117,928</u>	<u>\$ 117,928</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS	<u>\$ (13,508)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (13,508)</u>

The accompanying "Notes to the financial statements" form an integral part of this statement.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Baker County Development Commission (the Commission) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Commission is a special district established under the legal authority of Florida Law. Its purpose is to perform such acts as shall be necessary for the sound planning for, and development of, Baker County, Florida. It is composed of a seven-member board appointed by the Governor, one from each of the County Commissioner districts and two members from the County at large. As of September 30, 2019, only four board seats were occupied.

The accompanying financial statements include all funds and account groups that are controlled by, or are dependent on the Commission.

A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities, are in substance part of the primary government's operations and, accordingly, data from these units would be combined with data of the Commission. There are no blended component units included in the Commission's financial reporting entity. Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the Commission. There are no discretely presented component units included in the Commission's financial reporting entity.

There were no entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the Commission's financial statements.

The Commission did not participate in any joint ventures during the current fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission.

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 that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The Commission has presented the following major governmental fund (the Commission did not have any non-major funds):

General Fund – The General Fund is the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

Fund Balance

The Commission 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 Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

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 Commission's highest level of decision-making authority, which is a policy of the Commission. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) Commission or (b) a body or official to whom the Commission 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.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (concluded)

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

Measurement Focus and Basis of Accounting

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.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Debt service expenditures are recorded when payment is due.

Budgets and Budgetary Accounting

Chapter 218, Florida Statutes, governs the preparation, adoption, and amendment of the budgets. The fund is the level of control. Budgetary data presented in the accompanying financial statements represent the "final" budget data; i.e., the effects of budget amendments have been applied to "original" budgetary data. Budgeted appropriations lapse at year-end. Budgets are adopted on a basis that does not differ materially from accounting principles generally accepted in the United States of America.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Commission.

Cash and Cash Equivalents

For purposes of the statement of net position and statement of cash flows, all highly liquid investments, including restricted cash, are considered to be cash equivalents.

Deposits with Financial Institutions

All cash resources and certificates of deposit of the Commission are placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required to deposit with the State Treasurer eligible collateral equal to or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that Commission funds are entirely collateralized throughout the fiscal year.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Capital Assets

The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. The capital assets owned by the Commission consist exclusively of land which is not depreciated.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislations adopted by the Commission or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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 – INVESTMENTS

The Commission invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes. Accordingly, the Commission is authorized to invest excess public funds in the following instruments: The Local Government Investment Pool; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposits in qualified public depositories; direct obligations of the U.S. Treasury; and Federal agencies and instrumentalities.

The Commission is exposed to the following risks associated with its investment portfolio:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Risk – the risk that changes in interest rate will adversely affect the fair value of an investment.

The Commission does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the Commission's exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

BAKER COUNTY DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in assets follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Capital Assets not Being Depreciated:				
Land	\$ 1,107,061	\$ -	\$ -	\$ 1,107,061

In July 2015, the Commission entered into an option to buy 400 acres of property in Baker County for \$20,000 an acre increasing annually at 4%. The option ends on May 31, 2021. There is no material penalty for failure to exercise this option. There was no cost to the Commission for the option. The option was entered into for the purpose of pursuing Site Certification jointly with the Baker County Board of County Commissioners by applying to the Department of Economic Opportunity under the Rural Infrastructure Fund to seek \$300,000 in funding for Site Certification. The Commission currently lacks water and sewer access for the site and as of the date of the financial statements does not expect to exercise the option.

NOTE 4 – RISK MANAGEMENT

The Commission maintains insurance coverage for liabilities associated with owning vacant land and risks associated with errors and omissions of its governing body.

NOTE 5 – RELATED PARTIES

The Commission has no employees. For certain management, finance and administrative services, the Commission renewed an annual agreement with the Baker County Chamber of Commerce to provide such services. The Commission paid \$16,000 for these services for the year ended September 30, 2019.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 12, 2020, the date which the financial statements were available to be issued. There were no subsequent events determined to occur that would have a material effect on the presentation of the financial statements taken as a whole through the date of the report, June 12, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

BAKER COUNTY DEVELOPMENT COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>WITH</u>
				<u>FINAL</u>
				<u>BUDGET</u>
<u>REVENUES</u>				
Other Taxes	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Interest Income	100	100	1,123	1,023
TOTAL REVENUES	<u>10,100</u>	<u>10,100</u>	<u>11,123</u>	<u>1,023</u>
<u>EXPENDITURES</u>				
Current:				
Economic Development	<u>25,575</u>	<u>25,575</u>	<u>24,631</u>	<u>944</u>
TOTAL EXPENDITURES	<u>25,575</u>	<u>25,575</u>	<u>24,631</u>	<u>944</u>
NET CHANGE IN FUND BALANCE	(15,475)	(15,475)	(13,508)	1,967
FUND BALANCES - OCTOBER 1, 2018	<u>131,436</u>	<u>131,436</u>	<u>131,436</u>	<u>-</u>
FUND BALANCES - SEPTEMBER 30, 2019	<u>\$ 115,961</u>	<u>\$ 115,961</u>	<u>\$ 117,928</u>	<u>\$ 1,967</u>

Notes to Budgetary Comparison Schedules

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from accounting principles generally accepted in the United States of America. Appropriations lapse at year-end.

ADDITIONAL ELEMENTS REQUIRED

BY THE

RULES OF THE AUDITOR GENERAL

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

Telephone (904) 259-4307
Fax (904) 259-5102

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We have audited the financial statements of the Baker County Development Commission (the "Commission") as of and for the fiscal year ended September 30, 2019.

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; *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, ATC-Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(l)(i)l., 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. 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. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

Official Title and Legal Authority

Section 10.554(l)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. There are no component units of The Commission. The Baker County Development Commission was established by a Special Act of the Legislature of the State of Florida, Chapter 57-1129 and House Bill Number 1899, which became a law without the Governor's approval of June 29, 1957.

Financial Condition

Sections 10.554(l)(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 Baker County Development Commission has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Baker County Development Commission did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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The Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

Page Two

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Baker County Development Commission'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 same.

Other Matters

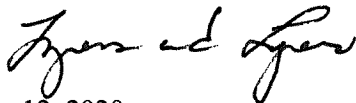
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Recommendations are noted as items 2019-001 and 2019-002 in the accompanying Schedule of Findings and response.

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, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to express our appreciation for the courtesies, which have once again, been extended to our staff. We have sincerely enjoyed our association with the Commission and look forward to a continuing relationship. If you have any questions or comments concerning this letter, our accompanying reports, or any other matters, please do not hesitate to contact us.



June 12, 2020
Macclenny, Florida

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard
Macclenny, Florida 32063

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Fax (904) 259-5102

INDEPENDENT AUDITORS' 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 Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

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, its major fund of the Baker County Development Commission (the "Commission"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 12, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and response, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and response as its 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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

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The Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

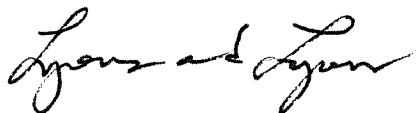
with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Baker County Development Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings. The Commission'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.



June 12, 2020
Macclenny, Florida

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

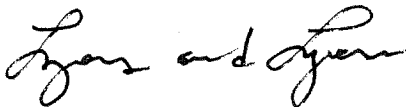
To the Honorable Board of Directors
Baker County Development Commission
Macclenny, Florida

We have examined the office of the Baker County Development Commission's (the "Commission") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on the Commission'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 Commission'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 Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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.



June 12, 2020
Macclenny, Florida

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
BAKER COUNTY DEVELOPMENT COMMISSION

Findings

2019-001 (Reported in previous audit reports as items 2018-01 and 2017-01.)

Condition – Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The Commission has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. However, the possibility still exist that unintentional or intentional errors or irregularities could exist and not be detected.

Recommendation – To the extent possible, given available personnel, steps should be taken to segregate employee duties so that no individual has access to both physical assets and the related accounting records, or all phases of a transaction. A similar finding was noted in our prior report. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of duties and responsibilities. However, we feel it is important that you are made aware of this condition.

2019-002 (Reported in previous audit reports as items 2018-02 and 2017-02.)

Condition – Statements of Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit, requires auditors to prepare written communication if they identify misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to the Commission’s financial statements. It was also necessary for us to assist with the preparation of the financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving the financial reporting process, the Commission will have an enhanced ability to monitor its budget position on an ongoing basis.

Baker County Development Commission

20 East Macclenny Ave.

Macclenny, FL 32063

904-259-6433

June 12, 2020

Ms. Sherrill F, Norman, CPA
Office of the Auditor General
State of Florida
Claude Denson Pepper Building
111 West Madison St
Tallahassee, FL 32399-1450

Dear Ms. Norman,

The Following is the response to the audit of the Baker County Hospital Authority's financial statements for the year ended September 30, 2019.

Audit Finding 2019-01

The Baker County Hospital Authority's administrative staff is limited to two individuals. Compensating controls have been implemented to the extent possible given the number of available staff. All checks require the signatures of two board members; administrative staff is not authorized to sign checks. An individual independent of the receipting process prepares bank reconciliations. Finally, the board reviews and approves all expense before checks are prepared.

Audit Finding 2019-02

The finding is duly noted. Due to budget constraints it is not feasible to have someone on staff with the knowledge and experience to correctly prepare the financial statements.

If additional information is required, please do not hesitate to contact me.

Sincerely,



Darryl Register
Administrative Officer