

HIGHWAY 79 CORRIDOR AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**HIGHWAY 79 CORRIDOR AUTHORITY
TABLE OF CONTENTS
SEPTEMBER 30, 2022**

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 5
Basic Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12
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 <i>Government Auditing Standards</i>	13 - 14
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General	15 - 17
Independent Accountants' Examination Report	18

INDEPENDENT AUDITORS' REPORT

To the Authority Board Members,
Highway 79 Corridor Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited financial statements of Highway 79 Corridor Authority (the "Authority"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the major fund of the Authority, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

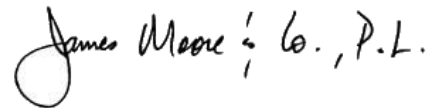
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2023, 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.

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
January 4, 2023

**HIGHWAY 79 CORRIDOR AUTHORITY
MANAGEMENTS DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022.

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 6 – 8 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 9 - 12 of this report.

Proprietary Fund Financial Analysis

A large portion of the Authority’s net position (98 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Authority has constructed 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 \$65,385 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

	2022	2021
Current assets	\$ 77,602	\$ 529,013
Capital assets being depreciated, net	2,577,902	-
Capital assets not being depreciated	29,258	2,090,502
Total assets	2,684,762	2,619,515
Current liabilities	12,217	598,342
Noncurrent liabilities	-	-
Total liabilities	12,217	598,342
Net investment in capital assets	2,607,160	1,679,128
Unrestricted	65,385	342,045
	\$ 2,672,545	\$ 2,021,173

**HIGHWAY 79 CORRIDOR AUTHORITY
MANAGEMENTS DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)**

Highway 79 Corridor Authority's Changes in Net Position

	2022	2021
Revenues		
County contributions	\$ 125,000	\$ 146,146
Capital grants	712,857	1,701,023
Total revenues	837,857	1,847,169
Expenses		
Operating and management	65,540	65,325
Professional services	42,069	32,293
Utilities	2,105	-
Other operating expenses	50,480	23,517
Interest and debt issuance costs	3,808	13,859
Depreciation	22,483	-
Total expenses	186,485	134,994
Change in net position	651,372	1,712,175
Net position, beginning of year	2,021,173	308,998
Net position, end of year	\$ 2,672,545	\$ 2,021,173

Capital Asset and Debt Administration

Capital assets. The Authority's net investment in capital assets for its business type activities as of September 30, 2022, amounts to \$2,607,160. This net investment in capital assets includes construction in progress, infrastructure, and equipment.

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

- Basic operations and maintenance for the utility lines and lift stations.
- No other significant impacts are expected for next year.

All of these factors were considered in preparing the Authority's budget for the 2023 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, 2022**

ASSETS

Current assets

Cash and cash equivalents	\$	40,169
Accounts receivable		33,529
Other receivables		870
Prepaid expenses		3,034
Total current assets		77,602

Noncurrent assets

Infrastructure (other than buildings)		2,216,021
Equipment		384,364
Construction in progress		29,258
Accumulated depreciation		(22,483)
Total non-current assets		2,607,160

Total Assets

2,684,762

LIABILITIES

Current liabilities

Accounts payable		10,582
Accrued expenses		1,635
Total current liabilities		12,217

Total Liabilities

12,217

NET POSITION

Net position

Net investment in capital assets		2,607,160
Unrestricted		65,385

Total Net Position

\$ 2,672,545

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, 2022

Operating revenues	
Total operating revenues	\$ -
Operating expenses	
Operating and management	65,540
Professional services	42,069
Utilities	2,105
Other operating expenses	50,480
Depreciation	22,483
Total operating expenses	182,677
Operating income (loss)	(182,677)
Nonoperating revenues (expenses)	
County contributions	125,000
Interest expense	(3,808)
Total nonoperating revenues (expenses)	121,192
Income (loss) before capital contributions	(61,485)
Capital contributions	
Capital grants	712,857
Increase (decrease) in net position	651,372
Net position, beginning of year	2,021,173
Net position, end of year	\$ 2,672,545

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, 2022**

Cash flows from operating activities	
Cash paid to vendors and others	\$ (167,835)
Net cash provided by (used in) operating activities	<u>(167,835)</u>
Cash flows from noncapital financing activities	
County contributions	125,000
Net cash provided by (used in) noncapital financing activities	<u>125,000</u>
Cash flows from capital and related financing activities	
Capital grants	736,341
Acquisition and construction of capital assets	(705,131)
Principal payments of line of credit	(411,374)
Interest paid	(5,310)
Net cash provided by (used in) capital and related financing activities	<u>(385,474)</u>
Net change in cash and cash equivalents	<u>(428,309)</u>
Cash and cash equivalents, beginning of year	468,478
Cash and cash equivalents, end of year	<u><u>\$ 40,169</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (182,677)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	22,483
Changes in assets and liabilities:	
Prepaid expenses	(382)
Accounts payable	(7,259)
Net cash provided by (used in) operating activities	<u><u>\$ (167,835)</u></u>

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

HIGHWAY 79 CORRIDOR AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

The financial statements of the Highway 79 Corridor Authority (the Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Authority's 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.

HIGHWAY 79 CORRIDOR AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(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.

(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, 2022, 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	\$ 2,090,502	\$ 539,141	\$ (2,600,385)	\$ 29,258
Total capital assets, not being depreciated	<u>2,090,502</u>	<u>539,141</u>	<u>(2,600,385)</u>	<u>29,258</u>
Capital assets, being depreciated:				
Infrastructure	-	2,216,021	-	2,216,021
Equipment	-	384,364	-	384,364
Total capital assets, not being depreciated	<u>-</u>	<u>2,600,385</u>	<u>-</u>	<u>2,600,385</u>
Less accumulated depreciation:				
Infrastructure	-	(15,085)	-	(15,085)
Equipment	-	(7,398)	-	(7,398)
Total accumulated depreciation	<u>-</u>	<u>(22,483)</u>	<u>-</u>	<u>(22,483)</u>
Capital assets being depreciated, net	<u>-</u>	<u>2,577,902</u>	<u>-</u>	<u>2,577,902</u>
Total capital assets	<u>\$ 2,090,502</u>	<u>\$ 3,117,043</u>	<u>\$ (2,600,385)</u>	<u>\$ 2,607,160</u>

(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.

**HIGHWAY 79 CORRIDOR AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(3) **Commitments and Contingencies:** (Continued)

As of September 30, 2022, the Authority had the following commitments related to unfinished projects:

Projects	Remaining Commitment
Infrastructure Improvement Projects	\$ 29,258

(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. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

(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 government carries commercial insurance.

(6) **Related Parties:**

During the year ended September 30, 2022, the Authority received \$125,000 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. A member government was a pass-through entity of a capital grant and passed through \$703,084 to the Authority during the year ended September 30, 2022. Amounts receivable from the member governments as of September 30, 2022, were \$33,529.

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 8, 2023. 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, 2022, were \$82,981. At September 30, 2022, amounts payable to GSG totaled \$7,229.

**HIGHWAY 79 CORRIDOR AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(7) **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 (5.725% at September 30, 2022) 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 paid in full and closed on January 13, 2022.

Below details the changes in short-term borrowings during the year ended September 30, 2022.

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022
Line of credit	\$ 411,374	\$ -	\$ (411,374)	\$ -

**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 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 the major fund of Highway 79 Corridor Authority (the "Authority") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 4, 2023.

Report on 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 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.

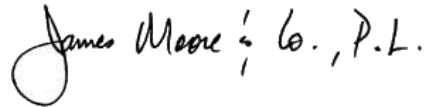
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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.

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
January 4, 2023

**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 January 4, 2023.

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 Standard* and Independent Auditor'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, which are dated January 4, 2023, 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 one of the findings and recommendations made in the preceding financial audit report. There were no comments uncorrected from the second preceding financial audit report. The following is a summary of prior year recommendations:

2021-001 CSFA #40.043 Economic Development Tax Refund, Tax Credit and Grant Program – Expense Approval – Corrective action taken.

2021-002 Documentation of Internal Approval of Grant Expense – Corrective action not taken. See 2022-001.

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.

2022-001 Documentation of Internal Approval of Grant Expense (Repeat Comment)

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.

Management's Response: We agree with the above comment. Staff will review the Board packets and ensure all items requiring approval over disbursements are correct and present for the Board members' approval. Items requiring Authority staff review and approval for which payment will be remitted by a third party will receive proper notation as such.

Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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:

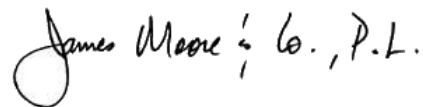
- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded 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. None noted
- 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.



Daytona Beach, Florida
January 4, 2023

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

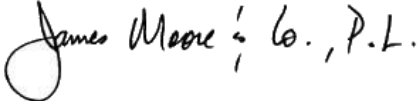
To the Authority Board Members,
Highway 79 Corridor Authority:

We have examined the Highway 79 Corridor Authority's (the "Authority") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022. The Authority's management is responsible for the Authority's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Authority's investment policies against Section 218.415, Florida Statutes, *Local Government Investment Policies*, to determine the Authority's compliance and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the Authority's investment policies against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the Authority's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the 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.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Highway 79 Corridor Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.



Daytona Beach, Florida
January 4, 2023