

CLAY COUNTY DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**CLAY COUNTY DEVELOPMENT AUTHORITY
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SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Clay County Development Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Clay County Development Authority (the Authority), as of and for the year ended September 30, 2019, 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

The Authority's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 auditors' 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 Authority'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 Authority as of September 30, 2019, and the respective changes in financial position thereof and budgetary comparison statement 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

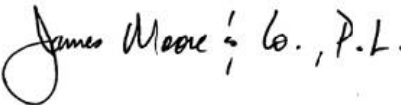
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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 audits 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Daytona Beach, Florida
February 19, 2020

**CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

We offer 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, 2019.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and prior year is required to be presented in the MD&A and is presented in the Financial Highlights.

Financial Highlights

Our financial statements provide these insights into the results of this year's operation:

- At September 30, 2019, the Authority's statement of net position reported an ending net position balance of \$2,160,198, which is a change of (\$52,277) from the prior fiscal year. One of the reasons for this decrease is due to the fact that the Authority had no bond issue revenue in the current year and no rental income after selling the property at 1734 Kingsley Avenue. The Authority has been attempting to increase its income in recent years through financing additional bond issues and charging grantors administrative fees for the grant services it provides.
- The Authority's assets exceeded its liabilities at September 30, 2019 by \$2,160,198. The full amount (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- Total revenues were \$1,426,634 and \$388,392 for the fiscal years ending September 30, 2019 and 2018, respectively. Of those amounts, the Authority earned and expended \$1,399,959 and \$188,064, respectively, in grant revenues.
- Total expenses were \$1,478,911 and \$326,879 for September 30, 2019 and 2018, respectively. The reason for the increase in expenses is related to more grant-related expenditures compared to the prior fiscal year.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's financial statements which include a combined governmental fund and a government-wide statement as well as notes to the financial statements. There is additional supplementary information following these financial statements which may be of interest to the reader.

The governmental activities statements include a Statement of Net Position and a Statement of Activities, and are designed to provide you with the financial position of the Authority and are similar to private-sector financial statements.

The Governmental Fund Balance Sheet/Statement of Revenues, Expenditures, and Changes in Fund Balance (general fund column) shows the Authority's near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)**

Government-wide financial statements – Analysis

Statement of Net Position

	2019	2018
Assets		
Current and other assets	\$ 2,160,957	\$ 2,212,925
Total assets	\$ 2,160,957	\$ 2,212,925
Liabilities		
Accounts payable and other liabilities	\$ 759	\$ 450
Total liabilities	\$ 759	\$ 450
Net Position		
Unrestricted	\$ 2,160,198	\$ 2,212,475
Total Net Position	\$ 2,160,198	\$ 2,212,475

The Statement of Net Position column shows the Authority's assets less its liabilities. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position. The Authority's net position in 2019 remained very similar and stable to the prior years.

Statement of Activities

	2019	2018
Revenues:		
Program revenues:		
Grants	\$ 1,399,959	\$ 188,064
Rental income	-	41,970
General revenues:		
Investment income	25,948	16,052
Fees	-	67,776
Miscellaneous	727	6,105
Gain/loss on disposal of capital assets	-	68,425
Total revenues	1,426,634	388,392
Expenses:		
Operating costs	135,534	140,953
Facility costs	3,418	16,162
Capital grants	1,339,959	169,764
Total expenses	1,478,911	326,879
Change in net position	(52,277)	61,513
Net Position – beginning	2,212,475	2,150,962
Net Position - ending	\$ 2,160,198	\$ 2,212,475

**CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)**

Because the focus of governmental funds, general fund column, is narrower than that of the government-wide financial statement, net position column, it is useful to compare the information presented for governmental activities in the general fund with governmental information presented for governmental activities in the government-wide column Statement of Net Position.

The Statement of Activities column presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows.

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

Governmental Funds

The Authority's revenues and other financing sources increased by approximately \$1,038,000 when compared to the prior fiscal year, primarily due to new significant grant projects being undertaken in the current fiscal year.

The Authority's expenditures and other financing uses increased by approximately \$1,160,000 compared to the prior fiscal year. The increase in expenditures was mostly attributable to the increase in grant expenditures of approximately \$1,170,000.

Capital Assets

The Authority's investment in capital assets was reduced to zero in the prior year after the sale of the property at 1734 Kingsley Avenue during fiscal year 2018.

Budgetary Highlights

Budget to actual statements are provided in the financial statements. The budget to actual statement for the General Fund shows that actual expenditures were less than budgeted expenditures by \$275,634, mostly due to significantly less than anticipated grant disbursements.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the management of the financial resources of the Authority. If you have any questions about this report or need additional financial information, you may contact the Clay County Development Authority by mail at 1845 Town Center Blvd, Suite 410, Fleming Island, FL 32003.

**CLAY COUNTY DEVELOPMENT AUTHORITY
BALANCE SHEET / STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,999,976	\$ -	\$ 1,999,976
Investments	160,981	-	160,981
Total Assets	\$ 2,160,957	\$ -	\$ 2,160,957
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 759	\$ -	\$ 759
<u>FUND BALANCE / NET POSITION</u>			
Fund balance:			
Assigned to subsequent year's budget	\$ 64,674	\$ (64,674)	\$ -
Unassigned	2,095,524	(2,095,524)	-
Net position:			
Unrestricted	-	2,160,198	2,160,198
Total Fund Balance / Net Position	2,160,198	\$ -	\$ 2,160,198
Total Liabilities and Fund Balance	\$ 2,160,957		

The accompanying notes to financial statements
are an integral part of these statements.

**CLAY COUNTY DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Interest income	\$ 25,948	\$ -	\$ 25,948
Grants	1,399,959	-	1,399,959
Miscellaneous	727	-	727
Total revenues	<u>1,426,634</u>	<u>-</u>	<u>1,426,634</u>
Expenditures / expenses			
Legal and professional	113,571	-	113,571
Funding to CEDC	10,000	-	10,000
Funding to SBDC	2,500	-	2,500
Other grants	500	-	500
Special promotion	46	-	46
Grant disbursements	1,339,959	-	1,339,959
Miscellaneous	8,917	-	8,917
Building expense	3,418	-	3,418
Total expenditures / expenses	<u>1,478,911</u>	<u>-</u>	<u>1,478,911</u>
Excess (deficiency) of revenues over expenditures / operating income (loss)	<u>(52,277)</u>	<u>-</u>	<u>(52,277)</u>
Net change in fund balance / net position	<u>(52,277)</u>	<u>-</u>	<u>(52,277)</u>
Fund balance / net position, beginning of year	2,212,475	-	2,212,475
Fund balance / net position, end of year	<u>\$ 2,160,198</u>	<u>\$ -</u>	<u>\$ 2,160,198</u>

The accompanying notes to financial statements
are an integral part of these statements.

**CLAY COUNTY DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ 24,000	\$ 24,000	\$ 25,948	\$ 1,948
Grants	1,700,000	1,700,000	1,399,959	(300,041)
Miscellaneous	-	-	727	727
Total revenues	<u>1,724,000</u>	<u>1,724,000</u>	<u>1,426,634</u>	<u>(297,366)</u>
Expenditures / expenses				
Legal and professional	108,300	108,300	113,571	(5,271)
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	2,500	2,500	2,500	-
Other grants	500	500	500	-
Special promotion	-	-	46	(46)
Grant disbursements	1,625,000	1,625,000	1,339,959	285,041
Miscellaneous	8,245	8,245	8,917	(672)
Building expense	-	-	3,418	(3,418)
Total expenditures / expenses	<u>1,754,545</u>	<u>1,754,545</u>	<u>1,478,911</u>	<u>275,634</u>
Excess (deficiency) of revenues over expenditures	<u>(30,545)</u>	<u>(30,545)</u>	<u>(52,277)</u>	<u>(21,732)</u>
Fund balance, beginning of year	2,212,475	2,212,475	2,212,475	-
Fund balance, end of year	<u>\$ 2,181,930</u>	<u>\$ 2,181,930</u>	<u>\$ 2,160,198</u>	<u>\$ (21,732)</u>

The accompanying notes to financial statements
are an integral part of this statement.

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) Summary of Significant Accounting Policies:

The accounting policies of the Clay County Development Authority (the Authority) conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant policies.

(a) **Reporting entity**—The Authority is an independent special district created under special act by the Florida Legislature, Chapter 2001-317, House Bill 897, for the purpose of performing such acts as shall be necessary for the sound planning and development of Clay County, Florida. It is composed of ten members who are appointed by the governor. The Authority has adopted Governmental Accounting Standards Board (GASB) Codification and has determined that there are no component units that meet the criteria for inclusion in the Authority's financial statements.

(b) **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 incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using current *financial resources, measurement focus*, and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within one year of the end of the fiscal year.

(c) **Budget and budgetary accounting**—The Authority prepares a budget on a consistent basis which does not differ materially from generally accepted accounting principles. The budget is approved and amended by Authority members. The Authority has one budgeted governmental fund, which is the General Fund. The legal level of control is the General Fund as a whole.

(d) **Cash and cash equivalents**—Cash and cash equivalents consists of cash on hand and on deposit in banks and money market accounts.

(e) **Investments**—The Authority's investment practices are governed by Chapter 218.415, Florida Statutes. The Authority is authorized to invest in the following:

- 1) The Local Government Surplus Funds Trust Fund;
- 2) Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency;
- 3) Interest bearing time deposits or savings accounts in qualified public depositories; and
- 4) Direct obligations of the U.S. Treasury.

(f) **Grants and accounts receivable**—All receivables are determined to be fully collectable. Accordingly, no allowance for doubtful accounts has been provided.

(g) **Fund equity**—The Authority had no fund balance other than assigned, which represent funds designed by the Board for use in the following fiscal year, and unassigned fund balance at September 30, 2019. Should the Authority hold any fund balance/net position that classifies as either restricted or committed, it is the Authority to first apply restricted resources, and then committed resources, before using any unrestricted resources.

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Revenues and expenditures**—Other than grant revenues, the Authority’s primary revenue streams consist of bond fees, earned by the Authority both upon the issuance of conduit debt and on an ongoing basis from conduit debt issuance. Non-grant expenditures generally are for administrative items. The Authority had no conduit debt issuances for the year ended September 30, 2019.

(i) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Included with the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. These differences, including various equity reclassifications, are outlined in the “Adjustments” column on the balance sheet / statement of net position.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Included with the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There were no such reconciling items for the current year.

(3) **Deposits and Investments:**

At September 30, 2019, the carrying amount of the Authority’s deposits was \$1,999,976. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority’s deposits at year end are considered insured for custodial credit risk purposes.

Investments of \$160,981 consist of monies held in the Florida PRIME fund, as managed by the State Board of Administration. The Local Government Surplus Funds Trust Fund (Florida PRIME) is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements of the SEC’s Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held; restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio; requirements for portfolio diversification; requirements for divestiture considerations in the event of security downgrades and defaults; and required actions if the market value of the portfolio deviates from amortized cost by a specified amount. The Florida PRIME is considered a SEC 2a7-like fund, and the account balance is considered the fair value of the investment. The Florida PRIME is rated by Standard & Poor. The current rating is AAAM. The weighted average days to maturity of the Florida PRIME at September 30, 2019, were 85 days.

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(4) Noncommitments and Conduit Debt:

Chapter 159, Parts II and III, Florida Statutes, and other applicable provisions of law (the “Act”) authorizes the Authority to make and execute agreements, contracts, deeds, and other instruments necessary or convenient for the construction of an industrial or manufacturing plant as defined in the Act. The Act also authorizes the purchase of machinery, equipment, land, rights in land, and other related appurtenances and facilities, to the end that the Authority may be able to promote the economic development of Clay County and of the State of Florida; to increase opportunities for gainful employment; and to aid in improving the prosperity and welfare of the State and its inhabitants. The Authority, as permitted by the Act, has issued Industrial Revenue Bonds, the various borrowers of which are solely responsible for debt repayment. A schedule of outstanding conduit debt as of September 30, 2019, is not available.

(5) Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There have been no claims or reductions in coverage from the prior year.

(6) New Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

(7) Subsequent Events:

On December 18, 2019, the Authority’s Board of Directors authorized the contract extension with The StellaRea Group to continue services until December 31, 2021. The commitment will total \$78,000 in fiscal year 2020 and 2021. In fiscal year 2022, the commitment will total \$19,500 if the termination date is not amended.

**CLAY COUNTY DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>State Grantor / Pass-Through Grantor Program or Cluster Title, Contract No.</u>	<u>CSFA Number</u>	<u>Grant or Contract Number</u>	<u>Expenditures</u>
STATE AGENCY			
Florida Department of Economic Opportunity			
Passed through Enterprise Florida, Inc.:			
Military Base Protection	40.014	CON 17-161	\$ 400,000
Military Base Protection	40.014	CON 19-100	500,000
Direct:			
Economic Development Partnerships	40.040	S0112	499,959
Total Florida Department of Economic Opportunity			<u>1,399,959</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 1,399,959</u></u>

Notes:

1) Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes state financial assistance activity of Clay County Development Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General.

2) Subrecipients:

The Authority provided no state awards to subrecipients during the year ended September 30, 2019.

**CLAY COUNTY DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2019**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance:

Internal control over major state projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major state projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? _____ yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$419,988

Identification of major state projects:

<u>CSFA Number</u>	<u>Project Name</u>
40.014	Military Base Protection
40.040	Economic Development Partnerships

B. Financial Statement Findings: None.

C. State Financial Assistance Findings and Questioned Costs: None.

D. Summary Schedule of Prior Audit Findings: None.

E. Corrective Action Plan: Not applicable as there are no current year comments related to internal control and/or compliance over financial reporting or state awards.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Board of Supervisors,
Clay County Development Authority:

Report on Compliance for Each Major State Project

We have audited Clay County Development Authority's (the Authority) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major state projects for the year ended September 30, 2019. The Authority's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2019.

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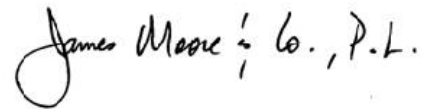
Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
February 19, 2020

**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 Board of Directors,
Clay County Development Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Clay County Development Authority (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting 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 audits 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.

James Moore & Co., P.L.

Daytona Beach, Florida
February 19, 2020

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,
Clay County Development Authority:

Report on the Financial Statements

We have audited the basic financial statements of the Clay County Development Authority (the Authority), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 19, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' 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 Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 19, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations from the prior fiscal year audit.

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 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. The Clay County Development Authority was established by special act by the Florida Legislature, Chapter 2001-317, HB 897. There are no component units related to the Authority.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate 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 audits, 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.b. 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 same.

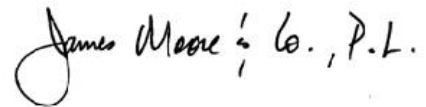
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
February 19, 2020

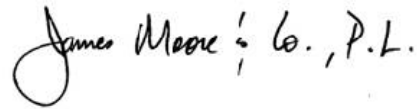
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Directors,
Clay County Development Authority:

We have examined the Clay County Development Authority's (the Authority) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. The Authority's 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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



Daytona Beach, Florida
February 19, 2020