

**CLAY COUNTY DEVELOPMENT AUTHORITY
REGULAR SCHEDULED PUBLIC MEETING
1845 TOWN CENTER BLVD, STE 410, FLEMING ISLAND, FLORIDA
February 20, 2019**

AGENDA

**CHAIR
VICE-CHAIR
TREASURER
SECRETARY**

**MARGE HUTTON
KEITH WARD
BRUCE BUTLER
VACANT**

- | | |
|---|----------------------------|
| 1) Welcome/Call to Order 4:00 pm | Marge Hutton, Chair |
| 2) Roll Call | Josh Cockrell |
| 3) Invocation | TBD |
| 4) Comments from the Public | Marge Hutton |
| 5) Secretary's Report
Approval of January 16, 2019 Minutes | Josh Cockrell |
| 6) Treasurer's Report
January 2019 Financials
FY 17-18 Audit Presentation – Zach Chalifour & Michael Messano, James Moore & Company | Bruce Butler |
| 7) Clay EDC Report | JJ Harris |
| 8) Chair's Report
<u>Keystone Heights Airport Growth & Development</u>
Keystone Heights Airport – Maria Hitt, Airport Manager; David Kirkland, Chairman of the Board
MHD Rockland – Todd Falconer, Senior Program Manager
ESG Aerosystems – Michael Granger, Chief Operating Officer; William Bushman, Chief Evaluator | Marge Hutton |
| 9) Executive Director's Report
DIG / DTF Grants Updates | Josh Cockrell |
| 10) Attorney's Report | April Scott |
| 11) Old Business/New Business/Board Comments | Marge Hutton |
| 12) Adjournment | Marge Hutton |

Dates of Upcoming CCDA Meetings:

March 20, 2019

April 17, 2019

May 15, 2019

June 19, 2019

July 17, 2019

August 21, 2019

September 18, 2019

TIME: 4:00 PM

**LOCATION: Clay County Chamber of Commerce
Board Room
1845 Town Center Blvd
STE 410
Fleming Island, FL 32003**

NOTE: Items 5 through 11 above, are subject to discussion, consideration, and action by the Board of the Clay County Development Authority.

PUBLIC COMMENTS: Pursuant to F.S. s. 286.0114 (2018) [, and Clay County Development Authority policy], speakers intending to offer public comment must complete a provided speaker's card, turn in the same to the recording secretary for the public meeting, and may address the Board when recognized by the Chair of the meeting with their public comments for a period of not more than three (3) minutes. The Chair of the meeting has the authority and discretion to make special provisions for a group or faction spokesperson. The Chair of the meeting has all requisite authority and discretion to maintain orderly conduct or proper decorum of the public meeting.

**CLAY COUNTY DEVELOPMENT AUTHORITY
REGULAR SCHEDULED PUBLIC MEETING
MINUTES**

January 16, 2019

Present: Keith Ward, Russell Buck, Marge Hutton, Tom Morris, Amy Pope Wells, Cathy Chambers, Chereese Stewart

Excused: Mike Davidson, Bruce Butler

Staff: Josh Cockrell, April Scott, Counsel

Guests: Laura Pavlus, Daniel Vallencourt

Call to Order: **Marge Hutton** called the Clay County Development Authority ("CCDA") Public Meeting to order at 4:03 PM.

Invocation: **Chereese Stewart** provided the invocation.

Comments from the Public: None.

Secretary's Report

Approval of December 12, 2018 Minutes: **Josh Cockrell** presented the minutes. **Tom Morris** made a motion to approve the minutes. Motion was seconded and passed unanimously.

Treasurer's Report

Josh Cockrell presented the December 2018 financials to the Board. **Russell Buck** made a motion to accept the Treasurer's report. Motion was seconded and passed unanimously.

Clay EDC Report

Laura Pavlus provided an overview of Clay EDC activities and projects. She stated that the EDC is developing a marketing package which includes new logos and branding. The website is getting an overhaul.

Chair's Report

Clarke's Creek Beltway Industrial Park – Daniel Vallencourt provided an overview of his project in south Green Cove Springs. He purchased approximately 42 acres which once served as Hall's Nursery. He is constructing a facility for his company Vallencourt Construction. There is approximately 25 acres available for development. Plans are for light industrial. There isn't any water and sewer utilities available in the area; however, there will be a pond available for fire services. A property owner's association will be formed for the site. There isn't an outfall on the site; however, a solution is in the works. Daniel hopes to have additional information on the status of the site within in the next six months. He

does not intend to sell any of the site at this time; however, there could be interest in the future.

Executive Director's Report

DIG/DTF Grants – Josh Cockrell provided an update on the status of the grants. Both DTF buffer land grants have been completed. Reimbursement for \$500k is pending and expected to be received in early February. The two DIG grants totaling \$800k are progressing slowly. DEO plans to release an RFP for DIG grant application in February. Josh has requested the CCDA Board approve staff to apply for the grant when the RFP is released. **Tom Morris** made a motion to approve. Motion was seconded and passed unanimously.

Economic Development Discussions – Josh Cockrell stated the Keystone Heights Airpark representatives were invited to attend the January Board meeting; however, they were unavailable. He isn't certain when the KHA representatives will be available to attend a future meeting.

Josh Cockrell requested that the Board continue to think of potential projects. that there is a vacancy on the CCDA due to Greg Clary's passing. He requested that the Board begin thinking of a potential replacement to apply for the gubernatorial appointment.

Josh Cockrell requested that Laura Pavlus provide an overview of Clay Day 2019. Laura provided an overview of the event, plans made thus far, and sponsorship levels that are being promoted. **Josh Cockrell** reminded the Board that \$500 was appropriated in the CCDA FY 18-19 Budget for sponsorship.

Amy Pope-Wells informed the Board on the direction the Clay Chamber is taking as it searches for a new President, increasing membership, and improving value proposition. She also shared information on the upcoming Clay Chamber State of Clay Luncheon. She also provided information for their Tech Con event.

Josh Cockrell requested that the Board continue providing recommendations for new Board members. He will be reaching out to the current Board members who are approaching the end of their first terms and learn if any plan to reapply for a second term.

Attorney's Report

April Scott stated that she is in the process of completing the auditor's response from counsel.

Old Business/New Business/ Board Comments

Josh Cockrell stated that the FY 17-18 financial audit will be presented at the February 20th Board meeting.

Adjourned: 5:00 PM



ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
Clay County Development Authority
Orange Park, FL

Management is responsible for the accompanying government-wide balance sheets of Clay County Development Authority (a governmental organization) as of January 31 2019 and 2018, and the related statements of revenues and expenses for the one month and four months then ended which collectively comprise the Authority's financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the management discussion and analysis, the governmental fund financial statements and substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the management discussion and analysis and governmental fund financial statements and omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America require that budget to actual statements for the one month and four months ending January 31 2019 be presented to supplement the 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. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

We are not independent with respect to the Clay County Development Authority.

Coleman & Associates Cpa firm

February 14, 2019

Clay County Development Authority

BALANCE SHEET

As of January 31, 2019

	TOTAL	
	AS OF JAN 31, 2019	AS OF JAN 31, 2018 (PY)
ASSETS		
Current Assets		
Bank Accounts		
100002 First Atlantic Checking - 1484	24,352	57,011
100007 Investment - Florida Prime - A	158,307	154,769
100016 Compass Bank Money Market - Pub	0	178,147
100018 First Atlantic Bank MMKT -1493	1,519,413	1,093,204
Total Bank Accounts	\$1,702,073	\$1,483,132
Accounts Receivable		
115002 Revenue Receivable	500,000	280,403
Total Accounts Receivable	\$500,000	\$280,403
Total Current Assets	\$2,202,073	\$1,763,536
Fixed Assets		
162901 Buildings and real estate	0	442,328
162950 Leasehold Improvements - Devcom	0	28,842
166900 Office Equipment	0	58,348
167900 Accum Depreciation	0	(96,164)
Total Fixed Assets	\$0	\$433,353
Other Assets		
175000 Escrow deposit with Tolson	0	6,000
Total Other Assets	\$0	\$6,000
TOTAL ASSETS	\$2,202,073	\$2,202,889
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200000 Accounts Payable	9,000	52
Total Accounts Payable	\$9,000	\$52
Other Current Liabilities		
220000 Security Deposits	0	6,000
Dept of Revenue Payable	0	408
Total Other Current Liabilities	\$0	\$6,408
Total Current Liabilities	\$9,000	\$6,460
Total Liabilities	\$9,000	\$6,460
Equity		
272000 Net Asset Balance	2,212,475	1,716,208
280000 Invest in Fixed Assets	0	433,353
320000 Retained Earnings	0	0
Net Income	(19,402)	46,867
Total Equity	\$2,193,073	\$2,196,429

	TOTAL	
	AS OF JAN 31, 2019	AS OF JAN 31, 2018 (PY)
TOTAL LIABILITIES AND EQUITY	\$2,202,073	\$2,202,889

Clay County Development Authority

STATEMENT OF REVENUES AND EXPENSES

January 2019

	TOTAL	
	JAN 2019	OCT 2018 - JAN 2019 (YTD)
Income		
331000 Grant Revenues	15,000	900,000
369000 Miscellaneous Revenues	1,873	9,124
Total Income	\$16,873	\$909,124
GROSS PROFIT	\$16,873	\$909,124
Expenses		
512200 Sponsorships	500	13,000
513300 Professional Fees	16,400	40,100
513468 Building Expenses - 1734 Kingsley Ave		3,418
513510 Office and Operating Expenses	912	2,009
559000 Grant Expense		870,000
Total Expenses	\$17,812	\$928,526
NET OPERATING INCOME	\$ (939)	\$ (19,402)
NET INCOME	\$ (939)	\$ (19,402)

Clay County Development Authority

STATEMENT OF REVENUES AND EXPENSES

October 2018 - January 2019

	TOTAL		
	OCT 2018 - JAN 2019	OCT 2017 - JAN 2018 (PY)	CHANGE
Income			
331000 Grant Revenues	900,000	169,764	730,236
362000 Rents & Royalties		23,970	(23,970)
369000 Miscellaneous Revenues	9,124	72,022	(62,897)
Total Income	\$909,124	\$265,756	\$643,368
GROSS PROFIT	\$909,124	\$265,756	\$643,368
Expenses			
512200 Sponsorships	13,000	6,500	6,500
513300 Professional Fees	40,100	32,960	7,140
513440 Insurance		4,070	(4,070)
513468 Building Expenses - 1734 Kingsley Ave	3,418	3,801	(384)
513510 Office and Operating Expenses	2,009	1,794	215
559000 Grant Expense	870,000	169,764	700,236
Total Expenses	\$928,526	\$218,889	\$709,637
NET OPERATING INCOME	\$ (19,402)	\$46,867	\$ (66,269)
NET INCOME	\$ (19,402)	\$46,867	\$ (66,269)

Clay County Development Authority

BUDGET VS. ACTUALS: FY 18-19 BUDGET - FY19 P&L

January 2019

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
242000 Fund Balance - PY Carryforward		(22,775)	22,775	
331000 Grant Revenues				
330115 DTF 18 Buffer Land Purchase Admin Fees	15,000	0	15,000	
330116 DIG 18 Roadway Resurfacing		470,000	(470,000)	
330117 DIG 18 Roadway Resurface Admin Fees		30,000	(30,000)	
Total 331000 Grant Revenues	15,000	500,000	(485,000)	3.00 %
369000 Miscellaneous Revenues				
361000 Investment Earnings	1,873	2,000	(127)	94.00 %
Total 369000 Miscellaneous Revenues	1,873	2,000	(127)	94.00 %
Total Income	\$16,873	\$479,225	\$ (462,352)	4.00 %
GROSS PROFIT	\$16,873	\$479,225	\$ (462,352)	4.00 %
Expenses				
512200 Sponsorships				
512600 Clay Day Event Sponsor	500	0	500	
Total 512200 Sponsorships	500	0	500	
513300 Professional Fees				
513305 Admin Contract Gilmore Hagan Partners	6,500	6,500	0	100.00 %
513310 Attorney Contract Tolson & Associates	1,000	1,000	0	100.00 %
513320 Auditor Contract James Moore CPAs	8,500	0	8,500	
513321 Accounting Coleman & Associates	400	400	0	100.00 %
513335 Accounting Ancillary Charges		500	(500)	
513340 Attorney Ancillary Charges		250	(250)	
Total 513300 Professional Fees	16,400	8,650	7,750	190.00 %
513510 Office and Operating Expenses				
513490 Business Meeting		25	(25)	
513494 Dues & Subscriptions	480	0	480	
513512 Office Supplies	10	20	(10)	50.00 %
513516 Telephone	82	80	2	103.00 %
513518 Website expenses		315	(315)	
513519 Travel	69	75	(6)	92.00 %
513521 Advertising & Marketing		60	(60)	
513522 Bank Service Charges	271		271	
Total 513510 Office and Operating Expenses	912	575	337	159.00 %
559000 Grant Expense				
559014 DIG 18 Roadway Resurfacing		470,000	(470,000)	
Total 559000 Grant Expense		470,000	(470,000)	
Total Expenses	\$17,812	\$479,225	\$ (461,413)	4.00 %
NET OPERATING INCOME	\$ (939)	\$0	\$ (939)	0%
NET INCOME	\$ (939)	\$0	\$ (939)	0%

Clay County Development Authority

BUDGET VS. ACTUALS: FY 18-19 BUDGET - FY19 P&L

October 2018 - January 2019

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
242000 Fund Balance - PY Carryforward		(20,030)	20,030	
331000 Grant Revenues				
330110 CON 17-161 Buffer Land Purchase	385,000	385,000	0	100.00 %
330111 CON 17-161 Buffer Land Purchase Admin Fee	15,000	15,000	0	100.00 %
330114 DTF 18 Buffer Land Purchase	485,000	485,000	0	100.00 %
330115 DTF 18 Buffer Land Purchase Admin Fees	15,000	15,000	0	100.00 %
330116 DIG 18 Roadway Resurfacing		470,000	(470,000)	
330117 DIG 18 Roadway Resurface Admin Fees		30,000	(30,000)	
Total 331000 Grant Revenues	900,000	1,400,000	(500,000)	64.00 %
369000 Miscellaneous Revenues				
361000 Investment Earnings	8,398	8,000	398	105.00 %
369005 Miscellaneous Revenue	726		726	
Total 369000 Miscellaneous Revenues	9,124	8,000	1,124	114.00 %
Total Income	\$909,124	\$1,387,970	\$ (478,846)	66.00 %
GROSS PROFIT	\$909,124	\$1,387,970	\$ (478,846)	66.00 %
Expenses				
512200 Sponsorships				
512250 Funding to SBDC	2,500	2,500	0	100.00 %
512500 Funding to CEDC	10,000	10,000	0	100.00 %
512600 Clay Day Event Sponsor	500	0	500	
Total 512200 Sponsorships	13,000	12,500	500	104.00 %
513300 Professional Fees				
513305 Admin Contract Gilmore Hagan Partners	26,000	26,000	0	100.00 %
513310 Attorney Contract Tolson & Associates	4,000	4,000	0	100.00 %
513320 Auditor Contract James Moore CPAs	8,500	0	8,500	
513321 Accounting Coleman & Associates	1,600	1,600	0	100.00 %
513335 Accounting Ancillary Charges		500	(500)	
513340 Attorney Ancillary Charges		1,000	(1,000)	
Total 513300 Professional Fees	40,100	33,100	7,000	121.00 %
513440 Insurance				
513444 Public Officials Liability		540	(540)	
Total 513440 Insurance		540	(540)	
513468 Building Expenses - 1734 Kingsley Ave				
513477 Property taxes	3,418		3,418	
Total 513468 Building Expenses - 1734 Kingsley Ave	3,418		3,418	
513510 Office and Operating Expenses				
513480 Special Promotions/Events Sponsorship	46		46	
513490 Business Meeting	95	100	(5)	95.00 %

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
513494 Dues & Subscriptions	480	0	480	
513512 Office Supplies	31	80	(49)	39.00 %
513516 Telephone	174	320	(146)	54.00 %
513517 Licenses & Fees	175	175	0	100.00 %
513518 Website expenses		615	(615)	
513519 Travel	403	300	103	134.00 %
513521 Advertising & Marketing	70	240	(170)	29.00 %
513522 Bank Service Charges	320		320	
513524 Recognition	214	0	214	
Total 513510 Office and Operating Expenses	2,009	1,830	179	110.00 %
559000 Grant Expense				
559011 CON 17-161 Buffer Land Purchase	385,000	385,000	0	100.00 %
559013 DTF 18 Buffer Land Purchase	485,000	485,000	0	100.00 %
559014 DIG 18 Roadway Resurfacing		470,000	(470,000)	
Total 559000 Grant Expense	870,000	1,340,000	(470,000)	65.00 %
Total Expenses	\$928,526	\$1,387,970	\$ (459,444)	67.00 %
NET OPERATING INCOME	\$ (19,402)	\$0	\$ (19,402)	0%
NET INCOME	\$ (19,402)	\$0	\$ (19,402)	0%

Overview

- ❖ Audit Process
- ❖ Thank You

Required Communications

- ❖ Our Responsibility in Relation to Financial Statement Audit
- ❖ Significant Estimates and/or Disclosures
 - Deposits and Investments (page 11)
- ❖ Audit Adjustments
 - None
- ❖ Significant Difficulties Performing Audit, Disagreements with Management
 - None

Audit Reports

- ❖ Report on Financial Statements (page 1): Unmodified Opinion
- ❖ Report on Internal Control and Compliance (page 13): No Comments
- ❖ Management Letter Required by Chapter 10.550, Rules of the AG (page 15)
 - Both Prior Year Comments Corrected
- ❖ Examination Report on Compliance with F.S. 218.415 (page 17)

Financial Highlights

- ❖ Increase in Fund Balance \$494,867 (\$494,300 proceeds from sale of building)
 - Grant Revenues \$188,064
 - Grant Expenditures \$169,764
- ❖ Fund Balance - \$2,212,475
 - Non-Grant Expenditures: \$149,636
 - 1,479% as percentage of FY2018 non-grant expenditures



Balance Sheet (page 6)

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,055,951	\$ -	\$ 2,055,951
Investments	156,974	-	156,974
Total Assets	<u>\$ 2,212,925</u>	<u>\$ -</u>	<u>\$ 2,212,925</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 450</u>
<u>FUND BALANCE / NET POSITION</u>			
Fund balance:			
Unassigned	\$ 2,212,475	\$ (2,212,475)	\$ -
Net position:			
Unrestricted	-	2,212,475	2,212,475
Total Fund Balance / Net Position	<u>\$ 2,212,475</u>	<u>\$ -</u>	<u>\$ 2,212,475</u>

Income Statement with Budget (page 8)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rental income	\$ 71,970	\$ 71,970	\$ 41,970	\$ (30,000)
Interest income	10,200	10,200	16,052	5,852
Grants	941,500	941,500	188,064	(753,436)
Bond issue fees	71,000	71,000	67,776	(3,224)
Miscellaneous	120	120	6,105	5,985
Total revenues	<u>1,094,790</u>	<u>1,094,790</u>	<u>319,967</u>	<u>(774,823)</u>
Expenditures / expenses				
Legal and professional	100,270	100,270	99,793	477
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	10,000	10,000	10,000	-
Other grants	1,000	1,000	1,000	-
Grant disbursements	909,500	909,500	169,764	739,736
Miscellaneous	21,360	21,360	12,681	8,679
Building expense	10,170	10,170	16,162	(5,992)
Capital outlay	-	-	-	-
Total expenditures / expenses	<u>1,062,300</u>	<u>1,062,300</u>	<u>319,400</u>	<u>742,900</u>
Excess (deficiency) of revenues over expenditures	<u>32,490</u>	<u>32,490</u>	<u>567</u>	<u>(31,923)</u>
Other financing sources				
Proceeds from sale of capital asset	-	-	494,300	494,300
Fund balance, beginning of year	<u>1,717,608</u>	<u>1,717,608</u>	<u>1,717,608</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,750,098</u>	<u>\$ 1,750,098</u>	<u>\$ 2,212,475</u>	<u>\$ 462,377</u>

CLAY COUNTY DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**CLAY COUNTY DEVELOPMENT AUTHORITY
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SEPTEMBER 30, 2018**

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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, 2018, 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, 2018, 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.

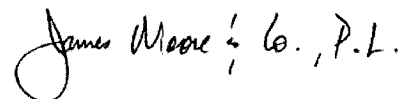
Other Matters

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019, 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 8, 2019

**CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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, 2018.

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, 2018, the Authority's statement of net position reported an ending net position balance of \$2,212,475, which is a change of \$61,513 from the prior fiscal year. One of the reasons for this increase is due to the fact that the Authority had limited grant expenditures in the current year, and the revenue the Authority received was enough to cover the cost of providing ongoing services and operating grants. 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, 2018 by \$2,212,475. Of this amount, \$2,212,475 (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- Total revenues were \$388,392 and \$566,873 for the fiscal years ending September 30, 2018 and 2017, respectively. Of those amounts, the Authority earned and expended \$188,064 and \$509,017, respectively, in grant revenues, expenses, and administrative costs.
- Total expenses were \$326,879 and \$659,933 for September 30, 2018 and 2017, respectively. The reason for the decrease in expenses is related to less grant related purchases compared to the prior fiscal year.

The Authority's governmental fund balance was \$2,212,475 and \$1,717,608 as of September 30, 2018 and 2017, respectively. There was an increase of \$494,867 in total fund balance compared to the prior fiscal year. This was due to the Authority's sale of the property at 1734 Kingsley Avenue.

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, 2018
(Continued)**

Government-wide financial statements – Analysis

Statement of Net Position

	<u>2018</u>	<u>2017</u>
Assets		
Current and other assets	\$ 2,212,925	\$ 1,785,949
Capital assets	-	433,354
Total assets	<u>\$ 2,212,925</u>	<u>\$ 2,219,303</u>
Liabilities		
Accounts payable and other liabilities	\$ 450	\$ 68,341
Total liabilities	<u>\$ 450</u>	<u>\$ 68,341</u>
Net Position		
Investment in capital assets	\$ -	\$ 433,354
Unrestricted	2,212,475	1,717,608
Total Net Position	<u>\$ 2,212,475</u>	<u>\$ 2,150,962</u>

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 2018 remained very similar and stable to the prior years.

Statement of Activities

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Grants	\$ 188,064	\$ 509,017
Rental income	41,970	44,556
General revenues:		
Investment income	16,052	10,442
Fees	67,776	1,000
Miscellaneous	6,105	1,858
Gain/loss on disposal of capital assets	68,425	-
Total revenues	<u>388,392</u>	<u>566,873</u>
Expenses:		
Operating costs	140,953	132,105
Facility costs	16,162	32,570
Capital grants	169,764	499,841
Total expenses	<u>326,879</u>	<u>664,516</u>
Change in net position	61,513	(97,643)
Net Position – beginning	<u>2,150,962</u>	<u>2,248,605</u>
Net Position - ending	<u>\$ 2,212,475</u>	<u>\$ 2,150,962</u>

**CLAY COUNTY DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)**

Governmental activities increased the Authority's net position by \$61,513. Key elements of this increase are as follows:

- \$68,425 gain on disposal of capital assets related to the sale of the Authority's building.

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 decreased by approximately \$178,000 when compared to the prior fiscal year, primarily due to no new significant grant projects being undertaken in the current fiscal year.

The Authority's expenditures and other financing uses decreased by approximately \$338,000 compared to the prior fiscal year. The decrease in expenditures was mostly attributable to the decrease in grant expenditures of approximately \$330,000. In the prior fiscal year, the Authority made a land purchase as well as significant improvements at Camp Blanding. The Camp Blanding project was completed and such expenditures were not required in the current fiscal year.

Capital Assets

The Authority's investment in capital assets at September 30, 2018 totaled \$0, net of accumulated depreciation. The Authority's investment in capital assets decreased significantly from the prior fiscal year as a result of the sale of the property at 1734 Kingsley Avenue.

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 \$742,900, 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, 2018**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,055,951	\$ -	\$ 2,055,951
Investments	156,974	-	156,974
Total Assets	<u><u>\$ 2,212,925</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,212,925</u></u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	<u><u>\$ 450</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450</u></u>
<u>FUND BALANCE / NET POSITION</u>			
Fund balance:			
Unassigned	\$ 2,212,475	\$ (2,212,475)	\$ -
Net position:			
Unrestricted	-	2,212,475	2,212,475
Total Fund Balance / Net Position	<u><u>\$ 2,212,475</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,212,475</u></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 / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Rental income	\$ 41,970	\$ -	\$ 41,970
Interest income	16,052	-	16,052
Grants	188,064	-	188,064
Bond issue fees	67,776	-	67,776
Miscellaneous	6,105	-	6,105
Gain on disposal of capital assets	-	68,425	68,425
Total revenues	<u>319,967</u>	<u>68,425</u>	<u>388,392</u>
Expenditures / expenses			
Legal and professional	99,793	-	99,793
Funding to CEDC	10,000	-	10,000
Funding to SBDC	10,000	-	10,000
Other grants	1,000	-	1,000
Grant disbursements	169,764	-	169,764
Miscellaneous	12,681	-	12,681
Building expense	16,162	-	16,162
Depreciation	-	7,479	7,479
Total expenditures / expenses	<u>319,400</u>	<u>7,479</u>	<u>326,879</u>
Excess (deficiency) of revenues over expenditures / operating income (loss)	<u>567</u>	<u>60,946</u>	<u>61,513</u>
Other financing sources			
Proceeds from sale of capital assets	494,300	(494,300)	-
Net change in fund balance / net position	<u>494,867</u>	<u>(433,354)</u>	<u>61,513</u>
Fund balance / net position, beginning of year	1,717,608	433,354	2,150,962
Fund balance / net position, end of year	<u><u>\$ 2,212,475</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,212,475</u></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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Rental income	\$ 71,970	\$ 71,970	\$ 41,970	\$ (30,000)
Interest income	10,200	10,200	16,052	5,852
Grants	941,500	941,500	188,064	(753,436)
Bond issue fees	71,000	71,000	67,776	(3,224)
Miscellaneous	120	120	6,105	5,985
Total revenues	<u>1,094,790</u>	<u>1,094,790</u>	<u>319,967</u>	<u>(774,823)</u>
Expenditures / expenses				
Legal and professional	100,270	100,270	99,793	477
Funding to CEDC	10,000	10,000	10,000	-
Funding to SBDC	10,000	10,000	10,000	-
Other grants	1,000	1,000	1,000	-
Grant disbursements	909,500	909,500	169,764	739,736
Miscellaneous	21,360	21,360	12,681	8,679
Building expense	10,170	10,170	16,162	(5,992)
Capital outlay	-	-	-	-
Total expenditures / expenses	<u>1,062,300</u>	<u>1,062,300</u>	<u>319,400</u>	<u>742,900</u>
Excess (deficiency) of revenues				
over expenditures	<u>32,490</u>	<u>32,490</u>	<u>567</u>	<u>(31,923)</u>
Other financing sources				
Proceeds from sale of capital assets	-	-	494,300	494,300
Fund balance, beginning of year	<u>1,717,608</u>	<u>1,717,608</u>	<u>1,717,608</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,750,098</u>	<u>\$ 1,750,098</u>	<u>\$ 2,212,475</u>	<u>\$ 462,377</u>

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

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(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;
- 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) **Capital assets**—Capital assets include leasehold improvements, furniture and fixtures and building, and land. All fixed assets recorded at historical cost. Depreciation has been provided using the straight-line method. The estimated useful lives are as follows:

Buildings	39 years
Leasehold Improvements	20 years
Furniture and fixtures	7 years

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

(h) **Fund balance**—The Authority had no fund balance other than unassigned fund balance at September 30, 2018. Should the Authority hold any fund balance 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.

(i) **Revenues and expenditures**—Other than grant revenues, the Authority's primary revenue streams consist of rental revenues from a building owned by the Authority, and 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 and building maintenance items. The Authority had no conduit debt issuances for the year ended September 30, 2018.

(j) **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. These differences are included in the "Adjustments" column on the statement of revenues, expenditures, and changes in fund balance / statement of activities and consist of depreciation expense for the year and gain/loss activity related to the sale of a building.

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(3) Deposits and Investments:

At September 30, 2018, the carrying amount of the Authority's deposits was \$2,055,951. 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 \$156,974 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, 2018, were 72 days.

(4) Capital Assets:

Changes in the Authority's capital assets for the year ended September 30, 2018, were as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets not being depreciated:				
Land	\$ 92,328	\$ -	\$ (92,328)	\$ -
Capital assets being depreciated:				
Leasehold improvements	28,842	-	(28,842)	-
Equipment	58,348	-	(58,348)	-
Buildings	350,000	-	(350,000)	-
Accumulated depreciation	(96,164)	(7,479)	103,643	-
Total capital assets being depreciated, net	341,026	(7,479)	(333,547)	-
Capital Assets, net	\$ 433,354	\$ (7,479)	\$ (425,875)	\$ -

The Authority disposed of all capital assets in the current period due to the sale of the property at 1734 Kingsley Avenue. The sale of the property resulted in a \$68,425 net gain.

CLAY COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(5) 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, 2018, is not available.

(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 Authority carries commercial insurance. There have been no claims or reductions in coverage from the prior year.

(7) 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.

**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, 2018, 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, 2019.

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.

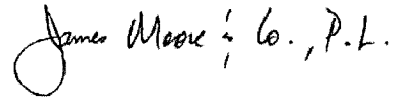
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida
February 8, 2019

**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, 2018, and have issued our report thereon dated February 8, 2019.

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 8, 2019, 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 annual financial audit report. Both recommendations from the preceding annual report, 2017-001 Cutoff of Expenditures and 2017-002 Budgetary Compliance, were corrected during the current year.

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.

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Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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 report 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.c. 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.

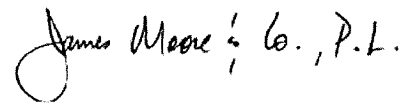
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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, flowing style.

Daytona Beach, Florida
February 8, 2019

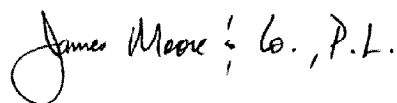
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2018. 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, 2018, 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, 2018.



Daytona Beach, Florida
February 8, 2019