

**HAMILTON COUNTY
DEVELOPMENT AUTHORITY**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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HAMILTON COUNTY DEVELOPMENT AUTHORITY

AUTHORITY MEMBERS

September 30, 2023

<u>MEMBERS</u>	<u>Position</u>
District 1	
Lowell Klepper	Member
District 2	
Nathaniel Combass	Chairperson
District 3	
Danny R. Daniels	Secretary/Treasurer
District 4	
Megan Carter	Vice-chairperson
District 5	
Vacant	Member
At large	
Brandon McCoy	Member
Chuck Burnett	Member
Staff	
M. Chadd Mathis	Economic Development Director
Rhett Bullard	Attorney

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HAMILTON COUNTY DEVELOPMENT AUTHORITY

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September 30, 2023

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Hamilton County Development Authority
Hamilton County, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and the major fund of the Hamilton County Development Authority as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hamilton County Development Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Hamilton County Development Authority, as of September 30, 2023, 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 Opinions

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

Responsibilities of Management for the Financial Statements

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 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 Hamilton County Development 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 Hamilton County Development 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hamilton County Development Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 on pages 4-8 and budgetary comparison information on pages 22-23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 I obtained during our audit.

of the basic financial statements. I 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*, I have also issued my report dated June 26, 2024, on my consideration of the Hamilton County Development Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Hamilton County Development Authority's 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 Hamilton County Development Authority's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 26, 2024

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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HAMILTON COUNTY DEVELOPMENT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

Our discussion and analysis of the Hamilton County Development Authority’s (the Authority), financial performance provides an overview of Authority’s financial activities for the year ended September 30, 2023. Please read it in conjunction with the Authority’s financial statements, which begin in page 9.

FINANCIAL HIGHLIGHTS

The Authority contributed \$65,000 to Hamilton County, Florida, to fund restroom facilities at the Jennings Bluff Campsite.

The Authority transferred approximately 40 acres (parcels 2881-005 and 3496-020) to Hamilton County, Florida, for the purpose of further developing and improving the utility system serving the I75/SR6 exit.

With assistance from Hamilton County (fifty percent of the purchase price), the Authority purchased two additional parcels (3672-000 and 7339-000) of land at the Jennings, Florida, I75/CR143 exit for approximately \$355,000. The parcels are to be used for future economic development of the “first I75 exit in Florida.”

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority’s finances.

Fund financial statements start on page 11. For the governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority’s operations in more detail than the government-wide statements by providing information about the Authority’s most significant fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Reporting the Authority as a Whole

Our analysis of the Authority as a whole begins on page 6.

The Statement of Net Position and the Statement of Activities on pages 9 and 10 report information about the Authority as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The above two statements also report the Authority's net position and changes in it. The Authority's net position—the difference between assets and liabilities—is one measure of the Authority's financial health. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Additional other nonfinancial factors such as changes in the area's economic conditions and the condition of the Authority's capital assets should also be considered in assessing the Authority's overall health.

In the Statement of Net Position and the Statement of Activities, all of the Authority's activities are reported as governmental: economic environment - industry development.

Reporting the Authority's Funds

Our analysis of the Authority's General Fund begins on page 7. The fund financial statements begin on page 11 and provide detailed information about the Authority's governmental (general) fund.

A description of the governmental funds is as follows:

Governmental funds – The Authority's services are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending.

This fund is reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.

The relationship or differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental fund is described in reconciliations accompanying the fund financial statements.

The Authority as a Whole

The Authority's net position, as indicated in the table below, decreased. An analysis of the changes follows Table 1.

Governmental Activities – Net Position

Table 1
NET POSITION
(In Thousands)

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 3,009	\$ 3,374
Capital assets	<u>3,174</u>	<u>3,115</u>
Total assets	<u>\$ 6,183</u>	<u>\$ 6,489</u>
Other liabilities	\$ 14	\$ 15
Long term liabilities	<u>4</u>	<u>2</u>
Total liabilities	<u>18</u>	<u>17</u>
Net position:		
Invested in Cap Assets	3,174	3,115
Restricted	<u>2,991</u>	<u>3,357</u>
Total net position	<u>6,165</u>	<u>6,472</u>
Total liabilities & net position	<u>\$ 6,183</u>	<u>\$ 6,489</u>

Current and other assets decreased due to outlays for the purchase of land and funding for restroom facilities indicated in the financial highlights above. The aforementioned was also the reason for the reduction in the Authority's restricted net position.

Governmental Activities - Changes in Net Position

Table 2
CHANGES IN NET POSITION
(In Thousands)

Statement of Activities	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Program revenues		
Economic environment	\$ 177	\$ 1,178
General revenues		
Phosphate Severance Tax	303	337
Interest	23	7
Contributions	-	448
Miscellaneous	<u>5</u>	<u>4</u>
Total revenues	<u>508</u>	<u>1,974</u>
Program expenses		
Economic environment	<u>815</u>	<u>627</u>
Change in net position	(307)	1,347
Net position - beginning	<u>6,472</u>	<u>5,125</u>
Net position - ending	<u>\$ 6,165</u>	<u>\$ 6,472</u>

Table 2's significant variances between years are explained below:

- Program revenues decreased approximately \$1 million due to a grant from Hamilton County, Florida, to assist in the purchase of the property at the Jennings, Florida I75 exit in the prior year. The Phosphate Severance Tax decreased due to less tonnage being mined at Nutrien's White Springs facility. Contributions decreased due to the return of funds by the Suwannee Valley Nursing Center, contributions by Enterprise Florida, and return of land by FLGGL Holdings LLC in the prior year.
- Expenses at the government-wide level increased due to the transfer of land indicated in the financial highlights above.

THE AUTHORITY'S FUNDS

TABLE 3
CHANGES IN GENERAL FUND'S
FUND BALANCES
(in Thousands)

	Fund Balance			Percent
<u>General Fund</u>	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>Change</u>
Restricted	<u>\$ 2,995</u>	<u>\$ 3,359</u>	<u>\$ (364)</u>	<u>-10.84%</u>

As indicated above the Authority's fund balance decreased due to the purchase of land at the Jennings, Florida, I75 exit and facilities funding indicated in the financial highlights above.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual amounts expended were less than the budgeted amounts by \$2.64 million. The Authority budgets its reserves to use as potential incentives on an annual basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Authority, in supporting economic development within Hamilton County, has approximately 117 acres of property available for this purpose including the acreage below:

1. Thirty acres of land at the I75/Hamilton Ave interchange in Jennings, FL.
2. Forty-five acres on Highway 41/129 south of Jasper, FL.

The Authority's capital assets are as follows:

Table 4
CAPITAL ASSETS (in Thousands)

	<u>Governmental</u> <u>Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 3,174	\$ 3,115
Infrastructure	2	2
Equipment and furniture	<u>5</u>	<u>5</u>
Total capital assets, gross	<u>\$ 3,181</u>	<u>\$ 3,122</u>

Approximately \$250,000 in capital outlay expenditures are budgeted in the 2023-24 fiscal year.

Debt

At year-end, the Authority had no outstanding debt.

2023-24 BUDGET AND CURRENTLY KNOWN FACTS

2023-24 Budget

The Authority appropriated \$128,000 for wages/related benefits, \$250,000 for capital outlay, and approximately \$2.96 million for economic incentives/development. The budget totaled \$3.34 million.

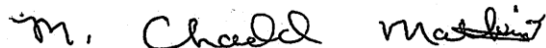
Currently Known Facts

The Authority continues in its efforts to economically stimulate Hamilton County, FL. Multiple negotiations regarding development projects are ongoing.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of Hamilton County, Florida, with a general overview of the Authority's finances and to show the Authority's accountability for the money that it receives.

If you have questions about this report or need additional financial information, contact the Authority at 1153 US Hwy 41 NW Suite 4 Jasper, FL 32052.



M. Chadd Mathis
Economic Development Director

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**BASIC
FINANCIAL
STATEMENTS**

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HAMILTON COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2023

Assets	
Cash	\$ 3,009,108
Capital assets	
Land	<u>3,174,227</u>
Total assets	<u>\$ 6,183,335</u>
Liabilities and net position	
Liabilities	
Accounts payable	\$ 3,535
Payroll taxes payable	7,346
Long-term liabilities	
Due within one year	
Compensated absences	2,634
Due within more than one year	
Compensated absences	<u>4,478</u>
Total liabilities	<u>17,993</u>
Net position	
Net investment in capital assets	3,174,227
Restricted for economic development	<u>2,991,115</u>
Total net position	<u>6,165,342</u>
Total liabilities and net position	<u>\$ 6,183,335</u>

HAMILTON COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net Position</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Governmental activities					
Economic environment					
Industry development	<u>\$ 814,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,314</u>	<u>\$ (637,248)</u>
General revenues					
Phosphate Rock Severance Tax					302,604
Interest					22,768
Miscellaneous					<u>5,254</u>
Total general revenues					<u>330,626</u>
Change in net position					(306,622)
Net position - beginning					<u>6,471,964</u>
Net position - ending					<u><u>\$ 6,165,342</u></u>

HAMILTON COUNTY DEVELOPMENT AUTHORITY

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2023

	<u>General Fund</u>
Assets	
Cash	<u>\$ 3,009,108</u>
 Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 3,535
Payroll taxes payable	7,346
Compensated absences	<u>2,634</u>
Total liabilities	<u>13,515</u>
 Fund Balances	
Restricted for:	
Economic development	<u>2,995,593</u>
Total liabilities and fund balances	<u>\$ 3,009,108</u>

HAMILTON COUNTY DEVELOPMENT AUTHORITY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

September 30, 2023

Total fund balances for governmental funds	\$ 2,995,593
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Total net position reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of the following:

Land	3,174,227
Infrastructure and equipment	7,126
Accumulated depreciation - building, infrastructure, and equipment	<u>(7,126)</u>
Total capital assets (See note 3.)	<u>3,174,227</u>

All liabilities, both current and long-term, are reported in the statement of net assets. Balances at September 30, 2023, are as follows:

Compensated absences long-term	<u>(4,478)</u>
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Total net position of governmental activities	<u>\$ 6,165,342</u>
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HAMILTON COUNTY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General <u>Fund</u>
Revenues	
Intergovernmental revenues	
Phosphate severance tax	\$ 302,604
Grants from other local units	177,314
Miscellaneous revenues	
Interest	22,768
Other	<u>5,254</u>
Total revenues	<u>507,940</u>
Expenditures	
Economic environment	
Industry development	
Current:	
Personal services	92,330
Operating expenditures	213,748
Grants and aids	70,220
Capital outlay	<u>495,423</u>
Total expenditures	<u>871,721</u>
Net change in fund balance	(363,781)
Fund balance - beginning	<u>3,359,374</u>
Fund balance - ending	<u>\$ 2,995,593</u>

HAMILTON COUNTY DEVELOPMENT AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds \$ (306,622)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Expenses are reduced by the capital outlay and increased by the current period's depreciation.

Capital outlay	(495,423)
Depreciation	193

Governmental funds do not recognize the noncash donation of capital assets. However, in the government wide statement of activities, the donation is recorded as an expense. The expense for the donation of land for economic development is recorded as follows: 435,700

In governmental funds, the long-term portion of accrued annual leave is not recorded. In the statement of net assets, the adjustment is made to salaries based on the (increase) or decrease in the liability.

2,371

Change in net position of governmental activities \$ (363,781)

HAMILTON COUNTY DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE 1. – Summary of Significant Accounting Policies

The Hamilton County Development Authority (the Authority) is an Independent Special District created June 6, 1959, under the authority of Chapter 50-1322, as amended by Chapter 61-2217, *Laws of Florida*. Accordingly, the Authority is subject to restrictions imposed by the Florida Constitution and Statutes, as well as the Authority's governing board.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established in GAAP and used by the Authority is discussed below.

A. Reporting Entity

These financial statements present only the Hamilton County Development Authority (the primary government). As defined by GASB No. 14, component units are legally separate entities that are to be included in the Authority's reporting entity because of the significance of the operating or financial relationships with the Authority.

At September 30, 2023, the Hamilton County Development Authority reporting entity consists only of those functions and activities administered directly by the Authority and includes no component units.

B. Basis of Presentation, Basis of Accounting

The Authority's basic financial statements include 1.) government-wide statements, which includes the financial activities of the overall government (reporting the Authority as a whole) and 2.) fund financial statements (reporting the Authority's major fund).

The Authority's industry development activities are classified as governmental activities; therefore, both the government-wide and fund financial statements are considered governmental.

Government-wide Statements

The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. There are no fiduciary funds or component units that are fiduciary in nature.

These statements detail the *governmental activities* of the Authority. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions. The Authority's governmental activities include all services provided.

In the government-wide statement of net position, the government activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and long-term debt. The Authority's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities presents a comparison, reporting the gross and net costs, between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. There are no indirect expense allocations.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds and focus on the determination of financial position and changes in financial position rather than upon net income. Separate statements for each fund category are presented.

The Authority only presents governmental funds. The emphasis of fund financial statements is on the Authority's major governmental fund.

The Authority reports the following major governmental fund:

General Fund - The General Fund is the Authority's operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if they are collected within six months after the end of the current fiscal period. Intergovernmental revenues and interest are considered to be susceptible to accrual.

In governmental funds, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Authority funds certain programs using a combination of restricted and unrestricted resources. Thus, when certain expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Authority's policy to first apply restricted resources to such programs, followed by unrestricted resources.

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

The Authority has defined cash and cash equivalents to include cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less.

Inventories

It is the policy of the Authority to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any time is nominal in amount and is considered immaterial.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the asset's estimated useful lives.

Estimated useful lives and the asset category's capitalization threshold are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	40 years	\$5,000
Infrastructure	10-40 years	5,000
Equipment	5-10 years	5,000

GASB No. 34 required the Authority to report and depreciate new infrastructure assets effective with the 2004 fiscal year. Infrastructure assets include roads, bridges, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the Authority's largest asset class. The Authority retroactively reported all capital assets constructed or purchased in prior years.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as paid time off. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or such events take place. The calculation for the accrued paid time off is based upon the hourly balances and the employee's rate of pay at year-end.

At September 30, 2023, the Authority had one employee and a liability for compensated absences of \$7,112.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Net Position/Fund Balance

Florida Statutes 211.3103 restricts the usage of the Phosphate Severance Tax to promote and direct the economic development of Hamilton County, Florida.

As result of the above, fund balance is restricted in the amount of \$2,995,593, and net position in the amount of \$2,991,115, none of which is restricted by enabling legislation.

NOTE 2. Cash Deposits

The Authority has not adopted a written investment policy and as a result operates under Section 218.415(17), *Florida Statutes*. Under this Statute, the Authority is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

At September 30, 2023, the Authority's cash held in bank demand deposits totaled \$3,009,108. Of this balance, \$500,000 was covered by federal depository insurance. The remainder is insured through the Bureau of Collateral Management, Florida Department of Financial Services.

NOTE 3. Capital Assets

Capital asset activity for the year ending September 30, 2023, was as follows:

Governmental Activities	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Capital assets not being depreciated				
Land	\$ 3,114,504	\$ 495,423	\$ 435,700	\$ 3,174,227
Capital assets being depreciated				
Infrastructure	2,318	-	-	2,318
Equipment	4,808	-	-	4,808
Total capital assets being depreciated	7,126	-	-	7,126
Less accumulated depreciation for				
Infrastructure	2,125	193	-	2,318
Equipment, furniture, and vehicles	4,808	-	-	4,808
Total accumulated depreciation	6,933	193	-	7,126
Capital assets being depreciated, net	193	(193)	-	-
Governmental activity capital assets, net	\$ 3,114,697	\$ 495,230	\$ 435,700	\$ 3,174,227

Depreciation expense was charged to functions as follows:

Governmental activities	
Economic environment	\$ 193

NOTE 4. Long-term Obligations

During the year ended September 30, 2023, the following changes occurred in the Authority's long-term obligations:

Governmental Activities					Amounts Due Within
Long-term obligations	<u>10/1/2022</u>	<u>Adds</u>	<u>Deletes</u>	<u>9/30/2023</u>	<u>One Year</u>
Compensated absences	\$ 5,796	\$ 3,951	\$ 2,635	\$ 7,112	\$ 2,634

NOTE 5. Employee Retirement and Insurance

In lieu of retirement, the Authority made payments to its Executive Director in the amount of 9% of the annual salary. A health insurance stipend was also paid to the Director in the amount of \$1,200 per month.

NOTE 6. Fund Balance Reporting

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted – amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – amounts that can only be used for specific purposes established by the Authority’s Board of Directors.

Assigned – amounts that are designated for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the Authority’s Board.

Unassigned – amounts not constrained for any particular purpose.

The Authority has classified its fund balances as follows:

Spendable

The Authority has classified the spendable fund balance as restricted. As indicated in Note 1, the Authority’s fund balances are restricted for economic development purposes.

Description

Fund Balances

Restricted for:

Economic development \$ 2,995,593

NOTE 7. Economic Dependence

The Hamilton County Development Authority receives a significant portion of its revenues through annual appropriations of the Solid Mineral Severance Tax established via *Florida Statutes* 211.3103. If these annual appropriations ceased, the Authority could be adversely affected.

NOTE 8. Risk Management Programs

The Authority is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained commercial insurance from independent third parties to mitigate the costs of these risks. However, coverage may not extend to all situations.

General liability and environmental impairment incident coverage have been secured by the Authority to cover any claims less applicable deductibles.

Settled claims from the risks described above have not exceeded the commercial insurance coverage for the past three fiscal years.

NOTE 9. Current/Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) effective dates of upcoming pronouncements are as follows:

Statement No. 100 Accounting Changes and Error Corrections – effective for fiscal years beginning after June 15, 2023: FY 2023-24

Statement No. 101 Compensated Absences – effective for fiscal years beginning after December 15, 2023: FY 2024-25

Statement No. 102, *Certain Risk Disclosures* (December 2023, effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 7 through 9: FY 2024-25

Implementation Guide No. 2023-1: *Implementation Guidance Update-2023*. (June 2023, Questions 4.1-4.9 and 5.1 are effective for fiscal years beginning after June 15, 2023, and reporting periods thereafter. Earlier application is encouraged if the related pronouncement is implemented. Question 4.10 is effective simultaneously with the requirements of GASB No. 100. If GASB No. 100 has been previously implemented, the Question is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, with earlier application encouraged.) Paragraphs 6 and 7: FY2023-24

The Authority is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2024, and beyond.

Note 10. Subsequent Events

The Authority's management has evaluated subsequent events through the date of the audit report – June 26, 2024, and reports the following post year-end transactions:

Grants awarded

<u>Grantor</u>	<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Florida Department of Commerce	Rural Infrastructure Grant	\$ 400,000	utility extensions west of I75 at the Jennings, FL exit

Significant agreements

<u>Payee</u>	<u>Period</u>	<u>Fee</u>	<u>Description</u>
Jim Bounds, Real Estate Consultant	April 15, 2024 to	5% first \$3 million	fee based development recruitment with total amount paid for services to be funded via grant from the Hamilton County Board of County Commissioners
	July 15, 2024	3% over \$3 million	

Economic incentives

<u>Recipient</u>	<u>Date Awarded</u>	<u>Amount</u>	<u>Description</u>
Stateline RV Repair	1/22/2024	\$ 150,000	economic incentive

Sale of land

<u>Purchaser</u>	<u>Amount</u>	<u>Description</u>
Growth Property Group LLC	\$ 200,000	.91 acres at I75 exit Jennings, FL

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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HAMILTON COUNTY DEVELOPMENT AUTHORITY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended September 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 3,100,000	\$ 3,100,000	\$ 3,359,374	\$ 259,374
Estimated receipts				
Intergovernmental revenues				
Phosphate severance tax	400,000	400,000	302,604	(97,396)
Grants other local units	-	-	177,314	177,314
Miscellaneous revenues				
Interest	10,000	10,000	22,768	12,768
Contributions from private sources	-	-	-	-
Other	-	-	5,254	5,254
Total amounts available for appropriation	<u>3,510,000</u>	<u>3,510,000</u>	<u>3,867,314</u>	<u>357,314</u>
Appropriations and reserves				
Economic environment				
Industry development				
Personal services	120,150	120,150	92,330	27,820
Operating expenditures	228,100	228,100	213,748	14,352
Capital outlay	250,000	250,000	495,423	(245,423)
Grants and aids	<u>2,911,750</u>	<u>2,911,750</u>	<u>70,220</u>	<u>2,841,530</u>
Total industry development	<u>3,510,000</u>	<u>3,510,000</u>	<u>871,721</u>	<u>2,638,279</u>
Reserves				
Contingency and reserve	-	-	-	-
Total appropriations and reserves	<u>3,510,000</u>	<u>3,510,000</u>	<u>871,721</u>	<u>2,638,279</u>
Fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,995,593</u>	<u>\$ 2,995,593</u>

**HAMILTON COUNTY DEVELOPMENT AUTHORITY
NOTES TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

September 30, 2023

NOTE 1. BUDGET

Annual budgets, as required by state statutes, are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before June 30, the Authority's Executive Director prepares a proposed budget and submits it to the governing board. On or before September 30, the Authority's governing board adopts the budget by resolution.

The appropriated budget is prepared on a detailed line-item basis by fund, function, and department. Revenues are budgeted by source. Expenditures are budgeted by department and object classification as follows: personal services, operating expenditures, capital outlay, and debt service.

The legal level of budgetary control is the fund level. Budgetary information is integrated into the accounting system and appropriations are controlled at the line-item level within each department for management control purposes. Budget amendments require the Authority's governing board's approval recorded in the Authority's minutes. The Authority did not amend its budget for the 2022-23 fiscal year.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General <u>Fund</u>
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 3,867,314
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(3,359,374)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 507,940</u>
 Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	<u>\$ 871,721</u>

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S 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 Members of the Hamilton County Development Authority
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Hamilton County Development Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hamilton County Development Authority's basic financial statements, and have issued my report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Hamilton County Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hamilton County Development Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Hamilton County Development 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County Development Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 26, 2024

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board Members of the Hamilton County Development Authority
Hamilton County, Florida

I have examined the Hamilton County Development Authority's compliance with *Florida Statutes* 218.415 during the period October 1, 2022 to September 30, 2023. Management of the Hamilton County Development Authority is responsible for the Authority's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Development Authority's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the Hamilton County Development Authority complied in all material respects with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the Hamilton County Development Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. I believe that my examination provides a reasonable basis for my opinion.

I am required to be independent of the Hamilton County Development Authority and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

My examination does not provide a legal determination on the Hamilton County Development Authority's compliance with the specified requirements.

In my opinion, the Hamilton County Development Authority, complied in all material respects, with the aforementioned requirements for the period October 1, 2022 to September 30, 2023.



Kenneth M. Daniels
Certified Public Accountant
June 26, 2024

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MANAGEMENT LETTER

To the Board Members
Hamilton County Development Authority
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Development Authority, as of and for the fiscal year ended September 30, 2023, and have issued my report thereon dated June 26, 2024.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550 *Rules of the Auditor General*.

Other Reporting Requirements

I have issued my Independent Auditor's 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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in that report, which is dated June 26, 2024, 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no current or prior year findings.

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. See Note 1. The Hamilton County Development Authority's financial statements included no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires that I report the results of my determination as to whether or not the Hamilton County Development 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 my audit, I determined that the Hamilton County Development 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*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Hamilton County Development Authority's financial condition, and my financial condition assessment was based in part on representations made by management and review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2023.

Section 10.554(1) (i)2, *Rules of the Auditor General*, require that I communicate any recommendations to improve financial management. In connection with my audit, in connection with my audit, I did not have any such recommendations.

Special District Component Units

Section 10.554(1) (i)5.c, *Rules of the Auditor General*, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, provided 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 my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

As required by Section 218.39(3)(c) *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Hamilton County Development Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as "one."
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as "six."
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$86,667.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$148,024.
- 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 "none."
- f. A budget variance based on the budget adopted under Section 189.046(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: the district did not amend its original budget as indicated in the Budgetary Comparison Schedule on page 23.

Additional Matters

Section 10.554(1) (i)3., *Rules of the Auditor General*, requires me 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 my audit, I did not any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Authority Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Accountant
June 26, 2024