

**HIGHWAY 79 CORRIDOR AUTHORITY**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**HIGHWAY 79 CORRIDOR AUTHORITY  
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SEPTEMBER 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Authority Board Members,  
Highway 79 Corridor Authority:

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

We have audited the accompanying financial statements of Highway 79 Corridor Authority (the "Authority"), as of and for the year ended September 30, 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highway 79 Corridor Authority, as of September 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 4 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.

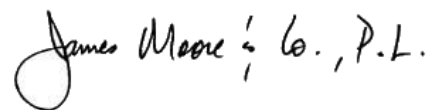
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of state financial assistance, as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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 8, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Daytona Beach, Florida  
February 8, 2022

**HIGHWAY 79 CORRIDOR AUTHORITY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

As management of the Highway 79 Corridor Authority (the “Authority”, 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, 2021.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements.

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

**Proprietary funds.** The Highway 79 Corridor Authority maintains one proprietary fund. The Authority uses the proprietary fund to account for its sewer and water services.

The basic fund financial statements can be found on pages 5 – 7 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 8 - 10 of this report.

**Proprietary Fund Financial Analysis**

A large portion of the Authority’s net position (77 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. The Authority is constructing capital assets that will provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of *unrestricted net position* of \$508,035 may be used to meet the Authority’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position.

**Highway 79 Corridor Authority’s Net Position**

	<b>2021</b>	<b>2020</b>
Current assets	\$ 529,013	\$ 113,273
Capital assets not being depreciated	2,090,502	223,489
Total assets	2,619,515	336,762
Current liabilities	598,342	27,764
Noncurrent liabilities	-	-
Total liabilities	598,342	27,764
Net investment in capital assets	1,679,128	223,489
Unrestricted	508,035	85,509
	\$ 2,021,173	\$ 308,998

**HIGHWAY 79 CORRIDOR AUTHORITY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

**Highway 79 Corridor Authority's Changes in Net Position**

	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
County contributions	\$ 146,146	\$ 100,000
Capital grants	1,701,023	126,399
Total revenues	1,847,169	226,399
<b>Expenses:</b>		
Operating and management	65,325	50,470
Professional services	32,293	23,811
Other operating expenses	23,517	3,397
Interest and debt issuance costs	13,859	-
Total expenses	134,994	77,678
Change in net position	1,712,175	148,721
<b>Net position, beginning of year</b>	308,998	160,277
<b>Net position, end of year</b>	\$ 2,021,173	\$ 308,998

**Capital Asset and Debt Administration**

**Capital assets.** The Authority's net investment in capital assets for its business type activities as of September 30, 2021, amounts to \$1,679,128. This net investment in capital assets includes construction in progress related to infrastructure projects.

Additional information on the Authority's capital assets can be found in the notes to the financial statements as indicated in the table of contents.

**Economic Factors and Next Year's Budget**

- The project is anticipated to be completed by the end of March 2022.
- Basic operations and maintenance for the utility lines and lift stations will start after project completion.
- Utility Rates will be adopted during FY 2022.
- A bulk Water and Sewer agreement between the City of Bonifay and the Authority will be finalized in FY 2022.
- No other significant impacts are expected for next year.

All of these factors were considered in preparing the Authority's budget for the 2022 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Highway 79 Corridor Authority, 1500 Mahan Drive, Suite 250, Tallahassee, Florida 32308.

**HIGHWAY 79 CORRIDOR AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 468,478
Accounts receivable	57,883
Prepaid expenses	2,652
Total current assets	<u>529,013</u>

**Noncurrent assets**

Construction in progress	2,090,502
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**Total Assets**

2,619,515

**LIABILITIES**

**Current liabilities**

Accounts payable	19,476
Accrued interest payable	1,502
Current portion of line of credit	411,374

**Total Liabilities**

598,342

**NET POSITION**

**Net position**

Net investment in capital assets	1,679,128
Unrestricted	342,045

**Total Net Position**

\$ 2,021,173

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

**HIGHWAY 79 CORRIDOR AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>Operating revenues</b>	
Total operating revenues	\$ -
<b>Operating expenses</b>	
Operating and management	65,325
Professional services	32,293
Other operating expenses	23,517
Total operating expenses	121,135
<b>Operating income (loss)</b>	(121,135)
<b>Nonoperating revenues (expenses)</b>	
County contributions	146,146
Debt issuance costs	(3,749)
Interest expense	(10,110)
Total nonoperating revenues (expenses)	132,287
<b>Income (loss) before capital contributions</b>	11,152
<b>Capital contributions</b>	
Capital grants	1,701,023
<b>Increase (decrease) in net position</b>	1,712,175
<b>Net position, beginning of year</b>	308,998
<b>Net position, end of year</b>	\$ 2,021,173

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



**HIGHWAY 79 CORRIDOR AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>Cash flows from operating activities</b>	
Cash paid to vendors and others	\$ 33,915
Net cash provided by (used in) operating activities	33,915
 <b>Cash flows from noncapital financing activities</b>	
County contributions	146,146
Net cash provided by (used in) noncapital financing activities	146,146
 <b>Cash flows from capital and related financing activities</b>	
Capital grants	1,674,764
Acquisition and construction of capital assets	(1,867,013)
Proceeds from issuance of line of credit	411,374
Debt issuance costs	(3,749)
Interest paid	(8,608)
Net cash provided by (used in) capital and related financing activities	206,768
<b>Net change in cash and cash equivalents</b>	386,829
<b>Cash and cash equivalents, beginning of year</b>	81,649
<b>Cash and cash equivalents, end of year</b>	\$ 468,478
 <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (121,135)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	(2,652)
Accounts payable	157,702
Net cash provided by (used in) operating activities	\$ 33,915

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

**HIGHWAY 79 CORRIDOR AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

(a) **Reporting entity**—The Highway 79 Corridor Authority (the “Authority”) was formed as a legal entity and public body pursuant to Chapters 125, 166 and 163, Florida Statutes and an Interlocal Agreement dated June 11, 2018 (the “Interlocal Agreement”) by and between the City of Bonifay, Holmes County, and Washington County (the “Authority Members”), each a local government located in the State of Florida. The purpose of the Authority is to foster and assist economic development and acquire, plan for, develop, fund, construct, own, maintain, manage, improve, operate, and at its option, dispose of the Authority facilities and projects within the Corridor Area.

Based on the criteria in Governmental Accounting Standards Board (GASB) Codification, the Authority has determined that there are no other units that meet the criteria for inclusion in the Authority's financial statements.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The 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. Intergovernmental revenue sharing items are recognized as revenues in the year for which they are budgeted. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(c) **Deposits**—The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(d) **Receivables and payables**—The Authority’s accounts receivable consists of amounts due from grantors. Payables consists of expenses incurred but unpaid prior to fiscal year end.

(e) **Capital assets**—Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

(f) **Net position flow assumption**—Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Authority’s policy to consider restricted net position to have been used before unrestricted net position is applied.

**HIGHWAY 79 CORRIDOR AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

(g) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in process	\$ 223,489	\$ 1,867,013	\$ -	\$ 2,090,502

(3) **Commitments and Contingencies:**

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute, a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

As of September 30, 2021, the Authority had the following commitments related to unfinished projects:

<u>Projects</u>	<u>Remaining Commitment</u>
Infrastructure Improvement Projects	\$ 631,000

(4) **Recent 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 Authority’s financial statements:

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 June 15, 2021.

**HIGHWAY 79 CORRIDOR AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

(5) **Risks and Uncertainties:**

During the year ended September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Authority as of February 8, 2022, management will closely monitor the impact on the Authority's financial position and on future operations.

(6) **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 government carries commercial insurance.

(7) **Related Parties:**

During the year ended September 30, 2021, the Authority received \$146,146 from member governments as a part of the revenue sharing provision in the Authority's interlocal agreement. Revenue sharing amounts for member governments are set each year during the Authority's budgeting process.

Additionally, in order to execute the powers of the Authority pursuant to the Interlocal Agreement and the responsibilities of the Authority, the Authority retained Government Services Group, Inc. (GSG), a private contractor, for the overall management of the Authority. The Management Services Agreement between the Authority and GSG defines the general functions GSG will carry out and expires July 9, 2022. The Authority has the option to extend the term of the Management Services Agreement. GSG receives a monthly payment based on hours worked not to exceed \$5,000 for basic services without prior approval by the Authority. Additional payments are made for other services approved by the Authority's Board of Directors. Total amounts paid to GSG for the year ended September 30, 2021, were \$115,440. At September 30, 2021, amounts payable to GSG totaled \$7,980.

(8) **Line of Credit:**

The Authority has available a revolving line of credit with a bank for up to \$600,000. Borrowings under the line of credit bear interest at a rate equal to the greater of Prime (3.25% at September 30, 2021) or 3.25%. Interest payments are due quarterly, with principal due in full at maturity 18 months from execution, on April 19, 2022. The outstanding balance on the line of credit was \$411,374 at September 30, 2021. Subsequent to year-end, on January 13, 2022, the Authority paid the outstanding balance in full and closed the line of credit.

Below details the changes in short-term borrowings during the year ended September 30, 2021.

	<b>Balance October 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2021</b>
Line of credit	\$ -	\$ 411,374	\$ -	\$ 411,374

**SUPPLEMENTARY INFORMATION**

**HIGHWAY 79 CORRIDOR AUTHORITY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>State Agency / Pass-Through Entity / State Project</u>	<u>CSFA Number</u>	<u>Pass-Through Identifying/ Grant Contract Number</u>	<u>Expenditures</u>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>Florida Department of Transportation</b>			
Direct:			
SR 79 Corridor, City of Bonifay Project	55.043	G1642	\$ 668,995
Total Florida Department of Transportation			<u>668,995</u>
<b>Florida Department of Economic Opportunity</b>			
Passed through Washington County Board of County Commissioners:			
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0006	1,032,028
Total Florida Department of Economic Opportunity			<u>1,032,028</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 1,701,023</u></u>

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this statement.

**HIGHWAY 79 CORRIDOR AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance of the Highway 79 Corridor Authority (the "Authority"), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes, *Florida Single Audit Act*. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215, Florida Statutes, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended September 30, 2021.

(3) **De Minimis Indirect Cost Rate Election:**

The Authority did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.





**HIGHWAY 79 CORRIDOR AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTION COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

*Condition and Context:* Out of 11 disbursements tested, we noted two disbursements that were not included in the Board Packet submitted to the Board of Directors and approved at their monthly Board meeting prior to being submitted to Washington County for payment.

*Cause:* Turnover in the Board Clerk position resulted in inconsistent recordkeeping and preparation of the Board Packets.

*Effect:* The Organization could face corrective action from the grantor or pass-through entity.

*Recommendation:* We recommend the Organization follow their established internal control approval procedures over disbursements.

IV. **Prior Audit Findings:** Not applicable as no prior year findings have been reported.

V. **Corrective Action Plan:** Not applicable as no current year findings have been reported.

**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 Authority Board Members,  
Highway 79 Corridor 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Highway 79 Corridor Authority (the “Authority”) as of and for the year ended September 30, 2021, 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 8, 2022.

***Internal Control over Financial Reporting***

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

James Moore & Co., P.L.

Daytona Beach, Florida  
February 8, 2022

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

To the Board of Directors,  
Highway 79 Corridor Authority:

**Report on Compliance for Each Major State Project**

We have audited the Highway 79 Corridor 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, 2021. 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 the State statutes, regulations, and the terms and conditions of its state projects 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 the audit requirements of Chapter 10.650, Rules of the Florida 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, 2021.

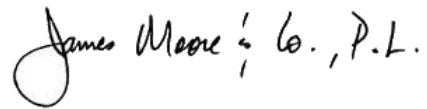
## Report on Internal Control over Compliance

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 of compliance, 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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 as combination of deficiencies, in internal control over compliance with the 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 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 8, 2022

**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,  
Highway 79 Corridor Authority:

**Report on the Financial Statements**

We have audited the financial statements of the Highway 79 Corridor Authority (the "Authority") as of and for the year ended September 30, 2022, and have issued our report thereon dated .

***Auditors' Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United State 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.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's 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 and schedule, which are dated , should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The following is a summary of prior year recommendations:

**2020-001 Capital Asset Policy** – Corrective action taken.

**2020-002 Public Depository Form** – Corrective action taken.

**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 legal authority for the primary government of the reporting entity is disclosed in Note (1) of the basic financial statements.

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. 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 review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendation.

### **2021-002 – Documentation of Internal Approval of Grant Expense**

For the Economic Development Tax Refund, Tax Credit and Grant Program received by the Authority from Washington County, it was noted that management and staff approval of disbursements that are submitted to Washington County and not paid from Authority funds were not documented on the internal Payment Voucher Approval form. While approval is also performed by the Board of Directors and staff submit the invoices to Washington County as approved invoices, we recommend the Authority document internal approval of all disbursements as a best practice.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

## **Special District Specific Information**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.

- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$-0-.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$-0-.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - a. Highway 79 Corridor Water/Sewer Infrastructure Development (CP0001) – Total current expenditures: \$2,089,512
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 State 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.

*James Moore & Co., P.L.*

Daytona Beach, Florida  
February 8, 2022



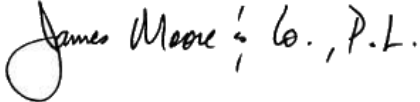
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Authority Board Members,  
Highway 79 Corridor Authority:

We have examined the compliance of Highway 79 Corridor Authority (the "Authority") with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. 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 the aforementioned statutes, for the year ended September 30, 2021, 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 Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Daytona Beach, Florida  
February 8, 2022



**Operations Office**

Government Services Group, Inc.  
1500 Mahan Drive, Suite 250  
Tallahassee, FL 32303

(850) 681-3717 Tel  
(850) 224-7206 Fax

February 8, 2022

RE: Management's Response to Findings

**2021-001 – CSFA #40.043 Economic Development Tax Refund, Tax Credit and Grant Program – Expense Approval – Activities Allowed/ Allowable Costs**

**2021-002 – Documentation of Internal Approval of Grant Expense**

We agree with the above comments. Staff will review the Board Packets and ensure that all items requiring approval over disbursements are correct and present for the Board members approval.

Respectfully,

A handwritten signature in black ink, appearing to read 'David M. DiLena'. The signature is fluid and cursive, written over a light gray rectangular background.

David M. DiLena, CFO  
Highway 79 Corridor Authority

**Highway 79 Corridor Authority Board of Directors**  
TRAY HAWKINS, Chair, Washington County / CLINT ERICKSON, Holmes County  
ROGER BROOKS, City of Bonifay